

DUN & BRADSTREET CORP/NW

Form 10-Q

November 02, 2005

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**United States
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

Form 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2005

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 No

Indicate by check mark whether the Registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Yes No

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

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 September 30, 2005
Common Stock, par value \$0.01 per share	66,388,518

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The Dun & Bradstreet Corporation
Consolidated Statements of Operations (Unaudited)
Amounts in millions, except share and per share data

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2005	2004	2005	2004
Revenue	\$ 341.6	\$ 333.2	\$ 1,034.6	\$ 1,026.5
Operating Expenses	105.7	98.4	307.8	306.9
Selling and Administrative Expenses	143.4	148.1	451.8	461.4
Depreciation and Amortization	8.6	11.1	26.0	34.3
Restructuring Charge	4.7	2.7	21.6	20.9
Operating Costs	262.4	260.3	807.2	823.5
Operating Income	79.2	72.9	227.4	203.0
Interest Income	2.2	2.1	8.1	6.0
Interest Expense	(5.4)	(4.9)	(15.7)	(14.5)
Minority Interest	(0.2)		0.1	
Other Income (Expense) Net	(2.7)	2.3	0.5	19.4
Non-Operating Income (Expense) Net	(6.1)	(0.5)	(7.0)	10.9
Income Before Provision for Income Taxes	73.1	72.4	220.4	213.9
Provision for Income Taxes	41.8	25.2	90.1	77.4
Equity in Net Income of Affiliates	0.4	0.3	0.6	0.3
Net Income	\$ 31.7	\$ 47.5	\$ 130.9	\$ 136.8
Basic Earnings per Share of Common Stock	\$ 0.48	\$ 0.68	\$ 1.95	\$ 1.93
Diluted Earnings per Share of Common Stock	\$ 0.46	\$ 0.65	\$ 1.87	\$ 1.86
Weighted Average Number of Shares Outstanding				
Basic	66,479,000	69,924,000	67,127,000	70,867,000
Weighted Average Number of Shares Outstanding				
Diluted	69,205,000	72,685,000	69,933,000	73,571,000

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

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The Dun & Bradstreet Corporation
Consolidated Balance Sheets
Amounts in millions, except share data

	September 30, 2005 (Unaudited)	December 31, 2004
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 264.6	\$ 252.9
Marketable Securities		82.6
Accounts Receivable Net of Allowance of \$19.6 at September 30, 2005 and \$19.4 at December 31, 2004	301.9	382.1
Other Receivables	9.8	16.8
Deferred Income Tax	15.3	15.9
Other Current Assets	21.3	11.8
Total Current Assets	612.9	762.1
Non-Current Assets		
Property, Plant and Equipment, Net of Accumulated Depreciation of \$195.7 at September 30, 2005 and \$202.5 at December 31, 2004	46.1	51.2
Prepaid Pension Costs	472.1	455.3
Computer Software, Net of Accumulated Amortization of \$341.2 at September 30, 2005 and \$328.0 at December 31, 2004	31.0	32.4
Goodwill, Net	222.9	217.0
Deferred Income Tax	64.6	60.9
Other Non-Current Assets	51.8	56.6
Total Non-Current Assets	888.5	873.4
Total Assets	\$ 1,501.4	\$ 1,635.5
Current Liabilities		
Accounts Payable	\$ 31.8	\$ 50.2
Accrued Payroll	84.5	110.8
Accrued Income Tax	17.7	22.2
Short Term Debt	303.0	
Other Accrued and Current Liabilities	163.6	141.8
Deferred Revenue	387.3	388.6
Total Current Liabilities	987.9	713.6
Pension and Post-retirement Benefits	441.0	468.0
Long Term Debt	0.3	300.0
Other Non-Current Liabilities	65.4	99.7
Contingencies (Note 8)		
Shareholders Equity		

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Preferred Stock, \$0.01 par value per share, authorized 10,000,000 shares; outstanding none		
Series Common Stock, \$0.01 par value per share, authorized 10,000,000 shares; outstanding none		
Common Stock, \$0.01 par value per share, authorized 200,000,000 shares issued 81,945,520 shares	0.8	0.8
Unearned Compensation Restricted Stock	(7.3)	(1.4)
Capital Surplus	196.9	198.2
Retained Earnings	801.2	670.3
Treasury Stock, at cost, 15,557,002 shares at September 30, 2005 and 13,331,966 shares at December 31, 2004	(712.5)	(557.6)
Cumulative Translation Adjustment	(161.8)	(149.0)
Minimum Pension Liability Adjustment	(110.5)	(107.1)
Total Shareholders Equity	6.8	54.2
Total Liabilities and Shareholders Equity	\$ 1,501.4	\$ 1,635.5

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

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The Dun & Bradstreet Corporation
Consolidated Statements of Cash Flows (Unaudited)
Amounts in millions

	Nine Months Ended	
	September 30,	
	2005	2004
Cash Flows from Operating Activities:		
Net Income	\$ 130.9	\$ 136.8
Reconciliation of Net Income to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	26.0	34.3
Gain from Sales of Businesses	(0.8)	(18.2)
Income Tax Benefit due to Exercise of Stock Awards Under Incentive Plans	35.2	5.4
Stock Based Compensation	11.1	1.0
Restructuring Expense, Net and Other Asset Impairments	21.6	21.9
Restructuring Payments	(26.8)	(19.6)
Deferred Income Taxes, Net	(35.7)	(61.4)
Accrued Income Taxes, Net	3.5	82.1
Changes in Current Assets and Liabilities:		
Decrease in Accounts Receivable	59.7	61.7
Net Increase in Other Current Assets	(8.0)	(1.1)
Net Increase in Deferred Revenue	5.2	7.5
Net Decrease in Accounts Payable	(16.0)	(20.1)
Net Increase (Decrease) in Accrued Liabilities	1.7	(27.2)
Net Decrease in Other Accrued and Current Liabilities	(9.1)	(9.4)
Changes in Non-Current Assets and Liabilities:		
Net Increase in Other Long Term Assets	(13.8)	(29.9)
Net (Decrease) Increase in Long Term Liabilities	(26.1)	10.3
Other	0.5	0.2
Net Cash Provided by Operating Activities	159.1	174.3
Cash Flows from Investing Activities:		
Investments for Marketable Securities	(99.0)	(213.5)
Redemptions for Marketable Securities	181.6	136.7
Cash Proceeds from Sales of Businesses, Net of Cash Divested	18.5	56.5
Payments for Acquisitions of Businesses, Net of Cash Acquired	(17.9)	
Cash Settlements of Foreign Currency Contracts	0.1	(2.6)
Capital Expenditures	(4.5)	(9.1)
Additions to Computer Software and Other Intangibles	(13.4)	(10.5)
Net Assets Held for Sales of Businesses		(5.1)
Other	0.6	(0.8)
Net Cash Provided by (Used in) Investing Activities	66.0	(48.4)

Cash Flows from Financing Activities:

Payments for Purchases of Treasury Shares	(207.6)	(189.4)
Net Proceeds from Stock Plans	18.5	14.2
Spin-off Obligation	(9.2)	
Increase in Other Short-Term Borrowings	1.0	0.1
Other	0.3	0.2

Net Cash Used in Financing Activities	(197.0)	(174.9)
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Effect of Exchange Rate Changes on Cash and Cash Equivalents	(16.4)	3.8
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Increase (Decrease) in Cash and Cash Equivalents	11.7	(45.2)
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Cash and Cash Equivalents, Beginning of Period	252.9	239.0
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Cash and Cash Equivalents, End of Period	\$ 264.6	\$ 193.8
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Supplemental Disclosure of Cash Flow Information:**Cash Paid**

Income Taxes, Net of Refunds	\$ 87.1	\$ 44.1
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Interest	\$ 18.8	\$ 17.6
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The accompanying notes are an integral part of the consolidated financial statements.

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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 consolidated financial statements have been prepared in accordance with the instructions to 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 or We) Annual Report on Form 10-K for the year ended December 31, 2004. The consolidated results for interim periods do not include all disclosures required by accounting principles generally accepted in the United States of America 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 presentation of the 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.

The financial statements of the subsidiaries included in our International segment, except for our Canadian region, reflect a quarter ended August 31, 2005, in order to facilitate timely reporting of our consolidated financial results and financial position.

Where appropriate, we have reclassified certain prior period amounts to conform to our current presentation.

Note 2 Recent Accounting Pronouncements

On December 8, 2003, the Medicare Prescription Drug, Improvement and Modernization Act of 2003 (the Medicare Reform Act) was signed into law. In connection with the Medicare Reform Act, the Financial Accounting Standards Board (FASB) issued FASB Staff Position (FSP) No. FAS 106-2, Accounting and Disclosure Requirements Related to the Medicare Prescription Drug, Improvement and Modernization Act of 2003. FSP No. FAS 106-2 provides guidance on accounting for the effects of the new Medicare prescription drug legislation for employers whose prescription drug benefits are actuarially equivalent to the drug benefit under Medicare Part D and are therefore entitled to receive subsidies from the federal government beginning in 2006. The FSP was adopted for periods beginning after July 1, 2004. Under the FSP, if a company concludes that its defined benefit post-retirement benefit plan is actuarially equivalent to the Medicare Part D benefit, the employer should recognize subsidies from the federal government in the measurement of the accumulated post-retirement benefit obligation (APBO) under Statement of Financial Accounting Standards (SFAS) No. 106, Employers' Accounting for Post-retirement Benefits Other Than Pensions. The resulting reduction of the APBO should be accounted for as an actuarial gain. On January 21, 2005, the Centers for Medicare and Medicaid Services (CMS) released final regulations implementing major provisions of the Medicare Reform Act of 2003. The regulations address key concepts, such as defining a plan, as well as the actuarial equivalence test for purposes of obtaining a government subsidy. Pursuant to the guidance in FSP No. FAS 106-2, we have assessed the financial impact of the regulations and concluded that our post-retirement benefit plan will qualify for the direct subsidies for an additional seven years and that our APBO decreased by, approximately, an additional \$4.8 million. As a result, our 2005 post-retirement benefit cost is expected to decrease by, approximately, \$0.7 million. Together with the impacts already included in our December 31, 2004 results, the APBO decreased by a total of \$35.8 million and our plan is expected to be actuarially equivalent in 2006 until 2023, before the impact of the sharing strategy (see Note 14 Subsequent Events for further detail).

In December 2004, the FASB issued SFAS No. 123 (revised 2004) or SFAS No. 123R, Share-Based Payments, which revises SFAS No. 123, Accounting for Stock-Based Compensation, and supercedes Accounting Principle Board (APB) Opinion No. 25, Accounting for Stock Issued to Employees. This standard requires companies to recognize in the statement of operations the cost of employee services received in exchange for awards of equity instruments based on the grant-date fair value of the award (with limited

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exceptions). The cost will be recognized over the period that an employee provides service in exchange for the award, which normally would be the vesting period. The standard has two transition application methods to choose from. They are the Modified Prospective application or Modified Retrospective application. Under the Modified Prospective application, compensation cost is recognized for new grants and modifications made after the required effective date, plus the remaining unrecognized expense associated with previously issued awards that are not vested as of the date of adoption. Prior periods remain unchanged and pro forma disclosures previously required by SFAS No. 123 continue to be required. Under the Modified Retrospective application, a company is required to restate its financial statements back either (a) to all prior years for which SFAS No. 123 was effective or (b) to only prior interim periods in the year in which SFAS No. 123R is adopted. In April 2005, the Securities and Exchange Commission (SEC) announced the adoption of a rule that defers the required effective date of SFAS No. 123R. The SEC rule provides that Statement No. 123R is now effective for registrants as of the beginning of the first fiscal year beginning after June 15, 2005, instead of at the beginning of the first quarter after June 15, 2005 (as prescribed originally by the FASB Statement). Accordingly, we will defer the adoption of SFAS No. 123R until January 1, 2006 at which time we will begin to utilize the Modified Prospective application.

In December 2004, the FASB issued FSP No. FAS 109-1, Application of FASB Statement No. 109, Accounting for Income Taxes, to the Tax Deduction on Qualified Production Activities Provided by the American Jobs Creation Act of 2004. On October 22, 2004, the American Jobs Creation Act of 2004 (the Act) was signed into law. The Act provides a deduction from income for qualified domestic production activities, which will be phased in from 2005 through 2010. In return, the Act also provides for a two-year phase-out of the existing extra-territorial income exclusion (ETI) for foreign sales. FSP No. FAS 109-1 provides guidance on the accounting implications of the Act related to the deduction for qualified domestic production activities. The deduction will be treated as a special deduction as described in SFAS No. 109. As such, the special deduction has no effect on deferred tax assets and liabilities existing at the enactment date. Rather, the impact of this deduction, if any, will be reported in the period in which the deduction is claimed on our tax return. We are currently assessing the impact of proposed Treasury regulations, which will clarify certain provisions of the Act. Until final resolution of this matter, management will be unable to determine the full impact this will have on our effective income tax rate.

In December 2004, the FASB issued FSP No. FAS 109-2, Accounting and Disclosure Guidance for the Foreign Earnings Repatriation Provision within the American Jobs Creation Act of 2004. FSP No. FAS 109-2 provides guidance under SFAS No. 109 with respect to recording the potential impact of the repatriation provisions of the Act in income tax expense and deferred tax liability. The Act provides for a temporary 85% dividends received deduction on certain foreign earnings repatriated from our controlled foreign corporations. To qualify for the deduction, the earnings must be reinvested in the United States pursuant to a domestic reinvestment plan established by our senior management and approved by the Board of Directors. During the third quarter of fiscal year 2005, our Chief Executive Officer and Board of Directors approved a domestic reinvestment plan as required by the Act. We expect to repatriate approximately \$140 million in extraordinary dividends, as defined in the Act, during the fourth quarter of fiscal year 2005 and, accordingly, have recorded a tax liability of \$9.1 million as of September 30, 2005.

Note 3 Impact of Implementation of the Blueprint for Growth Strategy***Restructuring Charges***

Since the launch of our Blueprint for Growth strategy, we have implemented several Financial Flexibility Programs. In each of these Programs, we identified ways to reduce our expense base, then we reallocated some of the identified spending to other areas of our operations to improve revenue growth. With each Program, we have incurred a restructuring charge, which generally consists of employee severance and termination costs, asset write-offs, and/or costs to terminate lease obligations less assumed sublease income. These charges are

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incurred as a result of eliminating, consolidating, standardizing, automating and/or outsourcing operations of our business. We have also incurred transition costs such as consulting fees, costs of temporary workers, relocation costs and stay bonuses to implement our Financial Flexibility Programs.

During the three month and nine month periods ended September 30, 2005, we recognized a net restructuring charge of \$4.7 million and \$21.6 million respectively, consisting of the following two Financial Flexibility Programs:

During the three months ended, September 30, 2005, we recognized a \$4.5 million restructuring charge in connection with the 2005 Financial Flexibility Program announced in February 2005 (2005 Financial Flexibility Program). The charge was recorded in accordance with SFAS No. 146, Accounting for Costs Associated with Exit or Disposal Activities. The charge included \$4.1 million for severance and termination costs related to approximately 60 employees, \$0.1 million pension plan curtailment charge and \$0.3 million for other costs to consolidate or close facilities and relocate employees. During the three months ended September 30, 2005, approximately 44 employees were terminated in conjunction with our 2005 Financial Flexibility Program. Under SFAS No. 146, the current period charge represents the liabilities incurred during the quarter for each of these obligations.

During the nine months ended September 30, 2005, we recognized a \$22.0 million of restructuring charge in connection with the 2005 Financial Flexibility program. The year-to-date charge includes \$20.2 million for severance and termination costs related to approximately 340 employees, \$0.4 million pension plan charge and \$1.4 million in for lease termination obligations. We expect to record approximately \$30.0 million to \$31.0 million for all restructuring charges related to the 2005 Financial Flexibility Program including \$27.0 million to \$28.0 million for severance and termination costs related to approximately 400 positions and \$3 million for lease termination obligations and other costs to consolidate or close facilities and relocate employees.

In addition, during the three months ended September 30, 2005, we recognized a \$0.2 million net restructuring charge for the International Business Machines Corporation (IBM) outsourcing agreement in connection with the 2004 Financial Flexibility Program announced in February 2004 (2004 Financial Flexibility Program). The charge included \$0.3 million for severance and termination costs related to approximately 50 employees partially offset by a \$0.1 million post-retirement curtailment gain due to the 2004 Financial Flexibility Program employee actions discussed below. During the three months ended September 30, 2005, approximately 24 employees were terminated in conjunction with our 2004 Financial Flexibility Program. Under SFAS No. 146, the current period charge represents the liabilities incurred during the quarter for each of these obligations.

During the nine months ended September 30, 2005, we recognized \$0.4 million of restructuring gain in connection with the 2004 Financial Flexibility Program. The year-to-date gain includes \$5.4 million for severance and termination costs related to approximately 630 employees and \$5.8 million post-retirement curtailment gain. We expect to record approximately \$5 million before the effects of the post-retirement curtailment gain of approximately \$6 million by the end of 2005.

In accordance with SFAS No. 106, Employers Accounting For Post-Retirement Benefits Other Than Pensions, we were required to recognize a curtailment gain for the post-retirement plans related to the employee actions of the 2004 Financial Flexibility Program and 2005 Financial Flexibility Program. The curtailment accounting required us to recognize immediately a pro-rata portion of the unrecognized prior service cost as a result of the layoffs. During the three month and nine month periods ended September 30, 2005, we recognized a \$0.1 million and \$5.8 million curtailment gain, respectively, related to our post-retirement benefit plan which was recorded as an increase to earnings. For the three month and nine months ended September 30, 2005, this curtailment gain is included in the \$4.7 million

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and \$21.6 million net restructuring charge recorded for the 2004 Financial Flexibility Program and 2005 Financial Flexibility Program discussed above.

During the three months ended September 30, 2004, we recognized a \$2.7 million restructuring charge in connection with our 2004 Financial Flexibility Program in accordance with SFAS No. 146. The charge of \$2.6 million was for severance and termination costs related to approximately 800 employees who were terminated in conjunction with the 2004 Financial Flexibility Program and \$0.1 million for lease termination obligations. During of the nine months ended September 30, 2004, we recorded \$20.9 million of restructuring charges in connection with the 2004 Financial Flexibility program. The year-to-date charge includes \$19.4 million for severance and termination costs related to approximately 350 employees and \$1.5 million for lease termination obligations.

As of September 30, 2005, we have eliminated approximately 4,800 positions (including 300 open positions) and terminated (via attrition and termination) approximately 4,500 employees under our Financial Flexibility Program since its inception in October 2000. These figures include the 220 employees who were transitioned to IBM as part of the 2004 Financial Flexibility Program and the approximately 400 employees who were transitioned to Computer Sciences Corporation (CSC) as part of the 2002 Financial Flexibility Program. Under the terms of the CSC agreement, we outsourced certain technology functions in which approximately 400 of our employees who performed data center operations, technology help desk and network management functions in the United States and in the United Kingdom were transitioned to CSC.

The following table sets forth, in accordance with SFAS No. 146, the restructuring reserves and utilization to date related to our 2005 Financial Flexibility Program.

	Severance and Termination	Pension Plan Curtailment Charges (Gains)	Lease Termination Obligations and Other Exit Costs	Total
2005 Restructuring Charges				
Charge Taken during First Quarter 2005	\$ 7.9	\$	\$ 0.3	\$ 8.2
Payments during First Quarter 2005	(2.4)		(0.2)	(2.6)
Balance Remaining as of March 31, 2005	\$ 5.5	\$	\$ 0.1	\$ 5.6
Charge Taken during Second Quarter 2005	\$ 8.2	\$ 0.3	\$ 0.8	\$ 9.3
Payments/Pension Plan Curtailment Charge during Second Quarter 2005	(5.0)	(0.3)	(0.1)	(5.4)
Balance Remaining as of June 30, 2005	\$ 8.7	\$	\$ 0.8	\$ 9.5
Charge Taken during Third Quarter 2005	\$ 4.1	\$ 0.1	\$ 0.3	\$ 4.5
Payments/Pension Plan Curtailment Charge during Third Quarter 2005	(6.8)	(0.1)	(0.3)	(7.2)
Balance Remaining as of September 30, 2005	\$ 6.0	\$	\$ 0.8	\$ 6.8

Table of Contents**THE DUN & BRADSTREET CORPORATION****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited) (Continued)**

The following table sets forth, in accordance with SFAS No. 146, the restructuring reserves and utilization to date related to our 2004 Financial Flexibility Program.

