DUN & BRADSTREET CORP/NW
Form 10-K
February 25, 2008
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

Form 10-K

Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the Fiscal Year Ended December 31, 2007

Commission file number 1-15967

The Dun & Bradstreet Corporation

(Exact name of registrant as specified in its charter)

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

(Address of principal executive offices) **(Zip Code)**

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

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock, par value $0.01 per share	**New York Stock Exchange**
Preferred Share Purchase Rights	**New York Stock Exchange**

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes x No ¨

Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes ¨ No x

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant s knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ¨

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

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

As of June 30, 2007, the aggregate market value of all shares of Common Stock of The Dun & Bradstreet Corporation outstanding and held by nonaffiliates* (based upon its closing transaction price on the New York Stock Exchange Composite Tape on June 29, 2007) was approximately $6.027 billion.

As of January 31, 2008, 56,632,402 shares of Common Stock of The Dun & Bradstreet Corporation were outstanding.

Documents Incorporated by Reference

Portions of the registrant s definitive proxy statement for use in connection with its annual meeting of shareholders scheduled to be held on May 6, 2008, are incorporated into Part III of this Form 10-K.

* Calculated by excluding all shares held by executive officers and directors of the registrant. Such exclusions will not be deemed to be an admission that all such persons are affiliates of the registrant for purposes of federal securities laws.

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PART I

Item 1. *Business*

Overview

The Dun & Bradstreet Corporation (D&B or we or our or the Company) is the world s leading source of commercial information and insight o businesses, enabling customers to Decide with Confidence® for over 166 years. Our global commercial database contains more than 125 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 customers with four solution sets, which meet a diverse set of customer needs globally. Customers use our Risk Management Solutions to mitigate credit risk, increase cash flow and drive increased profitability; our Sales & Marketing Solutions to increase revenue from new and existing customers; our E-Business Solutions to convert prospects into clients faster by enabling business professionals to research companies, executives and industries; and our Supply Management Solutions to increase cash by generating ongoing savings from our customers suppliers and by protecting our customers from serious financial, operational and regulatory risk.

Our Aspiration and Our Strategy

In October 2000, we launched a business strategy called the Blueprint for Growth. This strategy has been successful in driving our performance over the past seven years.

In September 2006, we updated our Blueprint for Growth strategy and articulated our strategic choices for the future. Our updated strategy reflects that D&B is a company that has been and remains committed to delivering Total Shareholder Return (TSR). To achieve this objective, we remain focused on three key drivers of TSR, which include: delivering profitable revenue growth; maintaining a disciplined approach to deploying our free cash flow; and delivering consistent performance over time. These have been the central drivers of our success and they will remain the key areas of focus for us going forward.

To deliver profitable revenue growth, we have made a fundamental strategic choice to remain focused on the commercial marketplace, and to continue being the world s largest and best provider of insight about businesses. This is reflected in our aspiration, which is To be the most trusted source of commercial insight so our customers can decide with confidence.

Within the commercial insight market, we have identified three strategic stakes to increase growth for the future. We continue to execute against these stakes, which include:

- Growing our global Risk Management Solutions, which is our largest solution set, by strengthening our data capabilities and by playing a larger role in delivering predictive analytics and platforms to our customers;

- Growing our Sales and Marketing Solutions globally by focusing on the higher growth space of commercial data integration; and

- Growing our Internet Solutions (E-Business) by continuing to invest in Hoover s, Inc. (Hoover s) our online database solution that provides information on public and private companies, their executives and industries while also investing in new platforms that will leverage and complement our Hoover s offering.

In executing against these strategic stakes, we are focused on growing our Risk Management Solutions, Sales and Marketing Solutions and E-Business Solutions both organically by investing in areas such as data and

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technology and by pursuing strategic acquisitions. We do not believe that our Supply Management Solutions business will be a growth priority for us going forward.

Our Blueprint for Growth strategy relies on four core competitive advantages that support our commitment to driving TSR and our aspiration to be the most trusted source of commercial insight so our customers can decide with confidence. These core competitive advantages include our:

- Trusted Brand;
- Financial Flexibility;
- Winning Culture; and
- DUNSRight Quality Process.

For the reasons described below, we believe that these core competitive advantages will continue to drive our growth and profitability going forward.

Trusted Brand

The D&B® brand is steeped in tradition that dates back to the founding of our company in 1841. We believe that the D&B brand is unique in the marketplace, standing for trust and confidence in commercial insight; our customers rely on D&B and the quality of our brand when they make critical business decisions.

Financial Flexibility

Financial Flexibility is an ongoing process that reallocates 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. As part of this process, we view almost every dollar that we spend as flexible. What this means is that we view little of our costs as fixed we make a conscious decision about every investment we make. By approaching our cost base in this way, we are able to continually and systematically identify ways to improve our performance in terms of quality and cost. In executing our Financial Flexibility process we seek to eliminate, standardize, consolidate and automate our business functions. In addition, we evaluate the possibility that we can achieve improved quality and greater efficiencies through outsourcing.

Winning Culture

Our culture is focused on developing strong leaders, because we believe that great leadership drives great results, improves customer satisfaction and helps increase TSR. To build such leadership, we have developed and deployed a consistent, principles-based leadership model throughout our Company.

Our quarterly leadership development process ensures that team member performance goals and financial rewards are linked to our Blueprint for Growth strategy. In addition, we link a component of the compensation of each of our senior leaders to our overall financial results. Our leadership development process also enables team members, which include our management and employees, to receive ongoing feedback on their performance goals and on their leadership. All team members are expected to have personal leadership action plans that are focused on their own personal development, building on their leadership strengths and working on their areas of development.

We have a talent assessment process that provides a framework to assess and improve skill levels and performance across the organization and which acts as a tool to aid talent development and succession planning. We also administer an employee engagement survey that enables team members worldwide to provide feedback on areas that will improve their performance, drive customer satisfaction and evolve our winning culture.

DUNSRight Quality Process

DUNSRight is our proprietary quality process that powers all of our customer solution sets and serves as our key strategic differentiator as a commercial insight company.

The foundation of our DUNSRight Quality Process is Quality Assurance, which includes over 2,000 separate automated and manual checks to ensure that data meets our high quality standards.

In addition, our five DUNSRight Quality Drivers work sequentially to enhance the data and make it useful to our customers in making critical business decisions.

The process works as follows:

- **Global Data Collection** brings together data from a variety of sources worldwide;
- We integrate the data into our database through our patented **Entity Matching**, which produces a single, more accurate picture of each business;
- We apply the **D-U-N-S® Number** as a unique means of identifying and tracking a business globally throughout every step in the life and activity of the business;
- We use **Corporate Linkage** to enable our customers to view their total risk or opportunity across related businesses; and
- Finally, our **Predictive Indicators** use statistical analysis to rate a business past performance and to predict how a business is likely to perform in the future.

Segments

We currently manage and report our business globally through two segments:

- United States (U.S.); and
- International (which consists of our operations in Europe, Canada, Asia Pacific and Latin America).

On January 1, 2005, we began managing our operations in Canada as part of our International segment and we have reclassified our historical financial results set forth in Item 8. of this Annual Report on Form 10-K to reflect this change. Prior to January 1, 2005, we reported the results of our Canadian operations together with our U.S. operations.

On December 27, 2007, we sold our Italian real estate business which was a part of our International segment and we have reclassified the historical financial results of the Italian real estate business as discontinued operations as set forth in this Annual Report on Form 10-K to reflect this reclassification. The financial statements for our subsidiaries outside the U.S. and Canada reflect a fiscal year ended November 30, in order to facilitate timely reporting of our consolidated financial results and financial position. Accordingly, the related assets and liabilities of our Italian real estate business have been classified as held for sale in the balance sheet and we will record the resulting gain from the sale in the first quarter of 2008.

U.S . Our U.S. segment accounted for 78%, 79% and 79% of our total revenue for the years ended December 31, 2007, 2006 and 2005, respectively.

International. We conduct business internationally through our wholly-owned subsidiaries, independent correspondents, strategic relationships through our D&B Worldwide Network® and through joint ventures and minority equity investments. The International segment, which primarily represents revenue generated through our subsidiaries, accounted for 22%, 21% and 21% of our total revenue for the years ended December 31, 2007, 2006 and 2005, respectively.

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Since the launch of the Blueprint for Growth strategy, we have entered into strategic relationships with strong local players throughout the world who have become part of our D&B Worldwide Network. Our D&B Worldwide Network enables our customers globally to make business decisions with confidence, because we incorporate data from the members of the D&B Worldwide Network that has been put through the DUNSRight Quality Process into our database and utilize it in our customer solutions. Our customers, therefore, have access to a more powerful database and global solution sets they can rely on to make their risk management, sales and marketing and supply management business decisions.

In addition, we have from time-to-time, acquired complementary businesses, products and technologies. For example:

- In 2005, we acquired LiveCapital, Inc.;
- In 2006, we acquired Open Ratings, Inc.;
- In 2007, we acquired First Research, Inc., Purisma Incorporated, AllBusiness.com, Inc. and substantially all of the assets of n2Check Limited and substantially all of the assets and certain liabilities of the Education Division of Automation Research, Inc., d/b/a MKTG Services; and
- In 2007, we established joint ventures in China with Huaxia International Credit Consulting Co. Ltd. and in Japan with Tokyo Shoko Research.

Segment data and other information for the years ended December 31, 2007, 2006 and 2005 are included in Note 14 to our consolidated financial statements included in Item 8. of this Annual Report on Form 10-K.

Our Customer Solutions and Services

Risk Management Solutions

Risk Management Solutions is our largest customer solution set, accounting for 61%, 63% and 64% of our total revenue for the years ended December 31, 2007, 2006 and 2005, respectively. Within this customer solution set we offer traditional and value-added solutions. Our traditional solutions, which consist of reports from our database used primarily for making decisions about new credit applications, constituted 78% of our Risk Management Solutions revenue and 48% of our total revenue for the year ended December 31, 2007. Our value-added solutions, which constituted 22% of our Risk Management Solutions revenue and 13% of our total revenue for the year ended December 31, 2007, generally support automated decision-making and portfolio management through the use of scoring and integrated software solutions. See Item 7. Management s Discussion and Analysis of Financial Condition and Results of Operations of this Annual Report on Form 10-K for a discussion of trends in this customer solutions set.

Our Risk Management Solutions help customers increase cash flow and profitability while mitigating credit risk by helping them answer questions such as:

- Should I extend credit to this new customer?
- What credit limit should I set?
- Will this customer pay me on time?

What is my total credit risk exposure?

Should I change my credit policies?

How can I proactively manage my cash flow?

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Our principal Risk Management Solutions are:

- Our Business Information Report, or BIR, our Comprehensive Report, and our International Report, which provide overall profiles of a company, including, based on the report type, financial information, payment information, history of a business, ownership details, operational information and similar information;

- DNBi®, our interactive, customizable Web application that offers our customers real time access to our most complete and up-to-date global DUNSRight information, comprehensive monitoring and portfolio analysis;

- Our Self Awareness Solutions, which allow our small business customers to establish, improve and protect their own credit; and

- Our decisioning scores, which help assess the credit risk of a business by assigning a rating or score.

Certain of our solutions are available on a subscription pricing basis in the U.S., such as our Preferred Pricing Agreement with DNBi, and in certain of our International markets. Our subscription pricing plans, which continue to represent an increasing proportion of our revenue, provide increased access to our Risk Management reports and data to help customers increase their profitability while mitigating their risk.

Sales & Marketing Solutions

Sales & Marketing Solutions is our second-largest customer solution set accounting for 29%, 28% and 28% of our total revenue for the years ended December 31, 2007, 2006 and 2005, respectively. Within this customer solution set we offer traditional and value-added solutions. Our traditional solutions generally consist of marketing lists, labels and customized data files used by our customers in their direct mail and marketing activities. These solutions constituted 42% of our Sales & Marketing Solutions revenue and 12% of our total revenue for the year ended December 31, 2007. Our value-added solutions generally include decision-making and customer information management solutions. These value-added solutions constituted 58% of Sales & Marketing Solutions revenue and 17% of our total revenue for the year ended December 31, 2007.

Our Sales & Marketing Solutions help customers increase revenue from new and existing customers by helping them answer questions such as:

- Who are my best customers?

- How can I find prospects that look like my best customers?

- How can I exploit untapped opportunities with my existing customers?

- How can I allocate sales force resources to revenue growth potential?

Our principal Sales & Marketing Solutions are:

- Our solutions for Customer Data Integration, which are a suite of solutions that cleanse, identify and enrich customer information with our DUNSRight Quality Process. Our D&B Optimizer solution, for example, uses our DUNSRight Quality Process to transform customer prospects and files into up-to-date, accurate and actionable commercial insight, enabling a single customer view across multiple systems and touchpoints, such as marketing and billing databases and better enabling a customer to make sales and marketing decisions; and

Our Direct Marketing Lists, which benefit from our DUNSRight Quality Process to enable our customers to create an accurate and comprehensive marketing campaign.

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E-Business Solutions

E-Business Solutions represents the results of our Hoover s, Inc., including the First Research division of Hoover s, and AllBusiness.com businesses. E-Business Solutions accounted for 7%, 6% and 5% of our total revenue for the years ended December 31, 2007, 2006 and 2005, respectively. See Item 7. Management s Discussion and Analysis of Financial Condition and Results of Operations of this Annual Report on Form 10-K for a discussion on trends in this customer solutions set.

Hoover s provides information on public and private companies, and their executives and industries, primarily to senior executives and sales professionals worldwide. The database includes industry and company briefs, information on competitors, corporate financials, executive contact information, current news and research and analysts reports. Hoover s subscribers primarily access the data online via Hoover s Online.

First Research is a leading Internet provider of editorial-based industry insight, specifically tailored toward sales professionals. Through this acquisition, D&B has been able to enhance its Hoover s solutions with deeper industry-specific content, providing sales professionals with higher quality data and more comprehensive insight.

AllBusiness.com is an online media and e-commerce company that leverages its proprietary publishing platform and a broad range of content to help users run their small businesses. AllBusiness.com operates one of the leading business information sites on the Web. Its content helps professionals save time and money by addressing real-world business questions and presenting practical solutions.

Our E-Business Solutions help customers convert prospects to clients faster by helping them answer questions such as:

- How do I identify prospects and better prepare for sales calls?
- What is the prospect s business strategy and who are its major competitors?
- How does the prospect compare to others in their industry?
- Who are the key senior-level decision makers?
- How do I build a strong relationship with my customers?
- How do I find new business opportunities and keep current on market trends and competitors?

Our principal E-Business Solutions are:

- Our subscription solutions delivered online through Hoover s Online (such as Pro Premium, Pro Plus, Pro, Lite, Executive, and new First Research industry data solution) and via electronic data feeds;
- Our advertising and e-marketing solutions provided through *www.hoovers.com*, *www.AllBusiness.com* and related Websites;
- Licensing of Hoover s proprietary content to third-party content providers; and

The Hoover s Handbook series, a series of authoritative, printed reference materials.

Supply Management Solutions

Supply Management Solutions accounted for 3% our total revenue for each of the years ended December 31, 2007, 2006 and 2005, respectively. See Item 7. Management s Discussion and Analysis of Financial Condition and Results of Operations of this Annual Report on Form 10-K for a discussion on trends in this customer solutions set.

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Our Supply Management Solutions help our customers to increase cash by generating ongoing savings from our customers suppliers and protecting our customers from serious financial, operational and regulatory risk by helping them answer questions such as:

- How much do I spend on purchasing?
- How much business do I do with each supplier?
- How can I minimize my purchasing costs?
- How can I avoid supply chain disruption?
- How can I know which suppliers are also customers?
- How can I find suppliers to help achieve my corporate diversity objectives?
- How do I know whether I am in compliance with regulatory acts?

Our principal Supply Management Solutions are:

- Our Supply Data Services, which provide data content and professional services to remove duplicate records and file fragmentation as well as cleanse, enhance and enrich our customers supplier information;
- Our Supplier reports, particularly our Supplier Qualifier Report , which enables our customers to understand risk in their supply base by providing an in-depth business profile on an individual supplier and help customers understand the nature and performance of a supplier s business;
- Our DNBi Supply Management solution which is an interactive, web-based supply risk management solution that enables our customers to monitor, assess and mitigate risk in order to proactively manage their supply base and make intelligent decisions that ensure continuous delivery of high-quality supplier goods; and
- Our Supply On-Ramp , which is a Web-based solution that allows customers to standardize their supplier registration and evaluation process by creating a single point of entry with consistent procedures.

Our Sales Force

We rely primarily on our sales force of approximately 1,900 team members worldwide to sell our customers solutions, of which approximately 1,300 were in our U.S. segment and 600 were in our International segment as of December 31, 2007. Our sales force includes relationship managers and solution specialists who sell to our higher-revenue customers, teams of telesales people who sell to our lower-revenue customers and a team that sells to resellers of our solutions and our data.

We deliver our solutions primarily through the Web and other electronic methods, including desktop and enterprise application software, as well as through third-party resellers and enterprise software vendors.

Our Customers

We believe that different size customers have different needs and require different skill sets to service them. Accordingly, we have adopted a go-to-market sales strategy that focuses on distinct groups categorized internally as large customers, middle market customers and small market customers. Our large customers are those having spend with us of $1.0 million or more, while our middle market customers are those having spend with us of between $20,000 and $1.0 million and our small market customers are those having spend with us of $20,000 or less. Our principal customers within these groups are banks and other credit and financial institutions, manufacturers, wholesalers, insurance companies and telecommunication companies, as well as sales, marketing and business development professionals. None of our customers accounted for more than 2% of our 2007 total revenue or of the revenue of our U.S. or International segments. Accordingly, neither we nor either of our segments is dependent on a single customer or a few customers, such that a loss of any one would have a material adverse effect on our consolidated annual results of operations or the annual results of either of our segments.

Competition

We are subject to highly competitive conditions in all aspects of our business. A number of competitors are active in specific aspects of our business. However, we believe no competitor offers our complete line of solutions or can match our global data quality resulting from our DUNSRight Quality Process.

In the U.S., we are a market leader in our Risk Management Solutions business in terms of market share and revenue, including revenue from sales of third-party business credit information. We compete with our customers own internal business practices by continually developing more efficient alternatives to our customers risk management processes to capture more of their internal spend. We also directly compete with a broad range of companies, including consumer credit companies such as Equifax, Inc. and Experian Information Solutions, Inc. (Experian), which have traditionally offered primarily consumer information services, but now offer products that combine consumer information with business information as a tool to help customers make credit decisions with respect to small businesses.

We also compete in the U.S. with a broad range of companies offering solutions similar to our Sales & Marketing Solutions and Supply Management Solutions as well as our customers own purchasing departments. In our Sales & Marketing Solutions business, our direct competitors include companies such as Experian and infoUSA, Inc. (infoUSA). In our Supply Management Solutions business, we directly compete with consulting firms, specialty data providers and specialty software companies.

In our E-Business Solutions, Hoover s competition varies based on the size of the customer and the level of spending available for services such as Hoover s Online. On the high end of product pricing, Hoover s Pro, Hoover s Pro Plus and Hoover s Pro Premium products compete with other business information providers such as infoUSA. On the lower end of product pricing, our Hoover s Lite solution mainly competes with advertising-supported Websites and other free or low-priced information sources, such as Yahoo! Finance and MarketWatch, Inc.

Outside the U.S., the competitive environment varies by country, and in some countries we are a market leader. For example, in Europe, our direct competition is primarily local, such as Cerved in Italy and Experian in the United Kingdom (UK). In addition, common links exist among some of these competitors through their membership in European information network alliances, such as BIGNet (Experian) and we believe that competitors may be pursuing the establishment of their own pan-European network through direct investment (e.g., Coface), which could ultimately be positioned by them as an alternative to our D&B Worldwide Network. However, we believe we offer superior solutions when compared to these networks because of our DUNSRight Quality Process. In addition, the Sales & Marketing Solutions landscape is both localized and fragmented throughout Europe, where numerous local players of varying size compete for business.

We also face significant competition from the in-house operations of the businesses we seek as customers, other general and specialized credit reporting and business information services, other information and professional service providers, and credit insurers. For example, in certain International markets, such as Europe, some credit insurers have identified the provision of credit information as an additional revenue stream. In addition, business information solutions and services are becoming more readily available, principally due to the expansion of the Internet, greater availability of public data and the emergence of new providers of business information solutions and services.

As discussed in Our Aspiration and Our Strategy above, we believe that our Trusted Brand, our Financial Flexibility, our Winning Culture and our DUNSRight Quality Process form a powerful competitive advantage.

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Our ability to continue to compete effectively will be based on a number of factors, including our ability to:

- Communicate and demonstrate to our customers the value of our proprietary DUNSRight quality process and, as a result, improve customer satisfaction;
- Maintain and develop proprietary information and services such as analytics (e.g., scoring) and sources of data not publicly available;
- Leverage our brand perception and the value of our D&B Worldwide Network; and
- Attract and retain a high-performing workforce.

