DUN & BRADSTREET CORP/NW
Form 10-Q
August 04, 2010
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2010

OR

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

For the transition period from ________ to ________

Commission file number 1-15967

The Dun & Bradstreet Corporation

(Exact name of registrant as specified in its charter)

Delaware	**22-3725387**
(State of incorporation)	**(I.R.S. Employer Identification No.)**
103 JFK Parkway, Short Hills, NJ	**07078**
(Address of principal executive offices)	**(Zip Code)**

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

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

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

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

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

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

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

Title of Class	**Shares Outstanding at June 30, 2010**
Common Stock, **par value $0.01 per share**	**50,052,864**

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THE DUN & BRADSTREET CORPORATION

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

The Dun & Bradstreet Corporation

Consolidated Statements of Operations (Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2010	2009	2010	2009
	(Amounts in millions, except per share data)			
Revenue	$ 397.3	$ 416.9	$ 794.5	$ 824.3
Operating Expenses	129.4	129.5	261.7	246.4
Selling and Administrative Expenses	159.8	161.7	311.6	320.5
Depreciation and Amortization	16.0	12.9	31.2	28.6
Restructuring Charge	1.6	2.8	6.2	4.1
Operating Costs	306.8	306.9	610.7	599.6
Operating Income	90.5	110.0	183.8	224.7
Interest Income	0.4	0.8	0.9	1.9
Interest Expense	(11.8)	(11.4)	(23.3)	(22.8)
Other Income (Expense) - Net	1.7	14.6	2.5	15.9
Non-Operating Income (Expense) - Net	(9.7)	4.0	(19.9)	(5.0)
Income Before Provision for Income Taxes and Equity in Net Income of Affiliates	80.8	114.0	163.9	219.7
Provision for Income Taxes	24.6	36.5	61.9	38.1
Equity in Net Income of Affiliates	0.2	0.4	0.2	0.7
Net Income	56.4	77.9	102.2	182.3
Less: Net (Income) Loss Attributable to the Noncontrolling Interest	(0.4)	(1.1)	0.8	(1.3)
Net Income Attributable to D&B	$ 56.0	$ 76.8	$ 103.0	$ 181.0
Basic Earnings Per Share of Common Stock Attributable to D&B Common Shareholders	$ 1.12	$ 1.45	$ 2.04	$ 3.40
Diluted Earnings Per Share of Common Stock Attributable to D&B Common Shareholders	$ 1.10	$ 1.43	$ 2.02	$ 3.36
Weighted Average Number of Shares Outstanding - Basic	50.0	52.6	50.2	52.8
Weighted Average Number of Shares Outstanding - Diluted	50.5	53.2	50.7	53.4
Cash Dividend Paid Per Common Share	$ 0.35	$ 0.34	$ 0.70	$ 0.68
Comprehensive Income Attributable to D&B	$ 34.9	$ 110.5	$ 55.6	$ 210.2

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

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The Dun & Bradstreet Corporation

Consolidated Balance Sheets (Unaudited)

	June 30, 2010	December 31, 2009
	(Amounts in millions, except per share data)	
ASSETS		
Current Assets		
Cash and Cash Equivalents	$ 209.7	$ 222.9
Accounts Receivable, Net of Allowance of $15.2 at June 30, 2010 and $15.5 at December 31, 2009	394.7	464.1
Other Receivables	9.2	8.0
Prepaid Taxes	3.6	3.1
Deferred Income Tax	29.1	31.4
Current Assets Held for Sale	0.8	0.0
Other Current Assets	37.8	30.1
Total Current Assets	684.9	759.6
Non-Current Assets		
Property, Plant and Equipment, Net of Accumulated Depreciation of $81.5 at June 30, 2010 and $80.6 at December 31, 2009	51.7	53.6
Computer Software, Net of Accumulated Amortization of $344.9 at June 30, 2010 and $347.7 at December 31, 2009	130.9	119.2
Goodwill	422.3	440.8
Deferred Income Tax	171.5	181.9
Other Receivables	47.5	43.8
Other Intangibles	74.9	91.2
Other Non-Current Assets	48.8	59.3
Total Non-Current Assets	947.6	989.8
Total Assets	$ 1,632.5	$ 1,749.4
LIABILITIES		
Current Liabilities		
Accounts Payable	$ 41.4	$ 36.4
Accrued Payroll	68.3	104.9
Accrued Income Tax	14.6	3.0
Current Liabilities Held for Sale	15.0	0.0
Short-Term Debt	301.3	1.7
Other Accrued and Current Liabilities (Note 6)	184.1	173.4
Deferred Revenue	535.9	539.7
Total Current Liabilities	1,160.6	859.1
Pension and Postretirement Benefits	453.2	490.5
Long-Term Debt	625.1	961.8
Liabilities for Unrecognized Tax Benefits	117.1	115.5
Other Non-Current Liabilities	60.4	56.5
Total Liabilities	2,416.4	2,483.4
Contingencies (Note 7)		
EQUITY		
D&B SHAREHOLDERS EQUITY (DEFICIT)		