	Severance and Termination	Pension Plan/ Post-retirement Curtailement Charges (Gains)	Lease Termination Obligations and Other Exit Costs	Total
2004 Restructuring Charges:				
Charge Taken during First Quarter 2004	\$ 9.3	\$	\$ 0.9	\$ 10.2
Payments during First Quarter 2004	(3.8)		(0.9)	(4.7)
Balance Remaining as of March 31, 2004	\$ 5.5	\$	\$	\$ 5.5
Charge Taken during Second Quarter 2004	\$ 7.5	\$	\$ 0.5	\$ 8.0
Payments during Second Quarter 2004	(4.1)			(4.1)
Balance Remaining as of June 30, 2004	\$ 8.9	\$	\$ 0.5	\$ 9.4
Charge Taken during Third Quarter 2004	\$ 2.6	\$	\$ 0.1	\$ 2.7
Payments during Third Quarter 2004	(7.1)		(0.4)	(7.5)
Balance Remaining as of September 30, 2004	\$ 4.4	\$	\$ 0.2	\$ 4.6
Charge Taken during Fourth Quarter 2004	\$ 9.0	\$ 0.5	\$ 1.6	\$ 11.1
Payments/Pension Plan and Post-retirement Net Charges during Fourth Quarter 2004	(6.2)	(0.5)	(1.1)	(7.8)
Balance Remaining as of December 31, 2004	\$ 7.2	\$	\$ 0.7	\$ 7.9
Charge Taken during First Quarter 2005	\$ 5.0	\$ (2.8)	\$	\$ 2.2
Payments/Post-retirement Gain during First Quarter 2005	(3.6)	2.8		(0.8)
Balance Remaining as of March 31, 2005	\$ 8.6	\$	\$ 0.7	\$ 9.3
Charge Taken during Second Quarter 2005	\$ 0.1	\$ (2.9)	\$	\$ (2.8)
Payments/Post-retirement Gain during Second Quarter 2005	(4.6)	2.9	(0.1)	(1.8)
Balance Remaining as of June 30, 2005	\$ 4.1	\$	\$ 0.6	\$ 4.7
Charge Taken during Third Quarter 2005	\$ 0.3	\$ (0.1)	\$	\$ 0.2
Payments/Post-retirement Gain during Third Quarter 2005	(3.0)	0.1	(0.1)	(3.0)

Balance Remaining as of September 30, 2005 \$ 1.4 \$ \$ 0.5 \$ 1.9

Note 4 Acquisitions

On July 22, 2005, we acquired a 100% ownership interest in LiveCapital, Inc. located in San Mateo, California, with cash on hand. The results of LiveCapital Inc.'s operations have been included in our consolidated financial statements. LiveCapital, Inc. is a provider of online credit management software that enables users to manage the entire credit process within an enterprise-wide system. The acquisition is part of our ongoing effort to improve our customers' access to our DUNSRight quality process, so that they can make confident business decisions.

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The transaction was valued at \$17.1 million, inclusive of cash acquired of \$0.5 million, and \$0.3 million of transaction costs recorded in accordance with SFAS No. 141, Business Combinations. The acquisition was accounted for under the purchase method of accounting. As a result, we recognized goodwill and an intangible asset of \$11.8 million and \$1.8 million, respectively. The remaining purchase price was allocated to the acquired assets and liabilities on the basis of their respective fair values. The goodwill was assigned to our U.S. segment. The intangible asset acquired for \$1.8 million was related to module technology with a useful life of four years. The acquisition would not have had a material impact on our results had the acquisition occurred at the beginning of 2005, and, as such, the pro forma results have not been presented.

We are in the process of finalizing the valuation of the acquired deferred tax asset in connection with the acquisition. As a result, the allocation of the purchase price is subject to refinement.

Note 5 Notes Payable and Indebtedness

Our borrowings at September 30, 2005 and December 31, 2004, including interest rate swaps designated as hedges, are summarized below:

	September 30, 2005	December 31, 2004	
	Liability (Asset)		
Debt Maturing Within One Year:			
Fixed-rate notes	\$ 300.0	\$	
Fair value of interest rate swaps	(0.1)		
Credit Lines	2.0		
Other	1.1		
Total Debt Maturing Within One Year	\$ 303.0	\$	
Long Term Debt:			
Fixed-rate notes	\$	\$	301.8
Fair value of interest rate swaps			(1.9)
Other	0.3		0.1
Total Debt Maturing After One Year	\$ 0.3	\$	300.0

We have outstanding notes with an aggregate face value of \$300 million and five year terms, maturing in March 2006. These notes bear interest at a fixed annual rate of 6.625% and are payable semi-annually. During the first quarter of 2005, these notes were reclassified from long term debt to short term debt because they will mature within one year. We have entered into interest rate swap agreements to hedge a portion of this debt (see Note 6 to the Notes to Consolidated Financial Statements to our Annual Report on Form 10-K for the year ended December 31, 2004 for a more detailed description). At September 30, 2005 and December 31, 2004, the notes and the fair value of the interest rate swaps are recorded as Short Term Debt and Long Term Debt, respectively.

On September 30, 2005, we entered into an interest rate derivative transaction with an aggregate notional amount of \$200 million. The objective of the hedge is to eliminate the variability of future cash flows from market changes in treasury rates in the anticipation of a future debt issuance during the first half of 2006. This transaction will be accounted for as a cash flow hedge. As such, changes in fair value of the swap that take place through the date of debt issuance will be recorded in accumulated other comprehensive income. As of September 30, 2005, the derivative transaction had no impact to accumulated other comprehensive income.

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Other Credit Facilities

At September 30, 2005, we have \$300 million of bank credit facilities available at prevailing short term interest rates, which will expire in September 2009. These facilities also support our commercial paper borrowings up to \$300 million. We have not drawn on the facilities and we did not have any borrowings outstanding under these facilities at September 30, 2005. We also have not borrowed under our commercial paper program in 2005. We believe that cash flows generated from operations, supplemented as needed with readily available financing arrangements, are sufficient to meet our short term and long term needs. The facilities require the maintenance of interest coverage and total debt to EBITDA ratios (as defined in the agreement). As of September 30, 2005, we were in compliance with these requirements.

At September 30, 2005, certain of our international operations had non-committed lines of credit of \$12.8 million and had \$2.0 million of borrowings outstanding under these lines of credit. These arrangements have no material commitment fees or compensating balance requirements.

Note 6 Reconciliation of Weighted Average Shares

(Share data in thousands)	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2005	2004	2005	2004
Weighted average number of shares basic	66,479	69,924	67,127	70,867
Dilutive effect of shares issuable under stock options, restricted stock and performance share plans	2,616	2,712	2,472	2,640
Adjustment of shares applicable to stock options exercised during the period and performance share plans	110	49	334	64
Weighted average number of shares diluted	69,205	72,685	69,933	73,571

During the three months ended September 30, 2005 and 2004, we repurchased 201,681 and 56,739 shares of stock for \$12.5 million and \$3.0 million, respectively, to mitigate the dilutive effect of the shares issued under our stock incentive plans and Employee Stock Purchase Plan. During the three months ended September 30, 2005, we also repurchased 793,494 shares in connection with the \$400 million, two-year share repurchase program approved by the Board of Directors in February 2005, for \$50.7 million. During the three months ended September 30, 2004, we repurchased 964,561 shares in connection with the \$200 million share repurchase program, approved by the Board of Directors in February 2004, for \$53.2 million.

For the nine months ended September 30, 2005 and 2004, we repurchased 924,094 and 919,000 shares of stock for \$57.0 million and \$48.7 million, respectively, to mitigate the dilutive effect of the shares under our stock incentive plans and Employee Stock Purchase Plan. For the nine months ended September 30, 2005, we also repurchased 2,415,381 shares in connection with the \$400 million share repurchase program for \$150.6 million. Additionally, during the nine months ended September 30, 2004, we repurchased 2,591,940 shares in connection with the \$200 million share repurchase program, approved by the Board of Directors in February 2004, for \$140.7 million.

For the quarter-to-date computation of diluted earnings per share, options to purchase 51,900 and 33,100 shares of common stock were outstanding at September 30, 2005 and 2004, respectively, but were not included in the quarter-to-date computation of diluted earnings per share because the options exercise prices were greater than the average market price of the common stock. Options to purchase 111,100 and 82,500 shares of common stock were outstanding at September 30, 2005 and 2004, respectively, but were not included in the year-to-date computation of diluted earnings per share because the options exercise prices

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were greater than the average market price of the common stock. Our options generally expire 10 years after the grant date.

Note 7 Comprehensive Income

Total comprehensive income for the three month and nine month periods ended September 30, 2005 and 2004, which includes net income and other gains and losses that affect shareholders' equity, was as follows:

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2005	2004	2005	2004
Net Income	\$ 31.7	\$ 47.5	\$ 130.9	\$ 136.8
Other Comprehensive Income (Loss):				
Foreign Currency Translation Adjustment	(0.8)	(2.9)	(12.8)	6.8
Minimum Pension Liability		(1.7)	(3.4)	(6.6)
Unrealized Gains (Losses) On Investments		0.1		0.5
Total Comprehensive Income	\$ 30.9	\$ 43.0	\$ 114.7	\$ 137.5

Note 8 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.

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 September 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). 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 Form 10-Q as Moody's/D&B2), and a new company named The Dun & Bradstreet

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Corporation (we or D&B3 and also referred to elsewhere in this 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 have contractual obligations to be financially responsible for a portion of certain liabilities arising from two of these historical tax-planning initiatives (Legacy Tax Matters). The status of these Legacy Tax Matters is summarized below.

Pursuant to a series of tax sharing agreements (the Tax Sharing Agreements), IMS and NMR are jointly and severally liable for and must pay one-half, and we and Moody s/D&B2 are jointly and severally liable for and must pay the other half, of any liabilities related to the matter described below under the caption Royalty Expense Deductions 1993-1997 and we and Moody s/D&B2 are each jointly and severally liable for one-half of any liabilities related to the matter described below under the caption Amortization and Royalty Expense Deductions/Royalty Income 1997-2005.

As further described below, we currently believe that we have adequate reserves for these matters and, as a result, the ultimate resolution of these Legacy Tax Matters is not expected to have a material impact on our earnings.

Royalty Expense Deductions 1993-1997

In the third quarter of 2005, we settled this matter with the IRS with respect to tax years 1995 and 1996, which substantially resolved this matter, and, accordingly, we will no longer report on this legacy tax matter in future filings.

Beginning in the second quarter of 2003, we received a series of communications on behalf of Donnelley/D&B1 from the IRS proposing adjustments with respect to a partnership transaction entered into in 1993. Specifically, the IRS proposed to disallow certain royalty expense deductions claimed by Donnelley/D&B1 on its 1993-1997 tax returns.

On July 29, 2005, Donnelley/D&B1 (the taxpayer of record) entered into a settlement agreement with the IRS resolving the royalty expense dispute for tax years 1995 and 1996. On September 27, 2005, the IRS issued two bills to Donnelley/D&B1 with respect to this settlement. The 1995 bill totaled \$53.6 million, and the 1996 bill totaled \$82.2 million. Our share of this settlement was satisfied by a combination of cash payments and the application of outstanding refund claims owed to us by the IRS. Thus, with respect to the two bills received from the IRS, we made cash payments of \$28.2 million after the application of \$14.4 million of refunds owed to us by the IRS. Because these payments do not reflect the associated benefits related to the deductibility of interest expense of \$8.1 million, the impact to cash flow of these payments in the third quarter of 2005 was \$34.5 million (net of tax benefits). We also expect to pay approximately \$4.7 million (net of tax benefits) to various state and local governments in resolution of this matter for tax years 1995 and 1996. Accordingly, the total impact to cash flow relating to this matter for tax years 1995 and 1996 will be \$39.2 million (net of tax benefits).

In addition to the payments described above, on October 7, 2005, we paid an additional \$5.8 million to the IRS in connection with the settlement and we expect to pay a further \$1.5 million. These payments arise from a dispute with IMS and NMR regarding their responsibility under the Tax Sharing Agreements for certain portions of the settlement payment owed to the IRS by Donnelley/D&B1. Our indemnification obligations to Donnelley/D&B1 require us and Moody s/D&B2 to pay to the IRS, on behalf of Donnelley/D&B1, any portion of the settlement amount not paid by IMS and NMR. As a result of this dispute with IMS and NMR, and given our indemnification obligations to Donnelley/D&B1, we have paid, and expect to

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pay, the further amounts identified above in excess of our allocable share of the settlement under the terms of the Tax Sharing Agreements. The impact to cash flow relating to these payments will be \$5.8 million (net of tax benefits).

With regard to tax years 1993 and 1994, the IRS has claimed a right of offset to disallow unrelated refunds belonging equally to D&B and Moody s/D&B2 totaling \$20 million. This claimed right of offset arises from the IRS proposed disallowance of royalty expense deductions relating to this Royalty Expense Deductions 1993-1997 matter. We have filed a protest with the IRS with respect to this proposed disallowance of these refunds. Under the Tax Sharing Agreements, IMS and NMR are jointly and severally liable for and must pay one-half, and we and Moody s/D&B2 are jointly and severally liable for and must pay the other half, of liabilities related to this Royalty Expense Deductions 1993-1997 matter. If the IRS should ultimately prevail in its position, then we could lose our allocable share of up to \$5.0 million in the anticipated benefit of the refunds, subject to each of IMS and NMR reimbursing D&B and Moody s/D&B2 for their \$5.0 million allocable shares of the lost benefit of the refunds, as we believe would be required by the Tax Sharing Agreements.

With regard to tax year 1997, this tax year was not included as part of the settlement described above and an adverse resolution with respect to this tax year could have an additional impact to cash flow of up to \$1.7 million (net of tax benefits).

As noted above, disputes exist between D&B and Moody s/D&B2 on the one hand and IMS and NMR on the other, with respect to various payment obligations under the Tax Sharing Agreements. We believe that the positions of IMS and NMR are contrary to their obligations under the Tax Sharing Agreements. If we are unable to resolve these disputes with IMS and NMR through the negotiation process contemplated by the Tax Sharing Agreements, we will commence arbitration proceedings to enforce our rights to collect these amounts from IMS and NMR. While we believe we will prevail in any such arbitration, we cannot predict with certainty that we will ultimately achieve this result. Notwithstanding the foregoing, we believe that the ultimate resolution of these disputes will not have a material adverse impact on our financial position, results of operations or cash flows.

Amortization and Royalty Expense Deductions/ Royalty Income 1997-2005

In the fourth quarter of 2003, we received on behalf of Donnelley/D&B1 and Moody s/D&B2, IRS notices of proposed adjustment for 1997 and 1998 with respect to a partnership transaction entered into in 1997. The IRS asserted that certain amortization expense deductions claimed by Donnelley/D&B1, and Moody s/D&B2 on their 1997 and 1998 tax returns should be disallowed. In April 2004, we received IRS proposed notices of deficiency for 1997 and 1998, proposing adjustments with respect to the 1997 partnership transaction consistent with the notices of proposed adjustment.

We filed protests relating to this matter for the 1997 and 1998 tax years with the IRS Office of Appeals. During the third quarter of 2004, we were informed by the IRS Office of Appeals that the 1997 and 1998 tax years were being returned to the Examination Division of the IRS for further development of the issues.

In the second quarter of 2005, we received, on behalf of Moody s/D&B2, D&B3 and the partnership, IRS notices of proposed adjustment for 1999-2002, with respect to the same 1997 partnership transaction referred to above. The IRS again asserted that certain amortization expense deductions claimed by Moody s/D&B2 and D&B3 on their 1999-2002 tax returns should be disallowed. In August 2005, we received IRS proposed notices of deficiency for 1999-2002, proposing adjustments with respect to the same 1997 partnership transaction consistent with the notices of proposed adjustment. We filed protests relating to this matter for 1999-2002 with the IRS Office of Appeals.

In addition to the foregoing, the IRS has asserted, in the notices referred to above, that royalty expense deductions claimed by Donnelley/D&B1, Moody s/D&B2, and D&B3 on their tax returns for 1997-2002,

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for royalties paid to the partnership should be disallowed. The IRS has also asserted that the receipt of these same royalties by the partnership should be reallocated to and reported as royalty income by Donnelley/D&B1, Moody s/D&B2, and D&B3, including the portions of the royalties that were allocated to third-party partners in the partnership, and, thus included in their taxable income. We believe that the IRS' stated positions with respect to the treatment of the royalty expense and royalty income are mutually inconsistent. If the IRS prevails on one of the positions, we believe that it is unlikely that it will prevail on the other.

In addition to the foregoing, and in connection with the notices received during the second quarter of 2005, the IRS has asserted that certain business expenses incurred by Moody s/D&B2 and D&B3 during 1999-2002 should be capitalized and amortized over a 15-year period, if (but only if) the proposed adjustments described above are not sustained.

We estimate that the net impact to cash flow as a result of the disallowance of the 1997-2002 amortization deductions and the disallowance of such deductions claimed from 2003 to date could be up to \$66.6 million (tax, interest and penalties, net of tax benefits but not taking into account the Moody s/D&B2 repayment to us of \$34.0 million described below). This transaction is scheduled to expire in 2012 and, unless terminated by us, the net impact to cash flow, based on current interest rates and tax rates would increase at a rate of approximately \$2.1 million per quarter (including potential penalties) as future amortization expenses are deducted.

We also estimate that, with regard to the possible disallowance of deductions for royalty expenses paid to the partnership and the reallocation of royalty income from the partnership, after taking into account certain other tax benefits resulting from the IRS' position on the partnership, it is unlikely that there will be any net impact to cash flow in addition to the amounts noted above related to the amortization expense deduction disallowance. In the unlikely event the IRS were to prevail on both positions with respect to the royalty expense and royalty income, we estimate that the net impact to cash flow as a result of the disallowance of the 1997-2002 royalty expense deductions, and the inclusion of the reallocated royalty income for all relevant years, could be up to \$144.8 million (tax, interest, and penalties, net of tax benefits). This \$144.8 million would be in addition to the \$66.6 million noted above related to the amortization expense deduction.

At the time of the 2000 Distribution, we paid Moody s/D&B2 approximately \$55 million in cash representing the discounted value of future tax benefits associated with this transaction. However, pursuant to the terms of the 2000 Distribution, should the transaction be terminated, Moody s/D&B2 would be required to repay us an amount equal to the discounted value of its 50% share of the related future tax benefits. If the transaction was terminated at September 30, 2005, the amount of such repayment from Moody s/D&B2 to us would be approximately \$34.0 million and would decrease by approximately \$4.0 million to \$5.0 million per year.

We are attempting to resolve this matter with the IRS before proceeding to litigation, if necessary. If we, on behalf of Donnelley/D&B1, Moody s/D&B2, and D&B3 were to challenge, at any time, any of these IRS positions for years 1997-2002 in U.S. District Court or the U.S. Court of Federal Claims, rather than in U.S. Tax Court, the disputed amounts for each applicable year would need to be paid in advance for the Court to have jurisdiction over the case.

Assessment of Potential Tax Matters

We have considered the foregoing legacy tax matters and the merits of the legal defenses and the various contractual obligations in our overall assessment of potential tax liabilities. As of September 30, 2005, we have net \$72.1 million of reserves recorded in the consolidated financial statements, made up of the following components; \$11.3 million in Accrued Income Tax and \$60.8 million in Other Non-Current Liabilities. We believe that these reserves are adequate for our share of the liabilities in these legacy tax matters. Any payments that would be made for these exposures could be significant to our cash from operations in the

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period a cash payment took place, including any payments for the purpose of obtaining jurisdiction in U.S. District Court or the U.S. Court of Federal Claims to challenge any of the IRS' s positions.