Intellectual Property

We own and control various intellectual property rights, such as trade secrets, confidential information, trademarks, trade names, copyrights, patents and applications therefor. These rights, in the aggregate, are of material importance to our business. We also believe that each of the D&B name and related trade names, marks and logos are of material importance to our business. We are licensed to use certain technology and other intellectual property rights owned and controlled by others, and other companies are licensed to use certain technology and other intellectual property rights owned and controlled by us. We consider our trademarks, service marks, databases, software, patents, patent applications and other intellectual property to be proprietary, and we rely on a combination of statutory (e.g., copyright, trademark, trade secret, patent, etc.) and contract and liability safeguards for protection thereof throughout the world.

Unless the context indicates otherwise, the names of our branded solutions and services referred to in this Annual Report on Form 10-K are trademarks, service marks or registered trademarks or service marks owned by or licensed to us or one or more of our subsidiaries.

We own patents and patent applications both in the U.S. and in other selected countries of strategic importance to us. The patents and patent applications include claims which pertain to certain technologies which we have determined are proprietary and warrant patent protection. We believe that the protection of our innovative technology, especially technology pertaining to our proprietary DUNSRight Quality Process, through the filing of patent applications is a prudent business strategy and we will continue to seek to protect those assets for which we have expended substantial research and development capital. Filing of these patent applications may or may not provide us with a dominant position in the fields of technology. However, these patent applications may provide us with legal defenses should subsequent patents in these fields be issued to third parties and later asserted against us. Where appropriate, we may also consider asserting or cross-licensing our patents.

Employees

As of December 31, 2007, we employed approximately 4,900 team members worldwide, of which approximately 3,000 were in our U.S. segment and Corporate and approximately 1,900 were in our International segment. We believe that we have good relations with our employees. There are no unions in our U.S. segment. Workers Councils and Trade Unions represent a portion of our employees in the European and Latin American operations of our International segment.

Available Information

We are required to file annual, quarterly and current reports, proxy statements and other information with the SEC. Investors may read and copy any document that we file, including this Annual Report on Form 10-K, at the SEC s Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. Investors may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. In addition, the SEC maintains an Internet site at www.sec.gov that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC, from which investors can electronically access our SEC filings.

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We make available free of charge on or through our website (www.dnb.com) our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, as soon as reasonably practicable after we electronically file such material with, or furnish the material to, the SEC. The information on our website, on our Hoover s website or on our related websites is not, and shall not be deemed to be, a part of this Annual Report on Form 10-K or incorporated into any other filings we make with the SEC.

Organizational Background of Our Company

As used in this report, except where the context indicates otherwise, the terms D&B, Company, we, us, or our refer to The Dun & Bradstreet Corporation and our subsidiaries.

We were incorporated in 2000 in the State of Delaware. For more information on our history, including the various spin-offs leading to our formation and our becoming a public company in September 2000, see Note 13 in Item 8. of this Annual Report on Form 10-K.

Item 1A. ***Risk Factors***

Our business model is dependent upon third parties to provide data and certain operational services, the loss of which would materially impact our business and financial results.

We rely significantly on third parties to support our business model. For example:

- We obtain much of the data that we use from third parties, including public record sources;
- We utilize single source providers in certain countries that support the needs of our customers around the globe and rely on members of our D&B Worldwide Network to provide local data in countries in which we do not directly operate;
- We have outsourced various functions, such as our technology help desk and network management functions in the U.S. and the UK; and
- We have also outsourced certain portions of our data acquisition and delivery and customer service processes.

If one or more data providers were to withdraw their data, cease making it available, substantially increase the cost of their data, or not adhere to our data quality standards, our ability to provide solutions and services to our customers could be materially adversely impacted, which could materially impact our business and financial results. Similarly, if one of our outsource providers, including third parties with whom we have strategic relationships, were to experience financial or operational difficulties, their services to us would suffer or they may no longer be able to provide services to us at all, materially impacting our business and financial results. In addition, we cannot be certain that we could replace our large third-party vendors in a timely manner or on terms commercially reasonable to us.

We face competition that may cause price reductions or loss of market share.

We are subject to competitive conditions in all aspects of our business. We compete directly with a broad range of companies offering business information services to customers. We also face competition from:

- The in-house operations of the businesses we seek as customers;

Other general and specialized credit reporting and other business information services;

Other information and professional service providers; and

Credit insurers.

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In addition, business information solutions and services are becoming more readily available, principally due to the expansion of the Internet, greater availability of public data and the emergence of new providers of business information solutions and services. Large web search engine companies can provide low-cost alternatives to data gathering and change how our customers perform key activities such as marketing campaigns. Such companies, and other third parties which may not be readily apparent today, may become significant low-cost competitors and adversely impact the demand for our solutions and services.

Weak economic conditions also can result in customers seeking to utilize free or lower-cost information that is available from alternative sources such as the Internet and European Commission sponsored projects like the European Business Register. Intense competition could harm us by causing, among other things, price reductions, reduced gross margins and loss of market share.

We are facing increased competition from consumer credit companies that offer consumer information solutions to help their customers make credit decisions regarding small businesses. In addition, consumer information companies are seeking to expand their operations more broadly into aspects of the business information space. While their presence is currently small in the business information market, given the size of the consumer market in which they play, they have scale advantages in terms of scope of operations and size of relationship with customers, which they can potentially leverage to an advantage.

Our ability to continue to compete effectively will be based upon a number of factors, including our ability to:

- Communicate and demonstrate to our customers the value of our proprietary DUNSRight Quality Process and, as a result, improve customer satisfaction;
- Maintain and develop proprietary information and services such as analytics (e.g., scoring), and sources of data not publicly available;
- Demonstrate value through our decision-making tools and integration capabilities;
- Leverage our brand perception and the value of our D&B Worldwide Network;
- Continue to implement the Financial Flexibility component of our strategy and effectively reallocate our spending to activities that drive revenue growth;
- Deliver reliable and high-quality business information through various media and distribution channels in formats tailored to customer requirements;
- Adopt and maintain an effective information technology infrastructure to support product delivery as customer needs and preferences change and competitors offer more sophisticated products;
- Attract and retain a high-performance workforce;
- Enhance our existing services and introduce new services; and

- Improve our International business model and data quality through the successful management in our International segment of the members of our D&B Worldwide Network.

A failure in the integrity of our database could harm our brand and result in a loss of sales and an increase in legal claims.

The reliability of our solutions is dependent upon the integrity of the data in our global database. We have in the past been subject to customer and third-party complaints and lawsuits regarding our data, which have occasionally been resolved by the payment of money damages. A failure in the integrity of our database could harm us by exposing us to customer or third-party claims or by causing a loss of customer confidence in our solutions.

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Also, we have licensed, and we may license in the future, proprietary rights to third parties. While we attempt to ensure that the quality of our brand is maintained by the third parties to whom we grant non-exclusive licenses and by customers, they may take actions that could materially and adversely affect the value of our proprietary rights or our reputation. In addition, it cannot be assured that these licensees and customers will take the same steps we have taken to prevent misappropriation of our data solutions or technologies.

Our brand and reputation are key assets and competitive advantages of our Company and our business may be affected by how we are perceived in the marketplace.

Our brand and its attributes are key assets of the Company. Our ability to attract and retain customers is highly dependent upon the external perceptions of our level of data quality, business practices and overall financial condition. Negative perceptions or publicity regarding these matters could damage our reputation with customers and the public, which could make it difficult for us to attract and maintain customers. Adverse developments with respect to our industry may also, by association, negatively impact our reputation, or result in higher regulatory or legislative scrutiny. Although we monitor developments for areas of potential risk to our reputation and brand, negative perceptions or publicity could materially impact our business and financial results.

We rely on annual contract renewals for a substantial part of our revenue and our quarterly results may be significantly impacted by the timing of these renewals or a shift in product mix that results in a change in the timing of revenue recognition.

We derive a substantial portion of our revenue from annual customer contracts. If we are unable to renew a significant number of these contracts, our revenue and results of operations would be harmed. In addition, our results of operations from period-to-period may vary due to the timing of customer contract renewals. As contracts are renewed, we have, and may continue to experience, a shift in product mix underlying such contracts. This could result in the deferral of increased amounts of revenue into future periods as a larger portion of revenue is recognized over the term of our contracts rather than upfront at contract signing. Although this may cause our financial results from period-to-period to vary substantially, such change in revenue recognition will not change the total revenue recognized over the life of our contracts.

Changes in the legislative, regulatory and commercial environments in which we operate may adversely impact our ability to collect, manage, aggregate and use data and may impact our financial results.

Certain types of information we gather, compile and publish are subject to regulation by governmental authorities in certain markets in which we operate, particularly in our international markets. In addition, there is increasing awareness and concern among the general public regarding marketing and privacy matters, particularly as they relate to individual privacy interests and the ubiquity of the Internet. These concerns may result in new laws and regulations. In general, compliance with existing laws and regulations has not to date materially impacted our business and financial results. Nonetheless, future laws and regulations with respect to the collection, management and use of information, and adverse publicity or litigation concerning the commercial use of such information, could materially impact our business and financial results. This could result in legislative or regulatory limitations being imposed on our operations, increased compliance or litigation expense and/or loss of revenue.

In addition, governmental agencies may seek, from time-to-time, to increase the fees or taxes that we must pay to acquire, use and/or redistribute data that such governmental agencies collect. While we would seek to pass along any such price increases to our customers or provide alternative services, there is no guarantee that we would be able to do so, given competitive pressures or other considerations. In addition, any such price increases or alternative services may result in reduced usage by our customers and/or loss of market share.

We may be unable to achieve our financial aspirations, which could negatively impact our stock price.

We have established financial aspirations for the 2008 through 2010 time frame with respect to the financial performance that we believe would be achieved based upon our planned business strategy for the next several years. These financial aspirations can only be achieved if the assumptions underlying our business strategy are fully realized some of which we cannot control (e.g., market growth rates, macroeconomic conditions and customer preferences). As part of our annual planning process we will review these assumptions and we intend to provide our financial guidance to shareholders on an annual basis.

We may be unable to adapt successfully to changes in our customers preferences for our solutions, which could adversely impact our revenues.

Our success depends in part on our ability to adapt our solutions to our customers preferences. Advances in information technology and uncertain or changing economic conditions are changing the way our customers use and purchase business information. As a result, our customers are demanding both lower prices and more features from our solutions, such as decision-making tools like credit scores and electronic delivery formats. If we do not successfully adapt our solutions to our customers preferences, our business and financial results would be materially adversely impacted. Specifically, for our larger customers, our continued success will be dependent on our ability to satisfy more of their needs by providing solutions beyond data, such as enhanced analytics and assisting with their data integration efforts. For our smaller customers, our success will depend in part on our ability to simplify our solutions and pricing offerings, to enhance our marketing efforts to these customers and to improve our service to them.

To address customer needs for pricing certainty and increased access to our solutions, we provide subscription pricing plans through our Preferred Pricing Agreement and our Preferred Pricing Agreement with DNBi. These subscription pricing plans provide expanded access to our Risk Management Solutions in a way that provides more certainty over related costs to the customer, which, in turn, generally results in customers increasing their spend on our solutions. These plans have been an important driver of our growth in 2007, 2006 and 2005. Our success moving forward is dependent, in part, on the continued penetration of these offerings and the successful rollout of similar programs in various markets around the world. Similarly, our continued success is dependent on customers acceptance of our DNBi offering.

Acquisitions, joint ventures or similar strategic relationships may disrupt or otherwise have a negative impact on our business and financial results.

As part of our strategy, we may seek to acquire other complementary businesses, products and technologies or enter into joint ventures or similar strategic relationships. These transactions are subject to the following risks:

- Acquisitions, joint ventures or similar relationships may cause a disruption in our ongoing business, distract our management and make it difficult to maintain our standards, controls and procedures;
- We may not be able to integrate successfully the services, content, products and personnel of any such transaction into our operations;
- We may not derive the revenue improvements, cost savings and other intended benefits of any such transaction; and
- Risks, exposures and liabilities of acquired entities or other third parties with whom we undertake a transaction, that arise from such third parties activities prior to undertaking a transaction with us.

Our business performance might not be sufficient for us to meet the full year financial guidance that we provide publicly.

We provide full-year financial guidance to the public which is based upon our assumptions regarding our expected financial performance. This includes, for example, assumptions regarding our ability to grow revenue, to provide profitable operating income, to achieve desired tax rates and to generate cash. We believe that our

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financial guidance provides investors and analysts with a better understanding of our view of our near term financial performance. Such financial guidance may not always be accurate, however, due to our inability to meet the assumptions we make and the impact on our financial performance that could occur as a result of the various risks and uncertainties to our business as set forth in these risk factors and in our public filings with the SEC or otherwise. If we fail to meet the full-year financial guidance that we provide or if we find it necessary to revise such guidance as we conduct our operations throughout the year, the market value of our common stock could be materially adversely affected.

We have no direct management control over third-party members of the D&B Worldwide Network who conduct business under the D&B brand name in local markets.

The D&B Worldwide Network is comprised of both wholly owned subsidiaries and third-party members who conduct business under the D&B brand name in local markets. While third-party member participation in the D&B Worldwide Network is controlled by commercial services agreements and the use of our trademarks is controlled by license agreements, we have no direct management control over these members beyond the terms of the agreements. As a result, actions or inactions taken by these third-party members may have a material impact on our business and financial results. For example, one or more third-party members may:

- Provide a product or service that does not adhere to our data quality standards;
- Fail to comply with D&B brand and communications standards;
- Engage in illegal or unethical business practices;
- Elect not to support new or revised products and services or other strategic initiatives; or
- Fail to execute other data or distribution contract requirements.

Such actions or inactions may have an impact on customer confidence in the D&B brand globally, which could materially adversely impact our business and financial results.

We may not be able to attract and retain qualified personnel, including members of our sales force, which could impact the quality of our performance and customer satisfaction.

Our success and financial results also depend on our continuing ability to attract, retain and motivate highly qualified personnel at all levels, including members of our sales force on whom we rely for the vast majority of our revenue, and to appropriately use the time and resources of such individuals. Competition for these individuals is intense, and we may not be able to retain our key personnel or key members of our sales teams, or attract, assimilate or retain other highly qualified individuals in the future. We have from time-to-time experienced, and we expect to continue to experience, difficulty in hiring and retaining employees, including members of our sales force, with appropriate qualifications.

We may lose key business assets or suffer interruptions in product delivery, including loss of data center capacity or the interruption of telecommunications links, the Internet, or power sources which could significantly impede our ability to do business.

Our operations depend on our ability, as well as that of third-party service providers to whom we have outsourced several critical functions, to protect data centers and related technology against damage from hardware failure, fire, power loss, telecommunications failure, impacts of terrorism, breaches in security (such as the actions of computer hackers), natural disasters, or other disasters. The on-line services we provide are dependent on links to telecommunications providers. In addition, we generate a significant amount of our revenue through telesales centers and websites that we use in the acquisition of new customers, fulfillment of solutions and services and responding to customer inquiries. We may not have sufficient redundant operations or change management processes in connection with our introduction of new Web-based products or services to prevent a loss or failure in all of these areas in a timely manner. Any damage to our data centers, failure of our

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telecommunications links or inability to access these telesales centers or websites could cause interruptions in operations that adversely affect our ability to meet customers requirements and materially impact our business and financial results.

Our operations in the International segment are subject to various risks associated with operations in foreign countries, which could materially impact our business and financial results.

Our success depends in part on our various operations outside the United States. For the three years ended December 31, 2007, 2006 and 2005, our International segment accounted for 22%, 21% and 21% of total revenue. Our International business is subject to many challenges, the most significant being:

- Our competition is primarily local, and our customers may have greater loyalty to our local competitors;
- Credit insurance is a significant credit risk mitigation tool in certain markets, thus reducing the demand for our Risk Management Solutions; and
- In some markets, key data elements are generally available from public-sector sources, thus reducing a customer s need to purchase our data.

Our International strategy includes the leveraging of our D&B Worldwide Network to improve our data quality. We form and manage these strategic alliances to create a competitive advantage for us over the long term; however, these strategic relationships may not be successful or may be subject to ownership change.

The issue of data privacy is an increasingly important area of public policy in various International markets, and we operate in an evolving regulatory environment that could adversely impact aspects of our business or the business of third parties on whom we depend.

Our operating results could also be negatively affected by a variety of other factors affecting our foreign operations, many of which are beyond our control. These factors may include currency fluctuations, economic, political or regulatory conditions, competition from government agencies in a specific country or region, trade protection measures and other regulatory requirements. Additional risks inherent in International business activities generally include, among others:

- Longer accounts receivable payment cycles;
- The costs and difficulties of managing International operations and strategic alliances, including the D&B Worldwide Network; and
- The need to comply with a broader array of regulatory and licensing requirements, the failure of which could result in fines, penalties or business suspensions.

We may be unable to reduce our expense base through our Financial Flexibility Program, and the related reinvestments from savings from this program may not produce the level of desired revenue growth which would materially impact our business and financial results.

Successful execution of our strategy includes reducing our expense base through our Financial Flexibility Program, and reallocating our expense base reductions into initiatives to produce our desired revenue growth. The success of this program may be affected by:

- Our ability to continually adapt and improve our organizational design and efficiency to meet the changing needs of our business and our customers;

Our ability to implement all of the actions required under this program within the established time frame;

Our ability to implement actions that require process or technology changes to reduce our expense base;

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- Entering into or amending agreements with third-party vendors to renegotiate terms beneficial to us;
- Managing third-party vendor relationships effectively;
- Completing agreements with our local works councils and trade unions related to potential reengineering actions in certain International markets; and
- Maintaining quality around key business processes utilizing our reduced and/or outsourced resources.

If we fail to reduce our expense base, or if we do not achieve our desired level of revenue growth from new initiatives, our business and financial results would be materially impacted.

We are involved in tax and legal proceedings that could have a material adverse impact on us.

We are involved in tax and legal proceedings, claims and litigations that arise in the ordinary course of business. As discussed in greater detail under Note 13. Contingencies in Notes to Consolidated Financial Statements in Part II, Item 8. of this Annual Report on Form 10-K, certain of these matters could materially impact our business and financial results.

Item 1B. ***Unresolved Staff Comments***

Not applicable.

Item 2. ***Properties***

Our corporate office is located at 103 JFK Parkway, Short Hills, New Jersey, in a 123,000-square-foot property that we lease. This property also serves as the executive offices of our U.S. segment.

Our other properties are geographically distributed to meet sales and operating requirements worldwide. We generally consider these properties to be both suitable and adequate to meet current operating requirements. As of December 31, 2007, the most important of these other properties include the following sites:

- A 178,300-square-foot leased office building in Center Valley, Pennsylvania, which houses various sales, finance, fulfillment and data acquisition personnel;
- A 147,000-square-foot office building that we own in Parsippany, New Jersey, housing personnel from our U.S. sales, marketing and technology groups (approximately one-third of this building is leased to a third party);
- A 78,000-square-foot leased office building in Austin, Texas, which houses a majority of Hoover s employees; and
- A 79,060-square-foot leased space in Marlow, England, which houses our UK business, International technology and certain other international teams.

In addition to the above locations, we also conduct operations in other offices across the globe, all of which are leased.

Item 3. *Legal Proceedings*

Information in response to this Item is included in Part II, Item 8. Note 13. Contingencies and is incorporated by reference into Part I of this Annual Report on Form 10-K.

Item 4. *Submission of Matters to a Vote of Security Holders*

No matters were submitted to a vote of security holders in the fourth quarter of fiscal year 2007.

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PART II

Item 5. ***Market for Registrant s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities***

Our common stock is listed on the New York Stock Exchange and trades under the symbol DNB. We had 3,300 shareholders of record as of December 31, 2007.

The following table summarizes the high and low sales prices for our common stock, as reported in the periods shown:

	2007		2006	
	High	Low	High	Low
First Quarter	$ 91.51	$ 82.28	$ 76.68	$ 67.70
Second Quarter	$ 104.62	$ 89.69	$ 78.18	$ 67.96
Third Quarter	$ 106.63	$ 90.08	$ 75.19	$ 65.50
Fourth Quarter	$ 99.68	$ 86.26	$ 84.25	$ 74.28

We paid dividends of $58.4 million during the year ended December 31, 2007. We did not pay any dividends on our common stock during the years ended December 31, 2006 and 2005. In December 2007, our Board of Directors approved the declaration of a $0.30 per share dividend for the first quarter of 2008. This cash dividend is payable March 17, 2008, to shareholders of record at the close of business on February 29, 2008.

