

DUN & BRADSTREET CORP/NW
Form 10-Q
November 01, 2012
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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, 2012

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
(State of incorporation)

22-3725387
(I.R.S. Employer Identification No.)

103 JFK Parkway, Short Hills, NJ
(Address of principal executive offices)

07078
(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 has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

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

Large accelerated filer 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

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, 2012
Common Stock, par value \$0.01 per share	44,565,337

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

The Dun & Bradstreet Corporation

Consolidated Statements of Operations and Comprehensive Income (Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,		
	2012	2011	2012	2011	
	(Amounts in millions, except per share data)				
Revenue	\$413.2	\$439.4	\$1,199.9	\$1,259.8	
Operating Expenses	124.2	150.2	395.2	431.1	
Selling and Administrative Expenses	154.5	162.6	448.2	470.4	
Depreciation and Amortization	20.0	20.6	59.9	60.6	
Restructuring Charge	4.8	5.3	23.2	18.0	
Operating Costs	303.5	338.7	926.5	980.1	
Operating Income	109.7	100.7	273.4	279.7	
Interest Income	0.2	0.4	0.5	1.3	
Interest Expense	(9.5	) (9.1	) (27.8	) (27.4)
Other Income (Expense) - Net	(15.4	) (8.9	) (8.8	) (20.5)
Non-Operating Income (Expense) - Net	(24.7	) (17.6	) (36.1	) (46.6)
Income Before Provision for Income Taxes and Equity in Net Income of Affiliates	85.0	83.1	237.3	233.1	
Less: Provision for Income Taxes	4.8	24.7	37.3	68.4	
Equity in Net Income of Affiliates	0.5	0.4	1.3	1.1	
Net Income	80.7	58.8	201.3	165.8	
Less: Net (Income) Loss Attributable to the Noncontrolling Interest	(1.1	) (0.4	) (1.8	) 1.0	
Net Income Attributable to D&B	\$79.6	\$58.4	\$199.5	\$166.8	
Basic Earnings Per Share of Common Stock Attributable to D&B Common Shareholders	\$1.77	\$1.19	\$4.29	\$3.38	
Diluted Earnings Per Share of Common Stock Attributable to D&B Common Shareholders	\$1.76	\$1.19	\$4.26	\$3.36	
Weighted Average Number of Shares Outstanding-Basic	44.8	48.9	46.4	49.2	
Weighted Average Number of Shares Outstanding-Diluted	45.2	49.1	46.8	49.6	
Cash Dividend Paid Per Common Share	\$0.38	\$0.36	\$1.14	\$1.08	
Other Comprehensive Income, Net of Tax					
Net Income (from above)	\$80.7	\$58.8	\$201.3	\$165.8	
Foreign Currency Translation Adjustments, no Tax Impact	20.9	4.6	13.2	34.8	
Defined Benefit Pension Plans:					
Prior Service Costs, Net of Tax Income (1)	(1.8	) (0.8	) (5.3	) (5.1)
Net Loss, Net of Tax Income (Expense) (2)	1.0	3.3	13.1	15.7	
Derivative Financial Instruments, No Tax Impact	0.4	0.9	1.2	2.3	
Comprehensive Income, Net of Tax	101.2	66.8	223.5	213.5	
Less: Comprehensive Income (Loss) Attributable to the Noncontrolling Interest	(1.1	) (0.6	) (1.7	) 0.7	
Comprehensive Income Attributable to D&B	\$100.1	\$66.2	\$221.8	\$214.2	
(1)	Net of Tax Income of \$0.5 million and \$1.6 million during the three months ended September 30, 2012 and 2011, respectively. Net of Tax Income of \$1.8 million and \$2.0 million during the nine months ended				

September 30, 2012 and 2011, respectively.

Net of Tax Income (Expense) of \$0.1 million and (\$5.0) million during the three months ended September 30, (2)2012 and 2011, respectively. Net of Tax Expense of (\$4.4) million and (\$6.1) million during the nine months ended September 30, 2012 and 2011, respectively.

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

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Consolidated Balance Sheets (Unaudited)

	September 30, 2012	December 31, 2011
	(Amounts in millions, except per share data)	
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 137.0	\$ 84.4
Accounts Receivable, Net of Allowance of \$25.3 at September 30, 2012 and \$17.1 at December 31, 2011	390.3	507.5
Other Receivables	5.2	5.7
Prepaid Taxes	1.6	1.5
Deferred Income Tax	26.4	32.1
Other Prepays	33.5	55.1
Assets Held for Sale	—	32.7
Other Current Assets	4.2	7.9
Total Current Assets	598.2	726.9
Non-Current Assets		
Property, Plant and Equipment, Net of Accumulated Depreciation of \$81.6 at September 30, 2012 and \$83.1 at December 31, 2011	37.9	45.7
Computer Software, Net of Accumulated Amortization of \$446.2 at September 30, 2012 and \$409.9 at December 31, 2011	134.9	127.6
Goodwill	607.8	598.4
Deferred Income Tax	243.6	243.1
Other Receivables	47.7	58.4
Other Intangibles	102.4	116.1
Other Non-Current Assets	49.1	60.9
Total Non-Current Assets	1,223.4	1,250.2
Total Assets	\$ 1,821.6	\$ 1,977.1
LIABILITIES		
Current Liabilities		
Accounts Payable	\$ 40.4	\$ 36.4
Accrued Payroll	82.0	117.4
Accrued Income Tax	15.8	17.7
Liabilities Held for Sale	—	29.1
Short-Term Debt	400.2	1.1
Other Accrued and Current Liabilities	132.2	153.6
Deferred Revenue	543.4	598.2
Total Current Liabilities	1,214.0	953.5
Pension and Postretirement Benefits	578.4	604.0
Long-Term Debt	623.9	963.9
Liabilities for Unrecognized Tax Benefits	105.2	129.5
Other Non-Current Liabilities	65.8	66.4
Total Liabilities	2,587.3	2,717.3
Contingencies (Note 7)		
EQUITY		
D&B SHAREHOLDERS' EQUITY (DEFICIT)	—	—

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Series A Junior Participating Preferred Stock, \$0.01 par value per share, authorized - 0.5 shares; outstanding - none		
Preferred Stock, \$0.01 par value per share, authorized - 9.5 shares; outstanding - none	—	—
Series Common Stock, \$0.01 par value per share, authorized - 10.0 shares; outstanding - none	—	—
Common Stock, \$0.01 par value per share, authorized - 200.0 shares; issued - 81.9 shares	0.8	0.8
Capital Surplus	262.5	239.0
Retained Earnings	2,325.7	2,179.3
Treasury Stock, at cost, 37.4 shares at September 30, 2012 and 34.2 shares at December 31, 2011	(2,574.2	) (2,356.3)
Accumulated Other Comprehensive Income (Loss)	(784.4	) (806.7)
Total D&B Shareholders' Equity (Deficit)	(769.6	) (743.9)
Noncontrolling Interest	3.9	3.7
Total Equity (Deficit)	(765.7	) (740.2)
Total Liabilities and Shareholders' Equity (Deficit)	\$ 1,821.6	\$ 1,977.1

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)

	Nine Months Ended September 30,	
	2012	2011
	(Amounts in millions)	
Cash Flows from Operating Activities:		
Net Income	\$201.3	\$165.8
Reconciliation of Net Income to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	59.9	60.6
Amortization of Unrecognized Pension Loss	17.7	11.2
(Gain) Loss from Sales of Business / Investments	(6.0	) 11.7
Impairment of Assets	16.1	—
Income Tax Benefit from Stock-Based Awards	4.9	11.4
Excess Tax Benefit on Stock-Based Awards	(1.1	) (5.4
Equity Based Compensation	8.8	9.2
Restructuring Charge	23.2	18.0
Restructuring Payments	(23.7	) (15.2
Deferred Income Taxes, Net	(25.4	) (3.4
Accrued Income Taxes, Net	(14.6	) (7.8
Changes in Current Assets and Liabilities:		
Decrease in Accounts Receivable	109.2	117.0
Decrease in Other Current Assets	24.2	3.4
(Decrease) in Deferred Revenue	(56.9	) (67.8
Increase (Decrease) in Accounts Payable	3.6	(3.9
(Decrease) in Accrued Liabilities	(41.9	) (8.8
Increase in Other Accrued and Current Liabilities	8.2	5.9
Changes in Non-Current Assets and Liabilities:		
Decrease in Other Long-Term Assets	25.1	26.5
Net (Decrease) in Long-Term Liabilities	(25.5	) (58.3
Net, Other Non-Cash Adjustments	—	1.1
Net Cash Provided by Operating Activities	307.1	271.2
Cash Flows from Investing Activities:		
Proceeds from Sales of Businesses, Net of Cash Divested	7.9	0.3
Payments for Acquisitions of Businesses, Net of Cash Acquired	—	(1.7
Investment in Debt Security	—	(1.0
Cash Settlements of Foreign Currency Contracts	8.8	3.9
Capital Expenditures	(2.1	) (3.0
Additions to Computer Software and Other Intangibles	(49.8	) (29.7
Reimbursement of Proceeds Related to a Divested Business	—	(7.4
Net, Other	0.1	0.2
Net Cash Used in Investing Activities	(35.1	) (38.4
Cash Flows from Financing Activities:		
Payments for Purchases of Treasury Shares	(240.0	) (121.6
Net Proceeds from Stock-Based Awards	14.9	26.9
Payment of Bond Issuance Costs	—	(0.3
Payments of Dividends	(52.8	) (53.2
Proceeds from Borrowings on Credit Facilities	515.0	132.2
Payments of Borrowings on Credit Facilities	(454.3) (216.4

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Excess Tax Benefit on Stock-Based Awards	1.1	5.4	
Capital Lease and Other Long-Term Financing Obligation Payment	(2.2) (4.0)
Net, Other	(1.4	) (0.2)
Net Cash Used in Financing Activities	(219.7	) (231.2)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	0.3	9.4	
Increase in Cash and Cash Equivalents	52.6	11.0	
Cash and Cash Equivalents, Beginning of Period	84.4	78.5	
Cash and Cash Equivalents, End of Period	\$137.0	\$89.5	
Supplemental Disclosure of Cash Flow Information:			
Cash Paid for:			
Income Taxes, Net of Refunds	\$72.3	\$68.2	
Interest	\$13.3	\$17.3	

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 Nine Months Ended September 30, 2012 and 2011

(Amounts in
millions)