Legal Proceedings***Information Resources, Inc.******Introduction***

The following is a description of an antitrust lawsuit filed in 1996 by Information Resources, Inc. (IRI). As more fully described below, VNU N.V., a publicly traded Dutch company (VNU), and its U.S. subsidiaries VNU, Inc., ACNielsen, AC Nielsen (US), Inc. (ACN (US)), and Nielsen Media Research (NMR) (collectively, the VNU Parties), have assumed exclusive joint and several liability for any judgment or settlement of this antitrust lawsuit. As a result of the indemnity obligation, D&B does not have any exposure to a judgment or settlement of this lawsuit unless the VNU Parties default on their obligations. In the event of such default, contractual commitments undertaken by D&B in connection with various corporate reorganizations since 1996, including our spin-off from Moody s/D&B2 in 2000, require us to bear a portion of any amount not paid by the VNU Parties. See below D&B s Potential Exposure in the Lawsuit. Moreover, as described below, on February 1, 2005, the U.S. District Court for the Southern District of New York entered a final judgment against IRI dismissing IRI s claims. IRI filed a notice of appeal to the Second Circuit Court of Appeals on February 2, 2005. The appeal is fully briefed and argument took place on October 18, 2005.

Overview of the Lawsuit

In July 1996, IRI filed a complaint, subsequently amended in 1997, in the U.S. District Court for the Southern District of New York, naming as defendants a company then known as The Dun & Bradstreet Corporation and now known as R.H. Donnelley (referred to in this Form 10-Q as Donnelley/D&B1), A.C. Nielsen Company (a subsidiary of ACNielsen) and IMS International, Inc. (a subsidiary of the company then known as Cognizant Corporation). At the time of the filing of the complaint, each of the other defendants was a wholly-owned subsidiary of Donnelley/D&B1.

The amended complaint alleges various violations of United States antitrust laws under Sections 1 and 2 of the Sherman Antitrust Act. IRI s antitrust claims allege that defendants developed and implemented a plan to undermine IRI s ability to compete within the United States and foreign markets in North America, Latin America, Asia, Europe and Australia/ New Zealand through a series of anti-competitive practices, including: unlawfully tying/bundling services in the markets in which defendants allegedly had monopoly power with services in markets in which ACNielsen competed with IRI; entering into exclusionary contracts with retailers in certain countries to deny IRI s access to sales data necessary to provide retail tracking services or to artificially raise the cost of that data; predatory pricing; acquiring foreign market competitors with the intent of impeding IRI s efforts to expand; disparaging IRI to financial analysts and clients; and denying IRI access to capital necessary for it to compete.

IRI is seeking damages in excess of \$650 million, which IRI also asked to be trebled. IRI has filed with the court the report of its expert who has opined that IRI suffered damages of between \$582 million and \$652 million from the defendants alleged practices. IRI also sought punitive damages in an unspecified amount, which the Company believes are precluded as a result of the dismissal of one of IRI s claims.

On December 3, 2004, the Court entered In limine Order No. 1, which bars IRI from arguing that Nielsen s pricing practices or discounts were illegal or anti-competitive unless it can prove they involved prices below short-run average variable cost, calculated without the inclusion of Nielsen s Fixed Operations costs. On December 17, 2004, IRI issued a press release, which said, in relevant part, Without this evidence, IRI believes that little would be left of IRI s case to take to trial. IRI has asked the Court to enter a final

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judgment against it so that it can take an immediate appeal to the Second Circuit. The defendants did not object to this request. On February 1, 2005, the Court entered a final judgment dismissing IRI's claims and on February 2, 2005, the Court entered IRI's notice of appeal to the Court of Appeals for the Second Circuit. The appeal is fully briefed and argument took place on October 18, 2005.

The Indemnity and Joint Defense Agreement

In connection with the 1996 Distribution, Cognizant (now NMR), ACNielsen and Donnelley/D&B1 entered into an Indemnity and Joint Defense Agreement (the Original JDA), pursuant to which they agreed to:

allocate potential liabilities that may relate to, arise out of or result from the IRI lawsuit (IRI Liabilities); and

conduct a joint defense of such action.

VNU's and D&B's Involvement in the Lawsuit

In 2001, ACNielsen was acquired by VNU. VNU assumed ACNielsen's obligations under the Original JDA.

Under the terms of the 1998 Distribution, D&B2 assumed all potential liabilities of Donnelley/D&B1 arising from the IRI action and agreed to indemnify Donnelley/D&B1 in connection with such potential liabilities. Under the terms of the 2000 Distribution, D&B undertook to be jointly and severally liable with Moody's/D&B2 for D&B2's obligations to Donnelley/D&B1 under the 1998 Distribution, including for any liabilities arising under the Original JDA and arising from the IRI action itself. However, as between us and Moody's/D&B2, we agreed that under the 2000 Distribution, each of us and Moody's/D&B2 will be responsible for 50% of any payments required to be made by Moody's/D&B2 with respect to the IRI action under the terms of the 1998 Distribution, including legal fees or expenses related to the IRI action.

The Amended and Restated JDA

On July 30, 2004, the VNU Parties, Donnelley/D&B1, D&B, Moody's/D&B2 and IMS, entered into an Amended and Restated Indemnity and Joint Defense Agreement (the Amended JDA).

Pursuant to the Amended JDA, any and all IRI Liabilities incurred by Donnelley/D&B1, D&B, Moody's/D&B2 or IMS relating to a judgment (even if not final) or any settlement being entered into in the IRI action will be jointly and severally assumed and fully discharged exclusively by the VNU Parties. Under the Amended JDA, the VNU Parties have agreed to, jointly and severally, indemnify Donnelley/D&B1, D&B, Moody's/D&B2 and IMS from and against all IRI Liabilities to which they become subject. As a result, the cap on ACNielsen's liability for the IRI Liabilities, which the Original JDA provided for, no longer exists, and all such liabilities are the responsibility of the VNU Parties pursuant to the Amended JDA.

In addition, the Amended JDA provides that if it becomes necessary to post any bond pending an appeal of an adverse judgment, then the VNU Parties shall obtain the bond required for the appeal and shall pay the full cost of such bond.

In connection with entering into the Amended JDA, Donnelley/D&B1, D&B, Moody's/D&B2 and IMS agreed to amend certain covenants of the Original JDA to provide operational flexibility for ACNielsen going forward. In addition, the Amended JDA includes certain amendments to the covenants of ACNielsen (which, under the Amended JDA, are now also applicable to ACN (US), which we understand holds ACNielsen's operating assets), which are designed to preserve such parties' claim-paying ability and protect Donnelley/D&B1, D&B, Moody's/D&B2 and IMS. Among other covenants, ACNielsen and ACN (US) agreed that neither they nor any of their respective subsidiaries will incur any indebtedness to any affiliated person, except

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indebtedness which its payment will, after a payment obligation under the Amended JDA comes due, be conditioned on, and subordinated to, the payment and performance of the obligations of such parties under the Amended JDA. VNU has agreed to have a process agent in New York receive on its behalf service of any process concerning the Amended JDA.

D&B's Potential Exposure in the Lawsuit

As described above, the VNU Parties have assumed exclusive responsibility for the payment of all IRI Liabilities. However, because liability for violations of the antitrust laws is joint and several and because the rights and obligations relating to the Amended JDA are based on contractual relationships, the failure of the VNU Parties to fulfill their obligations under the Amended JDA could result in the other parties bearing all or a share of the IRI Liabilities.

Joint and several liability for the IRI action means that even where more than one defendant is determined to have been responsible for an alleged wrongdoing, the plaintiff can collect all or part of the judgment from just one of the defendants. This is true regardless of whatever contractual allocation of responsibility the defendants and any other indemnifying parties may have made, including the allocations described above between the VNU Parties, Donnelly/D&B1, D&B, Moody's/D&B2 and IMS.

Accordingly, and as a result of the allocations of liability described above, in the event the VNU Parties default on their obligations under the Amended JDA, each of Moody's/D&B2 and D&B will be responsible for the payment of 50% of the portion of any judgment or settlement ultimately paid by Donnelly/D&B1 (which is a defendant in the IRI action), which can be as high as all the IRI Liabilities.

While, as described above, the IRI lawsuit has been dismissed, IRI has filed an appeal. Accordingly, we are unable to predict the outcome of the IRI action (including the appeal) or the financial condition of any of the VNU Parties or the other defendants at the time of any such outcome (and hence we cannot estimate their ability to pay the IRI Liabilities pursuant to the Amended JDA or the judgment or settlement in the IRI action). However, provided that the VNU Parties fulfill their obligations under the Amended JDA, we believe that the resolution of this matter would not materially affect our results of operations, cash flows and financial position. Accordingly, no amount in respect of this matter has been accrued in our consolidated financial statements. If, however, IRI were to prevail in whole or in part in this action and if D&B is required to pay, notwithstanding such contractual obligations, a portion of any significant settlement or judgment, the outcome of this matter could have a material adverse effect on D&B's financial position, results of operations and cash flows.

Hoover's Initial Public Offering Litigation

On November 15, 2001, a putative shareholder class action lawsuit was filed against Hoover's, certain of its then current and former officers and directors (the Individual Defendants), and one of the investment banks that was an underwriter of Hoover's July 1999 initial public offering (IPO). The lawsuit was filed in the United States District Court for the Southern District of New York and purports to be a class action filed on behalf of purchasers of the stock of Hoover's during the period from July 20, 1999 through December 6, 2000.

A Consolidated Amended Complaint, which is now the operative complaint, was filed on April 19, 2002. The purported class action alleges violations of Sections 11 and 15 of the Securities Act of 1933, as amended, (the 1933 Act) and Sections 10(b), Rule 10b-5 and 20(a) of the Securities Exchange Act of 1934, as amended, against Hoover's and Individual Defendants. Plaintiffs allege that the underwriter defendant agreed to allocate stock in Hoover's IPO to certain investors in exchange for excessive and undisclosed commissions and agreements by those investors to make additional purchases of stock in the aftermarket at predetermined prices above the IPO price. Plaintiffs allege that the Prospectus for Hoover's IPO was false and misleading in

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violation of the securities laws because it did not disclose these arrangements. The action seeks damages in an unspecified amount. The defense of the action is being coordinated with more than 300 other nearly identical actions filed against other companies. On July 15, 2002, Hoover's moved to dismiss all claims against it and the Individual Defendants. On October 9, 2002, the Court dismissed the Individual Defendants from the case based upon Stipulations of Dismissal filed by the plaintiffs and the Individual Defendants. On February 19, 2003, the Court denied the motion to dismiss the complaint against Hoover's. On October 13, 2004, the Court certified a class in six of the approximately 300 other nearly identical actions and noted that the decision is intended to provide strong guidance to all parties regarding class certification in the remaining cases. Plaintiffs have not yet moved to certify a class in the case involving Hoover's.

Hoover's has approved a settlement agreement and related agreements that set forth the terms of a settlement between Hoover's, the plaintiff class and the vast majority of the other approximately 300 issuer defendants. Among other provisions, the settlement provides for a release of Hoover's and the individual defendants for the conduct alleged in the action to be wrongful. Hoover's would agree to undertake certain responsibilities, including agreeing to assign away, not assert, or release certain potential claims Hoover's may have against its underwriters. The settlement agreement also provides a guaranteed recovery of \$1 billion to plaintiffs for the cases relating to all of the approximately 300 issuers. To the extent that the underwriter defendants settle all of the cases for at least \$1 billion, no payment will be required under the issuers' settlement agreement. To the extent that the underwriter defendants settle for less than \$1 billion, the issuers are required to make up the difference. It is anticipated that any potential financial obligation of Hoover's to plaintiffs pursuant to the terms of the settlement agreement and related agreements will be covered by existing insurance. Hoover's currently is not aware of any material limitations on the expected recovery of any potential financial obligation to plaintiffs from its insurance carriers. Its carriers are solvent, and Hoover's is not aware of any uncertainties as to the legal sufficiency of an insurance claim with respect to any recovery by plaintiffs. Therefore, we do not expect that the settlement will involve any payment by Hoover's. If material limitations on the expected recovery of any potential financial obligation to the plaintiffs from Hoover's insurance carriers should arise, Hoover's maximum financial obligation to plaintiffs pursuant to the settlement agreement is less than \$3.4 million. On February 15, 2005, the court granted preliminary approval of the settlement agreement, subject to certain modifications consistent with its opinion. Those modifications have been made. There is no assurance that the court will grant final approval to the settlement.

As previously noted, if the settlement is ultimately approved and implemented in its current form, Hoover's reasonably foreseeable exposure in this matter, if any, would be limited to amounts that would be covered by existing insurance. If the settlement is not approved in its current form, we cannot predict the final outcome of this matter or whether such outcome or ultimate resolution of this matter could materially affect our results of operations, cash flows or financial position. No amount in respect of any potential judgment in this matter has been accrued in our consolidated financial statements.

Pension Plan Litigation***March 2003 Action***

In March 2003, a lawsuit seeking class action status was filed against us in federal court in Connecticut on behalf of 46 specified former employees relating to our retirement plans. As noted below, during the fourth quarter of 2004 most of the counts in the complaint were dismissed. The complaint, as amended in July 2003 (the Amended Complaint), sets forth the following putative class:

current D&B employees who are participants in The Dun & Bradstreet Corporation Retirement Account and were previously participants in its predecessor plan, The Dun & Bradstreet Master Retirement Plan;

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited) (Continued)

current employees of Receivable Management Services Corporation (RMSC) who are participants in The Dun & Bradstreet Corporation Retirement Account and were previously participants in its predecessor plan, The Dun & Bradstreet Master Retirement Plan;

former employees of D&B or D&B s Receivable Management Services (RMS) operations who received a deferred vested retirement benefit under either The Dun & Bradstreet Corporation Retirement Account or The Dun & Bradstreet Master Retirement Plan; and

former employees of D&B s RMS operations whose employment with D&B terminated after the sale of the RMS operations but who are not employees of RMSC and who, during their employment with D&B, were Eligible Employees for purposes of The Dun & Bradstreet Career Transition Plan.

The Amended Complaint estimates that the proposed class covers over 5,000 individuals.

There are four counts in the Amended Complaint. Count 1 claims that we violated ERISA by not paying severance benefits to plaintiffs under our Career Transition Plan. Count 2 claims a violation of ERISA in that our sale of the RMS business to RMSC and the resulting termination of our employees constituted a prohibited discharge of the plaintiffs and/or discrimination against the plaintiffs for the intentional purpose of interfering with their employment and/or attainment of employee benefit rights which they might otherwise have attained. Count 3 claims that the plaintiffs were materially harmed by our alleged violation of ERISA s requirements that a summary plan description reasonably apprise participants and beneficiaries of their rights and obligations under the plans and that, therefore, undisclosed plan provisions (in this case, the actuarial deduction beneficiaries incur when they leave D&B before age 55 and elect to retire early) cannot be enforced against them. Count 4 claims that the 6.60% interest rate (the rate is actually 6.75%) used to actuarially reduce early retirement benefits is unreasonable and, therefore, results in a prohibited forfeiture of benefits under ERISA.

In the Amended Complaint, the plaintiffs sought payment of severance benefits; equitable relief in the form of either reinstatement of employment with D&B or restoration of employee benefits (including stock options); invalidation of the actuarial reductions applied to deferred vested early retirement benefits, including invalidation of the plan rate of 6.60% (the actual rate is 6.75%) used to actuarially reduce former employees early retirement benefits; attorneys fees and such other relief as the court may deem just.

We deny all allegations of wrongdoing and are aggressively defending the case. In September 2003, we filed a motion to dismiss Counts 1, 3 and 4 of the Amended Complaint on the ground that plaintiffs cannot prevail on those claims under any set of facts, and in February 2004, the Court heard oral argument on our motion. With respect to Count 4, the court requested that the parties conduct limited expert discovery and submit further briefing. In November 2004, after completion of expert discovery on Count 4, we moved for summary judgment on Count 4 on the ground that an interest rate of 6.75% is reasonable as a matter of law. On November 30, 2004 the Court issued a ruling granting our motion to dismiss Counts 1 and 3. Shortly after that ruling, plaintiffs counsel stipulated to dismiss with prejudice Count 2 (which challenged the sale of the RMS business as an intentional interference with employee benefit rights, but which the motion to dismiss did not address). Plaintiffs counsel also stipulated to a dismissal with prejudice of Count 1, the severance pay claim, agreeing to forego any appeal of the Court s dismissal of that claim. Plaintiffs counsel did file a motion to join party plaintiffs and to amend the amended complaint to add a new count challenging the adequacy of the retirement plan s mortality tables. The court granted the motion and we filed our objections. On June 6, 2005, the court granted D&B s motion for summary judgment as to Count 4 (the interest rate issue) and also denied the plaintiffs motion to further amend the Complaint to add a new claim challenging the mortality tables. On July 8, 2005, the plaintiffs filed their notice of appeal; they are appealing the ruling granting the motion to dismiss, the ruling granting summary judgment, and the denial of leave to amend their complaint.

While we believe we have strong defenses in this matter, we are unable to predict at this time the final outcome of this matter or whether the resolution of this matter could materially affect our results of

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operations, cash flows or financial position. No amount in respect of this matter has been accrued in our consolidated financial statements.

September 2005 Action

In addition to the foregoing proceeding, a lawsuit seeking class action status was filed in September of 2005 against us in federal court in the Northern District of Illinois on behalf of a current employee relating to our retirement plans. The complaint (the *Complaint*), seeks certification of the following putative class: current or former D&B employees (other than employees who on December 31, 2001 (i) were at least age 50 with 10 years of vesting service, (ii) had attained an age which, when added to his or her years of Vesting Service, was equal to or greater than 70; or (iii) had attained age 65), who participated in The Dun & Bradstreet Master Retirement Plan before January 1, 2002 and who have participated in The Dun & Bradstreet Corporation Retirement Account at any time since January 1, 2002.

The *Complaint* estimates that the proposed class covers over 1,000 individuals.

There are five counts in the *Complaint*. Count 1 claims that we violated ERISA by reducing the rate of an employee's benefit accrual on the basis of age. Count 2 claims a violation of ERISA's non-forfeiture requirement, because the plan allegedly conditions receipt of cash balance benefits on foregoing the early retirement benefits plaintiff earned prior to the adoption of the cash balance amendment. Count 3 claims that the cash balance plan violates ERISA's anti-backloading rule. Count 4 claims that D&B failed to supply advance notice of a significant benefit decrease. Count 5 claims that D&B failed to provide an adequate Summary Plan Description.

In the *Complaint*, the plaintiff seeks (1) a declaration that (a) D&B's cash balance plan is ineffective and that the D&B Master Retirement Plan is still in force and effect, and (b) plaintiff's benefit accrual under the cash balance plan must be unconditional and not reduced because of age, (2) an injunction (a) prohibiting the application of the cash balance plan's reduction in the rate of benefit accruals because of age and its conditions of benefits due under the plan, and (b) ordering appropriate equitable relief to determine plan participant losses caused by D&B's payment of benefits under the cash balance plan's terms and requiring the payment of additional benefits as appropriate, (3) attorneys' fees and costs, (4) interest, and (5) such other relief as the court may deem just.

We believe we have strong defenses in this matter and we will deny all allegations of wrongdoing and aggressively defend the case.

We are unable to predict at this time the final outcome of this matter or whether the resolution of this matter could materially affect our results of operations, cash flows or financial position. No amount in respect of this matter has been accrued in our consolidated financial statements.

Additional Matters*Base D Informations Legales Holding S.A.S.*

As previously discussed in our Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2005, in May 2005, we were contacted by Base D Informations Legales Holding S.A.S. (*BIL Holding*), the purchaser of our French operations in October 2004, regarding allegations of improper sales related activities involving those operations (the *Alleged Conduct*). Based on our investigation into the *Alleged Conduct*, including reviewing evidence that *BIL Holding* made available, we have concluded that the evidence presented is insufficient to substantiate the *Alleged Conduct* and *BIL* has withdrawn its allegations. The Company and *BIL* have reached a final resolution of this matter. See *Management's Discussion and Analysis of Financial Condition and Results of Operations* Segment Results International Operating Income and Non-Core Gains and (Charges) in Part I, Item 2 of this Quarterly Report on Form 10-Q for

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additional information regarding legal expenses incurred in connection with investigating and resolving this matter and costs incurred to resolve this matter, respectively.

Other

In addition, in the normal course of business, 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 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 9 Divestitures

During April 2005, we sold our equity investment in a South African company. We received proceeds of \$5.3 million and recognized a pre-tax gain of approximately \$3.5 million in the second quarter of 2005.