Issuer Purchases of Equity Securities

The following table provides information about purchases made by us or on our behalf during the quarter ended December 31, 2007 of shares of equity that are registered pursuant to Section 12 of the Exchange Act:

Period	Total Number of Shares Purchased (a)(b)	Average Price Paid Per Share	Total Number of Shares Purchased as part of Publicly Announced Plans or Programs(a)(b)	Maximum Number of Currently Authorized Shares that May Yet Be Purchased Under the Plans or Programs(a)	Approximate Dollar Value of Currently Authorized Shares that May Yet Be Purchased Under the Plans or Programs(b)
		(Amounts in millions, except per share data)			
October 1 - 31, 2007	0.2	$ 97.37	0.2		$
November 1 - 30, 2007	0.8	$ 88.59	0.8		
December 1 - 31, 2007	0.3	$ 89.98	0.3		
	1.3	$ 89.99	1.3	2.7	$ 26.8

(a) During the three months ended December 31, 2007, we repurchased 0.3 million shares of common stock for $20.7 million to mitigate the dilutive effect of the shares issued under our stock incentive plans and Employee Stock Purchase Plan. This repurchase program was announced in August 2006 and expires in August 2010. The maximum number of shares authorized for repurchase under this program is 5.0 million shares, of which 2.3 million shares have been repurchased as of December 31, 2007.

(b) During the three months ended December 31, 2007, we repurchased 1.0 million shares of common stock for $98.2 million related to a $200 million, one-year share repurchase program approved by our Board of Directors in May 2007. This program was completed in February 2008.

FINANCIAL PERFORMANCE COMPARISON GRAPH*

SINCE DECEMBER 31, 2002

In accordance with SEC rules, the graph below compares the Company s cumulative total shareholder return against the cumulative total return of the Standard & Poor s MidCap 400 Index and a published industry index starting on December 31, 2002. Our past performance may not be indicative of future performance.

As an industry index, the Company chose the S&P MidCap Diversified Commercial & Professional Services Index (previously named the S&P 400 MidCap Diversified Commercial Services Specialized Index), a subset of the S&P MidCap 400 Index that includes companies that provide business-to-business services.

COMPARISON OF 5 YEAR CUMULATIVE TOTAL RETURN

AMONG D&B, THE S&P MIDCAP DIVERSIFIED COMMERCIAL &

PROFESSIONAL SERVICES INDEX AND THE S&P MIDCAP 400 INDEX

* Assumes $100 invested on December 31, 2002, and reinvestment of dividends.

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Item 6. *Selected Financial Data*

	For the Years Ended December 31,				
	2007	2006	2005	2004	2003
	(Amounts in millions, except per share data)				
Results of Operations:					
Operating Revenues	$ 1,599.2	$ 1,474.9	$ 1,380.0	$ 1,370.2	$ 1,351.5
Costs and Expenses(1)	1,173.6	1,081.2	1,015.4	1,054.1	1,061.3
Operating Income	425.6	393.7	364.6	316.1	290.2
Non-Operating Income (Expense) Net(2)	0.7	(13.3)	(9.7)	22.0	(11.6)
Income from Continuing Operations Before Provision for Income Taxes	426.3	380.4	354.9	338.1	278.6
Provision for Income Taxes(3)	135.8	142.1	133.1	128.2	105.7
Minority Interest Income (Expense)(4)	0.9				
Equity in Net Income (Loss) of Affiliates	1.3	0.4	0.7		0.3
Income from Continuing Operations	292.7	238.7	222.5	209.9	173.2
Income (Loss) from Discontinued Operations(5)	5.4	2.0	(1.3)	1.9	1.3
Net Income	$ 298.1	$ 240.7	$ 221.2	$ 211.8	$ 174.5
Basic Earnings Per Share of Common Stock:					
Income from Continuing Operations	$ 5.03	$ 3.77	$ 3.33	$ 2.98	$ 2.36
Income (Loss) from Discontinued Operations	0.09	0.04	(0.02)	0.03	0.01
Net Income	$ 5.12	$ 3.81	$ 3.31	$ 3.01	$ 2.37
Diluted Earnings Per Share of Common Stock:					
Income from Continuing Operations	$ 4.90	$ 3.67	$ 3.21	$ 2.87	$ 2.28
Income (Loss) from Discontinued Operations	0.09	0.03	(0.02)	0.03	0.02
Net Income	$ 4.99	$ 3.70	$ 3.19	$ 2.90	$ 2.30
Other Data:					
Weighted Average Number of Shares Outstanding Basic	58.3	63.2	66.8	70.4	73.5
Weighted Average Number of Shares Outstanding Diluted	59.8	65.1	69.4	73.1	75.8
Cash Dividends Paid per Common Share	$ 1.00	$	$	$	$
Cash Dividends Declared per Common Share	$ 1.30	$	$	$	$
Balance Sheet:					
Total Assets	$ 1,658.8	$ 1,360.1	$ 1,613.4	$ 1,635.5	$ 1,624.7
Long-Term Debt	$ 724.8	$ 458.9	$ 0.1	$ 300.0	$ 299.9
Equity	$ (423.0)	$ (399.1)	$ 77.6	$ 54.2	$ 48.4

(1) 2007 included a charge of $25.1 million for restructuring related to the 2007, 2006 and 2005 Financial Flexibility Programs and a charge of $0.8 million related to the settlement of an International payroll tax matter related to a divested entity. 2006 included a charge of $25.5 million for restructuring related to the 2006, 2005 and 2004 Financial Flexibility Programs. 2005 included a charge of $30.7 million for restructuring related to the 2005 and 2004 Financial Flexibility Programs and a charge of $0.4 million for the final resolution of all disputes on the sale of our French business. 2004 included a charge of $32.0 million for restructuring related to the 2004 Financial Flexibility Program. 2003 included charges of $17.4 million for restructuring related to the 2003 Financial Flexibility Program and $13.8 million for the loss on the sale of our High Wycombe, England facility.

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(2) 2007 included a gain of $5.8 million related to our joint venture with Huaxia International Credit Consulting Co. Limited, or Huaxia/D&B China Joint Venture, a gain of $13.2 million related to our joint venture with Tokyo Shoko Research or Tokyo Shoko Research/D&B Japan Joint Venture, a gain of $1.6 million related to the effect of Legacy Tax Matters and a net gain of $0.9 million on the sale of other investments. 2005 included a $3.5 million gain on the sale of a 5% investment in a South African company, a $0.8 million gain as a result of lower costs related to the 2004 sale of operations in Iberia (Spain and Portugal) and a charge of $3.7 million for the final resolution of all disputes on the sale of our French business. 2004 included gains on the sales of operations in the Nordic region (Sweden, Denmark, Norway and Finland) of $7.9 million, India and Distribution Channels in Pakistan and the Middle East of $3.8 million, Central Europe (Germany, Switzerland, Poland, Hungary and Czech Republic) of $5.6 million, France of $12.9 million and Iberia (Spain and Portugal) of $0.1 million. 2003 included gains of $7.0 million on the settlement of an insurance claim to recover losses related to the events of September 11, 2001 and $1.8 million on the sale of equity interests in our Singapore business. Partially offsetting these gains in 2003 was a $4.3 million loss on the sale of our Israeli business.

(3) 2007 was impacted by the tax reserve true-up of $31.2 million for the settlement of 1997-2002 tax years, primarily related to the Amortization of Royalty Expense Deductions/Royalty Income 1997-2007 transaction, and a $2.5 million impact as a result of revaluing of the net deferred tax assets in the UK as a result of a UK tax law change, enacted in the third quarter of 2007, which reduces the general UK tax rate from 30% to 28%, the impact of tax incurred in Asia Pacific related to the gains on our Huaxia/D&B China Joint Venture and Tokyo Shoko Research/D&B Japan Joint Venture of $2.9 million and $8.3 million, respectively, a $1.6 million effect related to Legacy Tax Matters, an impact on the settlement of an International payroll tax matter of $0.2 million related to a divested entity, and $0.3 million impact on the sale of other investments. 2006 included a charge of $0.8 million related to the Legacy Tax Matter referred to as Royalty Expense Deduction 1993-1997. 2005 included a gain of $16.3 million related to tax benefits recognized upon the liquidation of dormant International entities whose assets were divested as part of our International strategy, a $9.3 million tax charge related to our repatriation of foreign cash, a $6.3 million charge resulting from an increase in the tax legacy reserve for the matter referred to as Royalty Expense Deductions 1993-1997 and a $0.9 million refund related to the Legacy Tax Matter referred to as Utilization of Capital Losses 1989-1990. 2004 included a charge for taxes of $4.5 million related to the settlement of the tax matter referred to as Utilization of Capital Losses 1989-1990.

(4) 2007 included minority interest expense of $0.9 million related to the minority owner s share of net income of our Huaxia/D&B China Joint Venture. See Note 4 to our consolidated financial statements included in Item 8. of this Annual Report on Form 10-K.

(5) On December 27, 2007, we completed the sale of our Italian real estate business which was a part of our International segment and we have reclassified the historical financial results of the Italian real estate business as discontinued operations as set forth in this Annual Report on Form 10-K to reflect this reclassification. The financial statements for our subsidiaries outside the U.S. and Canada reflect a fiscal year ended November 30, in order to facilitate timely reporting of our consolidated financial results and financial position. Accordingly, the related assets and liabilities of our Italian real estate business have been classified as held for sale in the balance sheet and we will record the resulting gain from the sale in the first quarter of 2008.

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Item 7. ***Management s Discussion and Analysis of Financial Condition and Results of Operations***

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 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 businesses since they are not included in future revenue.

On December 27, 2007, we completed the sale of our Italian real estate business which was a part of our International segment and we have reclassified the historical financial results of the Italian real estate business as discontinued operations as set forth in this Annual Report on Form 10-K to reflect this reclassification. The financial statements for our subsidiaries outside the U.S. and Canada reflect a fiscal year ended November 30, 2007, 2006, and 2005, in order to facilitate timely reporting of our consolidated financial results and financial position. Accordingly, the related assets and liabilities of our Italian real estate business have been classified as held for sale in the balance sheet and we will record the resulting gain from the sale in the first quarter of 2008.

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. As a result, we monitor our core revenue growth both after and before the effects of foreign exchange. Core revenue growth excluding the effects of foreign exchange is referred to as revenue growth before the effects of foreign exchange.

We have historically from time-to-time 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 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 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 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 quality, efficiency and cost, in order to generate savings primarily to invest for growth. Such charges are variable from period-to-period based upon actions identified and taken during each period. Management reviews operating results before such 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 such measures and a significant percentage weight is placed upon such measures in determining whether performance objectives have been achieved. Management believes that by eliminating restructuring 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. Additionally, transition costs (period costs such as consulting fees, costs of temporary employees, relocation costs and stay bonuses incurred to implement the Financial Flexibility component of our strategy) are reported as Corporate and Other expenses and are not allocated to our segments. See Note 14 to our consolidated financial statements included in Item 8. of this Annual Report on Form 10-K for financial information regarding our segments.

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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 (defined as provision for income taxes divided by income before income taxes) 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 should not be concluded from our presentation of non-core gains and charges that the items that result in non-core gains and charges will not occur in the future.

We also use free cash flow to manage 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 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.

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 (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

We manage and report our operations under the following two segments:

- United States (U.S.); and

- International (which consists of operations in Europe, Canada, Asia Pacific and Latin America).

The financial statements of our subsidiaries outside the U.S. and Canada reflect a fiscal year ended November 30 to facilitate the timely reporting of our consolidated financial results and financial position.

Total revenue and core revenue were the same for the years ended December 31, 2007, 2006 and 2005. Therefore, our discussion of our results of operations for the years ended December 31, 2007, 2006 and 2005, references only our core revenue results.

The following table presents the contribution by segment of core revenue results.

	For the Years Ended December 31,		
	2007	2006	2005
Revenue:			
U.S.	78%	79%	79%
International	22%	21%	21%

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The following table presents the contribution by customer solution set to core revenue.

	For the Years Ended December 31,		
	2007	2006	2005
Revenue by Customer Solution Set:			
Risk Management Solutions	61%	63%	64%
Sales & Marketing Solutions	29%	28%	28%
E-Business Solutions	7%	6%	5%
Supply Management Solutions	3%	3%	3%

These customer solution sets are discussed in greater detail in Item 1. Business of this Annual Report on Form 10-K.

Within our Risk Management Solutions and Sales & Marketing Solutions, we monitor the performance of our Traditional products and our Value-Added products.

Risk Management Solutions

Our Traditional Risk Management Solutions generally consist of reports from our database used primarily for making decisions about new credit applications. Our Traditional Risk Management Solutions constituted the following percentages of total Risk Management Solutions Revenue and Core Revenue:

	For the Years Ended December 31,		
	2007	2006	2005
Risk Management Solutions Revenue	78%	79%	79%
Core Revenue	48%	50%	51%

Our Value-Added Risk Management Solutions generally support automated decision-making and portfolio management through the use of scoring and integrated software solutions. Our Value-Added Risk Management Solutions constituted the following percentages of total Risk Management Solutions Revenue and Core Revenue:

	For the Years Ended December 31,		
	2007	2006	2005
Risk Management Solutions Revenue	22%	21%	21%
Core Revenue	13%	13%	13%

Certain of our solutions, such as DNBi, are available on a subscription pricing basis in the U.S. and are comprised of both traditional and value-added components.

Sales & Marketing Solutions

Our Traditional Sales & Marketing Solutions generally consist of marketing lists, labels and customized data files used by our customers in their direct mail and marketing activities. Our Traditional Sales & Marketing Solutions constituted the following percentages of total Sales & Marketing Solutions Revenue and Core Revenue:

	For the Years Ended December 31,		
	2007	2006	2005
Sales & Marketing Solutions Revenue	42%	43%	45%
Core Revenue	12%	12%	13%

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Our Value-Added Sales & Marketing Solutions generally include decision-making and customer information management solutions. Our Value-Added Sales & Marketing Solutions constituted the following percentages of total Sales & Marketing Solutions Revenue and Core Revenue:

	For the Years Ended December 31,		
	2007	2006	2005
Sales & Marketing Solutions Revenue	58%	57%	55%
Core Revenue	17%	16%	15%

Our Flexible Business Model and Restructuring

Since the launch of our Blueprint for Growth Strategy, we have implemented Financial Flexibility Programs. Financial Flexibility is an ongoing process by which we seek to reallocate our spending from low-growth or low-value activities to other activities that will create greater value for shareholders through enhanced revenue growth, improved profitability and/or quality improvements. With each program we have incurred restructuring charges (which generally consists of employee severance and termination costs, contract terminations, asset write-offs, and/or costs to terminate lease obligations, less assumed sublease income) and transition costs (which consist of other costs necessary to accomplish the process changes such as consulting fees, costs of temporary workers, relocation costs and stay bonuses).

An integral component of our strategy is creating financial flexibility to fund investments for growth and to create shareholder value.

Through our Financial Flexibility Program we continually and systematically seek ways to improve our performance in terms of quality and cost. Specifically, we seek to eliminate, standardize, consolidate and automate our business functions. As a part of each program, we have incurred a restructuring charge, which generally consists of, among other things, employee severance and termination costs. We also have incurred transition costs, which generally consist of other costs necessary to accomplish the process changes such as consulting fees, cost of temporary workers, relocation costs and stay bonuses.

Our 2008 Financial Flexibility Program, which was approved on January 24, 2008, builds on efforts initiated in 2007 to reduce significantly the complexity of our business, a process that we anticipate continuing over the next several years. Specifically, in 2008, we will continue to address complexity reduction and create financial flexibility through several initiatives including the following:

Enhancing Organizational Effectiveness: this initiative is intended to reduce organizational complexity and improve the efficiency of how we are organized and how we operate as a business by continuing to address spans of control, consolidating like functions and eliminating non-essential activities;

Simplifying our Products and Technology: this initiative is intended to simplify the various platforms and products we offer our customers and moving to fewer and easier to use web-based platforms like DNBi and Hoover s and eliminating and consolidating systems and technology infrastructure;

Streamlining Data Collection and Product Ordering: this initiative is intended to standardize and automate processes to drive efficiencies and quality to support our overall DUNSRight data strategy; and

Improving Overall Business Effectiveness: this initiative is intended to improve the efficiencies of our operations by centralizing management of key cost drivers, vendor consolidation and contract renegotiation. In addition, we are focusing on driving revenue growth by reducing the non-selling time of our sales force, enhancing our new customer acquisition activities and go-to-market approaches.

On an annualized basis, the actions under our 2008 Financial Flexibility Program are expected to create $75 million to $80 million of financial flexibility, of which approximately $60 million to $65 million will be generated in 2008, before any transition costs and restructuring charges and before any reallocation of savings generated by

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the initiatives. We expect all actions under our 2008 program to be completed by December 2008. To implement these initiatives we expect to incur transition costs of approximately $13 million to $15 million in 2008.

In addition, we expect to incur restructuring charges totaling $20 million to $25 million pre-tax, of which $18 million to $23 million relate to severance, approximately $1 million relate to lease termination obligations and approximately $1 million relate to other exit costs in 2008.

Approximately $30 million to $40 million of these transition costs and restructuring charges are expected to result in cash expenditures. As a result of this financial flexibility program we expect that approximately 300-350 positions will be eliminated globally.

Our Critical Accounting Policies and Estimates

In preparing our consolidated financial statements and accounting for the underlying transactions and balances reflected therein, we have applied the significant accounting policies described in Note 1 to our consolidated financial statements included in Item 8. of this Annual Report on Form 10-K. Of those policies, we consider the policies described below to be critical because they are both most important to the portrayal of our financial condition and results, and they require management s subjective or complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain. We base our estimates on historical experience and on various other factors that we believe to be reasonable under the circumstances. Actual results may differ from these estimates under different assumptions or conditions.

If actual results in a given period ultimately differ from previous estimates, the actual results could have a material impact on such period.

We have discussed the selection and application of our critical accounting policies and estimates with the Audit Committee of our Board of Directors, and the Audit Committee has reviewed the disclosure regarding critical accounting policies and estimates as well as the other sections in this Management s Discussion and Analysis of Financial Condition and Results of Operations.

Pension and Postretirement Benefit Obligations

We previously offered substantially all of our U.S.-based employees coverage under a defined benefit plan called The Dun & Bradstreet Corporation Retirement Account (the U.S. Qualified Plan). The defined benefit plan covers active and retired employees including retired individuals from spin-off companies (see Note 13 to our consolidated financial statements included in Item 8. of this Annual Report on Form 10-K for further discussion of spin-off companies). The benefits to be paid upon retirement are based on a percentage of the employee s annual compensation. The percentage of compensation allocated annually to a retirement account ranges from 3% to 12.5%, based on age and service. Amounts allocated under the plan also receive interest credits based on the 30-year Treasury rate or equivalent rate published by the Internal Revenue Service. Pension costs are determined actuarially and funded in accordance with the Internal Revenue Code. We also maintain supplemental and excess plans in the United States (the U.S. Non-Qualified Plans) to provide additional retirement benefits to certain key employees of the Company. These plans are unfunded, pay-as-you-go plans. The U.S. Qualified Plan and the U.S. Non-Qualified Plans account for approximately 69% and 14% of our pension obligation, respectively, at December 31, 2007. Effective June 30, 2007, we amended the U.S. Qualified Plan and one of the U.S. Non-Qualified Plans, known as the U.S. Pension Benefit Equalization Plan (the PBEP). Any pension benefit that had been accrued through such date under the two plans was frozen at its then current value and no additional benefits, other than interest on such amounts, will accrue under the U.S. Qualified Plan and the PBEP. Our employees in certain of our International operations are also provided retirement benefits through defined benefit plans, representing the remaining balance of our pension obligations.

We also provide various health care and life insurance benefits for retirees. U.S.-based employees, who retire with 10 years of vesting service after age 45, are eligible to receive benefits. Postretirement benefit costs and obligations are determined actuarially.

In accordance with the Statement of Financial Accounting Standards (SFAS) No. 87, Employers Accounting for Pensions, amended by SFAS No. 158, Employers Accounting for Defined Benefit Pension and Other Postretirement Plans, our pension benefit obligations and the related effects on operations are calculated using actuarial assumptions and methodologies. Other postretirement benefits (i.e., health care) are accounted for in accordance with SFAS No. 106, Employers Accounting for Postretirement Benefits Other Than Pensions, amended by SFAS No. 158, and are also dependent on the application of our assumptions by outside actuaries. The key assumptions used in the measurement of the pension and postretirement obligations and net periodic pension and postretirement cost are:

Expected long-term rate of return on pension plan assets which is based on a target asset allocation as well as expected returns on asset categories of plan investments;

Discount rate which is used to measure the present value of pension plan obligations and postretirement health care obligations. The discount rates are derived using a yield curve approach which matches projected plan benefit payment streams with bond portfolios reflecting actual liability duration unique to our plans;

Rates of compensation increase and cash balance accumulation/conversion rates which are based on an evaluation of internal plans and external market indicators; and

Health care cost trends which are based on historical cost data, the near-term outlook and an assessment of likely long-term trends.

We believe that the assumptions used are appropriate, though changes in these assumptions would affect our pension and other postretirement benefit costs. The factor with the most immediate impact on our consolidated financial statements is a change in the expected long-term rate of return on pension plan assets for the U.S. Qualified Plan. For 2008, we will continue to use an expected long-term rate of return of 8.25%. This assumption was 8.25%, 8.25% and 8.50% in 2007, 2006 and 2005, respectively. The 8.25% assumption represents our best estimate of the expected long-term future investment performance of the U.S. Qualified Plan, after considering expectations for future capital market returns and the plan s asset allocation. As of December 31, 2007, the plan was 65% invested in publicly traded equity securities, 29% invested in debt securities and 6% invested in real estate investments. Every one-quarter percentage-point increase or decrease in the long-term rate of return increases or reduces our annual operating income by approximately $3.3 million by increasing or reducing our net periodic pension income.