Series A Junior Participating Preferred Stock, $0.01 par value per share, authorized - 0.5 shares; outstanding - none	0.0	0.0
Preferred Stock, $0.01 par value per share, authorized - 9.5 shares; outstanding - none	0.0	0.0
Series Common Stock, $0.01 par value per share, authorized -10.0 shares; outstanding - none	0.0	0.0
Common Stock, $0.01 par value per share, authorized - 200.0 shares; issued - 81.9 shares	0.8	0.8
Capital Surplus	222.8	209.5
Retained Earnings	1,898.4	1,830.7
Treasury Stock, at cost, 31.9 shares at June 30, 2010 and 30.7 shares at December 31, 2009	(2,187.2)	(2,097.7)
Accumulated Other Comprehensive Income (Loss)	(727.3)	(689.0)
Total D&B Shareholders Equity (Deficit)	(792.5)	(745.7)
Noncontrolling Interest	8.6	11.7
Total Equity (Deficit)	(783.9)	(734.0)
Total Liabilities and Shareholders Equity (Deficit)	$ 1,632.5	$ 1,749.4

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

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The Dun & Bradstreet Corporation

Consolidated Statements of Cash Flows (Unaudited)

	For the Six Months Ended June 30, 2010	2009
	(Amounts in millions)	
Cash Flows from Operating Activities:		
Net Income	$ 102.2	$ 182.3
Reconciliation of Net Income to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	31.2	28.6
Amortization of Unrecognized Pension Loss	7.4	9.5
Gain from Sales of Businesses	(0.9)	(11.5)
Impairment of Intangible Assets	6.8	0.0
Income Tax Benefit from Stock-Based Awards	4.7	8.8
Excess Tax Benefit on Stock-Based Awards	(0.8)	(3.6)
Equity-Based Compensation	11.6	12.4
Restructuring Charge	6.2	4.1
Restructuring Payments	(11.0)	(13.6)
Deferred Income Taxes, Net	1.5	12.9
Accrued Income Taxes, Net	20.5	(54.0)
Changes in Current Assets and Liabilities:		
Decrease in Accounts Receivable	56.4	74.9
Increase in Other Current Assets	(7.7)	(2.1)
Increase (Decrease) in Deferred Revenue	21.0	(5.5)
Increase in Accounts Payable	7.3	14.5
Net Decrease in Accrued Liabilities	(26.9)	(14.5)
Net Decrease in Other Accrued and Current Liabilities	(0.7)	(0.6)
Changes in Non-Current Assets and Liabilities:		
Net Decrease in Other Long-Term Assets	2.0	10.4
Net Decrease in Long-Term Liabilities	(22.3)	(20.1)
Net, Other Non-Cash Adjustments	2.5	1.5
Net Cash Provided by Operating Activities	211.0	234.4
Cash Flows from Investing Activities:		
Proceeds from Sales of Businesses, Net of Cash Divested	0.0	10.8
Payments for Acquisitions of Businesses, Net of Cash Acquired	(0.5)	(31.6)
Investment in Debt Security	0.0	(5.0)
Cash Settlements of Foreign Currency Contracts	(8.1)	11.6
Capital Expenditures	(6.0)	(3.4)
Additions to Computer Software and Other Intangibles	(27.3)	(28.2)
Net, Other	5.8	(0.2)
Net Cash (Used in) Provided by Investing Activities	(36.1)	(46.0)
Cash Flows from Financing Activities:		
Payments for Purchases of Treasury Shares	(94.8)	(79.0)
Net Proceeds from Stock-Based Awards	1.8	11.3
Increase (Decrease) in Other Short Term Borrowings	(0.1)	0.0
Payment of Debt	(0.7)	0.0
Payments of Dividends	(35.2)	(36.2)
Proceeds from Borrowings on Credit Facilities	43.8	110.5
Payments of Borrowings on Credit Facilities	(80.7)	(146.9)
Excess Tax Benefit on Stock-Based Awards	0.8	3.6
Net, Other	(1.2)	(1.0)
Net Cash Used in Financing Activities	(166.3)	(137.7)