On May 10, 2004, we sold our operations in Germany, Austria, Switzerland, Poland, Hungary and the Czech Republic (Central European Operations) to Bonnier Affarsinformation AB (Bonnier) for \$25.7 million, consisting of \$18.1 million in cash and \$7.6 million in other receivables, of which \$5.6 million has been collected in 2004. We recognized a pre-tax gain of \$5.6 million in the second quarter of 2004 in Other Income (Expense) Net. Our Central European Operations generated approximately \$52 million in revenue in 2003.

On February 29, 2004, we sold our operations in India and our Distribution Channels in Pakistan and the Middle East for \$7.7 million. We received proceeds of \$7.3 million (net of withholding tax), consisting of cash of \$6.5 million and an investment of \$0.8 million representing a 10% interest in the newly formed entity. We recognized a pre-tax gain of \$3.8 million in Other Income (Expense) Net in the first quarter of 2004. In 2003, revenue generated from these operations and distribution channels were approximately \$6.4 million.

On December 1, 2003, we sold our operations in Sweden, Denmark, Norway, and Finland (Nordic operations) to Bonnier, for \$42.7 million. The proceeds consisted of cash of \$35.9 million, notes receivable of \$5.9 million and another receivable of \$0.9 million. As a result of our International segment November 30 fiscal year end, we recognized a pre-tax gain of \$7.9 million in Other Income (Expense) Net in the first quarter of 2004. Additionally, we wrote-off the \$0.9 million other receivable in the second quarter of 2004. Our Nordic operations generated approximately \$50.9 million of revenue in 2003.

As part of the 2004 divestitures noted above, we established a strategic relationship in each of these countries where the buyer operates the acquired businesses under the D&B name, continues to distribute D&B-branded products and services, and provides D&B with data to support our global customer needs. All these divestitures were part of our International Segment.

Note 10 Stock-Based Compensation

We have stock-based compensation plans accounted for under the recognition and measurement principles of APB Opinion No. 25, Accounting for Stock Issued to Employees, and related interpretations. Accordingly, no stock-based employee compensation cost is reflected in net income for our outstanding stock options as all options granted under our plans had an exercise price equal to the market value of the underlying

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common stock on the date of grant. Also, no stock-based compensation cost is reflected in our net income for our Employee Stock Purchase Plan. The costs associated with our restricted stock grants, stock appreciation rights and restricted stock units are included in net income.

The following table summarizes the pro forma effect of stock-based compensation on net income and net income per share as if the fair value expense recognition provisions of SFAS No. 123, Accounting for Stock-Based Compensation, as amended by SFAS No. 148, Accounting for Stock-Based Compensation Transition and Disclosure, had been adopted.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2005	2004	2005	2004
Reported Net Income	\$ 31.7	\$ 47.5	\$ 130.9	\$ 136.8
Add: Stock compensation cost under the intrinsic method, included in net income, net of tax benefits	1.5	1.4	5.7	4.0
Deduct: Total stock compensation cost under fair-value method for all awards, net of tax benefits	(4.0)	(4.3)	(13.9)	(12.4)
Pro forma Net Income	\$ 29.2	\$ 44.6	\$ 122.7	\$ 128.4
Basic EPS:				
As reported	\$ 0.48	\$ 0.68	\$ 1.95	\$ 1.93
Pro forma	\$ 0.44	\$ 0.64	\$ 1.83	\$ 1.81
Diluted EPS:				
As reported	\$ 0.46	\$ 0.65	\$ 1.87	\$ 1.86
Pro forma	\$ 0.42	\$ 0.61	\$ 1.76	\$ 1.74

Note 11 Pension and Post-retirement Benefits

The following table sets forth the components of the net periodic cost associated with our pension plans and our post-retirement benefit obligations, pursuant to the requirements under SFAS No. 132 (revised).

	Pension Plans				Post-retirement Benefits			
	For Three Months Ended September 30,		For Nine Months Ended September 30,		For Three Months Ended September 30,		For Nine Months Ended September 30,	
	2005	2004	2005	2004	2005	2004	2005	2004
Service cost	\$ 1.8	\$ 3.5	\$ 12.2	\$ 10.9	\$ 0.3	\$ (0.1)	\$ 0.9	\$ 0.6
Interest cost	4.7	21.3	64.2	63.5	1.2	0.3	3.6	5.7
Expected return on plan assets	(4.4)	(31.0)	(87.4)	(94.6)				
Amortization of prior service cost	0.4	0.7	2.3	2.1	(2.5)	(1.2)	(8.0)	(8.6)
Recognized actuarial (gains) loss	1.8	2.1	16.0	6.6	(0.3)	(2.3)	(0.8)	
Net periodic (income) cost	\$ 4.3	\$ (3.4)	\$ 7.3	\$ (11.5)	\$ (1.3)	\$ (3.3)	\$ (4.3)	\$ (2.3)

We previously disclosed in our Annual Report on Form 10-K for the year ended December 31, 2004 that we expected to contribute \$26.4 million and \$16.0 million to our pension plans and post-retirement benefit plan, respectively, in 2005. As of September 30, 2005, we have made contributions to our pension plans and post-retirement

plans of \$22.3 million and \$10.4 million, respectively.

On January 21, 2005, the Centers for Medicare and Medicaid Services (CMS) released final regulations implementing major provisions of the Medicare Prescription Drug, Improvement, and Moderniza-

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tion Act of 2003. The regulations address key concepts, such as defining a plan, as well as the actuarial equivalence test for purposes of obtaining a government subsidy. Pursuant to the guidance in FSP No. FAS 106-2, we have assessed the financial impact of the regulations and concluded that our post-retirement benefit plan will be qualified for the direct subsidies for an additional seven years and our APBO is expected to decrease by an approximately additional \$4.8 million, reflecting the updated demographics of the plan population. As a result, our 2005 post-retirement benefit cost is expected to decrease by approximately \$0.7 million. Together with the impacts already included in our December 31, 2004 results, the APBO decreased by a total of \$35.8 million and our plan is expected to be actuarially equivalent in 2006 until 2023.

We incurred a curtailment charge of \$0.3 million for our U.K. Pension Plan in the second quarter of 2005 and \$0.1 million for the U.S. Qualified Plan in the third quarter of 2005 related to the 2005 Financial Flexibility Program (see detail in Note 3 Impact of Implementation of the Blueprint for Growth Strategy). In addition, we recognized a curtailment gain of \$0.1 million and \$5.8 million for our post-retirement benefit plan for the three month and nine month periods ended September 30, 2005, respectively, related to the 2004 Financial Flexibility Program (see detail in Note 3 Impact of Implementation of the Blueprint for Growth Strategy).

Note 12 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. On January 1, 2005, we began managing our operations in Canada as part of our International segment. As part of this change, our results are reported under the following two segments: United States (U.S.) and International. We have conformed historical amounts to reflect the new segment structure. Our customer solution sets are Risk Management Solutions, Sales & Marketing Solutions, E-Business Solutions and Supply Management Solutions. Inter-segment sales are immaterial and no single customer accounted for 10% or more of our total revenues. 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 (see Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations, under the heading How We Evaluate Performance for further details). Additionally, transition costs, which are period costs such as consulting fees, costs of temporary

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employees, relocation costs and stay bonuses incurred to implement our Financial Flexibility Program, are not allocated to our business segments.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2005	2004	2005	2004
Operating Revenues:				
U.S.	\$ 259.0	\$ 240.2	\$ 775.9	\$ 718.5
International	82.6	93.0	258.7	308.0
Consolidated Total	\$ 341.6	\$ 333.2	\$ 1,034.6	\$ 1,026.5
Operating Income (Loss):				
U.S.	\$ 87.3	\$ 81.0	\$ 267.7	\$ 236.5
International	13.1	13.5	35.5	45.8
Total Divisions	100.4	94.5	303.2	282.3
Corporate and Other(1)	(21.2)	(21.6)	(75.8)	(79.3)
Consolidated Total	79.2	72.9	227.4	203.0
Non-Operating Income (Expense) Net	(6.1)	(0.5)	(7.0)	10.9
Income before Provision for Income Taxes	\$ 73.1	\$ 72.4	\$ 220.4	\$ 213.9
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2005	2004	2005	2004
(1) The following table itemizes Corporate and Other				
Corporate Costs	\$ (12.3)	\$ (14.9)	\$ (36.1)	\$ (44.3)
Transition Costs (costs to implement our Financial				
Flexibility Program)	(4.2)	(4.0)	(18.1)	(14.1)
Restructuring Charge	(4.7)	(2.7)	(21.6)	(20.9)
Total Corporate and Other	\$ (21.2)	\$ (21.6)	\$ (75.8)	\$ (79.3)

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THE DUN & BRADSTREET CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited) (Continued)
Supplemental Geographic and Customer Solution Set Information:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2005	2004	2005	2004
Customer Solution Set Revenues:				
U.S.:				
Risk Management Solutions	\$ 160.7	\$ 149.4	\$ 490.7	\$ 459.3
Sales & Marketing Solutions	72.1	70.5	216.3	204.0
E-Business Solutions	17.0	12.9	48.3	36.0
Supply Management Solutions	9.2	7.4	20.6	19.2
Total U.S.	259.0	240.2	775.9	718.5
International:				
Risk Management Solutions	68.9	65.9	219.0	194.5
Sales & Marketing Solutions	12.0	11.9	34.9	37.0
E-Business Solutions	0.9		1.9	
Supply Management Solutions	0.8	0.9	2.9	2.8
Core Revenue	82.6	78.7	258.7	234.3
Divested Businesses		14.3		73.7
Total International	82.6	93.0	258.7	308.0
Consolidated Total:				
Risk Management Solutions	229.6	215.3	709.7	653.8
Sales & Marketing Solutions	84.1	82.4	251.2	241.0
E-Business Solutions	17.9	12.9	50.2	36.0
Supply Management Solutions	10.0	8.3	23.5	22.0
Consolidated Core Revenue	341.6	318.9	1,034.6	952.8
Divested Businesses		14.3		73.7
Consolidated Total	\$ 341.6	\$ 333.2	\$ 1,034.6	\$ 1,026.5

	September 30, 2005	December 31, 2004
Assets:		
U.S.	\$ 394.8	\$ 423.3
International	454.3	499.5
Total Divisions	849.1	922.8
Corporate and Other (primarily domestic pensions and taxes)	652.3	712.7

Total Assets	\$	1,501.4	\$	1,635.5
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THE DUN & BRADSTREET CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited) (Continued)

	September 30, 2005	December 31, 2004
Goodwill:		
U.S.(1)	\$ 122.7	\$ 110.9
International	100.2	106.1
Total Goodwill	\$ 222.9	\$ 217.0

(1) The increase in goodwill in the U.S. from \$110.9 million at December 31, 2004 to \$122.7 million at September 30, 2005 is attributed to the acquisition of LiveCapital, Inc. in the third quarter of 2005 (see Note 4 Acquisitions for more detail).

Note 13 Income Taxes

During the quarter ended September 30, 2005, we recorded an \$8.6 million increase in equity for the current period realization of income tax benefits arising from certain prior year stock option exercises.

For the three months ended September 30, 2005, our effective tax rate was 57.1%, as compared to 34.8% for the three months ended September 30, 2004. The effective tax rate for the three months ended September 30, 2005 was negatively impacted by 12.4 points for the tax associated with the adoption of FSP No. FAS 109-2 (see Note 2 Recent Accounting Pronouncements for additional information) relating to foreign cash repatriation, by 8.6 points resulting from an increase in our tax legacy reserve for Royalty Expense Deductions 1993-1997 (see Note 8 Contingencies (Tax Matters) for additional information), by 1.0 point resulting from the non-deductibility in some countries of certain items included within the restructuring charge and positively impacted by 3.2 points for the interest benefit on a carry back claim and tax credit refunds. The effective tax rate for the three months ended September 30, 2004 had been positively impacted by 2.1 points for tax benefits related to the sale of our operation in Iberia and by 1.4 points for global tax planning initiatives.

For the nine months ended September 30, 2005, our effective tax rate was 40.9% as compared to 36.2% for the nine months ended September 30, 2004. The effective tax rate for the nine months ended September 30, 2005 was negatively impacted by 4.1 points for the tax associated with the adoption of FSP No. FAS 109-2 (see Note 2 Recent Accounting Pronouncements for additional information) relating to foreign cash repatriation, by 2.8 points resulting from an increase in our tax legacy reserve for Royalty Expense Deductions 1993-1997 (see Note 8 Contingencies (Tax Matters) for additional information) and by 1.2 points resulting from the non-deductibility in some countries of

certain items included within the restructuring charge and positively impacted by 4.1 points for a tax deduction related to the liquidation of dormant entities that remained after the sale of our operations in the Nordic region (Sweden, Denmark, Norway, and Finland) and by 1.0 point for the interest benefit on a carry back claim and tax credit refunds. The effective tax rate for the nine months ended September 30, 2004 had been positively impacted by 1.1 points for tax benefits related to the sales of our operations in Central Europe, Iberia, India and Nordic region and positively impacted by 0.6 points for global tax planning initiatives.

Note 14 Subsequent Events

In connection with the Medicare Prescription Drug, Improvement, and Modernization Act of 2003, we will share 25% of the projected federal subsidies with the retirees starting in fiscal year 2006. In the future, we may consider increasing our sharing percentage as necessary in order to ensure our retiree prescription drug plan remains actuarially equivalent and continues to qualify for federal subsidies. The sharing strategy has been communicated to our retirees in October 2005 and we will account for the impact in accordance with FSP No. FAS 106-2. As a result, our APBO will increase by approximately \$2 million and our annual post-retirement benefit income will decrease by approximately \$1 million.

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Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Business Overview

We are the leading provider of global business information, tools and insight, and have enabled customers to Decide with Confidence™ for over 160 years. Our propriety DUNSRight™ quality process provides customers with quality business information. This quality information is the foundation of our solutions that customers rely on to make critical business decisions. Customers use our Risk Management Solutions™ to mitigate credit risk, increase cash flow and drive increased profitability, our Sales & Marketing Solutions™ to increase revenue from new and existing customers, our E-Business Solutions™ to convert prospects to clients faster and our Supply Management Solutions™ to increase cash by generating ongoing savings from our customers' suppliers and protecting our customers from serious financial, operational and regulatory risk.

The financial statements of the subsidiaries included in our International segment, except for our Canadian region, reflect a quarter ended August 31, 2005, in order to facilitate timely reporting of our consolidated financial results and financial position.

How We Evaluate Performance

For internal management purposes, we use total revenue excluding the revenue of divested businesses, which we refer to as core revenue, to manage and evaluate the performance of our business segments and to allocate resources, because this measure provides an indication of the underlying direction of changes in revenue in a single performance measure without reported revenue of international divested businesses which will not be included in future revenue. Core revenue also includes the revenue from acquired businesses from the date of acquisition. International divested business revenue for the three month and nine month periods ended September 30, 2004 included in this Form 10-Q includes the revenue from our operations in:

the Nordic region (Sweden, Denmark, Norway and Finland, all sold in the first quarter of 2004);

India and Distribution Channels in Pakistan and the Middle East (all sold in the first quarter of 2004);

Central Europe (Germany, Austria, Switzerland, Poland, Hungary and the Czech Republic, all sold in the second quarter of 2004);

Iberia (Spain and Portugal, both sold in the fourth quarter of 2004); and

France (sold in the fourth quarter of 2004).

Management believes that core revenue provides valuable insight into our revenue from ongoing operations and enables investors to evaluate business performance and trends by facilitating a comparison of results of ongoing operations with prior period financial results.

We also isolate the effects of changes in foreign exchange rates on our revenue growth because, while we take steps to manage our exposure to foreign currency, we believe it is useful for investors to be able to compare revenue from one period to another, both with and without the effects of foreign exchange. As a result, we monitor our core revenue growth both after and before the effects of foreign exchange. Core revenue growth excluding the effects of foreign exchange is referred to as core revenue growth before the effects of foreign exchange. We also separately analyze core revenue growth before the effects of foreign exchange among two components, organic core revenue growth and core revenue growth from acquisitions. We analyze organic core revenue growth and core revenue growth from acquisitions because management believes this information provides an important insight into the underlying health of our business.

We evaluate the performance of our business segments based on segment revenue growth before the effects of foreign exchange, and segment operating income growth before certain types of gains and (charges) that we believe do not reflect our underlying business performance. Specifically, for management reporting purposes, we evaluate business segment performance before non-core gains and (charges) such as restructuring charges because they are not a component of our ongoing income or expenses and/or may have a disproportionate positive or negative impact on the results of our ongoing underlying business operations. For the three months ended September 30, 2005, net pre-tax

non-core gains and (charges) included restructuring

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charges of \$4.7 million, and charges totaling \$2.2 million related to the final resolution of all disputes on the sale of the Company's French business (see Note 8 Contingencies (Additional Matters) to the unaudited consolidated financial statements to this Form 10-Q for additional information related to this dispute). For the three months ended September 30, 2005, unrelated non-core charges for taxes included a \$9.1 million charge related to the adoption of Financial Accounting Standards Board (FASB) Staff Position (FSP) No. FAS 109-2, Accounting and Disclosure Guidance for the Foreign Earnings Repatriation Provision within the American Jobs Creation Act of 2004 (see Note 2 Recent Accounting Pronouncements to the unaudited consolidated financial statements to this Form 10-Q for additional information) and a \$6.3 million charge resulting from an increase in our tax legacy reserve for Royalty Expense Deductions 1993-1997 (see Note 8 Contingencies (Tax Matters) to the unaudited consolidated financial statements to this Form 10-Q for additional information). For the three months ended September 30, 2004, non-core gains and (charges) were restructuring charges of \$2.7 million and a reduction of \$0.8 million for the second quarter of 2004 impairment charge to reflect the fair market value of the net assets of our Iberian operations as of the end of the third quarter of 2004.

For the nine months ended September 30, 2005, net pre-tax non-core gains and (charges) were restructuring charges of \$21.6 million, and charges totaling \$4.1 million related to the final resolution of all disputes on the sale of the Company's French business, partially offset by a gain of \$3.5 million related to the sale of a 5% investment in a South African company and an \$0.8 million related to lower than expected costs related to the sale of the Company's Iberian business. For the nine months ended September 30, 2005, unrelated non-core charges for taxes included a \$9.1 million charge related to the adoption of Financial Accounting Standards Board (FASB) Staff Position (FSP) No. FAS 109-2, Accounting and Disclosure Guidance for the Foreign Earnings Repatriation Provision within the American Jobs Creation Act of 2004 and a \$6.3 million charge resulting from an increase in our tax legacy reserve for Royalty Expense Deductions 1993-1997, partially offset by tax benefits of \$9.0 million recognized upon the liquidation of dormant international entities whose assets were divested as part of our International market leadership strategy. For the nine months ended September 30, 2004, non-core gains and (charges) were restructuring charges of \$20.9 million, and an impairment charge of \$0.4 million to write-down the net assets of our Iberian operations to fair market value, offset by gains on the sales of our operations in the Nordic region of \$7.9 million, India, and distribution channels in Pakistan and the Middle East of \$3.8 million, and in Central Europe of \$5.6 million. Additionally, transition costs (period costs such as consulting fees, costs of temporary employees, relocation costs and stay bonuses incurred to implement the Financial Flexibility component of our strategy) are reported as Corporate and Other expenses and are not allocated to our business segments. Transition costs were \$4.2 million and \$4.0 million for the three months ended September 30, 2005 and 2004, respectively. Transition costs were \$18.1 million and \$14.1 million for the nine months ended September 30, 2005 and 2004, respectively.

Similarly, when we evaluate the performance of our business as a whole, we focus on results (such as operating income, operating income growth, operating margin, net income, tax rate and diluted earnings per share) before non-core gains and (charges) because such non-core gains and (charges) are not a component of our ongoing income or expenses and/or may have a disproportionate positive or negative impact on the results of our ongoing underlying business operations. It should not be concluded from our presentation of non-core gains and (charges) that the items that result in non-core gains and (charges) will not occur in the future.

Another component of how we manage our business is free cash flow. We define free cash flow as net cash provided by operating activities minus capital expenditures and minus additions to computer software and other intangibles. Free cash flow measures our available cash flow for potential debt repayment, acquisitions, stock repurchases and additions to cash, cash equivalents and short term investments. We believe free cash flow to be relevant and useful to our investors as this measure is used by our management in evaluating the funding available after supporting our ongoing business operations and our portfolio of product investments. Free cash flow should not be considered as a substitute measure of net cash flows provided by operating activities, investing activities or financing activities. Therefore, we believe it is important to view free cash flow as a complement to our entire consolidated statements of cash flows.