Changes in the discount rate, rate of compensation increase and cash balance accumulation/conversion rates also have an effect on our annual operating income. Based on the factors noted above, the discount rate is adjusted at each remeasurement date while other assumptions are reviewed annually. For our U.S. plans and Postretirement Benefit Plan, every one-quarter-percentage-point increase or decrease in the discount rate reduces or increases our pension cost and postretirement cost by approximately $4.0 million and $0.1 million, respectively. As of December 31, 2007, for all of our U.S. pension plans and our Postretirement Benefit Plan, we increased the discount rate to 6.37% and 6.11% from 5.84% and 5.64% used at December 31, 2006, respectively.

Differences between the assumptions stated above and actual experience could affect our pension and other postretirement benefit costs. When actual plan experience differs from the assumptions used, actuarial gains or losses arise in accordance with SFAS No. 87 and SFAS No. 106, as amended by SFAS No. 158. These gains and losses are aggregated and amortized generally over the average future service periods of employees to the extent that such gains or losses exceed a corridor as defined in SFAS No. 87. The purpose of the corridor is to reduce the volatility caused by the difference between actual experience and the pension-related assumptions noted above, on a plan-by-plan basis. For all of our pension plans, total actuarial losses that have not been recognized in our pension costs as of December 31, 2007 and 2006 were $378.8 million and $503.8 million, respectively, of

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which $220.1 million and $274.5 million, respectively, were attributable to the U.S. Qualified Plan, $77.4 million and $98.1 million, respectively, were attributable to the U.S. Non-Qualified Plans, and the remainder was attributable to the non-U.S. pension plans. (See discussion in Note 10 to our consolidated financial statements included in Item 8. of this Annual Report on Form 10-K.) We expect to recognize a portion of such losses in our 2008 net periodic pension cost of approximately $10.0 million, $4.9 million and $2.5 million, for the U.S. Qualified Plan, U.S. Non-Qualified Plans and non-U.S. plans, respectively, compared to $14.3 million, $5.4 million and $3.8 million, respectively, in 2007. The lower amortization of actuarial loss in 2008 of $4.3 million and $0.5 million related to the U.S. Qualified Plan and the U.S. Non-Qualified Plans, respectively, which will be included in our pension cost in 2008, is primarily due to lower amortization of unrecognized actuarial losses exceeding the corridor threshold under SFAS No. 87 at January 1, 2008, primarily resulting from higher discount rates applied to the pension plans at December 31, 2007 as discussed above.

Differences between the expected long-term rate of return assumption and actual experience could affect our net periodic pension cost. We recorded net periodic pension cost for our pension plans of $10.7 million, $27.0 million and $13.3 million for the years ended December 31, 2007, 2006 and 2005, respectively. A major component of the net periodic pension cost is the expected return on plan assets, which was $117.1 million, $113.5 million and $119.2 million for the years ended December 31, 2007, 2006 and 2005, respectively. The expected return on plan assets was determined by multiplying the expected long-term rate of return assumption by the market-related value of plan assets. The market-related value of plan assets recognizes asset gains and losses over five years to reduce the effects of short-term market fluctuations on net periodic pension cost. For the years ended December 31, 2007, 2006 and 2005, we recorded investment gains of $105.7 million, $175.5 million and $112.6 million, respectively, in our pension plans, of which $91.2 million, $157.1 million and $90.2 million, respectively, were attributable to the U.S. Qualified Plan and $14.6 million, $18.4 million and $22.4 million, respectively, were attributable to the non-U.S. plans. At January 1, 2008, the market-related value of plan assets of our U.S. Qualified Plan and the non-U.S. plans was $1,358.1 million and $201.5 million, respectively, compared with the fair value of its plan assets of $1,371.6 million and $217.4 million, respectively.

Changes in the funded status of our pension plans could result in fluctuation in our shareholders equity. We adopted SFAS No. 158 as of December 31, 2006 and we are required to recognize the funded status of our benefit plans as a liability or an asset, on a plan-by-plan basis, with an offsetting adjustment to Accumulated Other Comprehensive Income, or AOCI, in shareholders equity, net of tax. Accordingly, the amounts recognized in equity represent unrecognized gains/losses and prior service costs. We recognized charges of $182.7 million, net of applicable deferred taxes, to our shareholders equity in connection with the adoption of SFAS No. 158. Subsequent to the adoption of SFAS No. 158, the previously unrecognized actuarial gains and losses and prior service costs included in the shareholders equity would be amortized out of equity based on an actuarial calculation each period. Gains and losses and prior service costs that arise during the year will be recognized as a component of comprehensive income which is a component of AOCI. We recorded a net income of $79.3 million in AOCI, net of applicable tax, in 2007 related to the actuarial gain/loss and prior service cost arising during the period and the amortization of such items.

A change in the discount rate assumption could result in a change in the funded status of our benefit plans by changing the amount of the benefit obligation. For the U.S. Qualified Plan, every one-quarter percentage-point increase or decrease in the discount rate reduces or increases our projected benefit obligation by approximately $34.2 million. For the U.S. Non-Qualified Plans, every one-quarter percentage-point increase or decrease in the discount rate reduces or increases our projected benefit obligation by approximately $6.5 million.

For information on pension and postretirement benefit plan contribution requirements, please see Future Liquidity Sources and Uses of Funds Pension Plan and Postretirement Benefit Plan Contribution Requirements. See Note 10 to our consolidated financial statements included in Item 8. of this Annual Report on Form 10-K for more information regarding costs of, and assumptions for, our pension and postretirement benefit obligations and costs.

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Stock-Based Compensation

Our stock-based compensation programs are described more fully in Note 11 to our consolidated financial statements included in Item 8. of this Annual Report on Form 10-K. On January 1, 2006, we adopted SFAS No. 123 (revised 2004) Share-Based Payments, or SFAS No. 123R, which revises SFAS No. 123, Accounting for Stock-Based Compensation, and supersedes Accounting Principles Board Opinion No. 25, Accounting for Stock Issued to Employees, or APB No. 25, using the Modified Prospective method.

Under the Modified Prospective method, compensation cost associated with the stock option programs recognized for the years ended December 31, 2007 and 2006 includes (a) compensation cost for stock options granted prior to, but not yet vested as of January 1, 2006, based on the grant-date fair value estimated in accordance with the original provisions of SFAS No. 123, and (b) compensation cost for stock options granted subsequent to January 1, 2006, based on the grant-date fair value under SFAS No. 123R. SFAS No. 123R also requires us to estimate future forfeitures in calculating the expense relating to stock-based compensation as opposed to only recognizing these forfeitures and the corresponding reductions in expense as they occur. As a result, we have adjusted for this cumulative effect and recognized a pre-tax reduction in stock-based compensation of $0.5 million related to our restricted stock and restricted stock unit programs during the first quarter of 2006. As required under the Modified Prospective method, results for prior periods have not been restated.

Prior to the adoption of SFAS No. 123R, we applied APB No. 25 and related interpretations in accounting for our plans. Accordingly, no compensation cost was recognized for grants under the stock option programs and Employee Stock Purchase Plan (ESPP) prior to January 1, 2006.

The fair value of each stock option award is estimated on the date of grant using the Black-Scholes option valuation model. We estimate the volatility of our common stock at the date of grant based on the historical volatility rate of our common stock. Beginning in 2006, the expected term was determined using the simplified method for estimating the expected option life, as prescribed under Staff Accounting Bulletin or SAB No. 107, Share-Based Payments, or SAB No. 107. The risk-free interest rate for the corresponding expected term of the stock option is based on the U.S. Treasury yield curve in effect at the time of grant. We estimate the amount of stock-based awards expected to be forfeited prior to vesting. For stock options granted prior to SFAS No. 123R, the compensation expense is recognized on a straight-line basis over the vesting period. For stock options granted after the adoption of SFAS No. 123R, the compensation expense is recognized on a straight-line basis over the shorter of the vesting period or the period from the grant date to the date when retirement eligibility is achieved. If factors change we may decide to use different assumptions under the Black-Scholes option valuation model in the future, which could materially affect our share-based compensation expense, operating income, net income and earnings per share.

In connection with our dividend payments, we updated our dividend yield assumption in our Black-Scholes valuation model from 0% for the year ended December 31, 2006 to 1.1% for the year ended December 31, 2007, in calculating the fair value of our employee stock options. We have estimated the dividend yield assumption by dividing the anticipated annual dividend payment by the stock price on the grant date.

Contingencies and Litigation

We establish reserves in connection with tax and legal proceedings, claims and litigation when it is probable that a loss has been incurred and the amount of loss is reasonably estimable. Contingent liabilities are often resolved over long periods of time. Estimating probable losses requires analyses of multiple forecasts that often depend on judgments concerning potential actions by third parties and regulators. This is an inherently subjective and complex process, and actual results may differ from our estimates by material amounts. See Note 13 to our consolidated financial statements included in Item 8. of this Annual Report on Form 10-K.

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Revenue Recognition

Our Risk Management Solutions are generally sold under fixed price subscription contracts that allow those customers unlimited use within predefined ranges, subject to certain conditions. In these instances, we recognize revenue ratably over the term of the contract, which is generally one year.

For arrangements that include periodic updates to that information file over the contract term, the portion of the revenue related to updates expected to be delivered is deferred as a liability on the balance sheet and recognized as the updates are delivered, usually on a quarterly or monthly basis.

We also have monthly or annual contracts that enable a customer to purchase our information solutions during the period of contract at prices per an agreed price list, up to the contracted dollar limit. Revenue on these contracts is recognized as solutions are delivered to the customer, based on the per-solution price. Any additional solutions purchased over this limit may be subject to pricing variations and revenue is recognized as the solutions are delivered. If customers do not use the full value of their contract and forfeit the unused portion, we recognize the forfeited amount as revenue at contract expiration.

Revenue related to services provided over the contract term, such as monitoring services, is recognized ratably over the contract period, which is typically one year.

For Sales & Marketing Solutions and Supply Management Solutions, we generally recognize revenue upon delivery of the information file to the customer. For arrangements that include periodic updates to that information file over the contract term, the portion of the revenue related to updates expected to be delivered is deferred as a liability on the balance sheet and recognized as the updates are delivered, usually on a quarterly or monthly basis. For subscription solutions that provide continuous access to our generic marketing information and business reference databases, as well as any access fees or hosting fees related to enabling customers access to our information, revenue is recognized ratably over the term of the contract, which is typically one year.

We have certain solution offerings that are sold as multi-element arrangements. The multiple elements may include information files, file updates for certain solutions, software, services, trademarks and/or other intangibles. Revenue for each element is recognized when that element is delivered to the customer, based upon the relative fair value for each element. For offerings that include software that is considered to be more than incidental, we recognize revenue when a non-cancelable license agreement has been signed and the software has been shipped and installed. Maintenance revenue, which consists of fees for ongoing support and software updates, is recognized ratably over the term of the contract, which is typically one year, when the maintenance for the software is considered significant. When maintenance is insignificant, we recognize the revenue when the agreement is signed and the software is shipped.

Revenue from consulting and training services is recognized as the services are performed.

Our E-Business Solutions consists of Hoover s, Inc., which includes Hoover s, First Research division and AllBusiness.com, Inc. Hoover s and First Research provide subscription solutions that allow continuous access to our business information databases. Revenue is recognized ratably over the term of the contract, which is generally one year. Any additional solutions purchased are recognized upon delivery to the customer. AllBusiness.com provides online media and e-commerce products that provide advertisers the ability to target small business customers. Revenue is recognized as solutions are delivered to the customer over the contract period.

Amounts billed in advance are recorded as a liability on the balance sheet as deferred revenue and are recognized as the services are performed.

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Recently Issued Accounting Standards

See Note 2 to our consolidated financial statements included in Item 8. of this Annual Report on Form 10-K for disclosure of the impact that recently issued accounting standards may have on our audited consolidated financial statements.

Results of Operations

The following discussion and analysis of our financial condition and results of operations are based upon our consolidated financial statements. They should be read in conjunction with the consolidated financial statements and related footnotes set forth in Item 8. of this Annual Report on Form 10-K, which have been prepared in accordance with GAAP.

Consolidated Revenue

The following table presents our revenue by segment:

	For the Years Ended December 31, 2007	2006	2005
	(Amounts in millions)		
Revenue:			
U.S.	$ 1,248.3	$ 1,164.2	$ 1,087.8
International	350.9	310.7	292.2
Core Revenue	$ 1,599.2	$ 1,474.9	$ 1,380.0

The following table presents our revenue by customer solution set:

	For the Years Ended December 31, 2007	2006	2005
	(Amounts in millions)		
Revenue:			
Risk Management Solutions	$ 981.0	$ 929.1	$ 889.6
Sales & Marketing Solutions	459.5	412.2	382.8
E-Business Solutions	107.5	88.7	70.0
Supply Management Solutions	51.2	44.9	37.6
Core Revenue	$ 1,599.2	$ 1,474.9	$ 1,380.0

Year ended December 31, 2007 vs. Year ended December 31, 2006

Core revenue increased $124.3 million, or 8% (7% increase before the effect of foreign exchange), for the year ended December 31, 2007 as compared to the year ended December 31, 2006. The increase was driven by an increase in total U.S. revenue of $84.1 million, or 7%, and an increase in total International revenue of $40.2 million, or 13% (5% increase before the effect of foreign exchange). Our acquisitions contributed one percentage point of this growth for year ended December 31, 2007.

This $124.3 million increase is primarily attributed to:

Higher purchases from our existing customers;

The positive impact of foreign exchange;

Growth in each of our subscription plans for our Preferred Pricing Agreement and for our Preferred Pricing Agreement with DNBi from existing customers willing to increase the level of business they do with us;

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Continued growth in subscription revenue at Hoover s; and

Higher levels of project-oriented business in our Sales & Marketing Solutions;

partially offset by:

Decreased usage in the UK market, primarily as a result of lower product usage from a key global customer.

Customer Solution Set

On a customer solution set basis, the $124.3 million increase in core revenue reflects:

A $51.9 million, or 6%, increase in Risk Management Solutions (4% increase before the effect of foreign exchange). The increase was driven by growth in the U.S. of $27.0 million, or 4%, and growth in International of $24.9 million, or 10% (2% increase before the effect of foreign exchange);

A $47.3 million, or 12%, increase in Sales & Marketing Solutions (10% increase before the effect of foreign exchange). The increase was driven by growth in the U.S. of $33.7 million, or 10%, and an increase in International of $13.6 million, or 24% (16% increase before the effect of foreign exchange);

An $18.8 million, or 21%, increase in E-Business Solutions (both before and after the effect of foreign exchange). The increase was driven by growth in the U.S. of $17.2 million, or 21%, and growth in International of $1.6 million, or 29% (20% increase before the effect of foreign exchange); and

A $6.3 million, or 14%, increase in Supply Management Solutions (13% increase before the effect of foreign exchange). The increase was driven by growth in the U.S. of $6.2 million, or 15%, and an increase in International of $0.1 million, or 2% (7% decrease before the effect of foreign exchange).

Year ended December 31, 2006 vs. Year ended December 31, 2005

Core revenue increased $94.9 million, or 7% (both before and after the effect of foreign exchange), for the year ended December 31, 2006 as compared to the year ended December 31, 2005. The increase in core revenue was primarily driven by an increase in total U.S. revenue of $76.4 million, or 7%, and an increase in total International revenue of $18.5 million, or 6% (both before and after the effect of foreign exchange).

This $94.9 million increase is primarily attributed to:

Growth in our Risk Management Solutions in the U.S. primarily related to growth in each of our subscription plans for Preferred Pricing Agreement and for Preferred Pricing Agreement with DNBi, from existing customers willing to increase the level of business they do with us;

Increased demand from our existing customer base in our Sales & Marketing Solutions;

Growth in our E-Business Solutions, representing the results of Hoover s, Inc. The increase was primarily due to continued growth in subscription revenue; and

Growth in our Supply Management Solutions, primarily in the U.S., due to new customers and includes eleven percentage points of growth as a result of the acquisition of Open Ratings in the first quarter of 2006;

partially offset by:

A decline in revenue resulting from an expiration of both a five-year licensing arrangement and an outsourcing arrangement with Receivable Management Services, Inc., in April 2006.

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Customer Solution Set

On a customer solution set basis, the $94.9 million increase in core revenue reflects:

A $39.5 million, or 5%, increase in Risk Management Solutions (4% increase before the effect of foreign exchange). The increase was driven by growth in the U.S. of $29.0 million, or 4%, and growth in International of $10.5 million, or 5% (4% increase before the effect of foreign exchange);

A $29.4 million, or 8%, increase in Sales & Marketing Solutions (both before and after the effect of foreign exchange). The increase was driven by growth in the U.S. of $24.3 million, or 7%, and an increase in International of $5.1 million, or 10% (both before and after the effect of foreign exchange);

An $18.7 million, or 27%, increase in E-Business Solutions (both before and after the effect of foreign exchange). The increase was driven by growth in the U.S. of $16.0 million, or 24%, and an increase in International of $2.7 million, or 97% (96% increase before the effect of foreign exchange); and

A $7.3 million, or 19%, increase in Supply Management Solutions (20% increase before the effect of foreign exchange). The increase was driven by growth in the U.S. of $7.1 million, or 21%, and growth in International of $0.2 million, or 3% (4% increase before the effect of foreign exchange).

Consolidated Operating Costs

The following table presents our consolidated operating costs and operating income:

	For the Years Ended December 31,		
	2007	2006	2005
	(Amounts in millions)		
Operating Expenses	$ 430.4	$ 410.9	$ 355.8
Selling and Administrative Expenses	671.5	612.7	594.3
Depreciation and Amortization	46.6	32.1	34.6
Restructuring Charge	25.1	25.5	30.7
Operating Costs	$ 1,173.6	$ 1,081.2	$ 1,015.4
Operating Income	$ 425.6	$ 393.7	$ 364.6

As described above in the section Management s Discussion and Analysis of Financial Condition and Results of Operations How We Manage Our Business, when we evaluate the performance of our business as a whole, we focus on our operating income (and, therefore, operating costs) before non-core gains and charges, because we do not view these items as reflecting our underlying business operations. We have identified under the caption Non-Core Gains and (Charges) below, such non-core gains and charges that are included in our GAAP results.

Operating Expenses

Year ended December 31, 2007 vs. Year ended December 31, 2006

Operating expenses increased by $19.5 million, or 5%, for the year ended December 31, 2007 as compared to December 31, 2006. The increase was primarily due to the following:

Costs associated with investments in DNBi, our interactive, web-based subscription service, our investments in our DUNSRight Quality Process and our investments to enhance our strategic capabilities, such as with Acxiom Corporation (Acxiom), in order to significantly increase the speed, data processing capacity and matching capabilities we provide our U.S. sales and marketing customers;

The impact of foreign exchange; and

Increased technology costs arising from obligations under our D&B Worldwide Network agreements;

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partially offset by:

- Lower costs as a result of our reengineering efforts.

Year ended December 31, 2006 vs. Year ended December 31, 2005

Operating expenses increased by $55.1 million, or 16%, for the year ended December 31, 2006 as compared to December 31, 2005. The increase was primarily due to the following:

- Costs associated with investments in connection with our strategy, such as Acxiom and our DUNSRight Quality Process as well as investments in DNBi;
- Higher pension costs and lower postretirement benefit income (see section Pension, Postretirement and Profit Participation Plan below for further discussion);
- Increased costs associated with the acquisition of Open Ratings in the first quarter of 2006; and
- The effect of the adoption of SFAS No. 123R (see section Stock-Based Compensation below for further discussion);

partially offset by:

- Lower costs as a result of our reengineering efforts; and
- The impact of foreign exchange.

Selling and Administrative Expenses

Year ended December 31, 2007 vs. Year ended December 31, 2006

Selling and administrative expenses increased $58.8 million, or 10%, for the year ended December 31, 2007 as compared to December 31, 2006. The increase was primarily due to the following:

- Increased selling expenses primarily related to costs associated with investments to enhance our strategic capabilities, such as with our Huaxia/D&B China joint venture or Huaxia/D&B China Joint Venture and our recent acquisitions; and
- The impact of foreign exchange;

partially offset by:

- Lower costs as a result of our reengineering efforts.

Year ended December 31, 2006 vs. Year ended December 31, 2005

Selling and administrative expenses increased $18.4 million, or 3%, for the year ended December 31, 2006 as compared to December 31, 2005. The increase was primarily due to the following:

- Additional costs related to investments as well as additional variable costs (such as commissions) incurred as a result of increased revenues;

- Higher pension costs and lower postretirement benefit income (see section Pension, Postretirement and Profit Participation Plan below for further discussion); and

- The effect of the adoption of SFAS No. 123R (see section Stock-Based Compensation below for further discussion);

partially offset by:

- Lower costs as a result of our reengineering efforts;

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Increased costs in 2005 related to the investigation and final resolution of the dispute on the sale of our French business with no comparable costs in 2006 and lower legal costs generally in 2006; and

The impact of foreign exchange.