Effect of Exchange Rate Changes on Cash and Cash Equivalents	(21.8)	11.5
(Decrease) Increase in Cash and Cash Equivalents	(13.2)	62.2
Cash and Cash Equivalents, Beginning of Period	222.9	164.2
Cash and Cash Equivalents, End of Period	$ 209.7	$ 226.4
Supplemental Disclosure of Cash Flow Information:		
Cash Paid (Received) for:		
Income Taxes, Net of Refunds	$ 35.1	$ 70.5
Interest	$ 22.4	$ 21.8

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

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The Dun & Bradstreet Corporation

Consolidated Statements of Shareholders Equity (Deficit) (Unaudited)

	For the Six Months Ended June 30, 2010 and 2009				Accumulated Other Comprehensive Income (Loss)						
	Common Stock ($0.01 Par Value)	Capital Surplus	Retained Earnings	Treasury Stock	Cumulative Translation Adjustment	Minimum Pension Liability Adjustment	Derivative Financial Instrument	Total D&B Share-holders Equity (Deficit)	Non-controlling Interest	Total Equity (Deficit)	Compre-hensive Income (Loss)
	(Dollar amounts in millions, except per share data)										
Balance, December 31, 2008	0.8	206.1	1,582.8	(1,924.4)	(204.3)	(514.2)	(3.5)	(856.7)	6.1	(850.6)	
Net Income			181.0					181.0	1.3	182.3	$ 182.3
Payment to noncontrolling interest								0.0	(0.5)	(0.5)	
Equity-Based Plans		1.1		30.8				31.9		31.9	
Treasury Shares Acquired				(79.0)				(79.0)		(79.0)	
Pension Adjustments, net of tax of $3.6						5.9		5.9		5.9	5.9
Dividend Declared			(36.2)					(36.2)		(36.2)	
Adjustments to Legacy Tax Matters		3.2						3.2		3.2	
Change in Cumulative Translation Adjustment					22.5			22.5		22.5	22.5
Derivative Financial Instruments, no tax impact							0.8	0.8		0.8	0.8
Total Comprehensive Income (Loss)											$ 211.5
Balance, June 30, 2009	$ 0.8	$ 210.4	$ 1,727.6	$ (1,972.6)	$ (181.8)	$ (508.3)	$ (2.7)	$ (726.6)	$ 6.9	$ (719.7)	
Comprehensive Income Attributable to the Noncontrolling Interest											(1.3)
Comprehensive Income Attributable to D&B											$ 210.2
Balance, December 31, 2009	0.8	209.5	1,830.7	(2,097.7)	(161.4)	(524.6)	(3.0)	(745.7)	11.7	(734.0)	
Net Income			103.0					103.0	(0.8)	102.2	$ 102.2
Purchase of minority shares		(0.2)						(0.2)	(0.2)	(0.4)	
Payment to noncontrolling interest								0.0	(1.9)	(1.9)	
Equity-Based Plans		10.3		5.3				15.6		15.6	
Treasury Shares Acquired				(94.8)				(94.8)		(94.8)	
Pension Adjustments, net of tax of $6.3						13.7		13.7		13.7	4.6
Dividend Declared			(35.3)					(35.3)		(35.3)	
Adjustments to Legacy Tax Matters		3.2						3.2		3.2	
Change in Cumulative Translation Adjustment					(51.6)			(51.6)	(0.2)	(51.8)	(51.8)
Derivative Financial Instruments, no tax impact							(0.4)	(0.4)		(0.4)	(0.4)