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We believe these measures are useful because they reflect how we manage our business. These adjustments to our generally accepted accounting principles in the United States (GAAP) results are made with the intent of providing both management and investors a more complete understanding of the underlying operational results, trends and our marketplace performance. The measures discussed herein are among the primary indicators that management uses as a basis for our planning and forecasting of future periods, to allocate resources, to evaluate business performance and for compensation purposes. However, these financial measures (results before non-core gains and (charges) and free cash flow) are not prepared in accordance with GAAP, and should not be considered in isolation or as a substitute for total revenue, operating income, operating income growth, operating margin, net income, tax rate, diluted earnings per share, or net cash provided by or used in operating activities prepared in accordance with GAAP. In addition, it should be noted that because not all companies calculate these financial measures similarly or at all, the presentation of these financial measures is not likely to be comparable to measures of other companies.

See Results of Operations, below, for a discussion of our results reported on a GAAP basis.

Overview

Our discussion and analysis of our financial condition and results of operations for the three month and nine month periods ended September 30, 2005, are based upon our unaudited consolidated financial statements for those periods. The consolidated results for interim periods are not necessarily indicative of results for the full year or any subsequent period. Our unaudited consolidated financial statements should be read in conjunction with the consolidated financial statements and related notes, and management's discussion and analysis of financial condition and results of operations, which appear in D&B's Annual Report on Form 10-K for the year ended December 31, 2004.

On January 1, 2005, we began managing our operations in Canada as part of our International segment. As part of this change, our results are reported under the following two segments: United States (U.S.) and International (which consists of operations in Canada, Europe, Asia Pacific and Latin America). We have conformed historical amounts to reflect the new segment structure. The following table presents the contribution by segment to core revenue and total revenue for each of the three month and nine month periods ended September 30, 2005 and 2004, respectively:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2005	2004	2005	2004
Core Revenue:				
U.S.	76%	75%	75%	75%
International	24%	25%	25%	25%
Total Revenue:				
U.S.	76%	72%	75%	70%
International	24%	28%	25%	30%

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The following tables present contributions by customer solution sets to core revenue and total revenue for each of the three month and nine month periods ended September 30, 2005 and 2004, respectively:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2005	2004	2005	2004
Core Revenue Contributions by Customer Solution Set:				
Risk Management Solutions	67%	67%	69%	68%
Sales & Marketing Solutions	25%	26%	24%	26%
E-Business Solutions	5%	4%	5%	4%
Supply Management Solutions	3%	3%	2%	2%

Total Revenue Contributions by Customer Solution Set:

Risk Management Solutions	67%	65%	69%	63%
Sales & Marketing Solutions	25%	25%	24%	24%
E-Business Solutions	5%	4%	5%	4%
Supply Management Solutions	3%	2%	2%	2%

All of our customer solution sets are sold in each of our segments and are discussed in greater detail in Item 1. Business of our Form 10-K for the year ended December 31, 2004.

Within our Risk Management Solutions and our Sales & Marketing Solutions, we monitor the performance of our Traditional products and our Value-Added products.

Risk Management Solutions

Our Traditional Risk Management Solutions generally consist of reports derived from our database which our customers use primarily to make decisions about new credit applications. For each of the three month and nine month periods ended September 30, 2005 and 2004, respectively, our Traditional Risk Management Solutions constituted the following percentages of total Risk Management Solutions Revenue, Core Revenue and Total Revenue:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2005	2004	2005	2004
Traditional Risk Management:				
Risk Management Solutions Revenue	81%	83%	82%	82%
Core Revenue	54%	56%	56%	56%
Total Revenue	54%	54%	56%	52%

Our Value-Added Risk Management Solutions generally support automated decision-making and portfolio management through the use of scoring and integrated software solutions. For each of the three month and nine month periods ended September 30, 2005 and 2004, respectively, our Value-Added Risk Management Solutions constituted the following percentages of total Risk Management Solutions Revenue, Core Revenue and Total Revenue:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2005	2004	2005	2004
Value-Added Risk Management Solutions:				
Risk Management Solutions Revenue	19%	17%	18%	18%

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Core Revenue	13%	11%	13%	12%
Total Revenue	13%	11%	13%	11%

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Our Traditional Sales & Marketing Solutions generally consist of marketing lists, labels and customized data files used by our customers in their direct mail and direct marketing activities. For each of the three months and nine months periods ended September 30, 2005 and 2004, respectively, our Traditional Sales & Marketing Solutions constituted the following percentages of total Sales & Marketing Solutions Revenue, Core Revenue and Total Revenue:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2005	2004	2005	2004
Traditional Sales & Marketing Solutions:				
Sales & Marketing Solutions Revenue	52%	52%	49%	50%
Core Revenue	13%	14%	12%	13%
Total Revenue	13%	13%	12%	12%

Our Value-Added Sales & Marketing Solutions generally include decision-making and customer information management products. For each of the three month and nine month periods ended September 30, 2005 and 2004, respectively, our Value-Added Sales & Marketing Solutions constituted the following percentages of total Sales & Marketing Solutions Revenue, Core Revenue and Total Revenue:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2005	2004	2005	2004
Value-Added Sales & Marketing Solutions:				
Sales & Marketing Solutions Revenue	48%	48%	51%	50%
Core Revenue	12%	12%	12%	13%
Total Revenue	12%	12%	12%	12%

By utilizing our proprietary DUNSRight™ quality process, we continue to provide customers with high quality information and business insight when they need to make confident business decisions. We believe that the DUNSRight™ quality process allows us to achieve best-in-class data quality. The process consists of quality assurance plus five quality drivers: Global Data Collection, Entity Matching, the D-U-N-S^(R) Number, Corporate Linkage, and Predictive Indicators. The DUNSRight™ quality process has been a key enabler of progress to date and will continue to be crucial to our growth going forward. Our DUNSRight™ quality process is explained in more detail in Item 1. Business of our Form 10-K for the year ended December 31, 2004.

Recently Issued Accounting Standards

See Note 2 Recent Accounting Pronouncements to our unaudited consolidated financial statements included in this Form 10-Q for disclosure of the impact that recently issued accounting standards may have on our unaudited consolidated financial statements.

Results of Operations

The following discussion and analysis of our financial condition and results of operations are based upon our unaudited consolidated financial statements included in this Form 10-Q, and should be read in conjunction with those financial statements and footnotes, which have been prepared in accordance with U.S. GAAP.

Table of Contents**Consolidated Revenues**

On January 1, 2005, we began managing our operations in Canada as part of our International segment. As part of this change, our results are reported under the following two segments: United States (U.S.) and International.

The following tables present our revenue by segment and our revenue by customer solution set for each of the three month and nine month periods ended September 30, 2005 and 2004, respectively. Additionally, these tables reconcile the non-GAAP measure of core revenue to the GAAP measure of total revenue.

	Three Months Ended		Nine Months Ended	
	September 30, 2005	2004	September 30, 2005	2004
	(Amounts in millions)		(Amounts in millions)	
Revenues by Segment:				
U.S.	\$ 259.0	\$ 240.2	\$ 775.9	\$ 718.5
International	82.6	78.7	258.7	234.3
Core Revenue	341.6	318.9	1,034.6	952.8
Divested Businesses		14.3		73.7
Total Revenue	\$ 341.6	\$ 333.2	\$ 1,034.6	\$ 1,026.5

	Three Months Ended		Nine Months Ended	
	September 30, 2005	2004	September 30, 2005	2004
	(Amounts in millions)		(Amounts in millions)	
Revenues by Customer Solution Set:				
Risk Management Solutions	\$ 229.6	\$ 215.3	\$ 709.7	\$ 653.8
Sales & Marketing Solutions	84.1	82.4	251.2	241.0
E-Business Solutions	17.9	12.9	50.2	36.0
Supply Management Solutions	10.0	8.3	23.5	22.0
Core Revenue	341.6	318.9	1,034.6	952.8
Divested Businesses		14.3		73.7
Total Revenue	\$ 341.6	\$ 333.2	\$ 1,034.6	\$ 1,026.5

Three months ended September 30, 2005 vs. three months ended September 30, 2004

For the three months ended September 30, 2005, total revenue increased \$8.4 million, or 3% (2% increase before the effect of foreign exchange) as compared to the three months ended September 30, 2004. This reflects an increase of \$22.7 million, or 7% (7% increase before the effect of foreign exchange) in core revenue and a \$14.3 million decrease as a result of the loss of revenue associated with our divested businesses which were divested in 2004. The revenue increase was driven by revenue growth in the U.S. of \$18.8 million, or 8%, and International of \$3.9 million, or 5% (4% increase before the effect of foreign exchange). For the three months ended September 30, 2005, our

Italian real estate data business contributed one percentage point of growth in core revenue with the majority of the growth due to a price increase, which is discussed further in the International segment section below, and the acquisition of a controlling interest in RIBES S.p.A in the fourth quarter of 2004.

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On a customer solution set basis, the \$22.7 million increase in our core revenue for the three months ended September 30, 2005 versus the three months ended September 30, 2004 reflects:

a \$14.3 million, or 7%, increase in Risk Management Solutions (6% increase before the effect of foreign exchange). The increase was driven by an increase in the U.S. of \$11.3 million, or 8%, and an increase in International of \$3.0 million, or 5% (4% increase before the effect of foreign exchange). Additionally, as noted above, our Italian real estate data business contributed one percentage point of Risk Management Solutions growth with the majority of the growth due to a price increase and the acquisition of a controlling interest in RIBES S.p.A.

Traditional Risk Management Solutions, which accounted for 81% of total Risk Management Solutions, increased 5% (5% increase before the effect of foreign exchange). For the three months ended September 30, 2005, our Italian real estate data business contributed two percentage points of Traditional Risk Management Solutions growth with the majority of the growth due to a price increase and the acquisition of a controlling interest in RIBES S.p.A. Excluding the Italian real estate data business, Traditional Risk Management Solutions increased primarily due to (i.) continued growth in our Risk Management subscription plan in the U.S. for our customers who are willing to increase the level of business they do with us and (ii.) growth in our Self Awareness Solutions in the U.S., which allows our small business customers to establish, improve and protect their own credit. The increase in Traditional Risk Management Solutions revenue is partially offset by a decline in revenue in the United Kingdom.

Our Value-Added Risk Management Solutions increased by 16% (15% increase before the effect of foreign exchange) due to higher renewal rates on software, and the sale of tailored customer solutions and services that meet our customers' needs.

a \$1.7 million, or 2%, increase in Sales & Marketing Solutions (2% increase before the effect of foreign exchange). This improvement was driven by an increase in the U.S. of \$1.6 million, or 2%, and an increase in International of \$0.1 million, or less than 1% increase.

Traditional Sales & Marketing Solutions, which accounted for 52% of Sales & Marketing Solutions, increased 2% (1% increase before the effect of foreign exchange) compared to the three months ended September 30, 2004. This reflects growth in the U.S. segment, partially offset by lower revenues resulting from a highly competitive local marketplace particularly in our major International market, the United Kingdom.

Value-Added Sales & Marketing Solutions, which accounted for 48% of Sales & Marketing Solutions, increased 2% (3% increase before the effect of foreign exchange) compared to the three months ended September 30, 2004. The increase is due to revenue from our international relationships and from our customers migrating from our traditional solutions to our Value-Added Sales & Marketing Solutions.

a \$5.0 million, or 39%, increase in E-Business Solutions (39% increase before the effects of foreign exchange), representing the results of Hoover's, Inc. The increase was driven by an increase in U.S. revenue of \$4.1 million, or 32%, and in International revenue of \$0.9 million. The increase in the U.S. was primarily due to continued growth in subscription revenue and strong ad sales. We initiated E-Business Solutions in our International segment in the fourth quarter of 2004.

a \$1.7 million, or 21%, increase in Supply Management Solutions (21% increase before the effect of foreign exchange) is primarily due to volume growth in our customer contract renewals in the U.S.

Nine months ended September 30, 2005 vs. nine months ended September 30, 2004

For the nine months ended September 30, 2005, total revenue increased \$8.1 million, or 1% (1% decrease before the effect of foreign exchange), as compared to the nine months ended September 30, 2004. This reflects an increase

of \$81.8 million, or 9% (8% increase before the effect of foreign exchange) in core revenue and a \$73.7 million decrease as a result of the loss of revenue associated with our International divested businesses. The revenue increase was driven by core revenue growth in the U.S. of \$57.4 million, or 8%, and an

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increase of International core revenue of \$24.4 million, or 10% (6% increase before the effect of foreign exchange). For the nine months ended September 30, 2005, our Italian real estate data business contributed one percentage point of core revenue growth with the majority of the growth due to a price increase, and the acquisition of a controlling interest in RIBES S.p.A.

On a customer solution set basis, the \$81.8 million increase in our core revenue results for the nine months ended September 30, 2005 versus the nine months ended September 30, 2004 reflects:

a \$55.9 million, or 9%, growth in Risk Management Solutions (7% increase before the effect of foreign exchange). The increase was driven by an increase in the U.S. of \$31.4 million, or 7%, and an increase in International of \$24.5 million, or 13% (9% increase before the effect of foreign exchange). Additionally, as noted above, our Italian real estate data business contributed two percentage points of Risk Management Solutions growth, with the majority of the growth due to a price increase and the acquisition of a controlling interest in RIBES S.p.A.

Traditional Risk Management Solutions, which accounted for 82% of total Risk Management Solutions, increased 8% (6% increase before the effect of foreign exchange). For the nine months ended September 30, 2005, the increase in Traditional Risk Management Solutions was positively impacted by two percentage points of growth in our Italian real estate data business with the majority of the growth due to a price increase and the acquisition of a controlling interest in RIBES S.p.A. Excluding the Italian real estate data business, Traditional Risk Management Solutions increased due to (i.) continued growth in our Risk Management subscription plan in the U.S. for our customers who are willing to increase the level of business they do with us and (ii.) growth in our Self Awareness Solutions in the U.S., which allows our small business customers to establish, improve and protect their own credit.

Our Value-Added Risk Management Solutions, which accounted for 18% of total Risk Management Solutions, increased by 13% (13% increase before the effect of foreign exchange) due to higher renewal rates on software, and the sale of tailored customer solutions and services that meet our customers' needs.

a \$10.2 million, or 4%, increase in Sales & Marketing Solutions (4% increase before the effect of foreign exchange). Traditional Sales & Marketing Solutions increased 1% (1% increase before the effect of foreign exchange). The increase is due to increased growth in the U.S. primarily in our third party channels partially offset by a decrease in our International segment due to a highly competitive local marketplace particularly in our major market, the United Kingdom. Value-Added Sales & Marketing Solutions increased by 7% (7% increase before the effect of foreign exchange) due to the growth in Customer Information Management (CIM) and revenue from our international relationships.

a \$14.2 million, or 39%, increase in E-Business Solutions, (39% increase before the effects of foreign exchange), representing the results of Hoover's, Inc. The increase was driven by an increase in U.S. revenue of \$12.3 million, or 34%, and in International revenue of \$1.9 million. The increase in the U.S. was primarily due to continued growth in subscription revenue and strong ad sales. We initiated E-Business Solutions in our International segment in the fourth quarter of 2004.

a \$1.5 million, or 8%, increase in Supply Management Solutions (7% increase before the effect of foreign exchange) is primarily due to volume growth in our customer contract renewals in the U.S.

Table of Contents**Consolidated Operating Costs**

The following table presents our consolidated operating costs and operating income for the three month and nine month periods ended September 30, 2005 and 2004, respectively:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2005	2004	2005	2004
	(Amounts in millions)		(Amounts in millions)	
Operating Expenses	\$ 105.7	\$ 98.4	\$ 307.8	\$ 306.9
Selling and Administrative Expenses	143.4	148.1	451.8	461.4
Depreciation and Amortization	8.6	11.1	26.0	34.3
Restructuring Charge	4.7	2.7	21.6	20.9
Operating Costs	\$ 262.4	\$ 260.3	\$ 807.2	\$ 823.5
Operating Income	\$ 79.2	\$ 72.9	\$ 227.4	\$ 203.0

Operating Expenses

Operating expenses increased \$7.3 million, or 8%, for the three months ended September 30, 2005, compared to the three months ended September 30, 2004. The increase for the three month period ended September 30, 2005, was primarily due to investments in our DUNSRight™ quality process, certain tax legislation in Italy which has increased the operating costs of our Italian real estate data business in 2005, and the impact of foreign exchange partially offset by reduced costs associated with the sale of our divested businesses in Central Europe, Iberia and France.

Operating expenses increased \$0.9 million, or less than 1%, for the nine months ended September 30, 2005 compared to the nine months ended September 30, 2004. The increase for the nine month period ended September 30, 2005, was primarily due to certain tax legislation in Italy which has increased the operating costs of our Italian real estate data business in 2005, investments in our DUNSRight™ quality process, and the impact of foreign exchange partially offset by reduced costs associated with the sale of our divested businesses in Central Europe, Iberia and France.

Selling and Administrative Expenses

Selling and administrative expenses decreased \$4.7 million, or 3%, for the three months ended September 30, 2005, compared to the three months ended September 30, 2004. Selling and administrative expenses decreased \$9.6 million, or 2%, for the nine months ended September 30, 2005 compared with the nine months ended September 30, 2004. The decrease for the three and nine month periods ended September 30, 2005 was primarily due to the (i.) reduced costs associated with the sale of our divested businesses in, Central Europe, Iberia and France; and (ii.) administrative cost savings, such as lower compensation costs achieved through our Financial Flexibility Programs partially offset by (i.) additional costs related to revenue generating investments as well as additional variable costs (such as commissions and bonus) incurred as a result of increased revenues; (ii.) legal costs related to the final resolution of all disputes on the sale of our French business (see Note 8 – Contingencies (Additional Matters) to the unaudited consolidated financial statements to this Form 10-Q for additional information), and (iii.) the impact of foreign exchange.

We had net pension cost of \$4.3 million and \$7.3 million for the three and nine month periods ended September 30, 2005, respectively, compared to net pension income of \$3.4 million and \$11.5 million for the three month and nine month periods ended September 30, 2004, respectively. The decrease in pension income or increase in cost in 2005 was primarily due to a one-quarter percentage point decrease in the long-term rate of return assumption used in 2005 for our U.S. Qualified Plan and the one-quarter percentage point decrease in the discount rate applied to the U.S. Qualified (from January 1, 2005 to September 15, 2005) and Non-Qualified Plans. For the U.S. Qualified plan, the discount rate was further reduced by another one-half

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percentage point at September 15, 2005 due to a plan remeasurement related to a curtailment charge associated with our 2005 Financial Flexibility Program. Additionally, the increased actuarial loss included in our 2005 pension cost, as required by Statement of Financial Accounting Standards (SFAS) No. 87, Employers Accounting for Pension, contributed to the increase in our 2005 pension cost.

We had post-retirement benefit income of \$1.3 million and \$4.3 million for the three and nine month periods ended September 30, 2005, respectively, compared to \$3.3 million and \$2.3 million for the three and nine month periods ended September 30, 2004, respectively. For the three months ended September 30, 2005, the decrease of \$2.0 million is due to higher post-retirement benefits for the third quarter of 2004 reflecting an adjustment associated with actuarial experience. For the nine months ended September 30, 2005, the increase of \$2.0 million in post-retirement benefit income was primarily due to the enactment of the Medicare Reform Act in the third quarter of 2004 and the financial impact of related federal guidance concerning actuarial equivalency recognized in the first quarter of 2005. Additionally, our 2005 post-retirement benefit income reflected fewer plan participants and drug claims rebate revenue. We consider net pension income and post-retirement benefit costs to be part of our compensation costs and, therefore, they are included in operating expenses and in selling and administrative expenses, based upon the classifications of the underlying compensation costs.

Depreciation and Amortization

Depreciation and amortization decreased \$2.5 million, or 23%, for the three months ended September 30, 2005, compared to the three months ended September 30, 2004. Depreciation and amortization decreased \$8.3 million, or 24%, for the nine months ended September 30, 2005, compared to the nine months ended September 30, 2004. The decrease for both the three month and the nine month periods ended September 30, 2005 is primarily driven by our business model changes, which have enabled us to reduce the capital requirements of our business through continuous reengineering, leveraging partners in key markets and outsourcing capital intensive activities.