	Common Stock (\$ Par Value)	Capital Surplus	Retained Earnings	Treasury Stock	Cumulative Translation Adjustment	Minimum Pension Liability Adjustment	Derivative Financial Instruments	Total D&B Shareholders' Equity (Deficit)	Noncontrolling Interest	Total Equity (Deficit)
Balance, December 31, 2010	\$ 0.8	\$227.3	\$1,989.5	\$(2,214.1)	\$(162.1)	\$(516.0)	\$(3.0)	\$(677.6)	\$ 8.8	\$(668.8)
Net Income	—	—	166.8	—	—	—	—	166.8	(1.0)	165.8
Payment to Noncontrolling Interest	—	—	—	—	—	—	—	—	(0.6)	(0.6)
Sale of Noncontrolling Interest	—	—	—	—	—	—	—	—	1.7	1.7
Equity-Based Plans	—	4.1	—	38.8	—	—	—	42.9	—	42.9
Treasury Shares Acquired	—	—	—	(121.6)	—	—	—	(121.6)	—	(121.6)
Pension Adjustments, net of tax of \$4.1	—	—	—	—	—	10.6	—	10.6	—	10.6
Dividend Declared	—	—	(53.2)	—	—	—	—	(53.2)	—	(53.2)
Adjustments to Legacy Tax Matters	—	4.9	—	—	—	—	—	4.9	—	4.9
Change in Cumulative Translation Adjustment	—	—	—	—	34.6	—	—	34.6	0.2	34.8
Derivative Financial Instruments, no tax impact	—	—	—	—	—	—	2.3	2.3	—	2.3
Balance, September 30, 2011	\$ 0.8	\$236.3	\$2,103.1	\$(2,296.9)	\$(127.5)	\$(505.4)	\$(0.7)	\$(590.3)	\$ 9.1	\$(581.2)
Balance, December 31, 2011	\$ 0.8	\$239.0	\$2,179.3	\$(2,356.3)	\$(168.3)	\$(638.4)	\$—	\$(743.9)	\$ 3.7	\$(740.2)

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Net Income	—	—	199.5	—	—	—	—	199.5	1.8	201.3
Payment to Noncontrolling Interest	—	—	—	—	—	—	—	—	(1.1)	(1.1)
Sale of Noncontrolling Interest	—	—	—	—	—	—	—	—	(0.4)	(0.4)
Equity-Based Plans	—	21.9	—	22.1	—	—	—	44.0	—	44.0
Treasury Shares Acquired	—	—	—	(240.0)	—	—	—	(240.0)	—	(240.0)
Pension Adjustments, net of tax of \$2.6	—	—	—	—	—	7.8	—	7.8	—	7.8
Dividend Declared	—	—	(53.1)	—	—	—	—	(53.1)	—	(53.1)
Adjustments to Legacy Tax Matters	—	1.6	—	—	—	—	—	1.6	—	1.6
Change in Cumulative Translation Adjustment	—	—	—	—	13.3	—	—	13.3	(0.1)	13.2
Derivative Financial Instruments, no tax impact	—	—	—	—	—	—	1.2	1.2	—	1.2
Balance, September 30, 2012	\$ 0.8	\$262.5	\$2,325.7	\$(2,574.2)	\$(155.0)	\$(630.6)	\$ 1.2	\$(769.6)	\$ 3.9	\$(765.7)

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," the "Company," "we" or "our") Annual Report on Form 10-K for the year ended December 31, 2011. 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.

Simultaneously with the sale of the domestic portion of our Japanese operations to Tokyo Shoko Research Ltd. ("TSR"), we entered into a ten-year commercial arrangement to provide TSR with global data for its Japanese competitors and became the exclusive distributor of TSR data to the Worldwide Network. We continue to manage our business through three segments. However, as of January 1, 2012, our Asia Pacific Worldwide Network has been moved out of our Europe and Other International Markets segment and into our Asia Pacific segment.

On January 1, 2012, we began managing our business through the following three segments (all prior periods have been reclassified to reflect the new segment structure):

• North America (which consists of our operations in the United States ("U.S.") and Canada);

• Asia Pacific (which primarily consists of our operations in Australia, China, India and Asia Pacific Worldwide Network); and

• Europe and Other International Markets (which primarily consists of our operations in the United Kingdom ("UK"), Netherlands, Belgium, Latin America and European Worldwide Network).

Prior to January 1, 2012, we managed and reported our business globally through the following three segments:

• North America (which consisted of our operations in the U.S. and Canada);

• Asia Pacific (which primarily consisted of our operations in Australia, Japan, China and India); and

• Europe and Other International Markets (which primarily consisted of our operations in the UK, Netherlands, Belgium, Latin America and the Worldwide Network).

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

Where appropriate, we have reclassified certain prior year amounts to conform to the current year presentation due to the change in segment structure discussed above.

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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 July 2012, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2012-02, “Intangibles – Goodwill and Other (Topic 350): Testing Indefinite-Lived Intangible Assets for Impairment.” The amendments in this ASU allow a company to qualitatively assess whether indefinite-lived intangible assets are more likely than not impaired. If the indefinite-lived intangible assets are considered impaired, a company is required to perform the quantitative test under ASC 350-30, “Intangibles – Goodwill and Other – General Intangibles Other than Goodwill.” The authoritative guidance does not amend the requirement to test indefinite-lived intangible assets annually for impairment. In addition, the authoritative guidance does not amend the requirement to test these assets for impairment between annual tests if there is a change in events or circumstances. The authoritative guidance is effective for annual and interim impairment tests performed for fiscal years beginning after September 15, 2012. Early adoption is permitted if a public entity’s financial statements for the most recent annual or interim period have not yet been issued. We do not expect that the adoption of this authoritative guidance will have a material impact on our consolidated financial statements.

In December 2011, the FASB issued ASU No. 2011-11, “Balance Sheet (Topic 210); Disclosures about Offsetting Assets and Liabilities.” The amendments in this ASU require a company to disclose information about offsetting and related arrangements to enable users of its financial statements to understand the effect of those arrangements on its financial position. An entity is required to apply the amendments for annual reporting periods beginning on or after January 1, 2013 and interim periods within those annual periods. A company should provide the disclosures required by those amendments retrospectively for all comparative periods presented. We do not expect that the adoption of this authoritative guidance will have a material impact on our consolidated financial statements.

Note 3-- Restructuring Charge

Financial Flexibility is an ongoing process by which we seek to reallocate our spending from low-growth or low-value activities to other activities that will create greater value for shareholders through enhanced revenue growth, improved profitability and/or quality improvements. With most initiatives, we have incurred restructuring charges (which generally consist of employee severance and termination costs, contract terminations, 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.

Restructuring charges have been recorded in accordance with Accounting Standards Codification (“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, 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 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.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)-continued
(Tabular dollar amounts in millions, except per share data)

Three months ended September 30, 2012 vs. Three months ended September 30, 2011

During the three months ended September 30, 2012, we recorded a \$4.8 million restructuring charge. The significant components of these charges included:

Severance and termination costs of \$1.6 million in accordance with the provisions of ASC 712-10 were recorded. Approximately 50 employees were impacted. Of these 50 employees, approximately 35 employees exited the Company in the third quarter of 2012, with the remaining to exit in the fourth quarter of 2012. The cash payments for these employees will be substantially completed by the second quarter of 2013; and

Lease termination obligations, other costs to consolidate or close facilities and other exit costs of \$3.2 million.

During the three months ended September 30, 2011, we recorded a \$5.3 million restructuring charge. The significant components of these charges included:

Severance and termination costs of \$4.6 million in accordance with the provisions of ASC 712-10 were recorded. Approximately 100 employees were impacted. Of these 100 employees, approximately 90 employees exited the Company in the third quarter of 2011, with the remaining having exited in the first quarter of 2012. The cash payments for these employees were substantially completed by the second quarter of 2012; and

Lease termination obligations, other costs to consolidate or close facilities and other exit costs of \$0.7 million.

Nine months ended September 30, 2012 vs. Nine months ended September 30, 2011

During the nine months ended September 30, 2012, we recorded a \$23.2 million restructuring charge. The significant components of these charges included:

Severance and termination costs of \$12.8 million and \$4.7 million in accordance with the provisions of ASC 712-10 and ASC 420-10, respectively, were recorded. Approximately 670 employees were impacted. Of these 670 employees, approximately 655 employees exited the Company by the conclusion of the third quarter of 2012, with the remaining to exit in the fourth quarter of 2012. The cash payments for these employees will be substantially completed by the second quarter of 2013; and

Lease termination obligations, other costs to consolidate or close facilities and other exit costs of \$5.7 million.

During the nine months ended September 30, 2011, we recorded an \$18.0 million restructuring charge. The significant components of these charges included:

Severance and termination costs of \$14.2 million in accordance with the provisions of ASC 712-10 were recorded. Approximately 305 employees were impacted. Of these 305 employees, approximately 280 exited the Company by the conclusion of the third quarter of 2011, with the remaining having exited by the first quarter of 2012. The cash payments for these employees were substantially completed by the second quarter of 2012; and

Lease termination obligations, other costs to consolidate or close facilities and other exit costs of \$3.8 million.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)-continued

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

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, 2011	\$8.3	\$2.2	\$10.5
Charge Taken during First Quarter 2012	6.7	2.4	9.1
Payments during First Quarter 2012	(4.0)	(1.0)	(5.0)
Balance Remaining as of March 31, 2012	\$11.0	\$3.6	\$14.6
Charge Taken during Second Quarter 2012	9.2	0.1	9.3
Payments during Second Quarter 2012	(7.5)	(0.8)	(8.3)
Balance Remaining as of June 30, 2012	\$12.7	\$2.9	\$15.6
Charge Taken during Third Quarter 2012	\$1.6	\$3.2	\$4.8
Payments during Third Quarter 2012	(6.7)	(3.7)	(10.4)
Balance Remaining as of September 30, 2012	\$7.6	\$2.4	\$10.0

	Severance and Termination	Lease Termination Obligations and Other Exit Costs	Total
Restructuring Charges:			
Balance Remaining as of December 31, 2010	\$8.9	\$0.5	\$9.4
Charge Taken during First Quarter 2011	4.2	—	4.2
Payments/Pension Plan Settlement (1) during First Quarter 2011	(5.1)	—	(5.1)
Balance Remaining as of March 31, 2011	\$8.0	\$0.5	\$8.5
Charge Taken during Second Quarter 2011	5.4	3.1	8.5
Payments during Second Quarter 2011	(3.9)	(0.3)	(4.2)
Balance Remaining as of June 30, 2011	\$9.5	\$3.3	\$12.8
Charge Taken during Third Quarter 2011	\$4.6	\$0.7	\$5.3
Payments during Third Quarter 2011	(5.5)	(1.4)	(6.9)
Balance Remaining as of September 30, 2011	\$8.6	\$2.6	\$11.2

(1) We incurred a settlement of \$1.0 million in the first quarter of 2011 related to our Canadian Pension Plan.