Total Comprehensive Income (Loss)											$ 54.6
Balance, June 30, 2010	$ 0.8	$ 222.8	$ 1,898.4	$ (2,187.2)	$ (213.0)	$ (510.9)	$ (3.4)	$ (792.5)	$ 8.6	$ (783.9)	
Comprehensive Income Attributable to the Noncontrolling Interest											1.0
Comprehensive Income Attributable to D&B											$ 55.6

The accompanying notes are an integral part of the unaudited 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 unaudited consolidated financial statements have been prepared in accordance with the instructions to the Quarterly Report on Form 10-Q. They should be read in conjunction with the consolidated financial statements and related notes, which appear in The Dun & Bradstreet Corporation s (D&B, we or our) Annual Report on Form 10-K for the year ended December 31, 2009. The unaudited consolidated results for interim periods do not include all disclosures required by accounting principles generally accepted in the United States of America (GAAP) for annual financial statements and are not necessarily indicative of results for the full year or any subsequent period. In the opinion of our management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair statement of the unaudited consolidated financial position, results of operations and cash flows at the dates and for the periods presented have been included.

All inter-company transactions have been eliminated in consolidation.

The financial statements of the subsidiaries outside North America reflect three month and six month periods ended May 31 in order to facilitate the timely reporting of our unaudited consolidated financial results and unaudited consolidated financial position.

Financial Accounting Standards Board (FASB) Launches Accounting Standards Codification

In June 2009, the FASB issued FASB Accounting Standards Codification ™ (ASC) 105-10, Generally Accepted Accounting Principles, or ASC 105-10 (the Codification). This authoritative guidance establishes the exclusive authoritative reference for GAAP for use in financial statements, except for Securities and Exchange Commission (SEC) rules and interpretative releases, which are also authoritative GAAP for SEC registrants. The Codification supersedes all existing non-SEC accounting and reporting standards. All other grandfathered, non-SEC accounting literature not included in the Codification is nonauthoritative.

Following the Codification, the FASB will not issue new standards in the form of Statements, FASB Staff Positions or Emerging Issues Task Force Abstracts. Instead, it will issue Accounting Standards Updates (ASU), which will serve to update the Codification, provide background information about the authoritative guidance and provide the basis for conclusions on the changes to the Codification.

GAAP is not intended to be changed as a result of the Codification, but it has changed the way the authoritative guidance is organized and presented. As a result, these changes made an impact on how we reference GAAP in our financial statements and in our accounting policies. Where appropriate, we have conformed, throughout this Form 10-Q, references to both the Codification and/or the previous GAAP source reference.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)-continued

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

Note 2 Recent Accounting Pronouncements

In February 2010, the FASB issued ASU No. 2010-9, Amendments to Certain Recognition and Disclosure Requirements, which amends authoritative guidance on certain implementation issues related to an entity s requirement to perform and disclose subsequent events procedures. The authoritative guidance requires SEC filers to evaluate subsequent events through the date the financial statements are available to be issued and exempts SEC filers from disclosing the date through which subsequent events have been evaluated. The authoritative guidance is effective immediately for financial statements that are issued or available to be issued. We adopted the authoritative guidance on January 1, 2010, and it did not have a material impact on our consolidated financial statements.

In January 2010, the FASB issued ASU No. 2010-06, Fair Value Measurements and Disclosures Improving Disclosures and Fair Value Measurements, which adds new requirements for disclosures about transfers into and out of Level I and Level II and for separate disclosures about purchases, sales, issuances and settlements relating to Level III measurements. In addition, this amendment further clarifies the existing fair value disclosure requirements. The authoritative guidance is effective for the first interim or annual reporting period beginning after December 15, 2009, except for the newly added disclosure for Level III activity, which will be effective for fiscal years beginning after December 15, 2010. We adopted the authoritative guidance in the fourth quarter of 2009 for disclosures related to Level I and Level II. The adoption of this section of the authoritative guidance did not have a material impact on our consolidated financial statements. We expect to adopt the new disclosures on Level III in the fourth quarter of 2010. We are currently assessing the impact of the adoption of the Level III section of the authoritative guidance will have, if any, on our consolidated financial statements.