Matters Impacting Both Operating Expenses and Selling and Administrative Expenses

Pension, Postretirement and Profit Participation Plan

We had a net pension cost of $10.7 million, $27.0 million and $13.3 million for the years ended December 31, 2007, 2006 and 2005, respectively, for our pension plans globally. The fluctuation in the pension cost was due to the following:

Lower pension costs in 2007 were primarily due to the elimination of service costs as a result of the pension plan freeze in the U.S. for the U.S. Qualified Plan and PBEP effective June 30, 2007.

Actuarial loss amortization included in annual pension expense as required by SFAS No. 87 and the impact of the discount rates were also major factors in driving the pension costs to fluctuate from year-to-year. The higher the discount rate, the lower the pension cost. Actuarial loss amortization included in annual pension expense for all global plans was $23.5 million, $31.5 million and $25.2 million for the years ended December 31, 2007, 2006 and 2005, respectively, of which $19.7 million, $29.2 million and $23.3 million were attributable to our U.S. plans for the years ended December 31, 2007, 2006 and 2005, respectively.

Lastly, a decrease in the long-term rate of return assumption for our U.S. Qualified Plan also contributed to the increase in expense from 2005 to 2006. The long-term rate of return assumptions were 8.25%, 8.25% and 8.50% for the years ended December 31, 2007, 2006 and 2005, respectively. The discount rate used to measure the pension costs for our U.S. plans for the years ended December 31, 2007, 2006 and 2005 was 5.84%, 5.50% and 5.65%, respectively.

We expect that the net pension income in 2008 will be approximately $2.4 million for all of our global pension plans. The decrease in pension cost or increase in pension income from 2007 to 2008 is primarily driven by a 53 basis points and 100 basis points increase in the discount rate applied to our U.S. plans and the major International plans, respectively, at January 1, 2008 and lower actuarial loss amortization included in 2008.

We had postretirement benefit income of $3.5 million, $3.5 million and $5.7 million for the years ended December 31, 2007, 2006 and 2005, respectively. Lower postretirement benefit income for the years ended December 31, 2007 and 2006 compared with the year ended December 31, 2005, was primarily due to lower negative prior service cost amortizations recognized in 2007 and 2006 included in postretirement benefit income due to the accelerated recognition of prior service cost as a one-time curtailment gain in 2005 associated with the 2005 and 2004 Financial Flexibility Programs. The curtailment gain is included within Restructuring Charges.

We expect postretirement benefit income will be approximately $3.5 million in 2008.

We had expense associated with our profit participation plan (401(k) Plan) of $12.0 million, $7.0 million and $7.4 million for the years ended December 31, 2007, 2006 and 2005, respectively. The increase in expense in 2007 was due to the amendment of our matching policy in the profit participation plan effective July 1, 2007, to increase our match formula from 50% to 100% of a team member s contributions and to increase the maximum match to seven percent (7%) from six percent (6%), of such team member s eligible compensation, subject to certain 401(k) Plan limitations.

We consider net pension cost and postretirement benefit income to be part of our compensation costs, and, therefore, they are included in operating expenses and in selling and administrative expenses, based upon the classifications of the underlying compensation costs. See the discussion of Our Critical Accounting Policies and Estimates Pension and Postretirement Benefit Obligations, above, and Note 10 to our consolidated financial statements included in Item 8. of this Annual Report on Form 10-K.

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Stock-Based Compensation

On January 1, 2006, we adopted SFAS No. 123R, which requires us to recognize stock-based compensation for our stock option programs and ESPP. We have selected the modified prospective method and, therefore, prior periods have not been restated. Prior to January 1, 2006, we applied APB No. 25 and related interpretations in accounting for our stock option programs. Accordingly, no compensation cost was recognized for grants under the stock option programs or the ESPP.

For the years ended December 31, 2007, 2006 and 2005, we recognized total stock-based compensation expense of $25.9 million, $20.8 million and $11.9 million, respectively.

For the years ended December 31, 2007 and 2006, we recognized expense associated with our stock option programs of $11.9 million and $12.7 million, respectively. The decrease was primarily due to fewer unvested stock options outstanding expensed in 2007 partially offset by fewer forfeitures associated with fewer terminated employees in 2007 as compared to 2006.

For the years ended December 31, 2007, 2006 and 2005, we recognized expense associated with restricted stock, restricted stock unit and restricted stock opportunity awards of $13.1 million, $7.1 million (net of $0.5 million related to the accumulated effect of forfeiture assumptions) and $11.8 million, respectively. The increase in 2007 was primarily due to the addition of the 2007 grant, fewer forfeitures associated with fewer terminated employees in 2007 as compared to 2006 and a cumulative accounting adjustment included in the three months ended March 31, 2006 expense to reflect adjustments to previously recognized compensation expense for awards outstanding at the adoption date of SFAS No. 123R that we do not expect to vest.

For each of the years ended December 31, 2007 and 2006, we recognized expense associated with our ESPP of $0.9 million.

We recognized expense associated with our stock appreciation rights of approximately $0.1 million for each of the years ended December 31, 2006 and 2005.

We consider these costs to be part of our compensation costs and, therefore, they are included in operating expenses and in selling and administrative expenses, based upon the classifications of the underlying compensation costs.

Depreciation and Amortization

Year ended December 31, 2007 vs. Year ended December 31, 2006

Depreciation and amortization increased $14.5 million, or 45%, for the year ended December 31, 2007 as compared to December 31, 2006. This increase was primarily driven by the increased capital costs in investments to enhance our strategic capabilities and amortization of acquired intangible assets resulting from our acquisitions.

Year ended December 31, 2006 vs. Year ended December 31, 2005

Depreciation and amortization decreased $2.5 million, or 7%, for the year ended December 31, 2006 as compared to December 31, 2005. This decrease was primarily driven by the reduced capital requirements in our business in prior years, which was partially offset by increased costs in investments as well as capital costs for newly leased facilities.

Restructuring Charge

During the year ended December 31, 2007, we recorded a $23.1 million restructuring charge in connection with the Financial Flexibility Program announced in January 2007 (2007 Financial Flexibility Program), a $1.5 million restructuring charge in connection with the Financial Flexibility Program announced in February

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2006 (2006 Financial Flexibility Program) and a $0.5 million restructuring charge in connection with the Financial Flexibility Program announced in February 2005 (2005 Financial Flexibility Program). The components of these charges included:

- Severance and termination costs of $22.1 million associated with approximately 300 employees related to the 2007 Financial Flexibility Program. Of these 300 employees, 270 employees have exited the Company and 30 employees will exit the Company in future quarters;

- Severance and termination costs of $0.6 million associated with approximately 15 employees related to the 2006 Financial Flexibility Program. All 15 employees have exited the Company; and

- Lease termination obligations, other costs to consolidate or close facilities and other exit costs of $1.0 million related to the 2007 Financial Flexibility Program, $0.9 million related to the 2006 Financial Flexibility Program, and $0.5 million related to the 2005 Financial Flexibility Program.

At December 31, 2007, all actions under the 2007 Financial Flexibility Program were substantially completed.

During the year ended December 31, 2006, we recorded a $23.4 million restructuring charge in connection with the 2006 Financial Flexibility Program, a $2.4 million net restructuring charge in connection with the 2005 Financial Flexibility Program and a $0.3 million net restructuring curtailment gain in connection with the Financial Flexibility Program announced in February 2004 (2004 Financial Flexibility Program). The components of these charges and gains included:

- Severance and termination costs of $13.0 million associated with approximately 175 employees related to the 2006 Financial Flexibility Program. All 175 employees have exited the Company;

- Severance and termination costs of $2.1 million associated with approximately 25 employees related to the 2005 Financial Flexibility Program. All 25 employees have exited the Company;

- Lease termination obligations, other costs to consolidate or close facilities and other exit costs of $10.4 million related to the 2006 Financial Flexibility Program and $0.4 million related to the 2005 Financial Flexibility Program; and

- Curtailment gains of $0.1 million for the 2005 Financial Flexibility Program and $0.3 million for the 2004 Financial Flexibility Program related to the U.S. postretirement benefit plan resulting from employee termination actions. In accordance with SFAS No. 106, we were required to recognize immediately a pro-rata portion of the unrecognized prior service cost as a result of the employee terminations.

At December 31, 2006, all actions under the 2006 Financial Flexibility Program were substantially completed.

During the year ended December 31, 2005, we recorded a $30.8 million restructuring charge in connection with the 2005 Financial Flexibility Program and a $0.1 million net restructuring gain in connection with the 2004 Financial Flexibility Program. The components of these charges and gains included:

- Severance and termination costs of $23.3 million associated with approximately 425 employees related to the 2005 Financial Flexibility Program. Of these 425 employees, 400 employees have exited the Company and 25 employees exited the Company in future quarters;

Severance and termination costs of $5.7 million associated with approximately 310 employees related to the 2004 Financial Flexibility Program. Of these 310 employees, 300 employees have exited the Company and 10 employees exited the Company in future quarters;

Lease termination obligations, other costs to consolidate or close facilities and other exit costs of $4.7 million related to the 2005 Financial Flexibility Program;

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Curtailment charges of $3.1 million related to our pension plans and an immediate reduction to ongoing pension income of $3.4 million related to the U.S. Qualified Plan resulting from employee actions for the 2005 Financial Flexibility Program. In accordance with SFAS No. 87 and SFAS No. 88, we were required to recognize immediately a pro-rata portion of the unrecognized prior service cost as a result of the employee terminations, and the pension plan was required to be re-measured which reduced our periodic pension income; and

Curtailment gains of $3.7 million and $5.8 million related to the U.S. postretirement benefit plan resulting from employee actions for the 2005 Financial Flexibility Program and 2004 Financial Flexibility Program, respectively. In accordance with SFAS No. 106, we were required to recognize immediately a pro-rata portion of the unrecognized prior service cost as a result of the employee terminations.

As of December 31, 2007, we have eliminated approximately 5,675 positions which included 625 open positions, and approximately 5,050 employees (via attrition and termination) under all of our Financial Flexibility Programs.

Interest Income (Expense) Net

The following table presents our Interest Income (Expense) Net:

	For the Years Ended December 31,		
	2007	2006	2005
	(Amounts in millions)		
Interest Income	$ 7.3	$ 7.3	$ 10.6
Interest Expense	(28.3)	(20.3)	(21.1)
Interest Income (Expense) Net	$ (21.0)	$ (13.0)	$ (10.5)

Interest income remained flat at $7.3 million for the years ended December 31, 2007 and 2006, primarily due to fewer interest-bearing investments during the year ended December 31, 2007, offset by higher interest rates during the year ended December 31, 2007. Interest income decreased $3.3 million, or 31%, for the year ended December 31, 2006 as compared to December 31, 2005, primarily due to fewer interest-bearing investments during the year ended December 31, 2006, partially offset by higher interest rates.

Interest expense increased by $8.0 million, or 39%, for the year ended December 31, 2007 as compared to December 31, 2006, primarily attributable to higher outstanding borrowings on our credit facility during the year ended December 31, 2007, partially offset by lower interest rates associated with our $300 million fixed-rate notes that we issued in March 2006 compared to higher interest rates associated with our $300 million fixed-rate notes that matured in March 2006 (see Note 6 to our consolidated financial statements included in Item 8. of this Annual Report on Form 10-K). Interest expense decreased by $0.8 million, or 4%, for the year ended December 31, 2006 as compared to December 31, 2005, primarily due to lower interest rates associated with our $300 million fixed-rate notes that we issued in March 2006 compared to higher interest rates associated with our $300 million fixed-rate notes that matured in March 2006 (see Note 6 to our consolidated financial statements included in Item 8. of this Annual Report on Form 10-K), partially offset by higher outstanding borrowings on our credit facility during 2006.

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Other Income (Expense) Net

The following table presents the components of Other Income (Expense) Net:

	For the Years Ended December 31, 2007	2006	2005
	(Amounts in millions)		
Miscellaneous Other Income (Expense) Net(a)	$ 1.8	$ (0.3)	$ 0.2
Gain associated with Huaxia/D&B China Joint Venture(b)	5.8		
Gain associated with Tokyo Shoko Research/D&B Japan Joint Venture(c)	13.2		
Net Gain (Loss) on the Sale of Other Investments	0.9		3.5
Final Resolution of All Disputes on the Sale of our French Business			(3.7)
Lower Costs Related to the Sale of the Iberian Business			0.8
Other Income (Expense) Net	$ 21.7	$ (0.3)	$ 0.8

(a) Miscellaneous Other Income (Expense) Net increased for the year ended December 31, 2007, compared to the year ended December 31, 2006, primarily due to Legacy Tax Matters. See Note 5 to our consolidated financial statements included in Item 8. of this Annual Report on Form 10-K for further information. Miscellaneous Other Income (Expense) Net decreased for the year ended December 31, 2006, compared to the year ended December 31, 2005, primarily due to increased foreign currency transaction losses partially offset by lower bank fees.

(b) During the year ended December 31, 2007, we entered into an agreement with Huaxia International Credit Consulting Co. Limited and established a new joint venture to do business as Huaxia/D&B China. We recognized a gain of $5.8 million related to the minority owner s share of the difference between the fair value of our contributed business and its carrying amount.

(c) During the year ended December 31, 2007, we entered into an agreement with Tokyo Shoko Research and established a new joint venture or Tokyo Shoko Research/D&B Japan Joint Venture to do business as Dun & Bradstreet TSR Ltd. We recognized a gain of $13.2 million related to the minority owner s share of the difference between the fair value of our contributed business and its carrying amount.

Provision for Income Taxes

Effective Tax Rate for the Year Ended December 31, 2005	37.5%
Impact of Decreased Interest Expense on Income Tax Reserves	(1.3)%
Impact of Lower State Income Taxes	(0.6)%
Impact of Liquidation of Dormant International Entities	4.5%
Impact of the Repatriation of Foreign Cash	(2.6)%
Other	(0.1)%
Effective Tax Rate for the Year Ended December 31, 2006	37.4%
Impact of the Release of Tax Reserves for Uncertain Tax Positions	(7.3)%
Impact of Tax Incurred in Connection with Huaxia/D&B China Joint Venture and Tokyo Shoko Research/D&B Joint Venture	1.1%
Impact of Revaluing the Net Deferred Tax Assets in the UK as a result of Change in UK Tax Law, enacted in the third quarter of 2007	0.6%
Other	0.1%
Effective Tax Rate for the Year Ended December 31, 2007	31.9%

Minority Interest Income (Expense)

For the year ended December 31, 2007, we recorded minority interest income of $0.9 million. Minority interest represents the minority owner s share of the net loss in our Huaxia/D&B China Joint Venture.

Equity in Net Income of Affiliates

We recorded $1.3 million, $0.4 million and $0.7 million as Equity in Net Income of Affiliates for the years ended December 31, 2007, 2006 and 2005, respectively.

Discontinued Operations

On December 27, 2007, we completed the sale of our Italian real estate business which was a part of our International segment and we have reclassified the historical financial results of the Italian real estate business as discontinued operations. We recorded $5.4 million and $2.0 million of Income from Discontinued Operations, net of income tax expense for the years ended December 31, 2007 and 2006, respectively. We recorded a $1.3 million Loss from Discontinued Operations, net of income tax expense for the year ended December 31, 2005. The financial statements for our subsidiaries outside the U.S. and Canada reflect a fiscal year ended November 30, in order to facilitate timely reporting of our consolidated financial results and financial position. Accordingly, the related assets and liabilities of our Italian real estate business have been classified as held for sale in the balance sheet and we will record the resulting gain from the sale in the first quarter of 2008.

Earnings Per Share

We reported the following earnings per share (EPS):

	For the Years Ended December 31,		
	2007	**2006**	**2005**
Basic Earnings Per Share of Common Stock:			
Income from Continuing Operations	$ 5.03	$ 3.77	$ 3.33
Income (Loss) from Discontinued Operations	0.09	0.04	(0.02)
Net Income	$ 5.12	$ 3.81	$ 3.31
Diluted Earnings Per Share of Common Stock:			
Income from Continuing Operations	$ 4.90	$ 3.67	$ 3.21
Income (Loss) from Discontinued Operations	0.09	0.03	(0.02)
Net Income	$ 4.99	$ 3.70	$ 3.19

For the year ended December 31, 2007, basic EPS increased 34%, compared with the year ended December 31, 2006, due to a 24% increase in net income and an 8% reduction in the weighted average number of basic shares outstanding as a result of our share repurchase programs. For the year ended December 31, 2007, diluted EPS increased 35%, compared with the year ended December 31, 2006, due to a 24% increase in net income and an 8% reduction in the weighted average number of diluted shares outstanding as a result of our share repurchase programs. For the year ended December 31, 2007, we repurchased 3.3 million shares of common stock for $298.2 million under our Board of Directors approved share repurchase programs. In addition, basic and diluted EPS were impacted by our repurchases of 1.2 million shares of common stock for $110.3 million under our Board of Directors approved share repurchase programs to mitigate the dilutive effect of shares issued under our stock incentive plans and ESPP.

For the year ended December 31, 2006, basic EPS increased 15%, compared with the year ended December 31, 2005, due to a 9% increase in net income and a 5% reduction in the weighted average number of basic shares outstanding as a result of our share repurchase programs. For the year ended December 31, 2006, diluted EPS increased 16%, compared with the year ended December 31, 2005, due to a 9% increase in net income and a 6% reduction in the weighted average number of diluted shares outstanding as a result of our share repurchase programs. For the year ended December 31, 2006, we repurchased 5.1 million shares of common stock for $375.0 million under our Board of Directors approved share repurchase programs. In addition, basic and diluted EPS were impacted by our repurchases of 3.8 million shares of common stock for $287.7 million under our Board of Directors approved share repurchase programs to mitigate the dilutive effect of shares issued under our stock incentive plans and ESPP.

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Non-Core Gains and (Charges)

For internal management purposes, we treat certain gains and charges that are included in Consolidated Operating Costs, Other Income (Expense) Net and Provision for Income Taxes as non-core gains and charges. These non-core gains and charges are summarized in the table below. We exclude non-core gains and charges when evaluating our financial performance because we do not consider these items to reflect our underlying business performance.

	For the Years Ended December 31,		
	2007	2006	2005
	(Amounts in millions)		
Non-Core gains and (charges) included in Consolidated Operating Costs:			
Restructuring charges related to our Financial Flexibility Programs	$ (25.1)	$ (25.5)	$ (30.7)
Settlement of International payroll tax matter related to a divested entity	$ (0.8)	$	$
Final resolution of all disputes on the sale of our French business	$	$	$ (0.4)
Non-Core gains and (charges) included in Other Income (Expense) Net:			
Effect of Legacy Tax Matters	$ 1.6	$	$
Gain associated with Huaxia/D&B China Joint Venture	$ 5.8	$	$
Gain associated with Tokyo Shoko Research/D&B Japan Joint Venture	$ 13.2	$	$
Net Gain (Loss) on the Sale of Other Investments	$ 0.9	$	$ 3.5
Final resolution of all disputes on the sale of our French business	$	$	$ (3.7)
Lower costs related to the sale of our operations in Iberia (Spain and Portugal)	$	$	$ 0.8
Non-Core gains and (charges) included in Provision for Income Taxes:			
Tax charge related to our repatriation of foreign cash	$	$	$ (9.3)
Tax Reserve True-up for the Settlement of 1997-2002 tax years, primarily related to the Amortization of Royalty Expense/Deductions/Royalty Income 1997-2007 transaction	$ 31.2	$	$
Charge/Increase in Legacy Tax Reserve for Royalty Expense Deductions 1993-1997	$	$ (0.8)	$ (6.3)
Tax Benefits recognized upon the liquidation of dormant International entities	$	$	$ 16.3
Net Gain (Loss) on the Sale of Other Investments	$ (0.3)	$	$ (1.5)
Restructuring charges related to our Financial Flexibility Programs	$ 9.4	$ 8.6	$ 8.1
Effect of Legacy Tax Matters	$ (1.6)	$	$
Settlement of International payroll tax matter related to a divested entity	$ 0.2	$	$
Gain associated with Huaxia/D&B China Joint Venture	$ (2.9)	$	$
Gain associated with Tokyo Shoko Research/D&B Japan Joint Venture	$ (8.3)	$	$
Impact of revaluing the Net Deferred Tax Assets in the UK as a result of a UK tax law change, enacted in the third quarter of 2007, which reduces the general UK tax rate from 30% to 28%	$ (2.5)	$	$
Final resolution of all disputes on the sale of our French business	$	$	$ 1.5
Tax Legacy Refund for Utilization of Capital Losses 1989-1990	$	$	$ 0.9

Segment Results

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. Our results are reported under the following two segments: U.S. and International.

U.S.

The U.S. is our largest segment representing 78% of our core revenue for the year ended December 31, 2007, and 79% of our core revenue for each of the years ending December 31, 2006 and 2005.