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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:

	September 30, 2012	December 31, 2011
Debt Maturing Within One Year:		
Short-Term Fixed-Rate	\$400.0	\$—
Other	0.2	1.1
Total Debt Maturing Within One Year	\$400.2	\$1.1
Debt Maturing After One Year:		
Long-Term Fixed-Rate Notes (Net of a \$0.7 million and \$0.8 million discount as of September 30, 2012 and December 31, 2011, respectively)	\$299.3	\$699.2
Fair Value Adjustment Related to Hedged Debt	4.2	4.4
Credit Facility	320.1	259.4
Other	0.3	0.9
Total Debt Maturing After One Year	\$623.9	\$963.9
Fixed-Rate Notes		

In November 2010, we issued senior notes with a face value of \$300 million that mature on November 15, 2015 (“the 2015 notes”), bearing interest at a fixed annual rate of 2.875%, payable semi-annually. The proceeds were used in December 2010 to repay our then outstanding \$300 million senior notes, bearing interest at a fixed annual rate of 5.50%, which had a maturity date of March 15, 2011 (the “2011 notes”). In connection with the redemption of the 2011 notes, we recorded a premium payment of \$3.7 million to “Other Income (Expense)—Net” in the consolidated statement of operations and comprehensive income during the year ended December 31, 2010. The 2015 notes of \$299.3 million, net of \$0.7 million remaining discount, are recorded as “Long-Term Debt” in our unaudited consolidated balance sheet at September 30, 2012.

The 2015 notes were issued at a discount of \$1.1 million, and, in connection with the issuance, we incurred underwriting and other fees of approximately \$2.5 million. These costs are being amortized over the life of the 2015 notes. The 2015 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 2015 notes do not contain any financial covenants.

In November and December 2010, we entered into interest rate derivative transactions with aggregate notional amounts of \$125 million. The objective of these hedges was to offset the change in fair value of the fixed rate 2015 notes attributable to changes in LIBOR. These transactions have been accounted for as fair value hedges. We have recognized the gain or loss on the derivative instruments, as well as the offsetting loss or gain on the hedged item, in “Other Income (Expense)—Net” in the consolidated statement of operations and comprehensive income.

In March 2012, in connection with our objective to manage exposure to interest rate changes and our policy to manage our fixed and floating-rate debt mix, these interest rate derivatives were terminated. This resulted in a gain of \$0.3 million and the receipt of \$5.0 million in cash on March 12, 2012, the swap termination settlement date. The gain of \$0.3 million was recorded in “Other Income (Expense)—Net” in the consolidated statement of operations and comprehensive income during the nine months ended September 30, 2012. The \$5.0 million cash received is reflected as an offset to interest paid in the unaudited consolidated statement of cash flows during the nine months ended September 30, 2012.

Approximately \$0.8 million of derivative gains offset by a \$0.5 million loss on the fair value adjustment related to the hedged debt were recorded through the date of termination in the results for the three months ended March 31, 2012. The \$4.9 million adjustment in the carrying amount of the hedged debt at the date of termination will be amortized as

an offset to "Interest Expense" in the consolidated statement of operations and comprehensive income over the remaining term of the 2015 notes. Approximately \$0.7 million of amortization was recorded from the swap termination date through September 30, 2012, resulting in a balance of \$4.2 million in our unaudited consolidated balance sheet at September 30, 2012.

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In April 2008, we issued senior notes with a face value of \$400 million that mature on April 1, 2013 (the “2013 notes”), bearing interest at a fixed annual rate of 6.00%, payable semi-annually. The interest rate applicable to the 2013 notes is subject to adjustment if our debt rating is decreased four levels below the Standard & Poor’s and Fitch A- credit ratings that we held on the date of issuance. After a rate adjustment, if our debt ratings are subsequently upgraded, the adjustment(s) would reverse. The maximum adjustment is 2.00% above the initial interest rate and the rate cannot adjust below 6.00%. As of September 30, 2012, no such adjustments to the interest rate have been made. Proceeds from this issuance were used to repay indebtedness under our revolving credit facility. During the second quarter of 2012, the 2013 notes had been reclassified from long-term debt to short-term debt because they will expire in less than one year. As such, the 2013 notes are recorded as “Short-Term Debt” in our unaudited consolidated balance sheet at September 30, 2012.

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 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.

Credit Facility

At September 30, 2012 and December 31, 2011, we had an \$800 million, five-year bank revolving credit facility, which expires in October 2016. Borrowings under the \$800 million revolving 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 revolving credit facility covenants at September 30, 2012 and December 31, 2011.

At September 30, 2012 and December 31, 2011, we had \$320.1 million and \$259.4 million, respectively, of borrowings outstanding under the \$800 million revolving credit facility with weighted average interest rates of 1.39% and 1.58%, respectively. We borrowed under this facility from time-to-time during the nine months ended September 30, 2012 to supplement the timing of receipts in order to fund our working capital and share repurchases. The \$800 million revolving credit facility also supports our commercial paper program which was increased from \$300 million to \$800 million during July 2012 (limited by borrowed amounts outstanding under the \$800 million revolving credit facility). Under this program, we may issue from time-to-time unsecured promissory notes in the commercial paper market in private placements exempt from registration under the Securities Act of 1933, as amended, for a cumulative face amount not to exceed \$800 million outstanding at any one time and with maturities not exceeding 364 days from the date of issuance. Outstanding commercial paper effectively reduces the amount available for borrowing under the \$800 million revolving credit facility. We did not borrow under our commercial paper program during the nine months ended September 30, 2012 and 2011.

Other

At September 30, 2012 and December 31, 2011, certain of our international operations had uncommitted lines of credit of \$2.1 million and \$3.2 million, respectively. There were no borrowings outstanding under these lines of credit at September 30, 2012 and \$0.2 million of borrowings outstanding under these lines of credit at December 31, 2011. These arrangements have no material facility fees and no compensating balance requirements.

At September 30, 2012 and December 31, 2011, we were contingently liable under open standby letters of credit and bank guarantees issued by our banks in favor of third parties and parent guarantees in favor of certain of our banks totaling \$12.3 million and \$12.2 million, respectively.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)-continued

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

In March 2012, we terminated our interest rate derivative transactions resulting in the receipt of \$5.0 million in cash on the date of termination. The \$5.0 million cash received is reflected as an offset to interest paid in the unaudited consolidated statement of cash flows. Interest paid for all outstanding debt totaled \$0.9 million and \$13.3 million during the three month and nine month periods ended September 30, 2012, respectively. Interest paid for all outstanding debt totaled \$0.6 million and \$17.3 million during the three month and nine month periods ended September 30, 2011, respectively.

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 Earnings Per Share ("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 8,050 shares and 55,718 shares for the three months ended September 30, 2012 and 2011, respectively. The weighted average restricted shares outstanding were 15,543 shares and 74,908 shares for the nine months ended September 30, 2012 and 2011, respectively.

	Three months ended September 30,		Nine months ended September 30,	
	2012	2011	2012	2011
Net Income Attributable to D&B	\$79.6	\$58.4	\$199.5	\$166.8
Less: Allocation to Participating Securities	—	(0.1	) (0.1	) (0.2
Net Income Attributable to D&B Common Shareholders - Basic and Diluted	\$79.6	\$58.3	\$199.4	\$166.6
Weighted Average Number of Shares Outstanding - Basic	44.8	48.9	46.4	49.2
Dilutive Effect of Our Stock Incentive Plans	0.4	0.2	0.4	0.4
Weighted Average Number of Shares Outstanding - Diluted	45.2	49.1	46.8	49.6
Basic Earnings Per Share of Common Stock Attributable to D&B Common Shareholders	\$1.77	\$1.19	\$4.29	\$3.38
Diluted Earnings Per Share of Common Stock Attributable to D&B Common Shareholders	\$1.76	\$1.19	\$4.26	\$3.36

Stock-based awards to acquire 1,376,145 shares and 1,720,584 shares of common stock were outstanding at the three months ended September 30, 2012 and 2011, respectively, but were not included in the computation of diluted earnings per share because the assumed proceeds, as calculated under the treasury stock method, resulted in these awards being anti-dilutive. Stock-based awards to acquire 1,385,966 shares and 1,451,235 shares of common stock were outstanding at the nine months ended September 30, 2012 and 2011, respectively, but were not included in the computation of diluted earnings per share because the assumed proceeds, as calculated under the treasury stock method, resulted in these awards being anti-dilutive. Our options generally expire ten years from the grant date.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)-continued

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

Our share repurchases were as follows:

Program	For the Three Months Ended September 30,				For the Nine Months Ended September 30,			
	2012		2011		2012		2011	
	Shares	\$ Amount	Shares	\$ Amount	Shares	\$ Amount	Shares	\$ Amount
	(Dollar amounts in millions)				(Dollar amounts in millions)			
Share Repurchase Programs	435,733	(a) \$36.0	501,691	(b) \$33.1	3,404,436	(a) \$236.0	976,335	(b) \$71.5
Repurchases to Mitigate the Dilutive Effect of the Shares Issued Under Our Stock Incentive Plans and Employee Stock Purchase Plan ("ESPP")	—	(c) —	308,809	(c) 21.0	59,563	(c) 4.0	666,365	(c) 50.1
Total Repurchases	435,733	\$36.0	810,500	\$54.1	3,463,999	\$240.0	1,642,700	\$121.6

In August 2012, our Board of Directors approved a \$500 million increase to our existing \$500 million share repurchase program, for a total program authorization of \$1 billion. The then existing \$500 million program was (a) announced in October 2011 and commenced in November 2011 upon completion of our then existing \$200 million share repurchase program. We anticipate that this program will be completed in 2014.

In February 2009, our Board of Directors approved a \$200 million share repurchase program, which commenced in (b) December 2009 upon completion of our then existing \$400 million, two-year repurchase program. This program was completed in November 2011.

In May 2010, our Board of Directors approved a four-year, five million share repurchase program to mitigate the (c) dilutive effect of the shares issued under our stock incentive plans and ESPP. This program commenced in October 2010 and expires in October 2014. We anticipate that this program will be completed by October 2014.

