

DUN & BRADSTREET CORP/NW
Form 10-Q
November 04, 2011
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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, 2011

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.

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(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, 2011
Common Stock,	48,609,432
par value \$0.01 per share	

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THE DUN & BRADSTREET CORPORATION

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	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	2010	2011	2010
	<i>(Amounts in millions, except per share data)</i>			
Revenue	\$ 439.4	\$ 400.4	\$ 1,259.8	\$ 1,194.9
Operating Expenses	150.2	146.9	431.1	408.6
Selling and Administrative Expenses	162.6	157.5	470.4	469.1
Depreciation and Amortization	20.6	17.1	60.6	48.3
Restructuring Charge	5.3	3.9	18.0	10.1
Operating Costs	338.7	325.4	980.1	936.1
Operating Income	100.7	75.0	279.7	258.8
Interest Income	0.4	0.5	1.3	1.4
Interest Expense	(9.1)	(11.0)	(27.4)	(34.3)
Other Income (Expense) - Net	(8.9)	25.2	(20.5)	27.7
Non-Operating Income (Expense) - Net	(17.6)	14.7	(46.6)	(5.2)
Income Before Provision for Income Taxes and Equity in Net Income of Affiliates	83.1	89.7	233.1	253.6
Less: Provision for Income Taxes	24.7	33.4	68.4	95.3
Equity in Net Income of Affiliates	0.4	0.5	1.1	0.7
Net Income	58.8	56.8	165.8	159.0
Less: Net (Income) Loss Attributable to the Noncontrolling Interest	(0.4)	(0.3)	1.0	0.5
Net Income Attributable to D&B	\$ 58.4	\$ 56.5	\$ 166.8	\$ 159.5
Basic Earnings Per Share of Common Stock				
Attributable to D&B Common Shareholders	\$ 1.19	\$ 1.13	\$ 3.38	\$ 3.17
Diluted Earnings Per Share of Common Stock				
Attributable to D&B Common Shareholders	\$ 1.19	\$ 1.12	\$ 3.36	\$ 3.14
Weighted Average Number of Shares Outstanding - Basic	48.9	49.7	49.2	50.0
Weighted Average Number of Shares Outstanding - Diluted	49.1	50.1	49.6	50.5
Cash Dividend Paid Per Common Share	\$ 0.36	\$ 0.35	\$ 1.08	\$ 1.05
Comprehensive Income (Loss) Attributable to D&B	\$ 66.2	\$ 96.4	\$ 214.3	\$ 152.0

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

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The Dun & Bradstreet Corporation
Consolidated Balance Sheets (Unaudited)

	September 30, 2011	December 31, 2010
	(Amounts in millions, except per share data)	
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 89.5	\$ 78.5
Accounts Receivable, Net of Allowance of \$16.9 at September 30, 2011 and \$17.5 at December 31, 2010	394.2	504.3
Other Receivables	6.4	8.3
Prepaid Taxes	1.7	1.5
Deferred Income Tax	30.0	31.8
Other Prepays	11.1	20.6
Other Current Assets	35.6	23.3
Total Current Assets	568.5	668.3
Non-Current Assets		
Property, Plant and Equipment, Net of Accumulated Depreciation of \$82.1 at September 30, 2011 and \$81.5 at December 31, 2010	48.0	53.1
Computer Software, Net of Accumulated Amortization of \$410.5 at September 30, 2011 and \$372.0 at December 31, 2010	129.6	127.9
Goodwill	622.3	599.7
Deferred Income Tax	163.8	167.7
Other Receivables	54.2	66.3
Other Intangibles	135.9	139.8
Other Non-Current Assets	53.3	82.7
Total Non-Current Assets	1,207.1	1,237.2
Total Assets	\$ 1,775.6	\$ 1,905.5
LIABILITIES		
Current Liabilities		
Accounts Payable	\$ 32.1	\$ 34.8
Accrued Payroll	115.2	127.7
Accrued Income Tax	15.5	19.9
Short-Term Debt	188.6	1.5
Other Accrued and Current Liabilities (Note 6)	179.2	165.7
Deferred Revenue	516.2	578.1
Total Current Liabilities	1,046.8	927.7
Pension and Postretirement Benefits	384.4	436.9
Long-Term Debt	704.6	972.0
Liabilities for Unrecognized Tax Benefits	125.4	131.5
Other Non-Current Liabilities	72.4	83.0
Total Liabilities	2,333.6	2,551.1
Contingencies (Note 7)		
EQUITY		
D&B SHAREHOLDERS EQUITY (DEFICIT)		
Series A Junior Participating Preferred Stock, \$0.01 par value per share, authorized - 0.5 shares; outstanding - none	0.0	0.0
Preferred Stock, \$0.01 par value per share, authorized - 9.5 shares; outstanding - none	0.0	0.0

