

DUN & BRADSTREET CORP/NW
Form 10-Q
May 04, 2007

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 March 31, 2007

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 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).

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Yes " No þ

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 March 31, 2007
Common Stock, par value \$0.01 per share	59,404,096

THE DUN & BRADSTREET CORPORATION

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

The Dun & Bradstreet Corporation

Consolidated Statements of Operations (Unaudited)

	Three Months Ended	
	March 31,	
	2007	2006
	(Amounts in millions, except per share data)	
Operating Revenues	\$ 392.3	\$ 367.2
Operating Expenses	117.4	109.4
Selling and Administrative Expenses	165.3	158.9
Depreciation and Amortization	9.4	6.5
Restructuring Charge	14.8	6.4
Operating Costs	306.9	281.2
Operating Income	85.4	86.0
Interest Income	1.5	2.7
Interest Expense	(6.4)	(5.4)
Other Income (Expense) - Net	5.9	(0.5)
Non-Operating Income (Expense) - Net	1.0	(3.2)
Income Before Provision for Income Taxes	86.4	82.8
Provision for Income Taxes	33.8	31.3
Minority Interest Income (Expense)		(0.1)
Equity in Net Income of Affiliates	0.1	0.1
Net Income	\$ 52.7	\$ 51.5
Basic Earnings Per Share of Common Stock	\$ 0.89	\$ 0.77
Diluted Earnings Per Share of Common Stock	\$ 0.87	\$ 0.75
Weighted Average Number of Shares Outstanding - Basic	59.4	66.4
Weighted Average Number of Shares Outstanding - Diluted	60.9	68.4

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

The Dun & Bradstreet Corporation
Consolidated Balance Sheets (Unaudited)

	March 31, 2007	December 31, 2006
	(Amounts in millions, except per share data)	
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 139.6	\$ 138.4
Accounts Receivable, Net of Allowance of \$19.8 at March 31, 2007 and \$21.5 at December 31, 2006	409.1	415.0
Other Receivables	6.3	10.5
Prepaid Taxes		47.9
Deferred Income Tax	11.5	11.2
Other Current Assets	21.9	22.0
Total Current Assets	588.4	645.0
Non-Current Assets		
Property, Plant and Equipment, Net of Accumulated Depreciation of \$147.4 at March 31, 2007 and \$145.4 at December 31, 2006	49.7	50.7
Prepaid Pension Costs	206.2	199.0
Computer Software, Net of Accumulated Amortization of \$334.5 at March 31, 2007 and \$330.4 at December 31, 2006	57.3	54.4
Goodwill	254.6	228.2
Deferred Income Tax	90.8	106.1
Deposit	39.8	39.8
Other Non-Current Assets	105.4	36.9
Total Non-Current Assets	803.8	715.1
Total Assets	\$ 1,392.2	\$ 1,360.1
LIABILITIES		
Current Liabilities		
Accounts Payable	\$ 35.9	\$ 40.3
Accrued Payroll	85.0	129.0
Accrued Income Tax		2.8
Short-Term Debt	0.1	0.1
Other Accrued and Current Liabilities (Note 12)	178.9	165.9
Deferred Revenue	526.8	467.4
Total Current Liabilities	826.7	805.5
Pension and Postretirement Benefits	410.1	416.3
Long-Term Debt	484.1	458.9
Liabilities for Unrecognized Tax Benefits	106.7	54.4
Other Non-Current Liabilities	22.4	21.5
Total Liabilities	1,850.0	1,756.6
Contingencies (Note 7)		
Minority Interest Liability	4.6	2.6
Shareholders' Equity		

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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	190.5	186.8
Retained Earnings (Note 13)	1,135.9	1,132.2
Treasury Stock, at cost, 22.5 shares at March 31, 2007 and 21.8 shares at December 31, 2006	(1,344.6)	(1,265.9)
Accumulated Other Comprehensive Income	(445.0)	(453.0)
Total Shareholders' Equity	(462.4)	(399.1)
Total Liabilities and Shareholders' Equity	\$ 1,392.2	\$ 1,360.1

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

The Dun & Bradstreet Corporation

Consolidated Statements of Cash Flows (Unaudited)

	For the Three Months Ended March 31, 2007 2006 (Amounts in millions)	
Cash Flows from Operating Activities:		
Net Income	\$ 52.7	\$ 51.5
Reconciliation of Net Income to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	9.4	6.5
Amortization of Unrecognized Pension Loss	7.7	
Gain from Sales of Businesses	(5.8)	
Income Tax Benefit from Stock-Based Awards	11.7	23.8
Excess Tax Benefit on Stock-Based Awards	(9.9)	(18.1)
Equity-Based Compensation	7.6	5.8
Restructuring Charge	14.8	6.4
Restructuring Payments	(8.1)	(3.9)
Deferred Income Taxes, Net	51.9	0.8
Accrued Income Taxes, Net	(27.8)	2.4
Changes in Current Assets and Liabilities:		
Decrease in Accounts Receivable	11.2	7.1
Net Decrease in Other Current Assets	0.3	3.0
Increase in Deferred Revenue	57.3	60.7
Decrease in Accounts Payable	(1.2)	(15.0)
Net Decrease in Accrued Liabilities	(35.8)	(46.3)
Net Decrease in Other Accrued and Current Liabilities	(4.1)	(6.7)
Changes in Non-Current Assets and Liabilities:		
Net Increase in Other Long-Term Assets	(5.5)	(38.6)
Net Decrease in Long-Term Liabilities	(6.6)	(3.5)
Net, Other Adjustments	(0.2)	0.3
Net Cash Provided by Operating Activities	119.6	36.2
Cash Flows from Investing Activities:		
Investments in Marketable Securities		(139.6)
Redemptions of Marketable Securities		145.8
Payments for Acquisitions of Businesses, Net of Cash Acquired	(29.8)	(7.6)
Cash Settlements of Foreign Currency Contracts	(0.6)	(0.2)
Capital Expenditures	(6.5)	(1.6)
Additions to Computer Software and Other Intangibles	(8.5)	(4.1)
Net, Other	0.2	(0.5)
Net Cash Used in Investing Activities	(45.2)	(7.8)
Cash Flows from Financing Activities:		
Payments for Purchases of Treasury Shares	(105.6)	(122.5)
Net Proceeds from Stock-Based Awards	10.3	20.0
Spin-off Obligation		(20.9)
Payment of Debt		(300.0)
Proceeds from Issuance of Long-Term Debt		299.2
Payment of Dividend	(14.9)	
Proceeds from Borrowings on Credit Facilities	122.7	
Payments of Borrowings on Credit Facilities	(97.5)	
Payment of Bond Issue Costs		(2.2)
Termination of Interest Rate Derivatives		5.0

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Excess Tax Benefit on Stock-Based Awards	9.9	18.1
Net, Other	0.3	0.8
Net Cash Used in Financing Activities	(74.8)	(102.5)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	1.6	4.9
Increase (Decrease) in Cash and Cash Equivalents	1.2	(69.2)
Cash and Cash Equivalents, Beginning of Period	138.4	195.3
Cash and Cash Equivalents, End of Period	\$ 139.6	\$ 126.1
Supplemental Disclosure of Cash Flow Information:		
Cash Paid for:		
Income Taxes, Net of Refunds	\$ (2.0)	\$ 4.3
Interest	\$ 10.6	\$ 10.1