

DUN & BRADSTREET CORP/NW

Form 10-Q

August 04, 2006

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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 June 30, 2006
- 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**

07078

(Address of principal executive offices)

(Zip Code)

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

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

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

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 June 30, 2006
Common Stock, par value \$0.01 per share	62,816,105

THE DUN & BRADSTREET CORPORATION

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	Three Months		Six Months	
	Ended June 30,		Ended June 30,	
	2006	2005	2006	2005
	(Unaudited)			
	(Amounts in millions, except per share data)			
Revenue	\$ 367.4	\$ 351.7	\$ 734.6	\$ 693.0
Operating Expenses	117.7	107.0	227.1	202.1
Selling and Administrative Expenses	153.0	153.2	311.9	308.4
Depreciation and Amortization	7.5	8.8	14.0	17.4
Restructuring Charge	3.6	6.5	10.0	16.9
Operating Costs	281.8	275.5	563.0	544.8
Operating Income	85.6	76.2	171.6	148.2
Interest Income	1.6	3.1	4.3	5.9
Interest Expense	(4.2)	(5.0)	(9.6)	(10.3)
Minority Interest (Loss) Income	(0.1)	(0.4)	(0.2)	0.3
Other Income (Expense) Net	0.4	3.4	(0.1)	3.2
Non-Operating (Expense) Income Net	(2.3)	1.1	(5.6)	(0.9)
Income Before Provision for Income Taxes	83.3	77.3	166.0	147.3
Provision for Income Taxes	31.2	30.2	62.5	48.3
Equity in Net Income of Affiliates	0.1		0.2	0.2
Net Income	\$ 52.2	\$ 47.1	\$ 103.7	\$ 99.2
Basic Earnings per Share of Common Stock	\$ 0.81	\$ 0.70	\$ 1.59	\$ 1.46
Diluted Earnings per Share of Common Stock	\$ 0.79	\$ 0.67	\$ 1.54	\$ 1.40
Weighted Average Number of Shares Outstanding Basic	64.3	67.7	65.3	67.9
Weighted Average Number of Shares Outstanding Diluted	66.1	70.4	67.1	70.6

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

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The Dun & Bradstreet Corporation
Consolidated Balance Sheets (Unaudited)

	June 30, 2006	December 31, 2005
	(Unaudited)	
	(Amounts in millions, except per share data)	
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 117.1	\$ 195.3
Marketable Securities		109.4
Accounts Receivable, Net of Allowance of \$21.8 at June 30, 2006 and \$22.0 at December 31, 2005	328.5	380.3
Other Receivables	36.9	36.0
Deferred Income Tax	32.1	22.3
Other Current Assets	19.8	16.0
Total Current Assets	534.4	759.3
Non-Current Assets		
Property, Plant and Equipment, Net of Accumulated Depreciation of \$194.4 at June 30, 2006 and \$190.2 at December 31, 2005	43.3	44.2
Prepaid Pension Costs	476.0	470.8
Computer Software, Net of Accumulated Amortization of \$337.9 at June 30, 2006 and \$315.9 at December 31, 2005	42.1	32.0
Goodwill	227.1	220.2
Deferred Income Tax	34.9	37.9
Other Non-Current Assets	92.1	49.0
Total Non-Current Assets	915.5	854.1
Total Assets	\$ 1,449.9	\$ 1,613.4
LIABILITIES		
Current Liabilities		
Accounts Payable	\$ 33.9	\$ 43.9
Accrued Payroll	71.2	108.7
Accrued Income Tax	0.2	1.5
Short-Term Debt	0.4	300.8
Other Accrued and Current Liabilities	165.6	160.5
Deferred Revenue	449.3	413.7
Total Current Liabilities	720.6	1,029.1

Pension and Postretirement Benefits	430.7	432.6
Long-Term Debt	354.3	0.1
Other Non-Current Liabilities	78.7	74.0
Total Liabilities	1,584.3	1,535.8