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Series Common Stock, \$0.01 par value per share, authorized - 10.0 shares; outstanding - none	0.0	0.0
Common Stock, \$0.01 par value per share, authorized - 200.0 shares; issued - 81.9 shares	0.8	0.8
Capital Surplus	236.3	227.3
Retained Earnings	2,126.3	2,012.7
Treasury Stock, at cost, 33.3 shares at September 30, 2011 and 32.3 shares at December 31, 2010	(2,296.9)	(2,214.1)
Accumulated Other Comprehensive Income (Loss)	(633.6)	(681.1)
Total D&B Shareholders' Equity (Deficit)	(567.1)	(654.4)
Noncontrolling Interest	9.1	8.8
Total Equity (Deficit)	(558.0)	(645.6)
Total Liabilities and Shareholders' Equity (Deficit)	\$ 1,775.6	\$ 1,905.5

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

Table of Contents**The Dun & Bradstreet Corporation****Consolidated Statements of Cash Flows (Unaudited)**

	For the Nine Months Ended September 30,	
	2011	2010
	(Amounts in millions)	
Cash Flows from Operating Activities:		
Net Income	\$ 165.8	\$ 159.0
Reconciliation of Net Income to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	60.6	48.3
Amortization of Unrecognized Pension Loss	11.2	9.7
Loss (Gain) from Sales of Businesses / Investments	11.7	(23.9)
Impairment of Intangible Assets	0.0	20.4
Income Tax Benefit from Stock-Based Awards	11.4	6.5
Excess Tax Benefit on Stock-Based Awards	(5.4)	(1.5)
Equity-Based Compensation	9.2	15.3
Restructuring Charge	18.0	10.1
Restructuring Payments	(15.2)	(15.2)
Deferred Income Taxes, Net	(3.4)	11.7
Accrued Income Taxes, Net	(7.8)	17.1
Changes in Current Assets and Liabilities:		
Decrease in Accounts Receivable	117.0	78.8
Decrease (Increase) in Other Current Assets	3.4	(8.4)
Decrease in Deferred Revenue	(67.8)	(11.3)
Decrease in Accounts Payable	(3.9)	(7.4)
(Decrease) Increase in Accrued Liabilities	(8.8)	9.7
Increase in Other Accrued and Current Liabilities	5.9	0.9
Changes in Non-Current Assets and Liabilities:		
Decrease (Increase) in Other Long-Term Assets	26.5	(6.1)
Decrease in Long-Term Liabilities	(58.3)	(34.1)
Net, Other Non-Cash Adjustments	1.1	(0.7)
Net Cash Provided by Operating Activities	271.2	278.9
Cash Flows from Investing Activities:		
Proceeds from Sales of Businesses, Net of Cash Divested	0.3	9.0
Payments for Acquisitions of Businesses, Net of Cash Acquired	(1.7)	(203.3)
Investment in Debt Security	(1.0)	0.0
Cash Settlements of Foreign Currency Contracts	3.9	2.0
Capital Expenditures	(3.0)	(7.6)
Additions to Computer Software and Other Intangibles	(29.7)	(41.3)
(Reimbursement) Receipt of Proceeds Related to a Divested Investment	(7.4)	8.4
Net, Other	0.2	(2.8)
Net Cash (Used in) Investing Activities	(38.4)	(235.6)
Cash Flows from Financing Activities:		
Payments for Purchases of Treasury Shares	(121.6)	(114.8)
Net Proceeds from Stock-Based Awards	26.9	3.0
Payment of Debt	0.0	(0.7)
Payment of Bond Issuance Costs	(0.3)	0.0
Payments of Dividends	(53.2)	(52.6)
Proceeds from Borrowings on Credit Facilities	132.2	112.6
Payments of Borrowings on Credit Facilities	(216.4)	(119.9)
Excess Tax Benefit on Stock-Based Awards	5.4	1.5
Capital Lease and Other Long-Term Financing Obligation Payment	(4.0)	(2.0)
Net, Other	(0.2)	(2.3)