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The following table presents our U.S. core revenue by customer solution set and U.S. operating income for the years ended December 31, 2007, 2006 and 2005.

	For the Years Ended December 31,		
	2007	2006	2005
	(Amounts in millions)		
Revenue:			
Risk Management Solutions	$ 711.7	$ 684.7	$ 655.7
Sales & Marketing Solutions	389.5	355.8	331.5
E-Business Solutions	100.4	83.2	67.2
Supply Management Solutions	46.7	40.5	33.4
Core U.S. Revenue	$ 1,248.3	$ 1,164.2	$ 1,087.8
Operating Income	$ 466.0	$ 425.8	$ 405.5

Year ended December 31, 2007 vs. Year ended December 31, 2006

U.S. Overview

U.S. core revenue increased $84.1 million, or 7%, for the year ended December 31, 2007 as compared to the year ended December 31, 2006. The increase reflects growth in all of our customer solution sets.

U.S. Customer Solution Sets

On a customer solution set basis, the $84.1 million increase in core revenue for the year ended December 31, 2007 as compared to the year ended December 31, 2006, reflects:

Risk Management Solutions

A $27.0 million, or 4%, increase in Risk Management Solutions.

For the year ended December 31, 2007, Traditional Risk Management Solutions, which accounted for 77% of total U.S. Risk Management Solutions, increased 5%. The primary drivers of this growth were:

Continued growth of our Preferred Pricing Agreement with DNBi subscription plans from existing customers who are willing to increase the level of business they do with us, including the customers who previously purchased value-added solutions. These subscription plans provide our customers with unlimited use of our Risk Management reports and data, within pre-defined ranges, provided such customers commit to an increased level of spend from their historical levels; and

Higher purchase commitments from existing customers;

partially offset by:

A decrease in purchases of our older legacy solutions primarily due to our customers shifting to our subscription plan solutions; and

The expiration in April 2006 of our five-year licensing arrangement with Receivable Management Services, Inc.

For the year ended December 31, 2007, Value-Added Risk Management Solutions, which accounted for 23% of total U.S. Risk Management Solutions, increased 1%. The primary drivers of this growth were:

Higher purchases from our existing customers;

partially offset by:

- A shift in product mix to our Preferred Pricing Agreement with DNBi subscription plans (as noted above); and
- A decline in revenue as a result of the expiration in April 2006 of a five-year outsourcing arrangement entered into in connection with the five-year licensing arrangement referenced above.

We believe that we will continue to experience a greater percentage of sales on new solutions where revenue will be recognized in subsequent quarters. As a result, we believe that quarterly revenue will continue to be positively impacted by the recognition of deferred revenue from prior quarter sales, offset by the deferral of revenue from current sales into subsequent periods.

Sales & Marketing Solutions

- A $33.7 million, or 10%, increase in Sales & Marketing Solutions.

For the year ended December 31, 2007, Traditional Sales & Marketing Solutions, which accounted for 39% of total U.S. Sales & Marketing Solutions, increased 3%. The increase was primarily driven by higher commitments from our existing customers, new customer acquisitions and revenue associated with our acquisition of the Education Division of Automation Research, Inc. d/b/a MKTG Services, which provided one percentage point of growth.

For the year ended December 31, 2007, Value-Added Sales & Marketing Solutions, which accounted for 61% of total U.S. Sales & Marketing Solutions, increased 14%. The increase was primarily driven by higher purchases from our existing customers resulting from our global business marketing information database powered by Acxiom s grid computing platform.

E-Business Solutions

- A $17.2 million, or 21%, increase in E-Business Solutions, primarily representing the results of Hoover s. The increase was driven by continued growth in subscription revenue at Hoover s and six percentage points of growth associated with our acquisition of First Research and AllBusiness.com, Inc.

Supply Management Solutions

- A $6.2 million, or 15%, increase in Supply Management Solutions, on a small base. The increase was primarily driven by increased commitments from an existing customer base, and revenue associated with our acquisition of Open Ratings. The acquisition of Open Ratings contributed two percentage points of growth.

U.S. Operating Income

U.S. operating income for the year ended December 31, 2007 was $466.0 million, compared to $425.8 million for the year ended December 31, 2006, an increase of $40.2 million, or 10%. The increase in operating income was primarily attributed to:

- An increase in U.S. revenue for the year ended December 31, 2007;

partially offset by:

Increased costs associated with our strategic investments; and

Increased costs associated with our recent acquisitions.

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Year ended December 31, 2006 vs. Year ended December 31, 2005

U.S. Overview

U.S. core revenue increased $76.4 million, or 7%, for the year ended December 31, 2006 as compared to the year ended December 31, 2005. The increase is due to increased revenue in all of our customer solution sets.

U.S. Customer Solution Sets

On a customer solution set basis, the $76.4 million increase in core revenue for the year ended December 31, 2006 as compared to the year ended December 31, 2005 reflects:

Risk Management Solutions

- A $29.0 million, or 4%, increase in Risk Management Solutions.

For the year ended December 31, 2006, Traditional Risk Management Solutions, which accounted for 76% of total U.S. Risk Management Solutions, increased 4%. There were two main drivers of this growth:

- Continued growth of each of our Preferred Pricing Agreement and Preferred Pricing Agreement with DNBi subscription plans, from existing customers who are willing to increase the level of business they do with us. These subscription plans provide our customers with unlimited use of our Risk Management reports and data, within pre-defined ranges, provided such customers commit to an increased level of spend from their historical levels; and

- Higher purchases from our existing customers;

partially offset by:

- The expiration in April 2006 of our five-year licensing arrangement with Receivable Management Services, Inc.

For the year ended December 31, 2006, Value-Added Risk Management Solutions, which accounted for 24% of total U.S. Risk Management Solutions, increased 7%. The primary drivers of this growth were:

- New customer acquisitions and higher purchases from our existing customers;

partially offset by:

- A decline in revenue as a result of an expiration in April 2006 of a five-year arrangement entered into in connection with the five-year licensing arrangement referenced above; and

- A shift in product mix to some of our newer value-added products where a larger portion of revenue is recognized over the term of the contract versus up-front, at signing.

Sales & Marketing Solutions

A $24.3 million, or 7%, increase in Sales & Marketing Solutions.

For the year ended December 31, 2006, Traditional Sales & Marketing Solutions, which accounted for 41% of total U.S. Sales & Marketing Solutions, increased 3%. The increase was primarily driven by new customer acquisitions and increased demand from our existing customer base.

For the year ended December 31, 2006, Value-Added Sales & Marketing Solutions, which accounted for 59% of total U.S. Sales & Marketing Solutions, increased 11%. The increase was primarily driven by increased demand from our existing customer base.

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E-Business Solutions

- A $16.0 million, or 24%, increase in E-Business Solutions, representing the results of Hoover s, Inc. The increase was primarily due to continued growth in subscription revenue and increased advertising sales.

Supply Management Solutions

- A $7.1 million, or 21%, increase in Supply Management Solutions, on a small base, due to new customers and includes twelve points of percentage growth associated with our Open Ratings acquisition.

Operating Income

U.S. operating income for the year ended December 31, 2006 was $425.8 million, as compared to $405.5 million for the year ended December 31, 2005, an increase of $20.3 million, or 5%. The increase in operating income was primarily attributed to:

- An increase in U.S. revenue for the year ended December 31, 2006; and

- Lower costs as result of our reengineering efforts;

partially offset by:

- Costs associated with our investments such as Acxiom (which increases the speed, data processing capacity and matching capabilities we provide our U.S. sales and marketing customers);

- Higher pension costs and lower postretirement benefit income;

- The effect of the adoption of SFAS No. 123R;

- The impact of increased costs associated with data purchases from our D&B Worldwide Network; and

- Increased costs associated with the acquisition of Open Ratings in the first quarter of 2006.

International

International represented 22% of our core revenue for the year ended December 31, 2007, and 21% of our core revenue for each of the years ending December 31, 2006 and 2005. The following table presents our International revenue by customer solution set and International operating income.

	For the Years Ended December 31,		
	2007	2006	2005
	(Amounts in millions)		
Revenue:			

Risk Management Solutions	$ 269.3	$ 244.4	$ 233.9
Sales & Marketing Solutions	70.0	56.4	51.3
E-Business Solutions	7.1	5.5	2.8
Supply Management Solutions	4.5	4.4	4.2
Core International Revenue	$ 350.9	$ 310.7	$ 292.2
Operating Income	$ 69.0	$ 74.6	$ 62.8

Year ended December 31, 2007 vs. Year ended December 31, 2006

International Overview

International core revenue increased $40.2 million, or 13% (5% increase before the effect of foreign exchange), for the year ended December 31, 2007 as compared to the year ended December 31, 2006.

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The establishment of our Huaxia/D&B China Joint Venture and the acquisition of substantially all of the assets of n2 Check Limited (n2 Check) in the UK contributed two percentage points of growth for the year ended December 31, 2007. In addition, the increase is primarily a result of:

- The positive impact of foreign exchange;
- Increased revenue from higher levels of project-oriented business primarily across our Asia Pacific, Italy and Benelux markets;
- Increased revenue from our D&B Worldwide Network attributable to royalty payments, fulfillment services and product usage; and
- The positive impact of the recognition of deferred revenue from prior quarter sales primarily in our Benelux market;

partially offset by:

- Decreased usage in the UK market, primarily as a result of lower product usage from a key global customer.

International Customer Solution Sets

On a customer solution set basis, the $40.2 million increase in International core revenue for the year ended December 31, 2007, as compared to the year ended December 31, 2006, reflects:

Risk Management Solutions

- An increase in Risk Management Solutions of $24.9 million, or 10% (2% increase before the effect of foreign exchange), reflecting:

For the year ended December 31, 2007, Traditional Risk Management Solutions, which accounted for 82% of International Risk Management Solutions, increased 5% (3% decrease before the effect of foreign exchange). The increase in Traditional Risk Management Solutions is primarily due to the positive impact of foreign exchange. Overall, Traditional Risk Management Solutions experienced:

- Decreased usage in the UK market, primarily as a result of lower product usage from a key global customer;

partially offset by:

- Increased revenue from members of our D&B Worldwide Network attributable to royalty payments, fulfillment services and product usage;
- The positive impact of the recognition of deferred revenue from prior quarter sales primarily in our Benelux market; and
- Increased product usage in our Asia Pacific market.

The establishment of our Huaxia/D&B China Joint Venture and the acquisition of substantially all of the assets of n2 Check in the UK contributed two percentage points of growth for the year ended December 31, 2007.

For the year ended December 31, 2007, Value-Added Risk Management Solutions, which accounted for 18% of International Risk Management Solutions, increased 44% (34% increase before the effect of foreign exchange) driven mainly by higher-value project-oriented business in our UK and Benelux markets, plus increased royalty payments from our D&B Worldwide Network.

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Sales & Marketing Solutions

- Sales & Marketing Solutions increased $13.6 million, or 24% (16% increase before the effect of foreign exchange), reflecting:

For the year ended December 31, 2007, Traditional Sales & Marketing Solutions, which accounted for 57% of International Sales & Marketing Solutions, increased 23% (14% increase before the effect of foreign exchange). The increase is primarily attributed to:

- The positive impact of foreign exchange; and
- Increased revenue from higher levels of project-oriented business in most International markets.

The establishment of our Huaxia/D&B China Joint Venture contributed five percentage points of growth for the year ended December 31, 2007.

For the year ended December 31, 2007, Value-Added Sales & Marketing Solutions, which accounted for 43% of International Sales & Marketing Solutions, increased 25% (19% increase before the effect of foreign exchange). The increase is primarily attributed to:

- Higher levels of project-oriented business in our Asia Pacific and Benelux markets; and
- The positive impact of foreign exchange.

E-Business Solutions

- An increase in E-Business Solutions of $1.6 million, or 29% (20% increase before the effect of foreign exchange), on a small base.

Supply Management Solutions

- An increase in Supply Management Solutions of $0.1 million, or 2% (7% decrease before the effect of foreign exchange), on a small base.

Operating Income

International operating income for the year ended December 31, 2007 was $69.0 million, compared to $74.6 million for the year ended December 31, 2006, a decrease of $5.6 million, or 8%, primarily due to:

- Increased selling expenses primarily related to increased revenue and costs associated with our Huaxia/D&B China Joint Venture and the acquisition of substantially all of the assets of n2 Check in the UK;
- Investment in new products, product enhancements and data purchases (excluding our UK market); and
- Increased technology costs associated with our D&B Worldwide Network;

partially offset by:

An increase in core revenue;

Lower costs as a result of our reengineering efforts;

The positive impact of foreign exchange; and

Lower costs of data purchases within our UK market.

Year ended December 31, 2006 vs. Year ended December 31, 2005

International Overview

International core revenue increased $18.5 million, or 6% (both before and after the effect of foreign exchange), for the year ended December 31, 2006 as compared to the year ended December 31, 2005. The increase is primarily a result of:

- Increased revenue in our UK market, due in part to poor operating performance in the first half of 2005 and higher product usage in 2006 from a key global customer;

- Increased revenue in our Asia Pacific markets due to a shift in the timing of a customer renewal from the fourth quarter of 2005 into the first quarter of 2006 and higher license fee revenue;

- Increased revenue from our D&B Worldwide Network attributable to royalty payments, fulfillment services and product usage; and

- Increased revenue from our E-Business Solutions primarily attributable to increased market penetration of our Hoover s solution;

partially offset by:

- A decline in our Traditional Risk Management Solutions.

International Customer Solution Sets

On a customer solution set basis, the $18.5 million increase in International core revenue for the year ended December 31, 2006, as compared to the year ended December 31, 2005, reflects:

Risk Management Solutions

- An increase in Risk Management Solutions of $10.5 million, or 5% (4% increase before the effect of foreign exchange), reflecting:

For the year ended December 31, 2006, Traditional Risk Management Solutions, which accounted for 86% of International Risk Management Solutions, increased 4% (both before and after the effect of foreign exchange). We experienced increased revenue in our UK market due in part to poor operating performance in the first half of 2005 and higher product usage in 2006 from a key global customer. Also, we recognized increased revenue from our D&B Worldwide Network and increased license fee revenue from our Asia Pacific markets.

For the year ended December 31, 2006, Value-Added Risk Management Solutions, which accounted for 14% of International Risk Management Solutions, increased 8% (5% increase before the effect of foreign exchange) driven mainly by higher-value project-oriented business in certain of our International markets, partially offset by a loss in customers in our Italian market which resulted in lower renewals and lower project-oriented business.

Sales & Marketing Solutions

- An increase in Sales & Marketing Solutions of $5.1 million, or 10% (both before and after the effect of foreign exchange), reflecting:

For the year ended December 31, 2006, Traditional Sales & Marketing Solutions, which accounted for 58% of International Sales & Marketing Solutions, increased 14% (15% increase before the effect of foreign exchange), reflecting a lower rate of cancellations in the first quarter of 2006 as compared to the prior year period and increased purchases from certain global customers in our Asia Pacific markets.

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For the year ended December 31, 2006, Value-Added Sales & Marketing Solutions, which accounted for 42% of International Sales & Marketing Solutions, increased 6% (3% increase before the effect of foreign exchange) due primarily to royalty revenue from our D&B Worldwide Network, a shift in the timing of a customer renewal from the fourth quarter of 2005 into the first quarter of 2006 and an increase in purchases by customers in our Asia Pacific markets. This increase was partially offset by lower project-oriented business.

E-Business Solutions

- An increase in E-Business Solutions of $2.7 million, or 97% (96% increase before the effect of foreign exchange). The increase is primarily attributed to increased market penetration of our Hoover s solutions to customers in Europe and Canada.

Supply Management Solutions

- An increase in Supply Management Solutions of $0.2 million, or 3% (4% increase before the effect of foreign exchange).

Operating Income

International operating income for the year ended December 31, 2006 was $74.6 million, compared to $62.8 million for the year ended December 31, 2005, an increase of $11.8 million, or 19%, primarily due to:

- An increase in core revenue;
- Increased data sales to our U.S. segment;
- Increased costs in 2005 related to the investigation and final resolution of the dispute on the sale of our French business with no comparable costs in 2006 and generally lower legal costs in 2006; and
- Lower costs as a result of our reengineering efforts;

partially offset by:

- Increased selling expenses related to increased revenue; and
- The impact of increased costs associated with data purchases from our D&B Worldwide Network.

Market Risk

We are exposed to the impact of interest rate changes, foreign currency fluctuations and changes in the market value of certain of our investments.

We employ established policies and procedures to manage our exposure to changes in interest rates and foreign currencies. We use short-term foreign exchange forward contracts to hedge short-term foreign currency denominated loans, investments and certain third-party and intercompany transactions and, from time-to-time, we have used foreign exchange option contracts to reduce our International earnings exposure to adverse changes in foreign currency exchange rates. In addition, from time-to-time, we use interest rate instruments to hedge a portion of the interest rate exposure on our outstanding fixed-rate notes, as discussed under Interest Rate Risk below.

A discussion of our accounting policies for financial instruments is included in the summary of significant accounting policies in Note 1 to our consolidated financial statements included in Item 8. of this Annual Report on Form 10-K, and further disclosure relating to financial instruments is included in Note 7 to our consolidated financial statements included in Item 8. of this Annual Report on Form 10-K.

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, we may use fixed-rate debt, floating-rate debt and/or interest rate swaps.

On September 30, 2005 and February 10, 2006, we entered into interest rate derivative transactions with aggregate notional amounts of $200 million and $100 million, respectively. The objective of these hedges was to mitigate the variability of future cash flows from market changes in Treasury rates in the anticipation of the below referenced debt issuance. 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 debt issuance were recorded in Accumulated Other Comprehensive Income. In connection with the issuance of senior notes (the 2011 notes), these interest rate derivative transactions were terminated, resulting in proceeds of approximately $5.0 million at the date of termination. The proceeds are recorded in Accumulated Other Comprehensive Income and will be amortized over the life of the 2011 notes.

In connection with the $300 million, five-year, fixed-rate notes which matured in March 2006, we entered into fixed to floating (LIBOR rate indexed) interest rate swap agreements in the third quarter of 2001 with a notional principal amount totaling $100 million, and designated these swaps as fair-value hedges against the long-term, fixed-rate notes. The arrangement was considered a highly effective hedge, and therefore the accounting for these hedges has no impact on earnings. The changes in the fair value of the hedge and the designated portion of the notes were reflected in our consolidated balance sheets. In March 2006, we issued the 2011 notes, bearing interest at a fixed annual rate of 5.50%, payable semi-annually. The proceeds were used to repay our existing $300 million notes, bearing interest at a fixed annual rate of 6.625%, which matured on March 15, 2006. The swap agreements also expired in March 2006 contemporaneous with the note repayment.

In January 2008, we entered into a series of rate locks with a notional value of $400 million to hedge treasury rate volatility in anticipation of a future debt issuance.

At December 31, 2006, we had a $300 million bank revolving credit facility available at prevailing short-term interest rates, which we terminated on April 19, 2007, and then entered into a new $500 million, five-year bank revolving credit facility, which expires in April 2012. Borrowings under the $500 million credit facility are available at prevailing short-term interest rates. At December 31, 2007 and December 31, 2006, we had $425.3 million and $159.5 million of floating-rate debt outstanding under the $500 million facility and $300 million facility, respectively.

A 0.1 basis point increase/decrease in the weighted average interest rate on our outstanding debt during the year ended December 31, 2007, would result in an incremental increase/decrease in annual interest expense of approximately $2.8 million.

On January 25, 2008, we exercised a $150 million expansion feature on our $500 million credit facility expanding the total facility to $650 million. See Note 18 to our consolidated financial statements included in Item 8. of this Annual Report on Form 10-K.

Foreign Exchange Risk Management

We have numerous offices in countries outside the U.S. and conduct operations in various countries through minority equity investments and strategic relationships with local players. Our International operations generated approximately 22% and 21% of our core revenue for the years ended December 31, 2007 and 2006, respectively. Approximately 35% and 31% of our assets as of December 31, 2007 and 2006, respectively, were located outside the U.S.

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 investments.

We use short-term, foreign exchange forward and option contracts to implement our hedging strategies. Typically, these contracts have maturities of twelve months or less. These contracts are executed with creditworthy institutions and 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 hedge are recorded in Other Income (Expense) Net in our consolidated financial statements and are essentially offset by the gains and losses on the underlying foreign currency transactions. In addition, the gains and losses on the forward contracts associated with net investment hedges, if any, are recorded as cumulative translation adjustment, a component of Accumulated Other Comprehensive Income in our consolidated financial statements.

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 forward foreign exchange contracts. In addition, from time-to-time, we use foreign exchange option contracts to hedge certain foreign earnings and foreign exchange forward contracts to hedge certain net investment positions. The underlying transactions and the corresponding forward exchange and option contracts are mark-to-market at the end of each quarter and are reflected within our consolidated financial statements.