Note 6 -- Other Accrued and Current Liabilities

	September 30, 2012	December 31, 2011
Restructuring Accruals	\$10.0	\$10.5
Professional Fees	37.8	33.6
Operating Expenses	42.0	35.1
Spin-Off Obligation (1)	1.6	20.5
Other Accrued Liabilities	40.8	53.9
	\$132.2	\$153.6

(1) In 2000, as part of a spin-off transaction under which Moody's Corporation ("Moody's") and D&B became independent of one another, Moody's and D&B entered into a Tax Allocation Agreement ("TAA"). Under the TAA, Moody's and D&B agreed that Moody's would be entitled to deduct the compensation expense associated with the exercise of Moody's stock options (including Moody's stock options exercised by D&B employees) and D&B would be entitled to deduct the compensation expense associated with the exercise of D&B stock options (including D&B stock options exercised by employees of Moody's). Put simply, the tax deduction would go to the company that granted the stock options, rather than to the employer of the individual exercising the stock options.

In 2002 and 2003, the Internal Revenue Service (“IRS”) issued rulings that clarified that, under the circumstances applicable to Moody’s and D&B, the compensation expense deduction belongs to the employer of the option grantee and not to the issuer of the option (e.g., D&B would be entitled to deduct the compensation expense associated with D&B employees exercising Moody’s options and Moody’s would be entitled to deduct the compensation expense associated with Moody’s employees exercising D&B options). We have filed tax returns for 2001 through 2011 consistent with the IRS rulings. We may be required to reimburse Moody’s for the loss of compensation expense deductions relating to tax years 2008 to 2010 of approximately \$1.6 million in the aggregate for such years. This liability was reduced from \$20.5 million at December 31, 2011 to \$1.6 million during the first quarter of 2012 due to expiration of the statute of limitations. In 2005 and 2006, we paid Moody’s approximately \$30.1 million in the aggregate, which represented the incremental tax benefits realized by D&B for tax years 2003-2005 from using the filing method consistent with the IRS rulings. In February 2011, we paid Moody’s an additional sum of approximately \$2.5 million, for tax years 2003-2005. While not material, we may also be required to pay, in the future, amounts in addition to the approximately \$1.6 million referenced above based upon interpretations by the parties of the TAA and the IRS rulings.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)-continued

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

Note 7 -- Contingencies

We are involved in tax and legal proceedings, claims and litigation arising in the ordinary course of business for which we believe that we have adequate reserves, and such reserves are not material to our consolidated financial statements. We record a liability when management believes that it is both probable that a liability has been incurred and we can reasonably estimate the amount of the loss. For such matters where management believes a liability is not probable but is reasonably possible, a liability is not recorded; instead, an estimate of loss or range of loss, if material individually or in the aggregate, is disclosed if reasonably estimable, or a statement will be made that an estimate of loss cannot be made. Once we have disclosed a matter that we believe is or could be material to us, we continue to report on such matter until there is finality of outcome or until we determine that disclosure is no longer warranted. Further, we believe our estimate of the aggregate range of reasonably possible losses, in excess of established reserves, for our legal proceedings was not material at September 30, 2012.

China Operations

On March 18, 2012, we announced that we had temporarily suspended our Shanghai Roadway D&B Marketing Services Co Ltd. ("Roadway") operations in China, pending an investigation into allegations that its data collection practices may violate local Chinese consumer data privacy laws. Thereafter, the Company decided to permanently cease the operations of Roadway. In addition, we have been reviewing certain allegations that we may have violated the Foreign Corrupt Practices Act and certain other laws in our China operations. As previously reported, we have voluntarily contacted the Securities and Exchange Commission and the United States Department of Justice to advise both agencies of our investigation. Our investigation remains ongoing and is being conducted at the direction of the Audit Committee.

For the nine months ended September 30, 2012, the Roadway business had \$5.4 million of revenue and \$14.5 million of operating loss. Additionally, during the nine months ended September 30, 2012, we have incurred \$11.0 million of legal fees and other corporate shut-down costs and \$1.8 million in local shut-down costs, as well as, an impairment charge of \$12.9 million related to accounts receivable, intangible assets, prepaid costs and software for Roadway, an operation in our Greater China reporting unit. D&B acquired Roadway's operations in 2009, and for 2011 Roadway accounted for approximately \$22 million in revenue and \$2 million in operating income.

On September 28, 2012, Roadway was charged in a Bill of Prosecution, along with five current or former employees, by the Shanghai District Prosecutor with illegally obtaining private information of Chinese citizens. A trial date has not yet been set. We have been advised that a conviction of Roadway and the five individuals is likely, and that a criminal fine will be imposed on Roadway. We are unable to provide a reasonable estimate of the fine at this time. As our investigation is ongoing, we cannot yet predict the ultimate outcome of the matter or its impact, if any, on our business, financial condition, or results of operations. No amount in respect of any potential liability in this matter, including for penalties, fines or other sanctions, has been accrued in our consolidated financial statements.

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Nicholas Martin v. Dun & Bradstreet, Inc. and Convergys Customer Management Group, Inc., No. 12 CV 215 (USDC N.D. IL.)

On January 11, 2012, Nicholas Martin filed suit against Dun & Bradstreet, Inc. and Convergys Customer Management Group, Inc. ("Convergys") in the United States District Court for the Northern District of Illinois. The complaint alleges that Defendants violated the Telephone Consumer Protection Act ("TCPA") (47 U.S.C. §227) because Convergys placed a telephone call to Plaintiff's cell phone using an automatic telephone dialing system ("ATDS") and because Dun & Bradstreet, Inc. authorized the telephone call. The TCPA generally prohibits the use of an ATDS to place a call to a cell phone for nonemergency purposes and without the prior express consent of the called party. The TCPA provides for statutory damages of \$500 per violation, which may be trebled to \$1,500 per violation at the discretion of the court if the plaintiff proves the defendant willfully violated the Act. Plaintiff sought to bring this action as a class action on behalf of all persons who Defendant(s) called on their cell phone using an ATDS, where the Defendant(s) obtained the cell phone number from some source other than directly from the called party, during the period January 11, 2010 to the present. Both Dun & Bradstreet, Inc. and Convergys answered the complaint on March 2, 2012. Discovery has commenced and at this point the court has not set any discovery cutoff dates. On August 21, 2012, the Court granted Plaintiff's motion for class certification, without prejudice, and gave the Defendants until December 19, 2012 to seek a ruling that decertifies the class. On September 4, 2012, the Defendants each filed petitions seeking leave to appeal this ruling to the Seventh Circuit Court of Appeals. Discovery is still ongoing. Due to the inherent uncertainties of litigation, we cannot accurately predict the ultimate outcome of the matter. No amount in respect of any potential judgment in this matter has been accrued in our consolidated financial statements.

Other Matters

In addition, in the normal course of business, and including without limitation, our merger and acquisition activities and financing transactions, D&B indemnifies other parties, including customers, lessors and parties to other transactions with D&B, with respect to certain matters. D&B has agreed to hold the other parties harmless against losses arising from a breach of representations or covenants, or arising out of other claims made against certain parties. These agreements may limit the time within which an indemnification claim can be made and the amount of the claim. D&B has also entered into indemnity obligations with its officers and directors.

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 unaudited consolidated financial statements.

Note 8 -- Income Taxes

For the three months ended September 30, 2012, our effective tax rate was 5.6% as compared to 29.7% for the three months ended September 30, 2011. The 2012 effective tax rate was positively impacted by the release of reserves for uncertain tax positions primarily due to the effective settlement of an audit for the tax years 2005 and 2006. The effective tax rate for the three months ended September 30, 2011 was positively impacted by a tax benefit on a loss on the tax basis of a legal entity and negatively impacted by the tax impact of a loss on an investment. For the three months ended September 30, 2012, there are no changes in our effective tax rate that either have had or that we expect may reasonably have a material impact on our operations or future performance.

For the nine months ended September 30, 2012, our effective tax rate was 15.7% as compared to 29.3% for the nine months ended September 30, 2011. The effective tax rate for the nine months ended September 30, 2012, as compared to the nine months ended September 30, 2011 was positively impacted by the release of reserves for uncertain tax positions due to the effective settlement of an audit for the tax years 2005 and 2006, by a tax benefit on a loss on the tax basis of a legal entity and by tax benefits from the divestiture of the domestic portion of our Japan operations and

negatively impacted by an impairment related to permanently ceasing operations of Roadway in China. The effective tax rate for the nine months ended September 30, 2011 was positively impacted by the release of reserves for uncertain tax positions due to the expiration of a statute of limitations for the tax year 2004 and by a tax benefit on a loss on the tax basis of a legal entity and negatively impacted by a reduction of our deferred tax assets resulting from an enacted change to the state of New Jersey's tax law during the second quarter of 2011 and the tax impact of a loss on an investment. For the nine months ended September 30, 2012, there are no changes in our effective tax rate that either have had or that we expect may reasonably have a material impact on our operations or future performance.

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The total amount of gross unrecognized tax benefits as of September 30, 2012 was \$100.0 million. The amount of unrecognized tax benefits that, if recognized, would impact the effective tax rate is \$93.9 million, net of tax benefits. During the three months ended September 30, 2012, we decreased our unrecognized tax benefits by \$24.9 million, net of increases. The decrease is primarily related to the effective settlement of an audit for the tax years 2005 and 2006. During the nine months ended September 30, 2012, we decreased our unrecognized tax benefits by approximately \$20.1 million, net of increases, primarily related to the effective settlement of an audit for the tax years 2005 and 2006. We anticipate that it is reasonably possible total unrecognized tax benefits will decrease by approximately \$59 million within the next twelve months as a result of the expiration of applicable statutes of limitation.

We recognize accrued interest expense related to unrecognized tax benefits in income tax expense. The total amount of interest expense recognized in the three month and nine month periods ended September 30, 2012 was \$1.2 million and \$2.5 million, net of tax benefits, respectively, as compared to \$0.9 million and \$2.6 million, net of tax benefits in the three month and nine month periods ended September 30, 2011, respectively. The total amount of accrued interest as of September 30, 2012 was \$8.2 million, net of tax benefits, as compared to \$11.0 million, net of tax benefits, as of September 30, 2011.

We or one of our subsidiaries file income tax returns in the U.S. Federal, and various state, local and foreign jurisdictions. In the U.S. Federal jurisdiction, we are no longer subject to examination by the IRS for years prior to 2007. In state and local jurisdictions, with a few exceptions, we are no longer subject to examinations by tax authorities for years prior to 2008. In foreign jurisdictions, with a few exceptions, we are no longer subject to examinations by tax authorities for years prior to 2007.

We have resolved the 2005 and 2006 tax years with IRS Appeals regarding the proposed Domestic Production Deduction Adjustments. As a result of our agreement, there were no changes in our tax liability for 2005 and 2006. The IRS is examining our 2007, 2008 and 2009 tax years. We expect the examination will be completed in the fourth quarter of 2013.