In December 2009, the FASB issued ASU No. 2009-17, Improvements to Financial Reporting by Enterprises Involved with Variable Interest Entities, which amends consolidation guidance that applies to variable interest entities or VIEs. This guidance changes how a reporting entity evaluates whether an entity is considered the primary beneficiary of a VIE and is therefore required to consolidate the VIE. The guidance requires assessments at each reporting period to determine whether an entity is a VIE, which party within the VIE is considered the primary beneficiary and which type of financial statement disclosures are required. The authoritative guidance is effective as of the beginning of the first fiscal year that begins after November 15, 2009. We adopted the authoritative guidance on January 1, 2010 and it did not have a material impact on our consolidated financial statements.

In October 2009, the FASB issued ASU No. 2009-14, Certain Revenue Arrangements that Include Software Elements, which amends guidance in ASC 985-605, Software, which focuses on determining which arrangements are included or excluded from the scope of existing software revenue guidance under ASC 985. This guidance removes non-software components of tangible products and certain software components of tangible products from the scope of the existing software revenue guidance, resulting in the recognition of revenue similar to that for other tangible products. The authoritative guidance may be applied prospectively to revenue arrangements entered into or materially modified in fiscal years beginning on or after June 15, 2010 or retrospectively for all arrangements in the period presented. We expect to adopt the authoritative guidance on January 1, 2011. We are currently assessing the impact of the adoption of this authoritative guidance will have, if any, on our consolidated financial statements.

In October 2009, the FASB issued ASU No. 2009-13, Revenue Recognition Multiple-Deliverable Revenue Arrangements, which amends guidance in ASC 605-25, Revenue Recognition: Multiple-Element Arrangements. The guidance will allow companies to allocate arrangement consideration in multiple deliverable arrangements in a manner that better reflects the transaction s economics. It also provides principles and application guidance on whether multiple deliverables exist, how the arrangement should be separated, and the consideration allocated. It also requires an entity to allocate revenue in an arrangement using estimated selling prices of deliverables if a vendor does not have vendor-specific objective evidence or third-party evidence of selling price. The guidance eliminates the use of the residual method, requires entities to allocate revenue using the relative-selling-price method and significantly expands the disclosure requirements for multiple-deliverable revenue arrangements. The authoritative guidance requires new and expanded disclosures and is applied prospectively to revenue arrangements entered into or materially modified in fiscal years beginning on or after June 15, 2010 or retrospectively for all periods presented. We expect to adopt the authoritative guidance on January 1, 2011. We are currently assessing the impact of the adoption of this authoritative guidance will have, if any, on our consolidated financial statements.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)-continued

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

Note 3 Restructuring Charge

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

Restructuring charges have been recorded in accordance with ASC 712-10, Nonretirement Postemployment Benefits, or ASC 712-10, and/or ASC 420-10, Exit or Disposal Cost Obligations, or ASC 420-10, as appropriate.

We record severance costs provided under an ongoing benefit arrangement once they are both probable and estimable in accordance with the provisions of ASC 712-10.

We account for one-time termination benefits, contract terminations, asset write-offs, and/or costs to terminate lease obligations less assumed sublease income in accordance with ASC 420-10, which addresses financial accounting and reporting for costs associated with restructuring activities. Under ASC 420-10, we establish a liability for a cost associated with an exit or disposal activity, including severance and lease termination obligations, and other related costs, when the liability is incurred, rather than at the date that we commit to an exit plan. We reassess the expected cost to complete the exit or disposal activities at the end of each reporting period and adjust our remaining estimated liabilities, if necessary.