At December 31, 2007 and December 31, 2006, there were $54.1 million and $25.4 million in option contracts outstanding. At December 31, 2007 and 2006, we had a notional amount of approximately $185.4 million and $184.5 million, respectively, of foreign exchange forward contracts outstanding that offset foreign currency denominated intercompany loans. Gains and losses associated with these contracts were $0.4 million and $0.4 million, respectively, at December 31, 2007, $0.4 million and $0.9 million, respectively, at December 31, 2006, and $0.2 million and $0.5 million, respectively, at December 31, 2005.

If exchange rates on average were to increase 10% from year-end levels, without the benefit of having hedging activities, the unrealized loss would be approximately $15.1 million. If exchange rates on average were to decrease 10% from year-end levels, without the benefit of having hedging activities, the unrealized gain would be approximately $18.4 million. However, the estimated potential gain and loss on these contracts is expected to be substantially offset by changes in the dollar value of the underlying transactions.

Liquidity and Financial Position

In connection with our focus on delivering Total Shareholder Return (TSR), we will remain disciplined in the use of our shareholders cash, maintaining three key priorities for the use of this cash:

- First, making ongoing investments in the business to drive growth;
- Second, acquisitions that we believe will be value-accretive to enhance our capabilities and accelerate our growth; and
- Third, continuing to return cash to shareholders.

We believe that cash provided by operating activities, supplemented as needed with readily available financing arrangements, is sufficient to meet our short-term needs, including the cash cost of restructuring charges, transition costs, contractual obligations and contingencies (see Note 13 to our consolidated financial statements included in Item 8. of this Annual Report on Form 10-K), excluding the legal matters identified in said note for which exposures cannot be estimated or are not probable. In addition, we believe that our ability to readily access the bank and capital markets for incremental financing needs will enable us to meet our continued focus on TSR. We have the ability to access the short-term borrowings market from time-to-time to fund working capital needs, acquisitions and share repurchases. Such borrowings would be supported by our credit facility, when needed.

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The following discussions are on a continuing operations basis and therefore exclude the results of the Italian real estate business. See Note 17 to our consolidated financial statements included in Item 8. of this Annual Report on Form 10-K.

Cash Provided by Operating Activities from Continuing Operations

Net cash provided by operating activities was $384.6 million, $290.8 million and $261.4 million for the years ended December 31, 2007, 2006 and 2005, respectively.

Year ended December 31, 2007 vs. Year ended December 31, 2006

Net cash provided by operating activities increased by $93.8 million for the year ended December 31, 2007 compared to the year ended December 31, 2006. This increase was primarily driven by:

Increased net income of our underlying business excluding the impact of non-cash gains and losses;

Increased collections resulting from the timing of sales. Fourth quarter sales in 2007 occurred earlier in the quarter as compared to sales later in the fourth quarter of 2006;

A lower SFAS 123R windfall reclassification from net cash flows from operating activities to cash flows from financing activities for the year ended December 31, 2007, as compared to the year ended December 31, 2006, due to a decrease in the volume of stock option exercises in the current period;

A decline in our other long-term assets primarily due to a deposit made to the IRS in 2006 to stop the accrual of statutory interest on potential tax deficiencies related to the legacy tax matters discussed in Note 13 Contingencies (Tax Matters) to our consolidated financial statements included in Item 8. of this Annual Report on Form 10-K partially offset by higher 2007 pension income; and

Timing of payments of accounts payable and accrued liabilities (e.g., royalty, relocation, our D&B Worldwide Network and data related expenses);

partially offset by:

An increase in restructuring payments compared to the prior period.

Year ended December 31, 2006 vs. Year ended December 31, 2005

Net cash provided by operating activities increased by $29.4 million for the year ended December 31, 2006 compared to the year ended December 31, 2005. This increase was primarily driven by:

Lower tax payments as a result of the settlement of a certain legacy tax matter in 2005;

Increased net income of our underlying business excluding the impact of non-cash gains and losses;

An increase in deferred revenue resulting from higher sales and the collection of a third-party receivable; and

Lower restructuring payments compared to the prior period;

partially offset by:

An increase in our other long-term assets in 2006 primarily due to a deposit made to the IRS in order to stop the accrual of statutory interest on potential tax deficiencies related to the legacy tax matters as discussed above;

The implementation of SFAS No. 123R required the benefits of tax deductions in excess of the tax impact of recognized compensation expense to be reported as financing activities from continuing operations cash

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flow, rather than as operating activities from continuing operations cash flow. As a result, this requirement reduced net operating activities from continuing operations cash flows and increased net financing activities from continuing operations cash flows by $39.6 million for the year ended December 31, 2006. Included in the $39.6 million, was $19.2 million associated with the exercise of 1.0 million Moody s stock options;

An increase in accounts receivable as a result of higher sales in the fourth quarter of 2006 as well as the extension of longer terms to customers as compared to the prior year period; and

A decrease in accounts payable due to the timing of payments.

Cash Provided by (Used in) Investing Activities from Continuing Operations

Net cash used in investing activities was $216.4 million for the year ended December 31, 2007, as compared to net cash provided by investing activities of $48.1 million for the year ended December 31, 2006. Net cash used in investing activities was $52.2 million for the year ended December 31, 2005.

Year ended December 31, 2007 vs. Year ended December 31, 2006

Net cash used in investing activities was $216.4 million for the year ended December 31, 2007, as compared to cash provided by investing activities of $48.1 million for the year ended December 31, 2006. The $264.5 million decrease primarily reflects the following activities:

During the year ended December 31, 2007, in connection with our initiatives to drive long-term growth, we spent $146.5 million on acquisitions/joint ventures and other investments, net of cash acquired, as compared to $9.6 million, net of cash acquired, during the year ended December 31, 2006. See Note 4 to our consolidated financial statements included in Item 8. of this Annual Report on Form 10-K for further information;

During the year ended December 31, 2006, we had net redemptions of marketable securities of $109.4 million. We did not have any investments or redemptions of marketable securities during the year ended December 31, 2007; and

Capital expenditures and additions to computer software and other intangibles increased $19.9 million for the year ended December 31, 2007 as compared to December 31, 2006. This increase was primarily driven by increased investments, such as DNBi, DUNSRight Quality Process and Acxiom in our U.S. segment and our capital investments, primarily for enhancements in the D&B Worldwide Network in our International segment.

Year ended December 31, 2006 vs. Year ended December 31, 2005

Net cash provided by investing activities totaled $48.1 million for the year ended December 31, 2006, compared with net cash used in investing activities of $52.2 million for the year ended December 31, 2005. The $100.3 million increase primarily reflects the following activities:

During the year ended December 31, 2006, we had $109.4 million of net redemptions in short-term marketable securities, as compared to a net increase in our investment in marketable securities of $26.8 million during the year ended December 31, 2005;

During the year ended December 31, 2006, we spent $9.6 million on acquisitions and other investments, net of cash acquired, compared to $16.8 million, net of cash acquired, during the year ended December 31, 2005;

In 2005, we received net proceeds from divestitures and the sale of an investment in South Africa; and

Capital expenditures and additions to computer software and other intangibles increased $24.3 million for the year ended December 31, 2006 as compared to December 31, 2005. This increase was driven by our

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U.S. segment due to increased investments in our DUNSRight Quality Process, DNBi, our interactive web-based subscription products, as well as in our International segment, where the majority of capital investments were primarily for a new UK facility and the D&B Worldwide Network.

Cash Used in Financing Activities from Continuing Operations

Net cash used in financing activities was $143.0 million, $431.5 million and $240.3 million for the years ended December 31, 2007, 2006 and 2005, respectively. As set forth below for all these years, these changes primarily relate to share repurchases, spin-off obligations, payments of dividends, stock-based proceeds from stock option exercises, contractual obligations and net borrowings under our credit facility.

Share Repurchases

During the year ended December 31, 2007, we repurchased 4.5 million shares of common stock for $408.5 million under our share repurchase programs. The share repurchases are comprised of the following programs:

- In May 2007, our Board of Directors approved a new $200 million, one-year share repurchase program, which began in July 2007 upon the completion of the then existing $200 million program. We purchased 1.9 million shares of common stock for $173.2 million under the new $200 million program during the year ended December 31, 2007. This program was completed in February 2008;

- In August 2006, our Board of Directors approved a $200 million, one-year share repurchase program which began in October 2006. We repurchased 1.4 million shares of common stock for $125.0 million under this program during the year ended December 31, 2007. This program was completed in July 2007; and

- In August 2006, our Board of Directors approved a four-year, five million share repurchase program to mitigate the dilutive effect of the shares issued under our stock incentive plans and ESPP. We repurchased 1.2 million shares of common stock for $110.3 million during the year ended December 31, 2007. This program expires in August 2010.

During the year ended December 31, 2006, we repurchased 8.9 million shares of common stock for $662.7 million. The share repurchases are comprised of the following programs:

- In January 2006, our Board of Directors approved an additional $100 million to our then existing $400 million, two-year share repurchase program announced in February 2005. We repurchased 4.2 million shares of common stock for $300.0 million under this program during the year ended December 31, 2006. This program was completed in September 2006;

- In August 2006, our Board of Directors approved a $200 million, one-year share repurchase program which began in October 2006. During the year ended December 31, 2006, we repurchased 0.9 million shares of common stock for $75.0 million under this share repurchase program;

- In July 2003, our Board of Directors approved a three-year, six million share repurchase program to mitigate dilution under our stock incentive plans and ESPP. This program was completed in August 2006. We repurchased 2.7 million shares of common stock for $199.8 million under this program during the year ended December 31, 2006; and

- In August 2006, our Board of Directors approved a four-year, five million share repurchase program to mitigate the dilutive effect of the shares issued under our stock incentive plans and ESPP. We repurchased 1.1 million shares of common stock for $87.9 million during the year ended December 31, 2006.

During the year ended December 31, 2005, we repurchased 4.7 million shares of common stock for $295.6 million. The share repurchases are comprised of the following programs:

In February 2005, our Board of Directors approved a $400 million, two-year share purchase program. We repurchased 3.2 million shares of common stock for $200.0 million under this program during the year ended December 31, 2005; and

In July 2003, our Board of Directors approved a three-year, six million share repurchase program to mitigate dilution under our stock incentive plans and ESPP. We repurchased 1.5 million shares of common stock for $95.6 million under this program during the year ended December 31, 2005.

Spin-off Obligations

As part of our spin-off from Moody s/D&B2 in 2000, Moody s and D&B entered into a Tax Allocation Agreement dated as of September 30, 2000 (the TAA). During the year ended December 31, 2007, we did not make a payment to Moody s/the Dun & Bradstreet Corporation (D&B2) under the TAA.

We made payments of $20.9 million and $9.2 million to Moody s/D&B2 during the years ended December 31, 2006 and 2005, respectively, under the TAA which was fully accrued as of December 31, 2005. See Future Liquidity Sources and Uses of Funds for further details.

Dividends

The total amount of dividends paid during the year ended December 31, 2007 was $58.4 million. We did not pay any dividends on our common stock during the years ended December 31, 2006 and 2005.

Stock-based Programs

For the year ended December 31, 2007, net proceeds from stock-based awards were $31.3 million compared to $50.5 million for the year ended December 31, 2006. The decrease was primarily attributed to a decrease in the volume of stock option exercises in the 2007 as compared to the prior period.

In addition, the implementation of SFAS No. 123R, effective January 1, 2006, requires the benefits of tax deductions in excess of the tax impact of recognized compensation expense to be reported as financing activities from continuing operations cash flow, rather than as operating activities from continuing operations cash flow. This requirement reduced net operating activities from continuing operations cash flows and increased financing activities from continuing operations cash flows by $26.4 million for the year ended December 31, 2007 and $39.6 million for the year ended December 31, 2006. Included in the $26.4 million and $39.6 million, was $9.7 million and $19.2 million associated with the exercise of 0.6 million and 1.0 million Moody s stock options for the years ended December 31, 2007 and 2006, respectively.

For the year ended December 31, 2006, net proceeds from stock-based awards were $50.5 million compared to $64.5 million for the year ended December 31, 2005. The decrease was primarily attributed to fewer stock options being exercised partially offset by an increase in the weighted average exercise price of stock options exercised.

Contractual Obligations

Debt

In March 2006, we issued senior notes with a face value of $300 million that mature on March 15, 2011, bearing interest at a fixed annual rate of 5.50%, payable semi-annually. The proceeds were used to repay our then existing $300 million senior notes bearing interest at a fixed annual rate of 6.625%, payable semi-annually, which matured in March 2006. We did not issue any debt during the year ended December 31, 2007.

Credit Facility

At December 31, 2006, we had a $300 million bank revolving credit facility available at prevailing short-term interest rates, which we terminated on April 19, 2007 and entered into a $500 million, five-year credit facility. On April 19, 2007, we borrowed $182.7 million under our $500 million credit facility and utilized such proceeds to pay down the amounts outstanding under our then existing $300 million credit facility immediately prior to termination. The $500 million credit facility will provide us the ability to access the short-term borrowings market from time-to-time to fund working capital needs, acquisitions and share repurchases. At December 31, 2007, we had $425.3 million of borrowings outstanding under the $500 million credit facility. At December 31, 2006, we had $159.5 million of borrowings outstanding under the $300 million credit facility.

On January 25, 2008, we exercised a $150 million expansion feature on our $500 million credit facility bringing the total facility to $650 million. See Note 18 to our consolidated financial statements included in Item 8. of this Annual Report on Form 10-K.

Future Liquidity Sources and Uses of Funds

Contractual Cash Obligations

The following table quantifies, as of December 31, 2007, our contractual obligations that will require the use of cash in the future.

Contractual Obligations	Total	2008	2009	2010	2011	2012	Thereafter	All Other
				(Amounts in millions)				
Long-Term Debt(1)	$ 724.8	$	$	$	$ 299.5	$ 425.3	$	$
Operating Leases(2)	$ 139.0	$ 29.1	$ 22.9	$ 19.3	$ 17.3	$ 15.5	$ 34.9	$
Obligations to Outsourcers(3)	$ 453.8	$ 114.8	$ 109.4	$ 93.7	$ 89.7	$ 45.9	$ 0.3	$
Pension and Other Postretirement Benefits Payments/Contributions(4)	$ 921.4	$ 34.5	$ 36.2	$ 38.0	$ 44.8	$ 34.8	$ 733.1	$
Spin-off Obligation(5)	$ 19.9	$ 19.9	$	$	$	$	$	$
Unrecognized Tax Benefits(6)	$ 90.6	$	$	$	$	$	$	$ 90.6

(1) $299.5 million represents our senior notes with a face value of $300 million that mature in March 2011, net of a $0.5 million discount, bearing interest at a fixed annual rate of 5.50%, payable semi-annually. $425.3 million represents our borrowings outstanding under our bank credit facility at short-term interest rates.

(2) Most of our operations are conducted from leased facilities, which are under operating leases that expire over the next ten years, with the majority expiring within five years. We also lease certain computer and other equipment under operating leases that expire over the next three years and five years, respectively. These computer and other equipment leases are frequently renegotiated or otherwise changed as the lease terms expire and as advancements in computer technology present opportunities to lower costs and improve performance.

(3) In July 2002, we outsourced certain technology functions to Computer Sciences Corporation (CSC) under a 10-year agreement, which we may terminate for a fee at any time and under certain conditions. Under the terms of the agreement, CSC is responsible for the data center operations, technology help desk, network management functions and for certain application development and maintenance in the U.S. and UK. For the year ended December 31, 2007, we incurred $80.4 million under this contract and have a remaining commitment of approximately $343 million. The obligation under the contract is based on our historical and expected future level of usage and volume. If our future volume changes, payments under the contract could vary up or down based on specified formulas. Charges are subject to increases to partially offset inflation.

In December 2003, we signed a three-year agreement with ICT Group, Inc. (ICT), effective January 2004, to outsource certain marketing call center activities, which contains two renewal options for up to a one-year period. The agreement was amended effective September 2007 to be extended through 2011. Under the terms of the agreement, ICT will be responsible for performing certain marketing and credit-calling activities previously performed by D&B s own call centers in North America. The obligation under the contract is based upon transmitted call volumes, but shall not be less than $3 million per contract year. For the year ended December 31, 2007, we incurred $4.5 million under this contract and have a remaining commitment of approximately $12 million.

In October 2004, we signed a seven-year outsourcing agreement with International Business Machines Corporation (IBM). Under the terms of the agreement, we have transitioned certain portions of our data acquisition and delivery, customer service and financial processes to IBM. We may terminate this agreement for a fee at any time. For the year ended December 31, 2007, we incurred $30.7 million under this contract and have a remaining commitment of approximately $49 million.

In July 2006, we signed four-year product and technology outsourcing agreements with Acxiom Corporation in order to significantly increase the speed, data processing capacity and matching capabilities we provide our U.S. sales and marketing customers. For the year ended December 31, 2007, we incurred fulfillment costs of $6.6 million and have a remaining commitment of approximately $16 million.

(4) Represents projected contributions to our non-U.S. defined benefit plans as well as projected benefit payments related to our unfunded plans, including the U.S. Non-Qualified Plans and our postretirement benefit plan. We do not expect to make any contributions to our U.S. Qualified Plan. The expected benefits are estimated based on the same assumptions used to measure our benefit obligation at the end of 2007 and include benefits attributable to estimated future employee service. A closed group approach is used in calculating the projected benefit payments, assuming only the participants who are currently in the valuation population are included in the projection and the projected benefits continue for up to approximately 99 years.

(5) As part of our spin-off from Moody s/D&B2 in 2000, Moody s/D&B2 and D&B entered into a TAA. Under the TAA, Moody s/D&B2 and D&B agreed that Moody s/D&B2 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/D&B2). Put simply, the tax deduction would go to the company that granted the stock options, rather than to the employer of the individual who exercised the stock options. The TAA provides, however, that if the IRS issues rules, regulations or other authority contrary to the agreed-upon treatment of the compensation expense deductions under the TAA, then the party that becomes entitled under such guidance to take the deduction may be required to reimburse the tax benefit it has realized, in order to compensate the other party for its loss of such deduction. In 2002 and 2003, the IRS issued rulings that appear to provide that under the circumstances applicable to us the compensation expense deduction belongs to the employer of the option grantee and not to the issuer of the option (i.e., D&B would be entitled to deduct the compensation expense associated with D&B employees exercising Moody s/D&B2 options). We have filed tax returns for 2001 through 2006, and made estimated tax deposits for 2007, consistent with the IRS rulings. We received (or believe we are due) the benefit of additional tax deductions, and under the TAA we may be required to reimburse Moody s/D&B2 for the loss of income tax deductions relating to tax years 2003 to 2007 of approximately $19.9 million in the aggregate for such years. This potential reimbursement would be accounted for as a reduction to shareholders equity. During the year ended December 31, 2006, we made a payment of $20.9 million to Moody s/D&B2 under the TAA that was fully accrued for as of December 31, 2005. During the year ended December 31, 2007, we did not make a payment to Moody s/D&B2. We may also be required to pay additional amounts in the future based upon interpretations by the parties of the TAA and the IRS rulings, timing of future exercises of stock options, the future price of stock underlying the stock options and relevant tax rates. As of December 31, 2007, current and former employees of D&B held 0.6 million Moody s stock options. These stock options had a weighted average exercise price of $11.66 and a remaining, weighted average contractual life of one and a half years. All of these stock options are currently exercisable.

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(6) We adopted FASB Interpretation No. (FIN) 48, Accounting for Uncertainty in Income Taxes, or FIN 48, as of January 1, 2007. We have a total amount of unrecognized tax benefits of $131.8 million for the year ending December 31, 2007. Although we do not anticipate payments within the next twelve months for these matters, these could require the aggregate use of cash totaling approximately $90.6 million. As we can not make reliable estimates regarding the timing of the cash flows by period, we have included FIN 48 liabilities within the All Other column in the table above.

Capital Structure

Every year we examine our capital structure and review our plans. During 2008, in connection with our focus on TSR, we anticipate continued share repurchases and have initiated a quarterly cash dividend of $0.30 per share payable on March 17, 2008, to shareholders of record on the close of business on February 29, 2008, as approved by our Board of Directors in December 2007.

We believe that cash provided by operating activities, supplemented as needed with readily available financing arrangements, is sufficient to meet our short-term needs, including the cash cost of restructuring charges, transition costs, contractual obligations and contingencies, excluding the legal matters identified herein for which exposures cannot be estimated.

As we execute our long-term TSR strategy, which contemplates strategic acquisitions, we may require or consider additional financing to fund our TSR strategy. We regularly evaluate market conditions, our liquidity profile and various financing alternatives for opportunities to enhance our capital structure. While we feel confident that such financing arrangements are available to us, there can be no guarantee that we will be able to access new sources of liquidity when required.

On January 25, 2008, we exercised a $150 million expansion feature on our $500 million credit facility expanding the total facility to $650 million. See Note 18 to our consolidated financial statements included in Item 8. of this Annual Report on Form 10-K.

In January 2008, we entered into a series of rate locks with a notional value of $400 million to hedge treasury rate volatility in anticipation of a future debt issuance.