Restructuring Charge

During the three month and nine month periods ended September 30, 2005, we recognized a net restructuring charge of \$4.7 million and \$21.6 million respectively, consisting of the following two Financial Flexibility Programs:

During the three months ended, September 30, 2005, we recognized a \$4.5 million restructuring charge in connection with the 2005 Financial Flexibility Program announced in February 2005 (2005 Financial Flexibility Program). The charge was recorded in accordance with SFAS No. 146, Accounting for Costs Associated with Exit or Disposal Activities. The charge included \$4.1 million for severance and termination costs related to approximately 60 employees, \$0.1 million pension plan curtailment charge and \$0.3 million for other costs to consolidate or close facilities and relocate employees. During the three months ended September 30, 2005, approximately 44 employees were terminated in conjunction with our 2005 Financial Flexibility Program. Under SFAS No. 146, the current period charge represents the liabilities incurred during the quarter for each of these obligations.

During the nine months ended September 30, 2005, we recognized a \$22.0 million of restructuring charge in connection with the 2005 Financial Flexibility program. The year-to-date charge includes \$20.2 million for severance and termination costs related to approximately 340 employees, \$0.4 million pension plan charge and \$1.4 million in for lease termination obligations. We expect to record approximately \$30.0 million to \$31.0 million for all restructuring charges related to the 2005 Financial Flexibility Program including \$27.0 million to \$28.0 million for severance and termination costs related to approximately 400 positions and \$3 million for lease termination obligations and other costs to consolidate or close facilities and relocate employees.

In addition, during the three months ended September 30, 2005, we recognized a \$0.2 million net restructuring charge for the International Business Machines Corporation (IBM) outsourcing agreement in connection with the 2004 Financial Flexibility Program announced in February 2004

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(2004 Financial Flexibility Program). The charge included \$0.3 million for severance and termination costs related to approximately 50 employees (offset by a \$0.1 million post-retirement curtailment gain due to the 2004 Financial Flexibility Program employee actions discussed below). During the three months ended September 30, 2005, approximately 24 employees were terminated in conjunction with our 2004 Financial Flexibility Program. Under SFAS No. 146, the current period charge represents the liabilities incurred during the quarter for each of these obligations.

During the nine months ended September 30, 2005, we recognized \$0.4 million of restructuring gain in connection with the 2004 Financial Flexibility Program. The year-to-date gain includes \$5.4 million for severance and termination costs related to approximately 630 employees and \$5.8 million post retirement curtailment gain. We expect to record approximately \$5 million before the effects of the post-retirement curtailment gain of approximately \$6 million by the end of 2005.

In accordance with SFAS No. 106, Employers Accounting For Post-Retirement Benefits Other Than Pensions, we were required to recognize a curtailment gain for the post-retirement plans related to the employee actions of the 2004 Financial Flexibility Program and 2005 Financial Flexibility Program. The curtailment accounting required us to recognize immediately a pro-rata portion of the unrecognized prior service cost as a result of the layoffs. During the three month and nine month periods ended September 30, 2005, we recognized a \$0.1 million and \$5.8 curtailment gain, respectively, related to our post-retirement benefit plan which was recorded as an increase to earnings. For the three month and nine months ended September 30, 2005, this curtailment gain is included in the \$4.7 million and \$21.6 million net restructuring charge recorded for the 2004 Financial Flexibility Program and 2005 Financial Flexibility Program discussed above.

During the three months ended September 30, 2004, we recognized a \$2.7 million restructuring charge in connection with our 2004 Financial Flexibility Program in accordance with SFAS No. 146. The charge of \$2.6 million was for severance and termination costs related to approximately 800 employees who were terminated in conjunction with the 2004 Financial Flexibility Program and \$0.1 million for lease termination obligations. During of the nine months ended September 30, 2004, we recorded \$20.9 million of restructuring charges in connection with the 2004 Financial Flexibility program. The year-to-date charge includes \$19.4 million for severance and termination costs related to approximately 350 employees and \$1.5 million for lease termination obligations.

Interest Income (Expense) Net

The following table presents our net interest income and expense for each of the three month and nine month periods ended September 30, 2005 and 2004, respectively:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2005	2004	2005	2004
	(Amounts in millions)		(Amounts in millions)	
Interest Income	\$ 2.2	\$ 2.1	\$ 8.1	\$ 6.0
Interest Expense	(5.4)	(4.9)	(15.7)	(14.5)
Interest Expense Net	(\$3.2)	(\$2.8)	(\$7.6)	(\$8.5)

For the three months ended September 30, 2005, interest income increased \$0.1 million and interest expense increased \$0.5 million as compared with the same period in 2004. The increase in both interest income and interest expense was primarily due to higher interest rates.

For the nine months ended September 30, 2005, interest income increased \$2.1 million and interest expense increased \$1.2 million as compared with the same period in 2004. The increase in both interest income and interest expense was primarily due to higher interest rates.

Table of Contents**Minority Interest**

For the three months ended September 30, 2005, we recorded minority interest expense of \$0.2 million and for the nine months ended September 30, 2005, we recorded minority interest income of \$0.1 million. Minority interest represents the minority owner's share of our net income or loss of our majority-owned Italian real estate data company, RIBES, S.p.A. We began consolidating this business after we acquired majority control late in the fourth quarter of 2004.

Other Income (Expense) Net

The following table presents our Other Income (Expense) Net for the three month and nine month periods ended September 30, 2005 and 2004, respectively:

	Three Months Ended September 30, 2005		September 30, 2004		Nine Months Ended September 30, 2005		September 30, 2004	
	(Amounts in millions)				(Amounts in millions)			
Miscellaneous Other Income (Expense) Net (a)	\$ (0.1)	\$ 0.3			\$ (0.1)	\$ 1.3		
Gain on the Sale of Investment (b)		1.2			3.5	1.2		
Final resolution of all disputes on the sale of our French business (c)		(2.6)			(3.7)			
Gain on Sale of Businesses (d)							17.3	
Lower costs related to the sale of the Iberian business (e)					0.8			
Impairment Charge on the Net Assets of our Iberian Operations (f)				0.8				(0.4)
Total Other Income (Expense) Net	\$ (2.7)	\$ 2.3			\$ 0.5	\$ 19.4		

(a) Miscellaneous Other Income Net decreased \$0.4 million for the three months ended September 30, 2005 as compared to the three months ended September 30, 2004 and decreased \$1.4 million for the nine months ended September 30, 2005 as compared to the nine months ended

September 30, 2004. The decrease in the three and nine month periods ended September 30, 2005 is primarily due to lower foreign currency transaction gains partially offset by lower bank fees.

- (b) During the nine month period ended September 30, 2005, we sold a 5% investment in a South African company for a pre-tax gain of \$3.5 million. During the nine month period ended September 30, 2004, we sold an investment in the U.S. for a pre-tax gain of \$1.2 million.
- (c) During the three month and nine month periods ended September 30, 2005, we recorded a \$2.6 million and a \$3.7 million charge, respectively, related to the final resolution of all disputes

on the sale of our French business (see Note 8 Contingencies (Additional Matters) to the unaudited consolidated financial statements to this Form 10-Q for additional information).

- (d) During the nine months ended September 30, 2004, we sold our operations in the (i.) Nordic region for a pre-tax gain of \$7.9 million, (ii.) India and Distribution Channels in Pakistan and the Middle East for a pre-tax gain of \$3.8 million; and (iii.) Central Europe for a pre-tax gain of \$5.6 million.
- (e) During the nine months ended September 30, 2005, we recorded a reversal of \$0.8 million of costs as a result of lower than expected costs related to the sale of our Iberian business during the

fourth quarter of 2004.

- (f) During the three months ended September 30, 2004, we recorded a reduction of \$0.8 million impairment charge made in the second quarter of 2004 in order to reflect the fair market value of the net assets of our Iberian operations as of the end of the third quarter of 2004. During the nine months ended September 30, 2004, we recorded an impairment charge of \$0.4 million related to the write-down of net assets of our Iberian operations to fair market value.

Table of Contents**Provision for Income Taxes**

For the three months ended September 30, 2005, our effective tax rate was 57.1%, as compared to 34.8% for the three months ended September 30, 2004. The effective tax rate for the three months ended September 30, 2005 was negatively impacted by 12.4 points for the tax associated with the adoption of FSP No. FAS 109-2 (see Note 2 Recent Accounting Pronouncements for additional information) relating to foreign cash repatriation, by 8.6 points resulting from an increase in our tax legacy reserve for Royalty Expense Deductions 1993-1997 (see Note 8 Contingencies (Tax Matters) for additional information), by 1.0 point resulting from the non-deductibility in some countries of certain items included within the restructuring charge and positively impacted by 3.2 points for the interest benefit on a carry back claim and tax credit refunds. The effective tax rate for the three months ended September 30, 2004 had been positively impacted by 2.1 points for tax benefits related to the sale of our operation in Iberia and by 1.4 points for global tax planning initiatives.

For the nine months ended September 30, 2005, our effective tax rate was 40.9% as compared to 36.2% for the nine months ended September 30, 2004. The effective tax rate for the nine months ended September 30, 2005 was negatively impacted by 4.1 points for the tax associated with the adoption of FSP No. FAS 109-2 (see Note 2 Recent Accounting Pronouncements for additional information) relating to foreign cash repatriation, by 2.8 points resulting from an increase in our tax legacy reserve for Royalty Expense Deductions 1993-1997 (see Note 8 Contingencies (Tax Matters) for additional information) and by 1.2 points resulting from the non-deductibility in some countries of certain items included within the restructuring charge and positively impacted by 4.1 points for a tax deduction related to the liquidation of dormant entities that remained after the sale of our operations in the Nordic region (Sweden, Denmark, Norway, and Finland) and by 1.0 point for the interest benefit on a carry back claim and tax credit refunds. The effective tax rate for the nine months ended September 30, 2004 had been positively impacted by 1.1 points for tax benefits related to the sales of our operations in Central Europe, Iberia, India and Nordic region and positively impacted by 0.6 points for global tax planning initiatives.

Equity in Net Income of Affiliates

During the three and nine month periods ended September 30, 2005, we recorded \$0.4 million and \$0.6 million, respectively, as compared to \$0.3 million for both the three and nine month periods ended September 30, 2004.

Earnings per Share

We reported earnings per share, or EPS, for the three month and nine month periods ended September 30, 2005 and 2004, respectively, as follows:

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2005	2004	2005	2004
Basic Earnings Per Share	\$ 0.48	\$ 0.68	\$ 1.95	\$ 1.93
Diluted Earnings Per Share	\$ 0.46	\$ 0.65	\$ 1.87	\$ 1.86

For the three months ended September 30, 2005, basic EPS decreased 29%, compared with the three months ended September 30, 2004, reflecting a 33% decrease in net income and a 5% reduction in the weighted average number of basic shares outstanding. Diluted EPS decreased 29%, compared with the three months ended September 30, 2004, reflecting a 33% decrease in net income and a 5% reduction in the weighted average number of diluted shares outstanding. Shares outstanding for the three months ended September 30, 2005, were reduced as a result of our repurchase of 201,681 of common stock to mitigate the dilutive effect of the shares issued under our stock incentive plans and Employee Stock Purchase Plan and our

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repurchase of 793,494 shares in connection with our \$400 million, two-year share repurchase program approved by the Board of Directors in February 2005.

For the nine months ended September 30, 2005, basic EPS increased 1%, compared with the nine months ended September 30, 2004, reflecting a 5% reduction in the weighted average number of basic shares outstanding and a 4% decrease in net income. Diluted EPS increased 1%, compared with the nine months ended September 30, 2004, reflecting a 5% reduction in the weighted average number of diluted shares outstanding and a 4% decrease in net income. Shares outstanding were reduced for the nine months ended September 30, 2005 as a result of our repurchase of 924,094 shares of common stock to mitigate the dilutive effect of the shares issued under our stock incentive plans and Employee Stock Purchase Plan and our repurchase 2,415,381 shares in connection with our \$400 million, two-year share repurchase program approved by the Board of Directors in February 2005.

Table of Contents**Non-Core Gains and (Charges)**

For internal management and reporting purposes, we treat certain gains and (charges) that are included in Consolidated Operating Costs, Other Income (Expense) Net and Provision for Income Taxes as non-core gains and (charges). These non-core gains and (charges) are summarized in the table below. We exclude non-core gains and (charges) when evaluating our financial performance because we do not consider these items to reflect our underlying business performance.

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2005	2004	2005	2004
<i>Non-core gains and (charges) included in Consolidated Operating Costs:</i>				
Restructuring costs related to our Financial Flexibility Programs	\$ (4.7)	\$ (2.7)	\$ (21.6)	\$ (20.9)
(Charge)/Gain related to final resolution of all disputes on the sale of our French business	\$ 0.4	\$	\$ (0.4)	\$
<i>Non-core gains and (charges) included in Other Income (Expense) Net:</i>				
Gain on sale of an investment in a South African Company	\$	\$	\$ 3.5	\$
Charge related to final resolution of all disputes on the sale of our French business	\$ (2.6)	\$	\$ (3.7)	\$
Lower costs related to the sale of Iberia	\$	\$	\$ 0.8	\$
Gains on sales of operations in the Nordic region	\$	\$	\$	\$ 7.9
Gains on sales of operations in India and Distribution Channels in Pakistan and the Middle East	\$	\$	\$	\$ 3.8
Gains on sales of operations in Central Europe	\$	\$	\$	\$ 5.6
Impairment charge on the write down on net assets of our Iberian Operations to their fair market value	\$	\$ 0.8	\$	\$ (0.4)
<i>Non-core gains and (charges) included in Provision for Income Taxes:</i>				
Tax Liability for the adoption of FSP No. FAS 109-2, Accounting and Disclosure Guidance for the Foreign Earnings Repatriation Provision within the American Jobs Creation Act of 2004.	\$ (9.1)	\$	\$ (9.1)	\$
Increase in Legacy Tax Reserve for Royalty Expense Deductions 1993-1997	\$ (6.3)	\$	\$ (6.3)	\$
Tax benefits recognized upon the liquidation of dormant international entities	\$	\$	\$ 9.0	\$
Restructuring costs related to our Financial Flexibility Programs	\$ 1.1	\$ 1.0	\$ 5.0	\$ 7.2
Gain on sale of an investment in a South African Company	\$	\$	\$ (1.5)	\$
Charge related to final resolution of all disputes on the sale of our French business	\$ 0.8	\$	\$ 1.5	\$
Gains on sale of operations in the Nordic region	\$	\$	\$	\$ 1.7
Gains on sale of operations in India and Distribution Channels in Pakistan and the Middle East	\$	\$	\$	\$ (1.9)
Gains on sales of operations in Central Europe	\$	\$	\$	\$ (2.7)
Impairment charge on the net assets of our Iberian operations	\$	\$ 1.3	\$	\$ (0.7)

Table of Contents**Segment Results**

On January 1, 2005, we began managing our operations in Canada as part of our International segment. As part of this change, our results are reported under the following two segments: U.S. and International. We have conformed historical amounts to reflect the new segment structure.

The operating segments reported below, U.S. and International, are our segments for which separate financial information is available, and upon which operating results are evaluated on a timely basis to assess performance and to allocate resources.

United States

U.S. is our largest segment, representing 76% and 75% of our core revenue and our total revenue for the three month and nine month periods ended September 30, 2005, respectively. Total revenue and core revenue for this segment were the same for both the three month and nine month periods ended September 30, 2005, respectively, as there were no divestitures within this segment during these periods.

The following table presents our U.S. revenue by customer solution set and U.S. net operating income for each of the three month and nine month periods ended September 30, 2005 and 2004.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2005	2004	2005	2004
	(Amounts in millions)			
Revenues				
Risk Management Solutions	\$ 160.7	\$ 149.4	\$ 490.7	\$ 459.3
Sales & Marketing Solutions	72.1	70.5	216.3	204.0
E-Business Solutions	17.0	12.9	48.3	36.0
Supply Management Solutions	9.2	7.4	20.6	19.2
U.S. Core and Total Revenue	\$ 259.0	\$ 240.2	\$ 775.9	\$ 718.5
Net Operating Income	\$ 87.3	\$ 81.0	\$ 267.7	\$ 236.5

Three months ended September 30, 2005 vs. three months ended September 30, 2004

U.S. total and core revenue increased \$18.8 million, or 8%, for the three months ended September 30, 2005 compared with the three months ended September 30, 2004. The increase is due to increased revenue in all of our customer solution sets.

On a customer solutions set basis, the \$18.8 million increase in total and core revenue for the three months ended September 30, 2005 versus the three months ended September 30, 2004 reflects:

a \$11.3 million, or 8%, increase in Risk Management Solutions. Traditional Risk Management Solutions, which accounted for 79% of total U.S. Risk Management Solutions, increased 5%. There were two main drivers of this growth: (i.) the continued growth in our subscription plan for customers who are willing to increase the level of business they do with us. The subscription plan provides expanded access to our Risk Management Solutions in a way that provides more certainty over related costs to the customer, which in turn generally results in customers increasing their spend on our products; and (ii.) our Self Awareness Solutions, which allows our small business customers to establish, improve and protect their own credit. Value-Added Risk Management Solutions, which accounted for 21% of total U.S. Risk Management Solutions, increased 16%. The increase was primarily attributable to higher renewal rates on software, and the sale of tailored customer solutions and services that meet our customers' needs, as well as the timing of customer renewals into this quarter.

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a \$1.6 million, or 2%, increase in Sales & Marketing Solutions. Traditional Sales & Marketing Solutions, which accounted for 51% of total U.S. Sales & Marketing Solutions, increased 7%. The increase is primarily attributed to the increased strength in our core solutions in this market. Our Value-Added Sales & Marketing Solutions, which accounted for 49% of total U.S. Sales & Marketing Solutions decreased by 3%. The decrease was primarily driven by a shift in the timing of customer renewals.

a \$4.1 million, or 32%, increase in E-Business Solutions representing the results of Hoover's Inc. The increase is attributed to the continued growth in subscription revenue and strong ad sales.

a \$1.8 million, or 26%, increase in Supply Management Solutions, our smallest solution set, is primarily due to an increase in value in our customer contract renewals and acquisition of new customers.

Revenue growth across all customer solution sets also benefited from our DUNSRight quality process, resulting in an improved value proposition for our customers.

U.S. net operating income for the three months ended September 30, 2005 was \$87.3 million, compared to \$81.0 million for the three months ended September 30, 2004, an increase of \$6.3 million, or 8%. The increase in operating income was due to an 8% increase in U.S. revenue for the three months ended September 30, 2005 as compared to the three months ended September 30, 2004, the benefits of our reengineering efforts offset by related investments made to drive revenue growth and the acquisition of LiveCapital, Inc.

Nine months ended September 30, 2005 vs. nine months ended September 30, 2004

U.S. total and core revenue increased \$57.4 million, or 8%, for the nine months ended September 30, 2005 compared to the nine months ended September 30, 2004. The increase is due to increased revenue in all of our customer solution sets.

On a customer solutions set basis, the \$57.4 million increase in total and core revenue for the nine months ended September 30, 2005 versus the nine months ended September 30, 2004 reflects:

a \$31.4 million, or 7%, increase in Risk Management Solutions. Traditional Risk Management Solutions, which accounted for 78% of total U.S. Risk Management Solutions, increased 5%. There were two main drivers of this growth: (i.) the continued growth in our subscription plan for customers who are willing to increase the level of business they do with us; and (ii.) our Self Awareness Solutions, which allow our small business customers to establish, improve and protect their own credit. Value-Added Risk Management Solutions, which accounted for 22% of total U.S. Risk Management Solutions, increased 13%. The increase was primarily attributable to higher renewal rates on software, and the sale of tailored customer solutions and services that meet our customers' needs.

a \$12.3 million, or 6%, increase in Sales & Marketing Solutions. Traditional Sales & Marketing Solutions, which accounted for 48% of total U.S. Sales & Marketing Solutions, increased 9%. The increase in the Traditional Sales & Marketing Solutions is driven by our investments in our DUNSRighttm quality process which has resulted in revenue growth in our third party channels as well as investments in Traditional product enhancements. Our Value-Added Sales & Marketing Solutions, which accounted for 52% of total U.S. Sales & Marketing Solutions, increased by 3%. The increase was primarily driven by our CIM products.

a \$12.3 million, or 34%, increase in E-Business Solutions representing the results of Hoover's Inc. The increase is attributable to the continued growth in subscription revenue and strong ad sales.