The determination of when we accrue for severance costs and which standard applies depends on whether the termination benefits are provided under an ongoing arrangement as described in ASC 712-10 or under a one-time benefit arrangement as defined by ASC 420-10. Inherent in the estimation of the costs related to the restructurings are assessments related to the most likely expected outcome of the significant actions to accomplish the exit activities. In determining the charges related to the restructurings, we had to make estimates related to the expenses associated with the restructurings. These estimates may vary significantly from actual costs depending, in part, upon factors that may be beyond our control. We will continue to review the status of our restructuring obligations on a quarterly basis and, if appropriate, record changes to these obligations in current operations based on management s most current estimates.

Three Months Ended June 30, 2010 vs. Three Months Ended June 30, 2009

During the three months ended June 30, 2010, we recorded a $1.6 million restructuring charge in connection with Financial Flexibility initiatives. The significant components of these charges included:

Severance and termination costs of $1.5 million in accordance with the provisions of ASC 712-10 were recorded. Approximately 65 employees were impacted; and

Lease termination obligations, other costs to consolidate or close facilities and other exit costs of $0.1 million were recorded.

During the three months ended June 30, 2009, we recorded a $2.8 million restructuring charge in connection with the Financial Flexibility initiatives. The significant components of these charges included:

Severance and termination costs of $0.4 million in accordance with the provisions of ASC 712-10 were recorded. Approximately 60 employees were impacted; and

Lease termination obligations, other costs to consolidate or close facilities and other exit costs of $2.4 million were recorded.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)-continued

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

Six Months Ended June 30, 2010 vs. Six Months Ended June 30, 2009

During the six months ended June 30, 2010, we recorded a $6.2 million restructuring charge in connection with Financial Flexibility initiatives. The significant components of these charges included:

Severance and termination costs of $3.6 million in accordance with the provisions of ASC 712-10 were recorded. Approximately 150 employees were impacted; and

Lease termination obligations, other costs to consolidate or close facilities and other exit costs of $2.6 million were recorded.

During the six months ended June 30, 2009, we recorded a $4.1 million restructuring charge in connection with the Financial Flexibility initiatives. The significant components of these charges included:

Severance and termination costs of $1.3 million in accordance with the provisions of ASC 712-10 were recorded. Approximately 60 employees were impacted; and

Lease termination obligations, other costs to consolidate or close facilities and other exit costs of $2.8 million were recorded.

The following tables set forth, in accordance with ASC 712-10 and/or ASC 420-10, the restructuring reserves and utilization related to our Financial Flexibility initiatives:

	Severance and Termination	Lease Termination Obligations and Other Exit Costs	Total
Restructuring Charges:			
Balance Remaining as of December 31, 2009	$ 13.8	$ 0.7	$ 14.5
Charge Taken during First Quarter 2010	2.1	2.5	4.6
Payments during First Quarter 2010	(6.1)	(0.5)	(6.6)
Balance Remaining as of March 31, 2010	$ 9.8	$ 2.7	$ 12.5
Charge Taken during Second Quarter 2010	$ 1.5	$ 0.1	$ 1.6
Payments during Second Quarter 2010	(3.5)	(0.9)	(4.4)
Balance Remaining as of June 30, 2010	$ 7.8	$ 1.9	$ 9.7
Restructuring Charges:			
Balance Remaining as of December 31, 2008	$ 21.7	$ 0.2	$ 21.9
Charge Taken during First Quarter 2009	0.9	0.4	1.3
Payments during First Quarter 2009	(6.4)	(0.2)	(6.6)

Balance Remaining as of March 31, 2009	$	16.2	$	0.4	$ 16.6
Charge Taken during Second Quarter 2009	$	0.4	$	2.4	$ 2.8
Payments during Second Quarter 2009		(6.1)		(0.8)	(6.9)
Balance Remaining as of June 30, 2009	$	10.5	$	2.0	$ 12.5

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)-continued

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

Note 4 Notes Payable and Indebtedness

Our borrowings are summarized in the following table:

	At June 30, 2010	At December 31, 2009
Debt Maturing Within One Year:		
Fixed-Rate Notes (Net of a $0.1 million discount as of June 30, 2010)	$ 299.9	$
Other	1.4	1.7
Total Debt Maturing Within One Year	$ 301.3	$ 1.7
Debt Maturing After One Year:		
Long-Term Fixed-Rate Notes (Net of a $0.2 million discount as of December 31, 2009)	$ 400.0	$ 699.8
Credit Facilities	222.4	259.4
Other	2.7	2.6
Total Debt Maturing After One Year	$ 625.1	$ 961.8