Note 9 -- Pension and Postretirement Benefits

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

	Pension Plans		Postretirement Benefit Obligations					
	For the Three Months Ended September 30,		For the Nine Months Ended September 30,		For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2012	2011	2012	2011	2012	2011	2012	2011
Components of Net Periodic Cost (Income):								
Service cost	\$1.3	\$1.1	\$4.4	\$4.5	\$0.3	\$—	\$0.5	\$0.2
Interest cost	19.0	21.2	56.5	63.9	0.1	0.2	0.5	0.7
Expected return on plan assets	(25.0)	(27.8)	(74.7)	(82.9)	—	—	—	—
Amortization of prior service cost (credit)	0.1	—	0.3	0.2	(2.4)	(2.4)	(7.4)	(7.4)
Recognized actuarial loss (gain)	9.0	6.5	26.7	20.1	(0.9)	(0.6)	(1.9)	(1.7)
Net Periodic Cost (Income)	\$4.4	\$1.0	\$13.2	\$5.8	\$(2.9)	\$(2.8)	\$(8.3)	\$(8.2)

We previously disclosed in our Annual Report on Form 10-K for the year ended December 31, 2011 that we expected to contribute \$26.0 million to our U.S. Non-Qualified plans and non-U.S. pension plans and \$6.0 million to our postretirement benefit plan for the year ended December 31, 2012. As of September 30, 2012, we have made

contributions to our Non-Qualified U.S. and non-U.S. pension plans of \$17.9 million and postretirement benefit plan of \$2.4 million, respectively.

We incurred a settlement charge of \$1.0 million in the first quarter of 2011, related to our Canadian plan. This charge was associated with our Financial Flexibility initiatives.

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

Note 10 -- Segment Information

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

Simultaneously with the sale of the domestic portion of our Japanese operations to TSR, we entered into a ten-year commercial arrangement to provide TSR with global data for its Japanese competitors and became the exclusive distributor of TSR data to the Worldwide Network. We continue to manage our business through three segments. However, as of January 1, 2012, our Asia Pacific Worldwide Network has been moved out of our Europe and Other International Markets segment and into our Asia Pacific segment.

On January 1, 2012, we began managing our business through the following three segments (all prior periods have been reclassified to reflect the new segment structure):

• North America (which consists of our operations in the U.S. and Canada);

• Asia Pacific (which primarily consists of our operations in Australia, China, India and Asia Pacific Worldwide Network); and

• Europe and Other International Markets (which primarily consists of our operations in the UK, Netherlands, Belgium, Latin America and European Worldwide Network).

Prior to January 1, 2012, we managed and reported our business globally through the following three segments:

• North America (which consisted of our operations in the U.S. and Canada);

• Asia Pacific (which primarily consisted of our operations in Australia, Japan, China and India); and

• Europe and Other International Markets (which primarily consisted of our operations in the UK, Netherlands, Belgium, Latin America and the Worldwide Network).

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Our customer solution sets are D&B Risk Management Solutions™, D&B Sales & Marketing Solutions™ and D&B Internet Solutions™. Inter-segment sales are immaterial, and no single customer accounted for 10% or more of our total revenue. For management reporting purposes, we evaluate business segment performance before restructuring charges, intercompany transactions and our Strategic Technology Investment, which we refer to as “MaxCV” for Maximizing Customer Value, because these 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.

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2012	2011	2012	2011
Revenue:				
North America	\$308.3	\$304.7	\$872.8	\$879.2
Asia Pacific	44.8	43.2	133.2	122.1
Europe and Other International Markets	60.1	62.9	175.8	179.0
Consolidated Core	413.2	410.8	1,181.8	1,180.3
Divested and Other Businesses	—	28.6	18.1	79.5
Consolidated Total	\$413.2	\$439.4	\$1,199.9	\$1,259.8
Operating Income (Loss):				
North America	117.3	112.1	323.0	324.0
Asia Pacific	5.1	5.0	(0.4)	10.7
Europe and Other International Markets	17.3	15.4	46.1	36.2
Total Segments	139.7	132.5	368.7	370.9
Corporate and Other (1)	(30.0)	(31.8)	(95.3)	(91.2)
Consolidated Total	109.7	100.7	273.4	279.7
Non-Operating Income (Expense), Net (2)	(24.7)	(17.6)	(36.1)	(46.6)
Income Before Provision for Income Taxes and Equity in Net Income of Affiliates	\$85.0	\$83.1	\$237.3	\$233.1

(1)The following table summarizes “Corporate and Other:”

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2012	2011	2012	2011
Corporate Costs	\$(13.1)	\$(14.0)	\$(35.5)	\$(40.6)
Restructuring Expense	(4.8)	(5.3)	(23.2)	(18.0)
Strategic Technology Investment or MaxCV	(6.7)	(12.5)	(25.6)	(32.6)
Legal Fees And Other Shut-Down Costs Associated with Matters in China	(5.4)	—	(11.0)	—
Total Corporate and Other	\$(30.0)	\$(31.8)	\$(95.3)	\$(91.2)

(2)The following table summarizes “Non-Operating Income (Expense):”

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2012	2011	2012	2011
Interest Income	\$0.2	\$0.4	\$0.5	\$1.3
Interest Expense	(9.5)	(9.1)	(27.8)	(27.4)
Other Income (Expense) - Net	(15.4)	(8.9)	(8.8)	(20.5)

Non-Operating Income (Expense) - Net	\$ (24.7)	\$ (17.6)	\$ (36.1)	\$ (46.6)
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)-continued

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

Supplemental Geographic and Customer Solution Set Information:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2012	2011	2012	2011
Customer Solution Set Revenue:				
North America:				
Risk Management Solutions	\$178.8	\$183.5	\$518.5	\$539.8
Sales & Marketing Solutions	100.5	91.6	267.3	253.1
Internet Solutions	29.0	29.6	87.0	86.3
North America Core Revenue	308.3	304.7	872.8	879.2
Divested and Other Businesses (3)	—	2.3	—	7.3
Total North America Revenue	308.3	307.0	872.8	886.5
Asia Pacific:				
Risk Management Solutions	38.1	38.9	112.2	108.0
Sales & Marketing Solutions	6.5	4.1	20.5	13.4
Internet Solutions	0.2	0.2	0.5	0.7
Asia Pacific Core Revenue	44.8	43.2	133.2	122.1
Divested and Other Businesses (3)	—	26.3	18.1	72.2
Total Asia Pacific Revenue	44.8	69.5	151.3	194.3
Europe and Other International Markets:				
Risk Management Solutions	48.9	50.6	145.1	147.8
Sales & Marketing Solutions	10.5	11.6	28.7	29.4
Internet Solutions	0.7	0.7	2.0	1.8
Europe and Other International Markets Core Revenue	60.1	62.9	175.8	179.0
Divested and Other Businesses	—	—	—	—
Total Europe and Other International Markets Revenue	60.1	62.9	175.8	179.0
Consolidated Total:				
Risk Management Solutions	265.8	273.0	775.8	795.6
Sales & Marketing Solutions	117.5	107.3	316.5	295.9
Internet Solutions	29.9	30.5	89.5	88.8
Core Revenue	413.2	410.8	1,181.8	1,180.3
Divested and Other Businesses (3)	—	28.6	18.1	79.5
Consolidated Total Revenue	\$413.2	\$439.4	\$1,199.9	\$1,259.8

- (3) During the nine months ended September 30, 2012, we: a) completed the sale of: i) the domestic portion of our Japanese operations to TSR; and ii) our market research business in China, consisting of two joint venture companies; and b) the shut-down of our Roadway operations. These businesses have been classified as “Divested and Other Businesses.” These Divested and Other Businesses contributed 38% to our Asia Pacific total revenue for the three months ended September 30, 2011. These Divested and Other Businesses

contributed contributed 12% and 37% to our Asia Pacific total revenue for the nine months ended September 30, 2012 and 2011, respectively.

During the nine months ended September 30, 2012, we completed the sale of: i) AllBusiness.com, Inc.; ii) Purisma Incorporated; and iii) a small supply management company. These businesses have been classified as “Divested and Other Businesses.” These Divested and Other Businesses contributed 1%, to our North America total revenue for the three month and nine month periods ended September 30, 2011, respectively.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)-continued
(Tabular dollar amounts in millions, except per share data)

The following table represents Divested and Other Businesses revenue by solution set:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2012	2011	2012	2011
Divested and Other Businesses:				
Risk Management Solutions	\$—	\$10.1	\$8.7	\$28.4
Sales & Marketing Solutions	—	17.6	9.4	48.0
Internet Solutions	—	0.9	—	3.1
Total Divested and Other Businesses Revenue	\$—	\$28.6	\$18.1	\$79.5
			September 30, 2012	December 31, 2011
Assets:				
North America			\$693.2	\$790.6
Asia Pacific			419.5	466.8
Europe and Other International Markets			317.6	317.8
Total Segments			1,430.3	1,575.2
Corporate and Other (primarily taxes)			391.3	401.9
Consolidated Total			\$1,821.6	\$1,977.1
Goodwill (4):				
North America			\$266.8	\$266.0
Asia Pacific			232.6	222.0
Europe and Other International Markets			108.4	110.4
Consolidated Total			\$607.8	\$598.4

The increase in goodwill in the Asia Pacific operating segment of \$232.6 million at September 31, 2012 from \$222.0 million at December 31, 2011 was primarily due to the positive impact of foreign currency translation. The (4)decrease in goodwill in the Europe and Other International Markets operating segment to \$108.4 million at September 30, 2012 from \$110.4 million at December 31, 2011 was primarily due to the negative impact of foreign currency translation.

Note 11 -- Financial Instruments

We employ established policies and procedures to manage our exposure to changes in interest rates and foreign currencies. We use foreign exchange forward contracts to hedge short-term foreign currency denominated loans, investments and certain third-party and intercompany transactions. We may also use foreign exchange forward contracts to hedge our net investments in our foreign subsidiaries and foreign exchange option contracts to reduce the volatility that fluctuating foreign exchange rates may have on our international earnings streams. In addition, we may use interest rate derivatives to hedge a portion of the interest rate exposure on our outstanding debt or in anticipation of a future debt issuance, as discussed under "Interest Rate Risk Management" below.

We do not use derivative financial instruments for trading or speculative purposes. If a hedging instrument ceases to qualify as a hedge in accordance with hedge accounting guidelines, any subsequent gains and losses are recognized currently in income. Collateral is generally not required for these types of instruments.

By their nature, all such instruments involve risk, including the credit risk of non-performance by counterparties. However, at September 30, 2012 and December 31, 2011, there was no significant risk of loss in the event of non-performance of the counterparties to these financial instruments. We control our exposure to credit risk through

monitoring procedures.