Contingencies (Note 7)**Shareholders Equity**

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
Unearned Compensation		(5.4)
Capital Surplus	185.5	183.8
Retained Earnings	995.2	891.5
Treasury Stock, at cost, 19.1 shares at June 30, 2006 and 14.9 shares at December 31, 2005	(1,045.9)	(705.5)
Cumulative Translation Adjustment	(162.0)	(175.7)
Minimum Pension Liability Adjustment	(112.7)	(112.7)
Other Comprehensive Income	4.7	0.8
Total Shareholders Equity	(134.4)	77.6
Total Liabilities and Shareholders Equity	\$ 1,449.9	\$ 1,613.4

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)**

	Six Months Ended June 30, 2006 2005 (Unaudited) (Amounts in millions)	
Cash Flows from Operating Activities:		
Net Income	\$ 103.7	\$ 99.2
Reconciliation of Net Income to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	14.0	17.4
Gain from Sales of Businesses		(3.3)
Income Tax Benefit from Stock-Based Awards	31.3	4.7
Excess Tax Benefit on Stock-Based Awards	(25.1)	
Equity-Based Compensation	11.1	6.7
Restructuring Charge	10.0	16.9
Restructuring Payments	(7.6)	(16.9)
Deferred Income Taxes, Net	(2.7)	(36.6)
Accrued Income Taxes, Net	(0.8)	33.6
Changes in Current Assets and Liabilities:		
Decrease in Accounts Receivable	58.8	31.5
Increase in Other Current Assets	(0.4)	(8.3)
Increase in Deferred Revenue	27.9	31.6
Decrease in Accounts Payable	(12.1)	(9.4)
Decrease in Accrued Liabilities	(21.3)	(27.4)
Decrease in Other Accrued and Current Liabilities	(3.7)	(2.7)
Changes in Non-Current Assets and Liabilities:		
Increase in Other Long-Term Assets	(41.9)	(5.0)
Decrease in Long-Term Liabilities	(3.9)	(10.9)
Net, Other Non-Cash Adjustments	0.6	0.3
Net Cash Provided by Operating Activities	137.9	121.4
Cash Flows from Investing Activities:		
Investments in Marketable Securities	(149.6)	(99.0)
Redemptions of Marketable Securities	259.0	112.4
Proceeds from Sales of Businesses, Net of Cash Divested		20.3
Payments for Acquisitions of Businesses, Net of Cash Acquired	(8.3)	(1.3)
Cash Settlements of Foreign Currency Contracts	(0.8)	(0.3)
Capital Expenditures	(4.2)	(4.5)
Additions to Computer Software and Other Intangibles	(16.8)	(5.1)
Net, Other	0.2	0.2
Net Cash Provided by Investing Activities	79.5	22.7

Cash Flows from Financing Activities:

Payments for Purchases of Treasury Shares	(396.6)	(144.4)
Net Proceeds from Stock-Based Awards	25.6	13.9
Spin-off Obligation	(20.9)	(9.2)
Payment of Debt	(300.0)	
Proceeds from Issuance of Long-Term Debt	299.2	
Proceeds from Borrowings on Credit Facilities	55.0	1.3
Payment of Bond Issue Costs	(2.2)	
Termination of Interest Rate Derivatives	5.0	
Excess Tax Benefit on Stock-Based Awards	25.1	
Net, Other	(0.2)	

Net Cash Used in Financing Activities	(310.0)	(138.4)
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Effect of Exchange Rate Changes on Cash and Cash Equivalents	14.4	(13.3)
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Decrease in Cash and Cash Equivalents	(78.2)	(7.6)
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Cash and Cash Equivalents, Beginning of Period	195.3	252.9
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Cash and Cash Equivalents, End of Period	\$ 117.1	\$ 245.3
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Supplemental Disclosure of Cash Flow Information:

Cash Paid for:	&
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