Fixed-Rate Notes

In April 2008, we issued senior notes with a face value of $400 million that mature on April 1, 2013 (the 2013 notes), bearing interest at a fixed annual rate of 6.00%, payable semi-annually. The interest rate applicable to the 2013 is subject to adjustment if our debt rating is decreased four levels below our A- credit rating on the date of issuance of the 2013 notes or subsequently upgraded rating. The maximum adjustment is 2.00% above the initial interest rate. As of June 30, 2010, no such adjustments to the interest rate have been made. Proceeds from this issuance were used to repay indebtedness under our credit facility. The 2013 notes are recorded as Long-Term Debt in our unaudited consolidated balance sheet at June 30, 2010.

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

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

In March 2006, we issued senior notes with a face value of $300 million that mature on March 15, 2011 (the 2011 notes), bearing interest at a fixed annual rate of 5.50%, payable semi-annually. The proceeds were used to repay our then existing $300 million senior notes, bearing interest at a fixed annual rate of 6.625% which matured on March 15, 2006. During the first quarter of 2010, these notes have been reclassified from long term debt to short term debt because they will mature in one year. The 2011 notes of $299.9 million, net of a $0.1 million remaining discount, are recorded as Short-Term Debt in our unaudited consolidated balance sheet at June 30, 2010. The 2011 notes of $299.8 million, net of a $0.2 million remaining discount, are recorded as Long-Term Debt in our audited consolidated balance sheet at December 31, 2009.

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

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

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

Credit Facilities

At June 30, 2010 and December 31, 2009, we had a $650 million, five-year bank revolving credit facility, which expires in April 2012. Borrowings under the $650 million credit facility are available at prevailing short-term interest rates. The facility requires the maintenance of interest coverage and total debt to Earnings Before Income Taxes, Depreciation and Amortization (EBITDA) ratios which are defined in the credit agreement. We were in compliance with these covenants at June 30, 2010 and at December 31, 2009.

At June 30, 2010 and December 31, 2009, we had $222.4 million and $259.4 million, respectively, of borrowings outstanding under the $650 million credit facility with weighted average interest rates of 0.56% and 0.47%, respectively. We borrowed under these facilities from time-to-time during the six months ended June 30, 2010 to fund our working capital needs and share repurchases. The $650 million credit facility also supports our commercial paper borrowings of up to $300 million (limited by borrowed amounts outstanding under the facility). We did not borrow under our commercial paper program as of and for the six months ended June 30, 2010 or for the year ended December 31, 2009.

In January 2009 and December 2008, we entered into interest rate swap agreements with aggregate notional amounts of $25 million and $75 million, respectively, and designated these swaps as cash flow hedges against variability in cash flows related to our $650 million credit facility. These transactions were accounted for as cash flow hedges and, as such, changes in fair value of the hedges are recorded in AOCI. Approximately $1.6 million of net derivative losses associated with these swaps was included in AOCI at June 30, 2010.

Other

At June 30, 2010 and December 31, 2009, certain of our International operations had non-committed lines of credit of $3.1 million and $9.6 million, respectively. There were no borrowings outstanding under these lines of credit at June 30, 2010 or December 31, 2009. These arrangements have no material commitment fees and no compensating balance requirements.

At June 30, 2010 and December 31, 2009, we were contingently liable under open standby letters of credit issued by our bank in favor of third parties totaling $2.9 million and $9.6 million, respectively.

Interest paid for all outstanding debt totaled $13.2 million and $22.4 million during the three month and six month periods ended June 30, 2010, respectively. During the three month and six month periods ended June 30, 2009, interest paid totaled $12.8 million and $21.8 million, respectively.