Our trade receivables do not represent a significant concentration of credit risk at September 30, 2012 and December 31, 2011, because we sell to a large number of customers in different geographical locations.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)-continued

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

Interest Rate Risk Management

Our objective in managing exposure to interest rates is to limit the impact of interest rate changes on our earnings, cash flows and financial position, and to lower overall borrowing costs. To achieve these objectives, we maintain a policy that floating-rate debt be managed within a minimum and maximum range of our total debt exposure. To manage our exposure and limit volatility, we may use fixed-rate debt, floating-rate debt and/or interest rate swaps. We recognize all derivative instruments as either assets or liabilities at fair value in the statement of financial position.

Fair Value Hedges

For interest rate derivative instruments that are designated and qualify as a fair value hedge, we assess quarterly whether the interest rate swaps are highly effective in offsetting changes in the fair value of the hedged debt. Changes in fair values of interest rate swap agreements that are designated fair-value hedges are recognized in earnings as an adjustment of "Other Income (Expense)—Net" in our consolidated statement of operations and comprehensive income. The effectiveness of the hedge is monitored on an ongoing basis for hedge accounting purposes, and if the hedge is considered ineffective, we discontinue hedge accounting prospectively.

In November 2010, we issued senior notes with a face value of \$300 million that mature on November 15, 2015 ("the 2015 notes"). In November and December 2010, we entered into interest rate derivative transactions with aggregate notional amounts of \$125 million. The objective of these hedges was to offset the change in fair value of the fixed rate 2015 notes attributable to changes in LIBOR. These transactions have been accounted for as fair value hedges. We have recognized the gain or loss on the derivative instruments, as well as the offsetting loss or gain on the hedged item, in "Other Income (Expense)—Net" in our consolidated statement of operations and comprehensive income.

In March 2012, in connection with our objective to manage exposure to interest rate changes and our policy to manage our fixed and floating-rate debt mix, these interest rate derivatives were terminated. This resulted in a gain of \$0.3 million and the receipt of \$5.0 million in cash on March 12, 2012, the swap termination settlement date. The gain of \$0.3 million was recorded in "Other Income (Expense)—Net" in the consolidated statement of operations and comprehensive income during the nine months ended September 30, 2012. The \$5.0 million cash received is reflected as an offset to interest paid in the unaudited consolidated statement of cash flows during the nine months ended September 30, 2012.

Approximately \$0.8 million of derivative gains offset by a \$0.5 million loss on the fair value adjustment related to the hedged debt were recorded through the date of termination in the results for the three months ended March 31, 2012.

The \$4.9 million adjustment in the carrying amount of the hedged debt at the date of termination will be amortized as an offset to "Interest Expense" in the consolidated statement of operations and comprehensive income over the remaining term of the 2015 notes. Approximately \$0.7 million of amortization was recorded from the swap termination date through September 30, 2012, resulting in a balance of \$4.2 million in our unaudited consolidated balance sheet at September 30, 2012.

Approximately \$4.0 million of derivative gains offset by a \$4.1 million loss on the fair value adjustment related to the hedged debt were recorded for the three months ended September 30, 2011. Approximately \$5.8 million of derivative gains offset by a \$5.9 million loss on the fair value adjustment related to the hedged debt were recorded for the nine months ended September 30, 2011.

Cash Flow Hedges

For interest rate derivative instruments that are designated and qualify as a cash flow hedge, the effective portion of the periodic hedge remeasurement gains or losses on the derivative are reported as a component of other comprehensive income and reclassified to earnings in the same period or periods during which the hedged transaction affects earnings. Gains and losses on the derivative representing either hedge ineffectiveness or hedge components excluded from the assessment of effectiveness are recognized in current earnings.

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 interest rate swaps as cash flow hedges against variability in cash flows related to our then existing \$650 million revolving credit facility. These transactions were

accounted for as cash flow hedges and, as such, changes in the fair value of the hedges were recorded in other comprehensive income. In connection with the termination of our former \$650 million revolving credit facility, these interest rate derivative transactions were terminated, resulting in an acceleration of payments otherwise due under the instruments of \$0.3 million on October 25, 2011, the \$650 million revolving credit facility termination date, and were recorded in “Other Income (Expense)—Net” in the consolidated statement of operations and comprehensive income at December 31, 2011.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)-continued

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

Foreign Exchange Risk Management

Our objective in managing exposure to foreign currency fluctuations is to reduce the volatility caused by foreign exchange rate changes on the earnings, cash flows and financial position of our international operations. We follow a policy of hedging balance sheet positions denominated in currencies other than the functional currency applicable to each of our various subsidiaries. In addition, we are subject to foreign exchange risk associated with our international earnings and net investments in our foreign subsidiaries. We use short-term, foreign exchange forward and option contracts to execute our hedging strategies. Typically, these contracts have maturities of twelve months or less. These contracts are denominated primarily in the British pound sterling, the Euro and Canadian dollar. The gains and losses on the forward contracts associated with the balance sheet positions are recorded in "Other Income (Expense)—Net" in our consolidated statement of operations and comprehensive income and are essentially offset by the gains and losses on the underlying foreign currency transactions.

As in prior years, we have hedged substantially all balance sheet positions denominated in a currency other than the functional currency applicable to each of our various subsidiaries with short-term, foreign exchange forward contracts. In addition, we may use foreign exchange option contracts to hedge certain foreign earnings streams and foreign exchange forward contracts to hedge certain net investment positions. The underlying transactions and the corresponding foreign exchange forward and option contracts are marked-to-market at the end of each quarter and the fair value impacts are reflected within our consolidated financial statements.

As of September 30, 2012 and 2011, the notional amounts of our foreign exchange contracts were \$277.4 million and \$379.0 million, respectively.

Fair Values of Derivative Instruments in the Consolidated Balance Sheet

	Asset Derivatives		Liability Derivatives	
	September 30, 2012	December 31, 2011	September 30, 2012	December 31, 2011
	Balance Sheet	Balance Sheet	Balance Sheet	Balance Sheet
	Fair Value	Fair Value	Fair Value	Fair Value
	Location	Location	Location	Location
Derivatives designated as hedging instruments				
Interest rate contracts	Other Current Assets	Other Current Assets	Other Accrued & Current Liabilities	Other Accrued & Current Liabilities
	\$ —	\$ 4.3	\$ —	\$ —
Total Derivatives designated as hedging instruments	\$ —	\$ 4.3	\$ —	\$ —
Derivatives not designated as hedging instruments				
Foreign exchange forward contracts	Other Current Assets	Other Current Assets	Other Accrued & Current Liabilities	Other Accrued & Current Liabilities
	\$ —	\$ 0.7	\$ 0.9	\$ 0.7
Foreign exchange options	Other Current Assets	Other Current Assets	Other Accrued & Current Liabilities	Other Accrued & Current Liabilities
	0.1	—	—	—

contracts				
Total derivatives				
not designated as				
hedging	\$ 0.1	\$ 0.7	\$ 0.9	\$ 0.7
instruments				
Total Derivatives	\$ 0.1	\$ 5.0	\$ 0.9	\$ 0.7

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)-continued

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

The Effect of Derivative Instruments on the Consolidated Statement of Operations and Comprehensive Income

Derivatives in Cash Flow Hedging Relationships	Amount of Gain or (Loss) Recognized in OCI on Derivatives (Effective Portion)		Location of Gain or (Loss) Reclassified from Accumulated OCI into Income (Effective Portion)	Amount of Gain or (Loss) Reclassified from Accumulated OCI into Income (Effective Portion)		Location of Gain or (Loss) Recognized in Income on Derivatives (Ineffective Portion and Amount Excluded from Effectiveness Testing)	Amount of (Loss) Recognized Income on Derivatives (Ineffective Portion and Amount Excluded from Effectiveness Testing)					
	For the Three Months Ended September 30, 2012	For the Nine Months Ended September 30, 2011		For the Three Months Ended September 30, 2012	For the Nine Months Ended September 30, 2011		For the Three Months Ended September 30, 2012	For the Nine Months Ended September 30, 2011				
Interest rate contracts	\$0.0	\$0.4	\$0.0	\$1.0	Non-Operating Income (Expenses) - Net	\$0.0	\$(0.4)	\$0.0	\$(1.2)	Non-Operating Income (Expenses) - Net	\$0.0	\$0.0

Derivatives in Fair Value Hedging Relationships	Location	Gain or (Loss) Recognized in Income on Derivatives				Hedged Item	Location	Gain or (Loss) Recognized in Income on Derivatives			
		For the Three Months Ended September 30, 2012	For the Nine Months Ended September 30, 2011	For the Three Months Ended September 30, 2012	For the Nine Months Ended September 30, 2011			For the Three Months Ended September 30, 2012	For the Nine Months Ended September 30, 2011		
Interest rate contracts	Non-Operating Income (Expenses) - Net	\$0.0	\$4.0	\$0.8	\$5.8	Fixed-rate debt	Non-Operating Income (Expenses) - Net	\$0.0	\$(4.1)	\$(0.5)	\$(5.9)

Our foreign exchange forward and option contracts are not designated as hedging instruments under authoritative guidance.

The Effect of Derivative Instruments on the Consolidated Statement of Operations and Comprehensive Income

Derivatives not Designated as Hedging Instruments	Location of Gain or (Loss) Recognized in Income on Derivatives	Amount of Gain or (Loss) Recognized in Income on Derivatives			
		For the Three Months Ended September 30, 2012		For the Nine Months Ended September 30, 2011	
		\$6.1	\$(1.9)	\$7.9	\$3.6

Foreign exchange forward contracts	Non-Operating Income (Expenses) - Net				
Foreign exchange option contracts	Non-Operating Income (Expenses) - Net	\$(0.2	) \$—	\$(0.2	) \$(0.4

Fair Value of Financial Instruments

Our financial assets and liabilities that are reflected in the consolidated financial statements include derivative financial instruments, cash and cash equivalents, accounts receivable, other receivables, accounts payable, short-term borrowings and long-term borrowings. We use short-term foreign exchange forward contracts to hedge short-term foreign currency-denominated intercompany loans and certain third-party and intercompany transactions and we use foreign exchange option contracts to reduce the volatility that fluctuating foreign exchange rates may have on our international earnings streams. Fair value for derivative financial instruments is determined utilizing a market approach.