\$1.4 million, or 8%, increase in Supply Management Solutions, our smallest solution set, is primarily due to an increase in value in our customer contract renewals.

Revenue growth also benefited from our DUNSRight quality process, resulting in an improved value proposition for our customers.

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U.S. operating income for the nine months ended September 30, 2005 was \$267.7 million, compared to \$236.5 million for the nine months ended September 30, 2004, an increase of \$31.2 million, or 13%. The increase in operating income was due to an 8% increase in U.S. revenue for the nine months ended September 30, 2005, the benefits of our reengineering efforts offset by related investments made to drive revenue growth and the acquisition of LiveCapital, Inc.

International

International represented 24% and 25% of our total revenue and core revenue for the three month and nine month periods ended September 30, 2005, respectively. The following table presents our International revenue by customer solution set and international net operating income for each of the three month and nine month periods ended September 30, 2005 and 2004. Additionally, this table reconciles the non-GAAP measure of core revenue to the GAAP measure of total revenue.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2005	2004	2005	2004
	(Amounts in millions)			
Revenues				
Risk Management Solutions	\$ 68.9	\$ 65.9	\$ 219.0	\$ 194.5
Sales & Marketing Solutions	12.0	11.9	34.9	37.0
E-Business Solutions	0.9		1.9	
Supply Management Solutions	0.8	0.9	2.9	2.8
International Core Revenue	82.6	78.7	258.7	234.3
Divested Businesses		14.3		73.7
Total International Revenue	\$ 82.6	\$ 93.0	\$ 258.7	\$ 308.0
Net Operating Income	\$ 13.1	\$ 13.5	\$ 35.5	\$ 45.8

Three months ended September 30, 2005 vs. three months ended September 30, 2004

International total revenue decreased \$10.4 million, or 11% (12% decrease before the effect of foreign exchange), for the three months ended September 30, 2005 as compared to the three months ended September 30, 2004, primarily as a result of our having divested certain businesses. These divested businesses accounted for \$14.3 million of revenue for the three months ended September 30, 2004. International core revenue increased \$3.9 million or 5% (4% increase before the effect of foreign exchange), for the three months ended September 30, 2005, as compared to the three months ended September 30, 2004. For the three months ended September 30, 2005, our Italian real estate data business contributed four percentage points of core revenue growth with the majority of the growth due to a price increase and the acquisition of a controlling interest in RIBES S.p.A.

On a customer solution set basis, the \$3.9 million increase in International core revenue for the three months ended September 30, 2005 versus the three months ended September 30, 2004 reflects:

a \$3.0 million, or 5%, increase in Risk Management Solutions (4% increase before the effect of foreign exchange), as follows:

For the three months ended September 30, 2005, Traditional Risk Management Solutions, which accounted for 88% of total International Risk Management Solutions, increased 3% (3% increase before the effect of foreign exchange). This increase was primarily attributed to our Italian real estate data business, which contributed seven percentage points of growth, with the majority of such growth due to a price increase and the acquisition of a controlling interest in RIBES S.p.A. Excluding the Italian real estate data business, Traditional Risk

Management Solutions decreased due to a decline in revenue in the United Kingdom resulting primarily from the continued impact of lower customer product usage due to our insufficient focus on customer renewals in late 2004 and the first quarter of

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2005 partially offset by an increase in revenue in our other International markets, primarily resulting from increased product usage by existing customers.

For the three months ended September 30, 2005, Value-Added Risk Management Solutions, which accounted for 12% of total International Risk Management Solutions, increased 14% (13% increase before the effect of foreign exchange). The increase was primarily driven by new project oriented business in our Benelux and Asia Pacific markets, partially offset by a decline in project revenue from certain of our Italian market businesses.

Sales & Marketing Solutions remained flat as compared to the prior year period, as follows:

For the three months ended September 30, 2005, Traditional Sales & Marketing Solutions, which accounted for 60% of our total International Sales & Marketing Solutions, decreased 21% (21% decrease before the effect of foreign exchange). Such decrease was primarily attributed to lower revenues resulting from a highly competitive marketplace in the United Kingdom.

For the three months ended September 30, 2005, our Value-Added Sales & Marketing Solutions, which accounted for 40% of our total International Sales & Marketing Solutions, increased 61% (60% increase before the effect of foreign exchange), due to revenue from our international partners and from our customers migrating from our traditional offerings to our Value-Added Sales & Marketing Solutions.

a \$0.9 million of revenue from E-Business Solutions, which we initiated in the fourth quarter of 2004.

a \$0.1 million, or 18%, decrease in Supply Management Solutions (19% decrease before the effect of foreign exchange).

International core revenue growth also benefited from revenue related to our international market leadership strategy. Through this strategy, we have developed partnerships with strong local partners who have enhanced our DUNSRight quality process.

Net international operating income decreased \$0.4 million, or 4%, for the three months ended September 30, 2005 as compared to the three months ended September 30, 2004. This decrease is primarily due to a decline in revenue in the United Kingdom, increased expense related to the investigation and final resolution of the dispute on the sale of our French business, increased legal expenses, the loss of income from our divested businesses and increased investments in data to drive revenue growth in certain of our international markets. The decrease is partially offset by the benefits of our reengineering efforts.

Nine months ended September 30, 2005 vs. nine months ended September 30, 2004

International total revenue decreased \$49.3 million, or 16% (19% decrease before the effect of foreign exchange), for the nine months ended September 30, 2005 as compared to the nine months ended September 30, 2004, primarily as a result of our having divested certain businesses. These divested businesses accounted for \$73.7 million of revenue for the nine months ended September 30, 2004. International core revenue increased \$24.4 million, or 10% (6% increase before the effect of foreign exchange), for the nine months ended September 30, 2005, as compared to the nine months ended September 30, 2004. For the nine months ended September 30, 2005, our Italian real estate data business contributed five percentage points of core revenue growth with the majority of the growth due to a price increase and the acquisition of a controlling interest in RIBES S.p.A.

On a customer solution set basis, the \$24.4 million increase in International core revenue for the nine months ended September 30, 2005 versus the nine months ended September 30, 2004 reflects:

a \$24.5 million, or 13%, increase in Risk Management Solutions (9% increase before the effect of foreign exchange), as follows:

For the nine months ended September 30, 2005, Traditional Risk Management Solutions, which accounted for 90% of total International Risk Management Solutions, increased 13% (8% increase before the effect of foreign exchange). Such increase was primarily attributed to our Italian real estate

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data business, which contributed seven percentage points of growth, with the majority of such growth due to a price increase and the acquisition of a controlling interest in RIBES S.p.A. Excluding the Italian real estate data business, Traditional Risk Management Solutions was flat due to a decline in revenue in the United Kingdom resulting primarily from the continued impact of lower customer product usage due to our insufficient focus on customer renewals in late 2004 and the first quarter of 2005 offset by an increase in revenue in our other International markets, primarily resulting from increased product usage by existing customers.

For the nine months ended September 30, 2005, Value-Added Risk Management Solutions which accounted for 10% of total International Risk Management Solutions increased 14% (9% increase before the effect of foreign exchange). The increase was primarily driven by new project oriented business in our Benelux and Asia Pacific markets and royalties from our partnership relationships, partially offset by a decline in customers and customer usage in certain of our Italian businesses.

a \$2.1 million, or 6%, decrease in Sales & Marketing Solutions (9% decrease before the effect of foreign exchange), as follows:

For the nine months ended September 30, 2005, Traditional Sales & Marketing Solutions, which accounted for 55% of our total International Sales & Marketing Solutions, decreased 27% (29% decrease before the effect of foreign exchange). Such decrease was attributed to lower revenues resulting from a highly competitive marketplace in the United Kingdom.

For the nine months ended September 30, 2005, our Value-Added Sales & Marketing Solutions, which accounted for 45% of our total International Sales & Marketing, increased 45% (41% increase before the effect of foreign exchange). This is due to revenue from our international partners and from our customers migrating from our traditional offerings to our Value-Added Sales & Marketing Solutions.

\$1.9 million of revenue from E-Business Solutions, which we initiated in the fourth quarter of 2004.

Supply Management Solutions remained flat as compared to the prior year period.

Net international operating income decreased \$10.3 million, or 23%, for the nine months ended September 30, 2005 as compared to the nine months ended September 30, 2004, primarily due to a decline in revenue in the United Kingdom, the loss of income from our divested businesses, increased expenses related to the investigation and final resolution of the dispute on the sale of our French business, as described in Note 8 Contingencies (Additional Matters) to the unaudited consolidated financial statements to this Form 10-Q, increased legal expenses and increased investments in data to drive revenue growth in certain of our international markets. The decrease is partially offset by the benefits of our reengineering efforts.

These factors are offset by savings obtained as a result of our Financial Flexibility Program.

The following factors affecting International create particular challenges to our international business:

Our competition is primarily local, and our customers may have greater loyalty to our local competitors.

Credit insurance is a significant credit risk mitigation tool in certain markets. This reduces the demand for information-based credit risk mitigation tools, such as those offered by us.

In certain local markets, key data elements are generally available from public-sector sources, thus reducing our data collection advantage.

Our revenue from our real estate data business in Italy continues to be subject to a number of risks and uncertainties due to (i) recent tax legislation which could result in additional declines in customer usage, as customers evaluate the related price increases; (ii) competitive pressures; and (iii) future legislative actions that

might further impact the economics of our operations.

The recent tax legislation in Italy has increased the operating costs of our Italian real estate data business in 2005. Specifically, the law increases data acquisition costs for Italian real estate data that we acquire to support our business. Our action plan to address these incremental costs and mitigate the impact to our

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operating income in Italy has been a combination of price increases to our customers, which we implemented in February 2005, and reengineering efforts. We continue to monitor our Italian operations and are continuing to consider our strategic alternatives with respect to this business.

Liquidity and Financial Position

In accordance with our Blueprint for Growth strategy, we have used our cash for three primary purposes: investments in the current business, acquisitions as appropriate, and our share repurchase programs.

We believe that cash provided by operating activities, supplemented as needed with readily available financing arrangements, are sufficient to meet our short-term and long-term needs, including the cash cost of our restructuring charges, transition costs, contractual obligations and contingencies (see Note 8 Contingencies to the unaudited consolidated financial statements to this Form 10-Q). In addition, our \$300 million debt obligation under our fixed-rate notes is repayable in March 2006. We are currently reviewing all available alternatives with respect thereto, including, the possibility of refinancing of such debt.

Cash Provided by Operating Activities

Net cash provided by operating activities decreased by \$15.2 million for the nine months ended September 30, 2005 compared to the same period in 2004. This decline was driven by \$50.3 million of increased tax payments due to the settlement of our legacy tax matters. Also impacting the decline in cash flows from operations was spending related to restructuring which was \$26.8 million in for the nine months ended September 30, 2005 compared with \$19.6 million for the same period in 2004. These increased uses of cash were partially offset by higher sales, increased tax refunds and a decline in outflows relating to accounts payable and accrued liabilities due to timing of payments.

Cash Used in Investing Activities

Our business is not capital-intensive, and most of our spending to grow the business is funded by operating cash flow. As a result of our Financial Flexibility Program, we have sold non-core businesses and real estate assets. Proceeds from these sales have partially (or in some cases, fully) offset our capital expenditures and additions to computer software and other intangibles, as described below.

Net cash provided by investing activities totaled \$66.0 million in the nine months ended September 30, 2005, compared with net cash used in investing activities of \$48.4 million in nine months ended September 30, 2004. This change primarily relates to the following activities in both years.

During nine months ended September 30, 2005, we received \$82.6 million from the sale of net investments in short-term marketable securities. During nine months ended September 30, 2004, we incurred \$76.8 million of net investments in short-term marketable securities.

During the nine months ended September 30, 2005, we received net proceeds of \$18.5 million related to the sale of the following:

In April of 2005, we sold our equity investment in South Africa for proceeds of \$5.3 million.

In October of 2004, we sold our operations in France to BASE D Informations Legales Holding S.A.S. (Bil Holding) for \$30.1 million, primarily consisting of \$15.0 million in cash and \$14.0 million in other receivables. During the nine months ended September 30, 2005, we collected a majority of the receivables outstanding.

In May of 2004, we completed the sale of our Central European operations to Bonnier Affarsinformation AB. Proceeds were \$25.7 million, consisting of \$18.1 million in cash and \$7.6 million in other receivables, of which \$5.6 million was collected in June 2004 and the remaining was collected in 2005.

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During the nine months ended September 30, 2005, we made payment of \$17.9 million related to the following:

In July of 2005, we acquired LiveCapital, Inc. We paid \$16.6 million, net of cash acquired of \$0.5 million.

During 2004, we acquired an additional 16% interest in RIBES S.p.A., resulting in a 51% ownership interest in RIBES, a leading provider of business information to Italian banks for \$3.4 million (net of cash acquired), of which \$2.0 million was paid during the fourth quarter of 2004. The remaining \$1.3 million was paid in the third quarter of 2005.

During the nine months ended September 30, 2004, we received net proceeds of \$56.5 million related to the sale of the following:

In May of 2004, we completed the sale of our Central European operations to Bonnier. Proceeds were \$25.7 million, consisting of \$18.1 million in cash and \$7.6 million in other receivables, of which \$5.6 million was collected in June 2004.

In February of 2004, we sold our operations in India and our Distribution Channels in Pakistan and the Middle East for \$7.7 million. We received proceeds of \$7.3 million (net of withholding tax), consisting of cash of \$6.5 million and an investment in the amount of \$0.8 million representing a 10% remaining interest in the divested entity.

In December of 2003, we sold our Nordic operations to Bonnier Affarsinformation AB. We received proceeds from the sale of \$42.7 million, consisting of cash of \$35.9 million, notes receivable of \$5.9 million and another receivable of \$0.9 million.

Investments in total capital expenditures, including computer software and other intangibles were \$17.9 million in the nine months ended September 30, 2005 and \$19.6 million in the nine months ended September 30, 2004, primarily in the U.S. segment for both periods.

Cash Used in Financing Activities

Net cash used in financing activities was \$197.0 million for the nine months ended September 30, 2005 and \$174.9 million for the nine months ended September 30, 2004.

During the nine months ended September 30, 2005 and 2004, cash used in financing activities was largely attributable to the purchase of treasury shares. In the nine months ended September 30, 2005, we repurchased 924,094 shares of stock for \$57.0 million to mitigate the dilutive effect of the shares issued under our stock incentive plans and Employee Stock Purchase Plan. Additionally, during the nine months ended September 30, 2005, we repurchased 2,415,381 shares for \$150.6 million related to a previously announced \$400 million two-year share repurchase program approved by our Board of Directors in February, 2005. In the nine months ended September 30, 2004, we repurchased 919,000 shares of stock for \$48.7 million to mitigate the dilutive effect of the shares issued under our stock incentive plans and Employee Stock Purchase Plan. Additionally, during the nine months ended September 30, 2004, we repurchased 2,591,940 shares for \$140.7 million related to a previously announced \$200 million one-year share repurchase program approved by our Board of Directors in February, 2004. This program was completed by December 31, 2004.

For the nine months ended September 30, 2005, net proceeds from our stock plans were \$18.5 million, compared with \$14.2 million for the nine months ended September 30, 2004.

As part of our spin-off from Moody's/D&B2 in 2000, Moody's and D&B entered into a Tax Allocation Agreement dated as of September 30, 2000 (the TAA). Based on the TAA, we made a payment of \$9.2 million to Moody's/D&B2 during the second quarter of 2005. See Future Liquidity Sources and Uses of Funds Spin-off Obligation for further detail.

At September 30, 2005, certain of our international operations had non-committed lines of credit of \$12.8 million and had \$2.0 million of borrowings outstanding under these lines of credit. These arrangements have no material commitment fees or compensating balance requirements.

Table of Contents**Free Cash Flow**

We define free cash flow as net cash provided by operating activities less capital expenditures and additions to computer software and other intangibles. The following table provides reconciliation from our net cash provided by operating activities to free cash flow:

	Nine Months Ended September 30,	
	2005	2004
Net Cash provided by Operating Activities	\$ 159.1	\$ 174.3
Capital Expenditures	(4.5)	(9.1)
Additions to Computer Software and Other Intangibles	(13.4)	(10.5)
Free Cash Flow	\$ 141.2	\$ 154.7

The decrease in free cash flow is primarily attributed to the decrease in net cash provided by operating activities as described above.

Future Liquidity Sources and Uses of Funds**Contractual Obligations**

Our \$300 million debt obligation under our fixed-rate notes is repayable in March 2006. We are currently reviewing all available alternatives with respect thereto, including, the possibility of refinancing such debt.

On September 30, 2005, we entered into an interest rate derivative transaction with an aggregate notional amount of \$200 million. The objective of the hedge is to eliminate the variability of future cash flows from market changes in treasury rates in the anticipation of a future debt issuance during the first half of 2006. This transaction will be accounted for as a cash flow hedge. As such, changes in fair value of the swap that take place through the date of debt issuance will be recorded in accumulated other comprehensive income. As of September 30, 2005, the derivative transaction had no impact to accumulated other comprehensive income.

Share Repurchases

During the nine months ended September 30, 2005, we repurchased 2,415,381 shares for \$150.6 million related to a previously announced \$400 million, two-year share repurchase program, approved by our Board of Directors in February, 2005. It is our intention to repurchase the remaining \$249.4 million by December 2006, subject to market and other conditions beyond our control.

We also intend to continue to repurchase shares, subject to market conditions, to offset the dilutive effect of the shares issued under our stock incentive plans and Employee Stock Purchase Plan. During the first nine months of 2005, we repurchased 924,094 shares of stock for \$57.0 million. Partially offsetting the cash used for repurchase is \$18.5 million of proceeds from employees related to the stock incentive plans and Employee Stock Purchase Plan.

Dividends

We have not paid cash dividends since we separated from Moody's in 2000 and we currently have no plans to do so.

Spin-off Obligation

As part of our spin-off from Moody's/D&B2 in 2000, we entered into the TAA. Under the TAA, Moody's/D&B2 and D&B agreed that Moody's/D&B2 would be entitled to deduct compensation expense associated with the exercise of Moody's/D&B2 stock options (including Moody's/D&B2 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 options exercised by employees of Moody's/D&B2). Put

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simply, the tax deduction goes to the company that issued the stock option. The TAA provides, however, that if the IRS issues rules, regulations or other authority contrary to the agreed upon treatment of the tax deductions under the TAA, then the party that becomes then entitled to take the deduction may be required to indemnify the other party for the loss of such deduction. The IRS issued rulings discussing an employer's entitlement to stock option deductions after a spin-off or liquidation that appears to require that the tax deduction belongs to the employer of the optionee and not the issuer of the option. (i.e. D&B would be entitled to deduct compensation expense associated with a D&B employee excising a Moody's/D&B2 option). We made a payment of \$9.2 million to Moody's/D&B2 in the second quarter of 2005 with regard to the foregoing. With regard to this matter, we may be required to pay additional amounts in the future based upon interpretations by the parties of the TAA, timing of future exercises of options, the future price of the stock underlying the stock options and relevant tax rates.

Potential Payments in Settlement of Tax and Legal Matters

We and our predecessors are involved in certain tax and legal proceedings, claims and litigation arising in the ordinary course of business. These matters are at various stages of resolution, but could ultimately result in cash payments in the amounts described in Note 8 Contingencies (Legal Proceedings) in Notes to Consolidated Financial Statements in Part I, Item 1 of this Form 10-Q as well as payments the amount of which cannot be determined at the present time. We believe we have adequate reserves recorded in our consolidated financial statements for our share of current exposures in the matters described in Note 8 Contingencies (Legal Proceedings) in Notes to Consolidated Financial Statements in Part I, Item 1 of this Form 10-Q.