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Note 5 Earnings Per Share

In accordance with the authoritative guidance in ASC 260-10, we are required to assess if any of our share-based payment transactions are deemed participating securities prior to vesting and therefore need to be included in the earnings allocation when computing EPS under the two-class method. The two-class method requires earnings to be allocated between common shareholders and holders of participating securities. All outstanding unvested share-based payment awards that contain non-forfeitable rights to dividends are considered to be a separate class of common stock and should be included in the calculation of basic and diluted EPS. Based on a review of our stock-based awards, we have determined that only our restricted stock awards are deemed participating securities. The weighted average restricted shares outstanding were 0.2 million shares and 0.4 million shares for the three months ended June 30, 2010 and 2009, respectively. The weighted average restricted shares outstanding were 0.2 million shares and 0.4 million shares for the six months ended June 30, 2010 and 2009, respectively.

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2010	2009	2010	2009
Income Attributable to D&B Common Shareholders	$ 56.0	$ 76.8	$ 103.0	$ 181.0
Less: Allocation to Participating Securities	(0.2)	(0.5)	(0.5)	(1.2)
Income Applicable to D&B Common Shareholders - Basic	55.8	76.3	102.5	179.8
Effect of Dilutive Shares - Unvested Restricted Stock				
Income Applicable to Common Shareholders - Diluted	55.8	76.3	102.5	179.8
Net Income Attributable to D&B Common Shareholders - Basic	$ 55.8	$ 76.3	$ 102.5	$ 179.8
Net Income Attributable to D&B Common Shareholders - Diluted	$ 55.8	$ 76.3	$ 102.5	$ 179.8
Weighted Average Number of Shares Outstanding - Basic	50.0	52.6	50.2	52.8
Dilutive Effect of Our Stock Incentive Plans	0.5	0.6	0.5	0.6
Weighted Average Number of Shares Outstanding - Diluted	50.5	53.2	50.7	53.4
Basic Earnings Per Share of Common Stock Attributable to D&B Common Shareholders	$ 1.12	$ 1.45	$ 2.04	$ 3.40
Diluted Earnings Per Share of Common Stock Attributable to D&B Common Shareholders	$ 1.10	$ 1.43	$ 2.02	$ 3.36

Stock-based awards to acquire 1.5 million shares and 1.2 million shares of common stock were outstanding at the three month and six month periods ended June 30, 2010 and 2009, respectively, but were not included in the quarter-to-date or year-to-date computations of diluted earnings per share because the assumed proceeds, as calculated under the treasury stock method, resulted in these awards being anti-dilutive. Our options generally expire 10 years from the grant date.

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Our share repurchases were as follows:

Program	For the Three Months Ended June 30, 2010		2009		For the Six Months Ended June 30, 2010		2009	
	Shares	**$Amount**	**Shares**	**$Amount**	**Shares**	**$Amount**	**Shares**	**$Amount**
Share Repurchase Programs	0.3(a)	$ 20.0	0.3 (a)	$ 27.5	0.6(a)	$ 45.0	0.5(b)	$ 42.5
Repurchases to Mitigate the Dilutive Effect of the Shares Issued Under Our Stock Incentive Plans and Employee Stock Purchase Plan (ESPP)	0.1(c)	10.0	0.1(c)	9.4	0.6(c)	49.8	0.5(c)	36.5
Total Repurchases	0.4	$ 30.0	0.4	$ 36.9	1.2	$ 94.8	1.0	$ 79.0

(a) In February 2009, our Board of Directors approved a $200 million share repurchase program, which commenced in December 2009 upon completion of our then existing $400 million, two-year repurchase program. We repurchased 0.3 million shares of common stock for $20.0 million under this repurchase program during the three months ended June 30, 2010. We repurchased 0.6 million share of common stock for $45.0 million under this repurchase program during the six months ended June 30, 2010. We anticipate that this program will be completed by December 2011.

(b) In December 2007, our Board of Directors approved a $400 million, two-year share repurchase program, which began in February 2008 upon completion of our then existing $200 million repurchase program. We repurchased 0.3 million shares of common stock for $27.5 million under this repurchase program during the three months ended June 30, 2009. We repurchased 0.5 million shares of common stock for $42.5 million under this repurchase program during the six months ended June 30, 2009. This program was completed in December 2009.

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

In May 2010, our Board of Directors approved a new four-year, five million