We have a process for determining fair values. Fair value is based upon quoted market prices, where available. If listed prices or quotes are not available, we use quotes from independent pricing vendors based on recent trading activity and other relevant information including market interest rate curves and referenced credit spreads.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)-continued

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

In addition to utilizing external valuations, we conduct our own internal assessment of the reasonableness of the external valuations by utilizing a variety of valuation techniques including Black-Scholes option pricing and discounted cash flow models that are consistently applied. Inputs to these models include observable market data, such as yield curves, and foreign exchange rates where applicable. Our assessments are designed to identify prices that do not accurately reflect the current market environment, those that have changed significantly from prior valuations and other anomalies that may indicate that a price may not be accurate. We also follow established routines for reviewing and reconfirming valuations with the pricing provider, if deemed appropriate. In addition, the pricing provider has an established challenge process in place for all valuations, which facilitates identification and resolution of potentially erroneous prices. Valuation adjustments may be made to ensure that financial instruments are recorded at fair value. These adjustments include amounts to reflect counterparty credit quality and our own creditworthiness and constraints on liquidity. For inactive markets that do not have observable pricing or sufficient trading volumes, or for positions that are subject to transfer restrictions, valuations are adjusted to reflect illiquidity and/or non-transferability. Such adjustments are generally based on available market evidence. In the absence of such evidence, management's best estimate will be used.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while we believe our valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

The following table presents information about our assets and liabilities measured at fair value on a recurring basis as of September 30, 2012 and December 31, 2011, and indicates the fair value hierarchy of the valuation techniques utilized by us to determine such fair value. Level inputs, as defined by authoritative guidance, are as follows:

Level Input: Input Definition:

Level I	Observable inputs utilizing quoted prices (unadjusted) for identical assets or liabilities in active markets at the measurement date.
Level II	Inputs other than quoted prices included in Level I that are either directly or indirectly observable for the asset or liability through corroboration with market data at the measurement date.
Level III	Unobservable inputs for the asset or liability in which little or no market data exists therefore requiring management's best estimate of what market participants would use in pricing the asset or liability at the measurement date.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the level in the fair value hierarchy within which the fair value measurement in its entirety falls has been determined based on the lowest level input that is significant to the fair value measurement in its entirety. Our assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the asset or liability.

The following table summarizes fair value measurements by level at September 30, 2012 for assets and liabilities measured at fair value on a recurring basis:

Quoted Prices in Active Markets for Identical Assets (Level I)	Significant Other Observable Inputs (Level II)	Significant Unobservable Inputs (Level III)	Balance at September 30, 2012
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Assets:

Cash Equivalents (1)	\$ 47.9	\$ —	\$—	\$ 47.9
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Other Current Assets:

Foreign Exchange Option Contracts (2)	\$ —	\$ 0.1	\$—	\$ 0.1
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Liabilities:

Other Accrued and Current Liabilities:

Foreign Exchange Forwards (2)	\$ —	\$ 0.9	\$—	\$ 0.9
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(1) Cash equivalents represent fair value as it consists of highly liquid investments with an original maturity of three months or less.

(2) Primarily represents foreign currency forward and option contracts. Fair value is determined utilizing a market approach and considers a factor for nonperformance in the valuation.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)-continued

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

The following table summarizes fair value measurements by level at December 31, 2011 for assets and liabilities measured at fair value on a recurring basis:

	Quoted Prices in Active Markets for Identical Assets (Level I)	Significant Other Observable Inputs (Level II)	Significant Unobservable Inputs (Level III)	Balance at December 31, 2011
Assets:				
Cash Equivalents (1)	\$ 21.6	\$ —	\$—	\$ 21.6
Other Current Assets:				
Foreign Exchange Forwards (2)	\$ —	\$ 0.7	\$—	\$ 0.7
Swap Arrangement (3)	\$ —	\$ 4.3	\$—	\$ 4.3
Liabilities:				
Other Accrued and Current Liabilities:				
Foreign Exchange Forwards (2)	\$ —	\$ 0.7	\$—	\$ 0.7

(1) Cash equivalents represent fair value as it consists of highly liquid investments with an original maturity of three months or less.

(2) Primarily represents foreign currency forward contracts. Fair value is determined utilizing a market approach and considers a factor for nonperformance in the valuation.

(3) Primarily represents our interest rate swap agreements including \$4.3 million related to fair value hedges. Fair value is determined utilizing a market approach and considers a factor for nonperformance in the valuation.

At September 30, 2012 and December 31, 2011, the fair value of cash and cash equivalents, accounts receivable, other receivables and accounts payable approximated carrying value due to the short-term nature of these instruments. The estimated fair values of other financial instruments subject to fair value disclosures, determined based on valuation models using discounted cash flow methodologies with market data inputs from globally recognized data providers and third-party quotes from major financial institutions (categorized as Level II in the fair value hierarchy), are as follows:

	Balance at September 30, 2012		December 31, 2011	
	Carrying Amount (Asset) Liability	Fair Value (Asset) Liability	Carrying Amount (Asset) Liability	Fair Value (Asset) Liability
Short-term Debt	\$400.0	\$ 421.9	\$—	\$ —
Long-term Debt	\$299.3	\$ 311.1	\$699.2	\$ 723.3
Credit Facilities	\$320.1	\$ 316.2	\$259.4	\$ 259.8

Items Measured at Fair Value on a Nonrecurring Basis

In addition to assets and liabilities that are recorded at fair value on a recurring basis, we are required to record assets and liabilities at fair value on a nonrecurring basis as required by GAAP. Generally, assets are recorded at fair value on a nonrecurring basis as a result of impairment charges.

During the first quarter of 2012, we recorded an impairment charge of \$12.9 million related to the accounts receivable, intangible assets, prepaid costs and software for Roadway, an operation in our Greater China reporting unit. See Note 7 to our unaudited consolidated financial statements included in this Quarterly Report on Form 10-Q for further discussion on this investigation. We determined that the new cost basis of intangible assets, prepaid costs and software is zero based on Level III inputs (see "Fair Value of Financial Instruments" above for discussion on Level inputs) to measure fair value, as market data of these assets are not readily available. We wrote down the accounts receivable to

its realizable value based on the probability of collecting from the customer accounts. Of the \$12.9 million impairment charge, \$4.1 million was included in “Operating Costs” and \$8.8 million was included in “Selling and Administrative Expenses” in our Asia Pacific segment.

During the nine months ended September 30, 2011, we did not measure any assets or liabilities at fair value on a nonrecurring basis.

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

Note 12 -- Acquisition

MicroMarketing D&B (Beijing) Co. Ltd

On November 1, 2011, we acquired substantially all of the assets of MicroMarketing, a leading provider of direct and digital marketing services in China with offices in Beijing and Shanghai. Specifically, MicroMarketing provides Sales & Marketing solutions in the technology sector and is expanding into higher growth targeted sectors including financial services, pharmaceuticals and automotive. This acquisition represents an important step to continue to grow our business in China. MicroMarketing will expand our business-to-business database in China and add digital marketing capabilities to enable us to better serve the sales and marketing needs of our customers. The results of MicroMarketing have been included in our consolidated financial statements since the date of acquisition.

The acquisition was valued at \$14.4 million, including a contingent consideration of \$1.5 million. The acquisition was funded with cash on hand. Transaction costs of \$1.2 million were included in operating expenses in the consolidated statement of operations and comprehensive income. The performance targets set forth in the purchase agreement for the contingent consideration are not expected to be met. As a result, this contingent liability was reversed in the second quarter of 2012, reducing our operating expenses in the consolidated statement of operations and comprehensive income. The acquisition was accounted for as a purchase transaction, and accordingly, the assets and liabilities of the acquired entity were recorded at their estimated fair values at the date of the acquisition. The table below reflects the purchase related to the acquisition and the resulting purchase price allocation:

	Amortization Life (years)	Acquisition
Intangible Assets:		
Trademark	8.5	\$0.6
Customer Relationships	10	2.7
Database	6.5	1.4
Technology	6.5	0.6
Goodwill	Indefinite	8.9
Other		0.2
Total Assets Acquired		14.4
Total Liabilities Assumed		—
Total Purchase Price		\$14.4

The goodwill was assigned to our Greater China reporting unit, which is a part of our Asia Pacific segment. The primary item that generated the goodwill is the value of revenue growth from MicroMarketing's future customers and future technology development. The intangible assets, with useful lives from 6.5 to 10 years, are being amortized over a weighted-average useful life of 8.5 years. The intangibles have been recorded as "Trademarks, Patents and Other" within Other Non-Current Assets in our consolidated balance sheet since the date of acquisition. The impact that the acquisition would have had on our results had the acquisition occurred at the beginning of 2011 was not material, and as such, pro forma financial results have not been presented.

Treatment of Goodwill

The acquisition of MicroMarketing was an asset acquisition and under applicable tax law the goodwill acquired is not deductible for tax purposes.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)-continued

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

Note 13 -- Divestitures and Other Businesses

Shanghai Roadway D&B Marketing Services Co Ltd.

On March 18, 2012, we announced that we had temporarily suspended our Shanghai Roadway D&B Marketing Services Co Ltd. ("Roadway") operations in China, pending an investigation into allegations that its data collection practices may violate local Chinese consumer data privacy laws. Thereafter, the Company decided to permanently cease the operations of Roadway. In addition, we have been reviewing certain allegations that we may have violated the Foreign Corrupt Practices Act and certain other laws in our China operations. As previously reported, we have voluntarily contacted the Securities and Exchange Commission and the United States Department of Justice to advise both agencies of our investigation. Our investigation remains ongoing and is being conducted at the direction of the Audit Committee.

For the nine months ended September 30, 2012, the Roadway business had \$5.4 million of revenue and \$14.5 million of operating loss. Additionally, during the nine months ended September 30, 2012, we have incurred \$11.0 million of legal fees and other corporate shut-down costs and \$1.8 million in local shut-down costs, as well as, an impairment charge of \$12.9 million related to accounts receivable, intangible assets, prepaid costs and software for Roadway, an operation in our Greater China reporting unit. D&B acquired Roadway's operations in 2009, and for 2011 Roadway accounted for approximately \$22 million in revenue and \$2 million in operating income.

On September 28, 2012, Roadway was charged in a Bill of Prosecution, along with five current or former employees, by the Shanghai District Prosecutor with illegally obtaining private information of Chinese citizens. A trial date has not yet been set. We have been advised that a conviction of Roadway and the five individuals is likely, and that a criminal fine will be imposed on Roadway. We are unable to provide a reasonable estimate of the fine at this time.

Domestic Portion of our Japanese Joint Venture

In February 2012, we completed the sale of the domestic portion of our Japan operations to TSR, our local joint venture partner since December 2007, for \$4.5 million. As a result, we recorded a pre-tax gain of \$3.0 million in Other Income (Expense) – Net in the unaudited consolidated statement of operations and comprehensive income during the nine months ended September 30, 2012. Our domestic Japanese operations generated approximately \$64 million in revenue during 2011.