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Net Cash (Used in) Financing Activities	(231.2)	(175.2)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	9.4	(13.8)
Increase (Decrease) in Cash and Cash Equivalents	11.0	(145.7)
Cash and Cash Equivalents, Beginning of Period	78.5	222.9
Cash and Cash Equivalents, End of Period	\$ 89.5	\$ 77.2
Supplemental Disclosure of Cash Flow Information:		
Cash Paid (Received) for:		
Income Taxes, Net of Refunds	\$ 68.2	\$ 60.0
Interest	\$ 17.3	\$ 31.0

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

Table of Contents**The Dun & Bradstreet Corporation****Consolidated Statements of Shareholders' Equity (Deficit) (Unaudited)**For the Nine Months Ended September 30, 2011 and 2010
Accumulated Other

	Common Stock (\$0.01 Par Value)		Retained Earnings	Treasury Stock	Cumulative Translation Adjustments	Minimum Pension Liability Adjustment	Derivative Financial Instrument	Shareholders' Equity (Deficit)	Noncontrolling Interest	Total Equity (Deficit)	Comprehensive Income (Loss)
Balance, December 31, 2009	0.8	209.5	1,830.7	(2,097.7)	(161.4)	(524.6)	(3.0)	(745.7)	11.7	(734.0)	
Net Income			159.5					159.5	(0.5)	159.0	\$ 159.0
Purchase of Noncontrolling Interest		(0.3)						(0.3)	(0.2)	(0.5)	
Payment to Noncontrolling Interest								0.0	(1.9)	(1.9)	
Equity-Based Plans		11.9		9.0				20.9		20.9	
Treasury Shares Acquired				(114.8)				(114.8)		(114.8)	
Pension Adjustments, net of tax of \$5.0						32.6		32.6		32.6	23.5
Dividend Declared			(52.7)					(52.7)		(52.7)	
Adjustments to Legacy Tax Matters		4.9						4.9		4.9	
Change in Cumulative Translation Adjustment					(30.6)			(30.6)	0.1	(30.5)	(30.5)
Derivative Financial Instruments, no tax impact							(0.4)	(0.4)		(0.4)	(0.4)
Total Comprehensive Income (Loss)											\$ 151.6
Balance, September 30, 2010	\$ 0.8	\$ 226.0	\$ 1,937.5	\$ (2,203.5)	\$ (192.0)	\$ (492.0)	\$ (3.4)	\$ (726.6)	\$ 9.2	\$ (717.4)	
Comprehensive Income Attributable to the Noncontrolling Interest											0.4
Comprehensive Income Attributable to D&B											\$ 152.0
Balance, December 31, 2010	0.8	227.3	2,012.7	(2,214.1)	(162.1)	(516.0)	(3.0)	(654.4)	8.8	(645.6)	
Net Income			166.8					166.8	(1.0)	165.8	\$ 165.8
Payment to Noncontrolling Interest								0.0	(0.6)	(0.6)	
Sale of Noncontrolling Interest								0.0	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	10.6
Dividend Declared			(53.2)					(53.2)		(53.2)	
Adjustments to Legacy Tax Matters		4.9						4.9		4.9	
					34.6						

Change in Cumulative Translation
Adjustment