Available Facilities

At September 30, 2005, we had a total of \$300 million of bank credit facilities available at prevailing short-term interest rates, which will expire in September 2009. These facilities also support our potential commercial paper borrowings up to \$300 million. We have not drawn on the facilities and we did not have any borrowings outstanding under these facilities at September 30, 2005 or 2004. We also have not borrowed under our commercial paper program in 2005 or 2004. We believe that cash flows generated from operations, supplemented as needed with readily available financing arrangements, are sufficient to meet our short-term and long-term needs, including any payments that may be required in connection with our Financial Flexibility Program restructuring charges discussed in Note 3 Impact of Implementation of the Blueprint for Growth Strategy to our unaudited consolidated financial statements, to meet commitments and contractual obligations as explained in more detail in Note 12 of our Form 10-K for the year ended December 31, 2004, and to settle the contingencies discussed in Note 8 to our unaudited consolidated financial statements included in this Form 10-Q, excluding the matters identified therein for which the exposures are not estimable. The facilities require the maintenance of interest coverage and total debt to EBITDA ratios (each as defined in the agreement). We were in compliance with these requirements at September 30, 2005 and 2004.

Forward-Looking Statements

We may from time to time make written or oral forward-looking statements, including statements contained in filings with the Securities and Exchange Commission, in reports to shareholders and in press releases and investor Webcasts. You can identify these forward-looking statements by use of words like anticipates, aspirations, believes, continues, estimates, expects, goals, guidance, intends, outlook, plans, projects, strategy, targets of similar meaning. You can also identify them by the fact that they do not relate strictly to historical or current facts.

We cannot guarantee that any forward-looking statement will be realized, although we believe we have been prudent in our plans and assumptions. Achievement of future results is subject to risks, uncertainties and inaccurate assumptions. Should known or unknown risks or uncertainties materialize, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Investors should bear this in mind as they consider forward-looking statements and whether to invest in, or remain invested in, our securities. In connection with the safe harbor provisions of the Private

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Securities Litigation Reform Act of 1995, we are identifying in the following paragraphs important factors that, individually or in the aggregate, could cause actual results to differ materially from those contained in any forward-looking statements made by us; any such statement is qualified by reference to the following cautionary statements.

Demand for our products is subject to intense competition, changes in customer preferences and, to a lesser extent, economic conditions. Our results are dependent upon our continued ability to:

successfully manage our strategic partners in our International segment and our outsource vendors and fully realize expected DUNSRight quality process improvements;

effectively communicate and sell the value of our DUNSRight quality process to our customers, improve customer satisfaction and increase penetration into existing customer accounts;

reallocate expenses to invest for growth through our Financial Flexibility Program;

accurately forecast cost increases associated with increasing revenue growth;

accurately forecast the cost of complying with increasing regulatory requirements, such as Sarbanes-Oxley requirements;

invest in our database and maintain our reputation for providing reliable data;

manage employee satisfaction and maintain our global expertise as we implement our Financial Flexibility Program;

protect against damage or interruptions affecting our database or our data centers or any unauthorized access to or use of our data by third parties or of the data that we provide to third parties;

develop new products or enhance existing ones to meet customer needs;

sustain growth in the context of our competition, including challenges to our E-Business in light of the acquisition of OneSource by I-USA, the launch of competitive products, the potential improvement of other pan-European networks in Europe, and the efforts by Equifax to grow their position in the small business decision-making market; and

implement pricing programs and policies that enable us to capture the additional value we provide through enhanced data and services.

We are also subject to the effects of foreign economies, exchange rate fluctuations, U.S. and foreign legislative or regulatory requirements, and the adoption of new, or changes in, accounting policies and practices, including pronouncements promulgated by the Securities and Exchange Commission and the Financial Accounting Standards Board or other standard-setting bodies. Our results are also dependent upon the availability of data for our database, our continued use of such data at existing cost structures and unfettered by new U.S. or foreign laws or regulations regarding the use, collection or aggregation of such data by us or by third parties on whom we rely, and the ability of our strategic partners to fulfill their contractual obligations to satisfy our customers and promote and protect the D&B brand. In addition, our ability to repurchase shares is subject to market conditions, including trading volume in our stock, and our ability to repurchase securities in accordance with all applicable securities law. Developments in any of these areas could cause our results to differ materially from results that have been or may be projected. With respect to the ultimate resolution or settlement of our Tax Legacy Matters, the final amounts payable by us may differ from the estimates reflected in our current reserves due to a number of factors, including judicial, legislative and/or regulatory developments, the terms of any final settlement agreements, final interest computations, the terms of the Tax Sharing

Agreements, and whether the other parties having a contractual obligation to pay a portion of this liability pay their allocable share on a timely basis.

We elaborate on the above list of important factors throughout this document and in our other filings with the SEC, particularly in the section entitled Trends, Risks and Uncertainties below. It should be understood that it is not possible to predict or identify all risk factors. Consequently, the above list of important factors or the trends, risks and uncertainties discussed herein should not be considered to be a complete discussion of all

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our potential trends, risks and uncertainties. We do not undertake to update any forward-looking statement we may make from time to time.

Trends, Risks and Uncertainties***We may be unable to achieve our revenue and earnings per share growth targets.***

We have established revenue and earnings per share growth targets for 2005 and aspirations for the long term. While we believe that our initiatives and investments will be sufficient to achieve and maintain such growth targets, no assurance can be made as to when or whether we will continue to be successful. A failure to reach and maintain our desired revenue growth or our earnings per share growth targets could have a material adverse effect on the market value of our common stock.

We may be unable to reduce our expense base through our Financial Flexibility program, and the related reinvestments from savings from this program may not produce the level of desired revenue growth.

Successful execution of our Blueprint for Growth strategy will include reducing our expense base through our Financial Flexibility program, and reallocating our expense base reductions into initiatives that produce our desired revenue growth. The success of this program may be affected by our ability to implement all of the actions required under this program within the established timeframe, to enter into or amend agreements with third-party vendors to renegotiate terms beneficial to us, and to complete agreements with our local works councils and trade unions related to potential reengineering actions in certain International markets. While we have been successful at reducing our expense base to date, our reallocations into initiatives have not yet been proven to sustain revenue growth over a multi-year period. If we fail to continue to reduce our expense base, or if we do not achieve our desired level of revenue growth, the market value of our common stock may suffer.

We are dependent upon third parties for certain services.

As part of our Financial Flexibility Programs, we have outsourced various functions, including certain of our data center operations and technology help desk and network management functions in the United States and in the United Kingdom, as well as certain portions of our data acquisition and delivery, customer service and financial processes including, primarily, cash collections and accounts payable. If one of the third-party providers were to experience financial or operational difficulties, their services to us may suffer.

Data suppliers might withdraw data from us, leading to our inability to provide products and services.

We obtain much of the data that we use from third parties, direct contact with businesses through our call centers, and by purchasing data from public record sources. As we implement business model changes in various countries in our International segment, we are entering into agreements with a single provider for all of our local data requirements from those countries. We could suffer a material adverse effect if owners or providers of the data we use were to withdraw the data, cease making the data available, or not adhere to our data quality requirements. If a substantial number of data providers were to withdraw their data, cease making it available, or not adhere to our data quality standards, our ability to provide products and services to our customers could be materially adversely impacted, which could result in decreased revenue, net income and earnings per share.

We may be unable to adapt successfully to changes in our customers' preferences for our products.

Our success depends in part on our ability to adapt our products to our customers' preferences. Advances in information technology and uncertain or changing economic conditions are changing the way our customers use business information. As a result, our customers are demanding lower prices and more from our products, such as decision-making tools like credit scores and electronic delivery formats. If we do not successfully adapt our products to our customers' preferences, our business, financial condition and results of operations would be adversely affected.

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We face competition that may cause price reductions or loss of market share.

We are subject to competitive conditions in all aspects of our business. We compete directly with a broad range of companies offering business information services to customers. We have faced increased competition from consumer credit companies that offer consumer information products to help their customers make credit decisions regarding small businesses. We also face competition from:

the in-house operations of the businesses we seek as customers;

other general and specialized credit reporting and other business information services;

other information and professional service providers; and

credit insurers.

In addition, business information products and services are becoming more readily available, principally due to the expansion of the Internet, greater availability of public data and the emergence of new providers of business information products and services. Weak economic conditions can result in customers seeking to utilize free or lower-cost information that is available from alternative sources such as the Internet and European Commission sponsored projects like the European Business Register. Intense competition could harm us by causing, among other things, price reductions, reduced gross margins and loss of market share.

Our ability to continue to compete effectively will be based upon a number of factors including:

Our ability to communicate and demonstrate to our customers the value of our proprietary DUNSRight™ quality process and, as a result, improve customer satisfaction;

our ability to attract local customers to the worldwide information services offered by our unique database;

our ability to demonstrate value through our decision-making tools and integration capabilities;

the reliability and quality of our information;

our brand perception;

our ability to continue to implement the Financial Flexibility component of our strategy and effectively reallocate our spending to activities that drive revenue growth;

our ability to deliver business information through various media and distribution channels in formats tailored to customer requirements;

our ability to attract and retain a high-performing workforce;

our ability to enhance our existing services or introduce new services; and

our ability to improve our International business model and data quality through the successful management of strategic relationships in our International segment.

We are undertaking various initiatives in our International segment that are critical to achieving our aspiration, which may not be successful.

The success of our initiatives in our International segment is important to our ability to achieve our aspiration. These initiatives are primarily focused on improving our competitive position while improving our operating margins in our International segment, both by increasing revenue and lowering our expense base.

Examples of initiatives we are undertaking are:

implementing specific process re-engineering projects designed to improve efficiency and productivity in our business; and

optimizing revenue and profits realized by the sale of data collected by partner organizations in certain markets.

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There can be no assurance that these or other initiatives we may undertake will be successful in attaining a consistent and sustainable level of improved International financial performance. For example, we may not reduce costs of our operations through re-engineering to the extent expected due to challenges in implementing our technology plans, or the efforts by our partner organizations to increase the value of the data they provide us may not result in significant improvements in data quality.

If we fail to improve the financial performance of our International segment, the market value of our common stock could be materially adversely affected.

Our operations in the International segment are subject to various risks associated with operations in foreign countries.

Our success depends in part on our various operations outside the United States. For the three months ended September 30, 2005 and 2004, our International segment accounted for 24% and 28% of total revenue. For the nine months ended September 30, 2005 and 2004, our International segment accounted for 25% and 30% of total revenue. Our International business is subject to many challenges, the most significant being:

our competition is primarily local, and our customers may have greater loyalty to our local competitors;

credit insurance is a significant credit risk mitigation tool in certain markets, thus reducing the demand for information-based credit risk mitigation tools, such as those offered by us; and

in some markets, key data elements are generally available from public-sector sources, thus reducing our data collection advantage.

Our International strategy includes forming strategic relationships in certain markets with third parties to improve our data quality. While we are applying methodical processes to ensure these alliances will create a competitive advantage for us, there are no assurances that these alliances will be successful.

The issue of data privacy is an increasingly important area of public policy in various European markets, and we operate in an evolving regulatory environment that could adversely impact aspects of our business.

Our operating results could also be negatively affected by a variety of other factors affecting our foreign operations, many of which are beyond our control. These factors include currency fluctuations, economic, political or regulatory conditions in a specific country or region, trade protection measures and other regulatory requirements. Additional risks inherent in International business activities generally include, among others:

longer accounts receivable payment cycles;

the costs and difficulties of managing international operations and alliances;

greater difficulty enforcing intellectual property rights; and

the need to comply with a broader array of regulatory and licensing requirements, the failure of which could result in fines, penalties or business suspensions.

Our results of operations may suffer if the economy weakens.

Demand for some of our products is influenced by economic trends. If the economy weakens, we may experience a reduction in the demand for certain of our products as customers look for ways to reduce their expenses.

Economic weakness may also result in certain of our customers going out of business or combining with other companies. When companies combine, their post-consolidation spending on our products is invariably less than their aggregate pre-consolidation spending. In addition, companies may streamline their credit departments, thus reducing the number of users of our products. Customers may also take longer to make spending decisions, causing us to expend greater resources and divert sales resources from other opportunities, negotiate harder on price, and seek cheaper alternatives to our products. In challenging economic times, price competition may increase, which adversely impacts our revenue and profit margins.

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We could be harmed by a failure in the integrity of our database.

The reliability of our products is dependent upon the integrity of the data in our global database. We have in the past been subject to customer and third-party inquiries, complaints and lawsuits regarding our data, including claims based on theories of negligence and libel. A failure in the integrity of our database could harm us by exposing us to customer or third-party claims or by causing a loss of customer confidence in our products.

Also, we have licensed, and we may license in the future, proprietary rights to third parties. While we attempt to ensure that the quality of our brand is maintained by the business partners to whom we grant nonexclusive licenses and by customers, they may take actions that could materially and adversely affect the value of our proprietary rights or our reputation. In addition, it cannot be assured that these licensees and customers will take the same steps we have taken to prevent misappropriation of our solutions or technologies.

We rely on annual contract renewals.

We derive a substantial portion of our revenue from annual customer contracts. If we are unable to renew a significant number of these contracts, our revenue and results of operations would be harmed. In addition, our financial results from period to period may vary due to the timing of customer contract renewals.

We deliver a significant majority of our products and services over the internet.

We rely on the internet in the delivery of our products and services. Our business will suffer if we are unable to:
develop products that are understandable and easy to use over the internet;

minimize disruptions in our service and other system failures that can occur while using the internet and which would reduce customer satisfaction;

maintain cost effective distribution channels in support of increasing market penetration both domestically and in international markets.

We may lose key business assets, including loss of data center capacity or the interruption of telecommunications links, the internet, or power sources.

Our operations depend on our ability, as well as that of third-party service providers to whom we have outsourced several critical functions, to protect our data centers and related technology against damage from fire, power loss, telecommunications failure, natural disasters, or other disasters. The on-line services we provide are dependent on links to telecommunications providers. In addition, we generate a significant amount of our revenue through telesales centers and websites that we utilize in the acquisition of new customers, fulfillment of products and services and responding to customer inquiries. Any damage to our data centers, failure of our telecommunications links or inability to access these telesales centers or websites could cause interruptions in operations that materially adversely affect our ability to meet customers' requirements, resulting in decreased revenue, net income and earnings per share.

We are involved in tax and legal proceedings that could have a material effect on us.

We are involved in tax and legal proceedings, claims and litigation that arise in the ordinary course of business. As discussed in greater detail under Note 8 Contingencies (Legal Proceedings) in Notes to Consolidated Financial Statements herein in Part I, Item 1 of this Form 10-Q, certain of these matters could have a material effect on our results of operations, cash flows or financial position.

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Acquisitions may disrupt or otherwise have a negative impact on our business.

As part of our strategy, we may seek to acquire other complementary businesses, products and technologies. Acquisitions are subject to the following risks:

acquisitions may cause a disruption in our ongoing business, distract our management and make it difficult to maintain our standards, controls and procedures;

we may not be able to integrate successfully the services, content, products and personnel of any acquisition into our operations; and

we may not derive the revenue improvements, cost savings and other intended benefits of any acquisition.

Changes in the legislative, regulatory and commercial environments may adversely affect our ability to collect, manage, aggregate and use data.

Certain types of information we gather, compile and publish are subject to regulation by governmental authorities in certain markets in which we operate, particularly in Europe. In addition, there is increasing awareness and concern among the general public regarding marketing and privacy matters, particularly as they relate to individual privacy interests and the ubiquity of the Internet. These concerns may result in new laws and regulations. Compliance with existing laws and regulations has not to date seriously affected our business, financial condition or results of operations. Nonetheless, future laws and regulations with respect to the collection, management and use of information, and adverse publicity or litigation concerning the commercial use of such information, could affect our operations. This could result in substantial regulatory compliance or litigation expense or a loss of revenue.

Italian Tax Legislation

In early 2005, regulations implementing new tax legislation became effective in Italy that significantly increased the cost of conducting our Italian real estate data information business. Specifically, the regulations increase data acquisition costs for Italian real estate information and require that we pay a fee each time we resell or license that data. Through price increases and reengineering efforts, we hope to continue to mitigate the effect of the legislation. Our revenue from our real estate data business in Italy continues to be subject to a number of risks and uncertainties due to (i) such tax legislation which could result in additional declines in customer usage, as customers evaluate the related price increases; (ii) competitive pressures; and (iii) future legislative actions that might further impact the economics of our operations.

Changes in the legislative or regulatory environments may adversely affect our benefits plans.

Last year, the United States District Court for the Southern District of Illinois affirmed its earlier ruling that IBM's cash balance pension plan violated the age discrimination provisions of ERISA. IBM has announced, however, that it will appeal this decision. Therefore, it is not possible at this time to determine whether the IBM ruling will ultimately have any material effect on our cash balance plan or our financial position.

Item 3. Quantitative and Qualitative Disclosures about Market Risk.

D&B's market risks primarily consist of the impact of changes in currency exchange rates on assets and liabilities, the impact of changes in the market value of certain of our investments and the impact of changes in interest rates. Our 2004 consolidated financial statements included in Item 7a. Quantitative and Qualitative disclosures About Market Risk of our Annual Report on Form 10-K provide a more detailed discussion of the market risks affecting operations. As of September 30, 2005, no material change had occurred in our market risks, compared with the disclosure in the Form 10-K for the year ending December 31, 2004.

Table of Contents**Item 4. Controls and Procedures.****Evaluation of Disclosure Controls**

We evaluated the effectiveness of our disclosure controls and procedures (Disclosure Controls) as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 (Exchange Act) as of the end of the period covered by this report. This evaluation (Controls Evaluation) was done with the participation of our Chief Executive Officer (CEO) and Chief Financial Officer (CFO).

Disclosure Controls are controls and other procedures that are designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including our CEO and CFO, as appropriate, to allow timely decisions regarding required disclosure.

Limitations on the Effectiveness of Controls

Our management, including our CEO and CFO, does not expect that our Disclosure Controls or our internal control over financial reporting (Internal Control) will prevent all error and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, but not absolute, assurance that the objectives of a control system are met. Further, any control system reflects limitations on resources, and the benefits of a control system must be considered relative to its costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within D&B have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of a control. A design of a control system is also based upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions; over time, controls may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and may not be detected.

Conclusions regarding Disclosure Controls

Based upon our Controls Evaluation, our CEO and CFO have concluded that as of the end of the quarter ended September 30, 2005, the Disclosure Controls are effective at the reasonable assurance level.

Change in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting that occurred during the third quarter of 2005 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION**Item 1. Legal Proceedings**

Information in response to this Item is included in Part I-Item I- Note 8 Contingencies and is incorporated by reference into Part II of this quarterly report on Form 10-Q.

Table of Contents**Item 2. Unregistered Sales of Equity Securities, and Use of Proceeds.**

The following table provides information about purchases made by or on behalf of the Company or our affiliated purchasers during the quarter ended September 30, 2005 of shares of equity that are registered by the Company pursuant to Section 12 of the Exchange Act;

ISSUER PURCHASES OF EQUITY SECURITIES

Period	Total Number of Shares Purchased(a)	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs(a)	Maximum Number of Shares that May yet be Purchased Under the Plans or Programs(a)(b)
July 1 - 31, 2005	338,700	\$ 62.05	338,700	
August 1 - 31, 2005	279,475	\$ 64.14	279,475	
September 1 - 30, 2005	377,000	\$ 64.29	377,000	
Total	995,175	\$ 63.48	995,175	3,323,975

(a) During the three months ended September 30, 2005, we repurchased 201,681 share of stock for \$12.5 million to mitigate the dilutive effect of the shares issued under our stock incentive plans and Employee Stock Purchase Plan. This program was announced in July 2003 and expires in September 2006. The maximum amount authorized under the program is 6.0 million

shares.

Additionally, during the third quarter of 2005, we repurchased 793,494 shares for \$50.7 million related to a previously announced \$400 million two-year share repurchase program approved by our Board of Directors in February, 2005. This program expires in February, 2007.

- (b) Excludes shares that may be purchased under our two-year \$400 million share repurchase program approved by our Board of Directors and announced in February, 2005.

Item 6. Exhibits

Exhibit 31 Rule 13a-14(a)/15(d)-14(a) Certifications

Exhibit 31.1 Certification of Chief Executive Officer pursuant to Rule 13a-14(a)/15(d)-14(a) of the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

Exhibit 31.2 Certification of Chief Financial Officer pursuant to Rule 13a-14(a)/15(d)-14(a) of the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

Exhibit 32 Section 1350 Certifications

Exhibit 32.1 Certification of Chief Executive Officer pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

Exhibit 32.2 Certification of Chief Financial Officer pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

THE DUN & BRADSTREET
CORPORATION

Date: November 2, 2005

By: /s/ Anastasios G. Konidaris
Anastasios G. Konidaris
Principal Accounting Officer

Date: November 2, 2005

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