Simultaneously with closing this transaction, we entered into a ten-year commercial arrangement to provide TSR with global data for its Japanese customers and to become the exclusive distributor of TSR data to the Worldwide Network. From the date of this transaction, this arrangement has aggregate future cash payments of approximately \$140 million. AllBusiness.com, Inc.

In February 2012, we completed the sale of AllBusiness.com, Inc., a U.S. entity included in our North American reporting segment, for \$0.4 million. As a result, we recorded a pre-tax loss of \$0.4 million in Other Income (Expense) – Net in the unaudited consolidated statement of operations and comprehensive income during the nine months ended September 30, 2012. AllBusiness.com, Inc. generated approximately \$4 million in revenue during 2011.

Chinese Market Research Joint Ventures

In January 2012, we completed the sale of our market research business in China, consisting of two joint venture companies, by selling our equity interests in such companies to our partner for a total purchase price of \$5.0 million. As a result, we recorded a pre-tax gain of \$1.4 million in Other Income (Expense) – Net in the unaudited consolidated statement of operations and comprehensive income during the nine months ended September 30, 2012. The joint venture generated approximately \$16 million in revenue during 2011.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)-continued

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

Purisma Incorporated

In January 2012, we completed the sale of Purisma Incorporated, a U.S. entity included in our North American reporting segment, for \$2.0 million. As a result, we recorded a pre-tax gain of \$2.0 million in Other Income (Expense) – Net in the unaudited consolidated statement of operations and comprehensive income during the nine months ended September 30, 2012. Purisma Incorporated generated approximately \$4 million in revenue during 2011.

Note 14 -- Subsequent Events

Dividend Declaration

In October 2012, we approved the declaration of a dividend of \$0.38 per share of common stock for the fourth quarter of 2012. This cash dividend will be payable on December 13, 2012 to shareholders of record at the close of business on November 28, 2012.

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

Business Overview

The Dun & Bradstreet Corporation (“D&B” or the “Company” or “we” or “our”) is the world’s leading source of commercial information and insight on businesses, enabling customers to Decide with Confidence® for 171 years. Our global commercial database contains more than 215 million business records. The database is enhanced by our proprietary DUNSRight® Quality Process, which provides our customers with quality business information. This quality information is the foundation of our global solutions that customers rely on to make critical business decisions. We provide solution sets that meet a diverse set of customer needs globally. Customers use our D&B Risk Management Solutions™ to mitigate credit and supplier risk, increase cash flow and drive increased profitability; our D&B Sales & Marketing Solutions™ to increase revenue from new and existing customers; and our D&B Internet Solutions® to convert prospects into clients faster by enabling business professionals to research companies, executives and industries.

Simultaneously with the sale of the domestic portion of our Japanese operations to Tokyo Shoko Research Ltd. (“TSR”), we entered a ten-year commercial arrangement to provide TSR with global data for its Japanese competitors and became the exclusive distributor of TSR data to the Worldwide Network. We continue to manage our business through three segments. However, as of January 1, 2012, our Asia Pacific Worldwide Network has been moved out of our Europe and Other International Markets segment and into our Asia Pacific segment.

On January 1, 2012, we began managing our business through the following three segments (all prior periods have been reclassified to reflect the new segment structure):

• North America (which consists of our operations in the United States (“U.S.”) and Canada);

• Asia Pacific (which primarily consists of our operations in Australia, China, India and Asia Pacific Worldwide Network); and

• Europe and Other International Markets (which primarily consists of our operations in the United Kingdom (“UK”), Netherlands, Belgium, Latin America and European Worldwide Network).

Prior to January 1, 2012, we managed and reported our business globally through the following three segments:

• North America (which consisted of our operations in the U.S. and Canada);

• Asia Pacific (which primarily consisted of our operations in Australia, Japan, China and India); and

• Europe and Other International Markets (which primarily consisted of our operations in the UK, Netherlands, Belgium, Latin America and the Worldwide Network).

How We Manage Our Business

For internal management purposes, we refer to “core revenue,” which we calculate as total operating revenue less the revenue of divested and other businesses. Core revenue is used to manage and evaluate the performance of our segments and to allocate resources because this measure provides an indication of the underlying changes in revenue in a single performance measure. Core revenue does not include reported revenue of divested and shut-down businesses since they are not included in future revenue.

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During the nine months ended September 30, 2012, we a) completed the sale of: i) the domestic portion of our Japanese operations to TSR; and ii) our market research business in China, consisting of two joint venture companies; and b) the shut-down of Shanghai Roadway D&B Marketing Service Co Ltd. (“Roadway”). These businesses have been classified as “Divested and Other Businesses.” These Divested and Other Businesses contributed 38% to our Asia Pacific total revenue for the three months ended September 30, 2011. These Divested and Other Businesses contributed 12% and 37% to our Asia Pacific total revenue for the nine months ended September 30, 2012 and 2011, respectively. See Note 10 and Note 13 to our unaudited consolidated financial statements included in Item 1. of this Quarterly Report on Form 10-Q for further detail.

During the nine months ended September 30, 2012, we completed the sale of: i) AllBusiness.com, Inc.; ii) Purisma Incorporated; and iii) a small supply management company. These businesses have been classified as “Divested and Other Businesses.” These Divested and Other Businesses contributed 1% to our North America total revenue for the three month and nine month periods ended September 30, 2011, respectively. See Note 10 and Note 13 to our unaudited consolidated financial statements included in Item 1. of this Quarterly Report on Form 10-Q for further detail.

We also isolate the effects of changes in foreign exchange rates on our revenue growth because 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. The change in our operating performance attributable to foreign currency rates is determined by converting both our prior and current periods by a constant rate. As a result, we monitor our core revenue growth both after and before the effects of foreign exchange. Core revenue growth excludes the effects of foreign exchange.

From time-to-time we have analyzed and we may continue to further 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. Core revenue includes the revenue from acquired businesses from the date of acquisition.

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 consider do not reflect our underlying business performance. Specifically, for management reporting purposes, we evaluate business segment performance “before non-core gains and charges” because such 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. A recurring component of non-core gains and charges are our restructuring charges, which result from a foundational element of our growth strategy that we refer to as Financial Flexibility. Through Financial Flexibility, management identifies opportunities to improve the performance of the business in terms of reallocating our spending from low-growth or low-value activities to activities that will create greater value for shareholders through enhanced revenue growth, improved profitability and/or quality improvements. Management is committed through this process to examining our spending, and optimizing between variable and fixed costs to ensure flexibility in changes to our operating expense base as we make strategic choices. This enables us to continually and systematically identify improvement opportunities in terms of quality, cost and customer experience. Such charges are variable from period-to-period based upon actions identified and taken during each period. Management reviews operating results before such non-core gains and charges on a monthly basis and establishes internal budgets and forecasts based upon such measures. Management further establishes annual and long-term compensation such as salaries, target cash bonuses and target equity compensation amounts based on performance before non-core gains and charges and a significant percentage weight is placed upon performance before non-core gains and charges in determining whether performance objectives have been achieved. Management believes that by eliminating non-core gains and charges from such financial measures, and by being overt to shareholders about the results of our operations excluding such charges, business leaders are provided incentives to recommend and execute actions that are in the best long-term interests of our shareholders, rather than being influenced by the potential impact a charge in a particular period could have on their compensation. See Note 10 to our unaudited consolidated financial statements included in Item 1. of this Quarterly Report on Form 10-Q for financial information regarding our segments.

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 and may drive behavior that does not ultimately maximize shareholder value. It may be concluded from our presentation of non-core gains and charges that the items that result in non-core gains and charges may re-occur in the future.

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We monitor free cash flow as a measure of our business. We define free cash flow as net cash provided by operating activities minus capital expenditures and additions to computer software and other intangibles. Free cash flow measures our available cash flow for potential debt repayment, acquisitions, stock repurchases, dividend payments 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 for, or superior to, 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 consolidated statements of cash flows.

In addition, we evaluate our North America Risk Management Solutions based on two metrics: (1) “subscription,” and “non-subscription,” and (2) “DNBi” and “non-DNBi.” We define “subscription” as contracts that allow customers’ unlimited use. In these instances, we recognize revenue ratably over the term of the contract, which is generally one year and “non-subscription” as all other revenue streams. We define “DNBi” as our interactive, customizable online application that offers our customers real time access to our most complete and up-to-date global DUNSRight information, comprehensive monitoring and portfolio analysis and “non-DNBi” as all other revenue streams. Management believes these measures provide further insight into our performance and growth of our North America Risk Management Solutions revenue.

The adjustments discussed herein to our results as determined under generally accepted accounting principles in the United States of America (“GAAP”) are among the primary indicators management uses as a basis for our planning and forecasting of future periods, to allocate resources, to evaluate business performance and, as noted above, for compensation purposes. However, these financial measures (e.g., 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 operating activities, investing activities and financing 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

Simultaneously with the sale of the domestic portion of our Japanese operations to TSR, we entered into a ten-year commercial arrangement to provide TSR with global data for its Japanese competitors and became the exclusive distributor of TSR data to the Worldwide Network. We continue to manage our business through three segments. However, as of January 1, 2012, our Asia Pacific Worldwide Network has been moved out of our Europe and Other International Markets segment and into our Asia Pacific segment.

On January 1, 2012, we began managing our business through the following three segments (all prior periods have been reclassified to reflect the new segment structure):

• North America (which consists of our operations in the U.S. and Canada);

• Asia Pacific (which primarily consists of our operations in Australia, China, India and Asia Pacific Worldwide Network); and

• Europe and Other International Markets (which primarily consists of our operations in the UK, Netherlands, Belgium, Latin America and European Worldwide Network).

Prior to January 1, 2012, we managed and reported our business globally through the following three segments:

• North America (which consisted of our operations in the U.S. and Canada);

• Asia Pacific (which primarily consisted of our operations in Australia, Japan, China and India); and

Europe and Other International Markets (which primarily consisted of our operations in the UK, Netherlands, Belgium, Latin America and the Worldwide Network).

The financial statements of our subsidiaries outside North America reflect a fiscal quarter ended August 31 to facilitate the timely reporting of our unaudited consolidated financial results and unaudited consolidated financial position.

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The following table presents the contribution by segment to total revenue and core revenue:

	For the Three Months Ended		For the Nine Months Ended		
	September 30, 2012	2011	September 30, 2012	2011	
Total Revenue:					
North America	75	% 70	% 73	% 70	%
Asia Pacific	11	% 16	% 12	% 16	%
Europe and Other International Markets	14	% 14	% 15	% 14	%
Core Revenue:					
North America	75	% 74	% 74	% 75	%
Asia Pacific	11	% 11			