Share Repurchases and Dividends

In order to mitigate the dilutive effect of the shares issued under our stock incentive plans and ESPP, our Board of Directors approved in August 2006, a new four-year, five million share repurchase program. During the year ended December 31, 2007, we repurchased 1.2 million shares of common stock for $110.3 million under this program with 2.7 million shares remaining to be repurchased.

In May 2007, our Board of Directors approved a new $200 million, one-year share repurchase program, which commenced in July 2007. During the year ended December 31, 2007, we repurchased 1.9 million shares of common stock for $173.2 million under this new program with $26.8 million remaining available for purchases as of such date.

In December 2007, our Board of Directors approved a new $400 million, two-year share repurchase program. The new $400 million program began in February 2008, upon the completion of the existing $200 million program which had $26.8 million remaining as of December 31, 2007. We anticipate that the new $400 million program will be completed within twenty-four months of its commencement.

In December 2007, our Board of Directors approved the declaration of a $0.30 per share for the first quarter of 2008. This cash dividend is payable on March 17, 2008, to shareholders of record at the close of business on February 29, 2008.

Potential Payments in Tax and Legal Matters

We and our predecessors are involved in certain tax and legal proceedings, claims and litigation arising in the ordinary course of business. These matters are at various stages of resolution, but could ultimately result in significant cash payments as described in Note 13 to our consolidated financial statements included in Item 8. of this Annual Report on Form 10-K. We believe we have adequate reserves recorded in our consolidated financial statements for our share of current exposures in these matters.

Financial Flexibility Program

An integral component of our strategy is creating financial flexibility to fund investments for growth and to create shareholder value.

Through our Financial Flexibility Program we continually and systematically seek ways to improve our performance in terms of quality and cost. Specifically, we seek to eliminate, standardize, consolidate and automate our business functions. As a part of each program, we have incurred a restructuring charge, which generally consists of, among other things, employee severance and termination costs. We also have incurred transition costs, which generally consist of other costs necessary to accomplish the process changes such as consulting fees, cost of temporary workers, relocation costs and stay bonuses.

Our 2008 Financial Flexibility Program, which was approved on January 24, 2008, builds on efforts initiated in 2007 to reduce significantly the complexity of our business, a process that we anticipate continuing over the next several years. Specifically, in 2008, we will continue to address complexity reduction and create financial flexibility through several initiatives including the following:

- *Enhancing Organizational Effectiveness:* this initiative is intended to reduce organizational complexity and improve the efficiency of how we are organized and how we operate as a business by continuing to address spans of control, consolidating like functions and eliminating non-essential activities;

- *Simplifying our Products and Technology:* this initiative is intended to simplify the various platforms and products we offer our customers and moving to fewer and easier to use web-based platforms like DNBi and Hoover s and eliminating and consolidating systems and technology infrastructure;

- *Streamlining Data Collection and Product Ordering:* this initiative is intended to standardize and automate processes to drive efficiencies and quality to support our overall DUNSRight data strategy; and

- *Improving Overall Business Effectiveness:* this initiative is intended to improve the efficiencies of our operations by centralizing management of key cost drivers, vendor consolidation and contract renegotiation. In addition, we are focusing on driving revenue growth by reducing the non-selling time of our sales force, enhancing our new customer acquisition activities and go-to-market approaches.

On an annualized basis, the actions under our 2008 Financial Flexibility Program are expected to create $75 million to $80 million of financial flexibility, of which approximately $60 million to $65 million will be generated in 2008, before any transition costs and restructuring charges and before any reallocation of savings generated by the initiatives. We expect all actions under our 2008 program to be completed by December 2008. To implement these initiatives we expect to incur transition costs of approximately $13 million to $15 million in 2008.

In addition, we expect to incur restructuring charges totaling $20 million to $25 million pre-tax, of which $18 million to $23 million relate to severance, approximately $1 million relate to lease termination obligations and approximately $1 million relate to other exit costs in 2008.

Approximately $30 million to $40 million of these transition costs and restructuring charges are expected to result in cash expenditures. As a result of this financial flexibility program we expect that approximately 300-350 positions will be eliminated globally.

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Pension Plan and Postretirement Benefit Plan Contribution Requirements

For financial statement reporting purposes, the funded status of our pension plans, as determined in accordance with GAAP, had a surplus of $274.7 million for the U.S. Qualified Plan, a deficit of $217.1 million for the U.S. Non-Qualified Plans, and a deficit of $60.0 million for the non-U.S. plans at December 31, 2007, as compared to a surplus of $199.0 million, a deficit of $235.0 million, and a deficit of $106.0 million, respectively for such plans, at December 31, 2006. The improvement in the funded status of the U.S. plans was primarily due to a higher discount rate at December 31, 2007 and the curtailment impact associated with the plan freeze in 2007. The improvement was negatively impacted by a change in mortality table assumption for our U.S. plans. The improvement in funded status of the non-U.S. plans was primarily due to a lower projected benefit obligation at December 31, 2007, primarily driven by a higher discount rate. See Note 10 to our consolidated financial statements included in Item 8. of this Annual Report on Form 10-K.

For funding purposes, as governed by the Internal Revenue Service regulations, we are not required to contribute to the U.S. Qualified Plan, the largest of our six plans, in 2008 as the plan was considered fully funded under the provisions of the Internal Revenue Code for the 2007 plan year.

In August 2006, the Pension Protection Act of 2006 (PPA 2006) was signed into law. One of the principal changes under this legislation relates to the way assets and liabilities are valued to determine required pension contributions. The majority of the changes are effective in 2008. At the current date, there are still factors that need to be clarified or defined in the guidance by the regulatory bodies to fully analyze the impact of PPA 2006 on our plans. Based on the current understanding of the legislative changes, if the U.S. Qualified Plan asset returns are flat and the assets decline by the amount of benefits paid to plan participants, and all other factors affecting when contributions are required remain the same, we would not be required to make contributions to this plan until 2012. If plan assets appreciate between now and 2012, the need to make a required contribution would be delayed beyond 2012. If plan assets depreciate between now and 2012, we could be required to make contributions sooner than 2012.

We expect to continue to make cash contributions to our other pension plans during the year ended December 31, 2008. The expected 2008 contribution is approximately $23.5 million, compared to $30.9 million in 2007. In addition, we expect to make benefit payments related to our postretirement benefit plan of approximately $11.0 million during the year ended December 31, 2008, compared to $13.4 million during the year ended December 31, 2007. See the Contractual Cash Obligations table above for projected contributions and benefit payments beyond 2008.

In addition, we expect 2008 cash contributions to the 401(k) Plan to be approximately $21.0 million compared to $12.0 million in 2007.

Off-Balance Sheet Arrangements and Related Party Transactions

We do not have any transactions, obligations or relationships that could be considered off-balance sheet arrangements except for those disclosed in Note 7 to our consolidated financial statements included in Item 8. of this Annual Report on Form 10-K. Additionally, we have not engaged in any significant related-party transactions.

Forward-Looking Statements

We may from time-to-time make written or oral forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, including statements contained in filings with the Securities and Exchange Commission, in reports to shareholders and in press releases and investor Web casts. These forward-looking statements can be identified by the use of words like anticipates, aspirations, believes, continues, estimates, expects, goals, guidance, intends, plans, projects, strategy, targets, commits, will and other words of similar meaning. They can also be identified b that they do not relate strictly to historical or current facts.

We cannot guarantee that any forward-looking statement will be realized. Achievement of future results is subject to risks, uncertainties and inaccurate assumptions. Should known or unknown risks or uncertainties materialize, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Investors should bear this in mind as they consider forward-looking statements and whether to invest in, or remain invested in, our securities. In connection with the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, we are identifying in the following paragraphs important factors that, individually or in the aggregate, could cause actual results to differ materially from those contained in any forward-looking statements made by us; any such statement is qualified by reference to the following cautionary statements.

The following important factors could cause actual results to differ materially from those projected in such forward-looking statements:

- We rely significantly on third parties to support critical components of our business model in a continuous and high quality manner, including third-party data providers, strategic third-party members in our D&B Worldwide Network, and third parties with whom we have outsourcing arrangements;

- Demand for our products is subject to intense competition, changes in customer preferences and, to a lesser extent, economic conditions which impact customer behavior;

- Our solutions and brand image are dependent upon the integrity and security of our global database and the continued availability thereof through the internet and by other means, as well as our ability to protect key assets, such as our data centers;

- Our ability to maintain the integrity of our brand and reputation, which we believe are key assets and competitive advantages;

- Our ability to renew large contracts, the related revenue recognition and the timing thereof may impact our results of operations from period-to-period;

- Our results are subject to the effects of foreign economies, exchange rate fluctuations, legislative or regulatory requirements, such as the adoption of new or changes in accounting policies and practices, including pronouncements by the Financial Accounting Standards Board or other standard setting bodies, and the implementation or modification of fees or taxes that we must pay to acquire, use, and/or redistribute data;

- Our ability to introduce new Web-based solutions or services in a seamless way and without disruption to existing solutions such as DNBi;

- Our ability to acquire and successfully integrate other complementary businesses, products and technologies into our existing business, without significant disruption to our existing business or to our financial results;

- The continued adherence by third-party members of our D&B Worldwide Network to our data quality standards, our brand and communication standards and to the terms and conditions of our commercial services arrangements;

Our future success requires that we attract and retain qualified personnel, including members of our sales force, in regions throughout the world;

The profitability of our International segment depends on our ability to identify and execute on various initiatives, such as the implementation of subscription plan pricing and successfully managing our D&B Worldwide Network, and our ability to identify and contend with various challenges present in foreign markets, such as local competition and the availability of public records at no cost;

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Our ability to successfully implement our Blueprint for Growth Strategy requires that we successfully reduce our expense base through our Financial Flexibility initiatives, and reallocate certain of the expense-base reductions into initiatives that produce desired revenue growth;

We are involved in various tax matters and legal proceedings, the outcomes of which are unknown and uncertain with respect to the impact on our cash flow and profitability;

Our ability to repurchase shares is subject to market conditions, including trading volume in our stock, and our ability to repurchase shares in accordance with applicable securities laws; and

Our projection for free cash flow is dependent upon our ability to generate revenue, our collection processes, customer payment patterns, the timing and volume of stock option exercises and the amount and timing of payments related to the tax and other matters and legal proceedings in which we are involved.

We elaborate on the above list of important factors throughout this document and in our other filings with the SEC, particularly in the discussion of our Risk Factors in Item 1A. of this Annual Report on Form 10-K. It should be understood that it is not possible to predict or identify all risk factors. Consequently, the above list of important factors and the Risk Factors discussed in Item 1A. of this Annual Report on Form 10-K should not be considered to be a complete discussion of all of our potential trends, risks and uncertainties. Except as otherwise required by federal securities laws, we do not undertake any obligation to update any forward-looking statement we may make from time-to-time.

Item 7A. ***Quantitative and Qualitative Disclosures About Market Risk***

Information in response to this Item is set forth under the caption Market Risk in Item 7. of this Annual Report on Form 10-K.

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Item 8. ***Financial Statements and Supplementary Data***

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Schedules are omitted as they are not required or inapplicable or because the required information is provided in our consolidated financial statements, including the notes to our consolidated financial statements.

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MANAGEMENT S RESPONSIBILITY FOR FINANCIAL STATEMENTS

Management is responsible for the preparation of the consolidated financial statements and related information appearing in this report. Management believes that the consolidated financial statements fairly reflect the form and substance of transactions and that the consolidated financial statements reasonably present our financial position and results of operations in conformity with generally accepted accounting principles in the United States of America. Management also has included in the consolidated financial statements amounts that are based on estimates and judgments which it believes are reasonable under the circumstances.

An independent registered public accounting firm audits our consolidated financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States) and their report is provided herein.

MANAGEMENT S REPORT ON INTERNAL CONTROL OVER

FINANCIAL REPORTING

Management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rule 13a-15(f) under the Securities Exchange Act of 1934. Management designed our internal control systems in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America. Our internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures are being made only in accordance with authorizations of management and directors; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of our assets that could have a material effect on the financial statements.

Management conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in *Internal Control Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on its evaluation, our management concluded that our internal control over financial reporting was effective at the reasonable assurance level as of December 31, 2007.

The effectiveness of our internal control over financial reporting as of December 31, 2007 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their attestation report, which is included herein.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Board of Directors of The Dun & Bradstreet Corporation:

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of operations, shareholders equity and cash flows present fairly, in all material respects, the financial position of The Dun & Bradstreet Corporation at December 31, 2007 and December 31, 2006, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2007 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2007, based on criteria established in Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company s management is responsible for these financial statements, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in Management s Report on Internal Control Over Financial Reporting appearing on page 65. Our responsibility is to express opinions on these financial statements and on the Company s internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

As discussed in Notes 2 and 5, the Company adopted the provisions of FIN 48, Accounting for Uncertainty in Income Taxes. In addition, as discussed in Notes 2, 10 and 11, the Company adopted the provisions of SFAS No. 158, Employers Accounting for Defined Benefit Pension and Other Postretirement Plans and SFAS No. 123R, Share-Based Payments, in 2006.

A company s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company s internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ PricewaterhouseCoopers LLP

Florham Park, New Jersey

February 25, 2008

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THE DUN & BRADSTREET CORPORATION

CONSOLIDATED STATEMENT OF OPERATIONS

	For the Years Ended December 31, 2007	2006	2005
	(Amounts in millions, except per share data)		
Revenues	$ 1,599.2	$ 1,474.9	$ 1,380.0
Operating Expenses	430.4	410.9	355.8
Selling and Administrative Expenses	671.5	612.7	594.3
Depreciation and Amortization	46.6	32.1	34.6
Restructuring Charge	25.1	25.5	30.7
Operating Costs	1,173.6	1,081.2	1,015.4
Operating Income	425.6	393.7	364.6
Interest Income	7.3	7.3	10.6
Interest Expense	(28.3)	(20.3)	(21.1)
Other Income (Expense) Net	21.7	(0.3)	0.8
Non-Operating Income (Expense) Net	0.7	(13.3)	(9.7)
Income from Continuing Operations Before Provision for Income Taxes	426.3	380.4	354.9
Provision for Income Taxes	135.8	142.1	133.1
Minority Interest Income (Expense)	0.9		
Equity in Net Income of Affiliates	1.3	0.4	0.7
Income from Continuing Operations	$ 292.7	$ 238.7	$ 222.5
Income (Loss) from Discontinued Operations, Net of Income Taxes of $5.2, $4.7 and $0.5 for the Years Ended December 31, 2007, 2006 and 2005, respectively	5.4	2.0	(1.3)
Net Income	$ 298.1	$ 240.7	$ 221.2
Basic Earnings Per Share of Common Stock:			
Income from Continuing Operations	$ 5.03	$ 3.77	$ 3.33
Income (Loss) from Discontinued Operations	0.09	0.04	(0.02)
Net Income	$ 5.12	$ 3.81	$ 3.31
Diluted Earnings Per Share of Common Stock:			
Income from Continuing Operations	$ 4.90	$ 3.67	$ 3.21
Income (Loss) from Discontinued Operations	0.09	0.03	(0.02)
Net Income	$ 4.99	$ 3.70	$ 3.19
Weighted Average Number of Shares Outstanding Basic	58.3	63.2	66.8
Weighted Average Number of Shares Outstanding Diluted	59.8	65.1	69.4

Cash Dividends Paid per Common Share	$ 1.00	$	$

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

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THE DUN & BRADSTREET CORPORATION

CONSOLIDATED BALANCE SHEETS

	December 31, 2007	December 31, 2006
	(Amounts in millions, except per share data)	
ASSETS		
Current Assets		
Cash and Cash Equivalents	$ 175.8	$ 127.7
Accounts Receivable, Net of Allowance of $19.0 at December 31, 2007 and $20.3 at December 31, 2006	445.6	398.4
Other Receivables	9.9	10.3
Prepaid Taxes	0.9	47.9
Deferred Income Tax	18.5	8.3
Current Assets from Discontinued Operations Held for Sale	40.6	29.1
Other Current Assets	27.0	23.3
Total Current Assets	718.3	645.0
Non-Current Assets		
Property, Plant and Equipment, Net of Accumulated Depreciation of $141.6 at December 31, 2007 and $142.0 at December 31, 2006	50.3	50.5
Prepaid Pension Costs	275.2	199.0
Computer Software, Net of Accumulated Amortization of $334.5 at December 31, 2007 and $322.5 at December 31, 2006	87.9	53.6
Goodwill	343.8	225.0
Deferred Income Tax	41.7	105.6
Deposit	16.8	39.8
Other Receivables	42.7	
Assets from Discontinued Operations Held for Sale		6.6
Other Non-Current Assets	82.1	35.0
Total Non-Current Assets	940.5	715.1
Total Assets	$ 1,658.8	$ 1,360.1
LIABILITIES		
Current Liabilities		
Accounts Payable	$ 30.5	$ 37.3
Accrued Payroll	125.5	127.0
Accrued Income Tax	14.4	1.9
Current Liabilities from Discontinued Operations Held for Sale	31.0	22.2
Short-Term Debt		0.1
Other Accrued and Current Liabilities (Note 15)	177.3	150.3
Deferred Revenue	531.3	466.7
Total Current Liabilities	910.0	805.5
Pension and Postretirement Benefits	350.5	414.7
Long-Term Debt	724.8	458.9
Liabilities for Unrecognized Tax Benefits	79.3	54.4
Liabilities from Discontinued Operations Held for Sale		4.5
Other Non-Current Liabilities	30.7	21.2
Total Liabilities	2,095.3	1,759.2
Contingencies (Note 13)		

Minority Interest Liability	3.6	
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
Capital Surplus	196.4	186.8
Retained Earnings	1,320.7	1,132.2
Treasury Stock, at cost, 25.1 shares at December 31, 2007 and 21.8 shares at December 31, 2006	(1,603.8)	(1,265.9)
Accumulated Other Comprehensive Income (Loss)	(354.2)	(453.0)
Total Shareholders Equity	(440.1)	(399.1)
Total Liabilities and Shareholders Equity	$ 1,658.8	$ 1,360.1

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

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THE DUN & BRADSTREET CORPORATION

CONSOLIDATED STATEMENT OF CASH FLOWS

	For the Years Ended December 31,		
	2007	**2006**	**2005**
	(Amounts in millions)		
Cash Flows from Operating Activities:			
Net Income	$ 298.1	$ 240.7	$ 221.2
Less: Net Income (Loss) from Discontinued Operations	5.4	2.0	(1.3)
Net Income from Continuing Operations	$ 292.7	$ 238.7	$ 222.5
Reconciliation of Net Income to Net Cash Provided by Operating Activities:			
Depreciation and Amortization	46.6	32.1	34.6
Amortization of Unrecognized Pension Loss	15.9		
Gain (Loss) from Sales of Businesses	(19.9)		(0.6)
Income Tax Benefit from Stock-Based Awards	33.8	49.5	74.7
Excess Tax Benefit on Stock-Based Awards	(26.4)	(39.6)	
Equity-Based Compensation	25.9	20.8	11.9
Restructuring Charge	25.1	25.5	30.7
Restructuring Payments	(31.2)	(21.1)	(31.9)
Deferred Income Taxes, Net	(38.7)	0.4	0.2
Accrued Income Taxes, Net	88.4	41.8	(43.3)
Changes in Current Assets and Liabilities:			
Increase in Accounts Receivable	(30.0)	(43.3)	(18.0)
Net Increase in Other Current Assets	(4.1)	(1.8)	(5.5)
Increase in Deferred Revenue	44.3	44.1	37.4
Decrease in Accounts Payable	(5.4)	(9.2)	(2.2)
Net Increase in Accrued Liabilities	16.1	8.3	10.2
Net Decrease in Other Accrued and Current Liabilities	(0.1)	(3.6)	(6.4)
Changes in Non-Current Assets and Liabilities:			
Net Increase in Other Long-Term Assets	(28.1)	(40.6)	(18.4)
Net Decrease in Long-Term Liabilities	(16.2)	(11.9)	(34.7)
Net, Other Non-Cash Adjustments	(4.1)	0.7	0.2
Net Cash Provided by Operating Activities from Continuing Operations	384.6	290.8	261.4
Net Cash Provided by Operating Activities from Discontinued Operations	9.3	14.1	0.1
Net Cash Provided by Operating Activities	393.9	304.9	261.5
Cash Flows from Investing Activities:			
Investments in Marketable Securities		(149.6)	(225.6)
Redemptions of Marketable Securities		259.0	198.8
Proceeds from Sales of Businesses, Net of Cash Divested	2.0	0.8	16.5
Payments for Acquisitions of Businesses, Net of Cash Acquired	(146.5)	(9.6)	(16.8)
Cash Settlements of Foreign Currency Contracts	(0.3)	(0.8)	2.0
Capital Expenditures	(13.7)	(11.6)	(5.7)
Additions to Computer Software and Other Intangibles	(58.4)	(40.6)	(22.2)
Net, Other	0.5	0.5	0.8
Net Cash (Used in) Provided by Investing Activities from Continuing Operations	(216.4)	48.1	(52.2)
Net Cash (Used in) Provided by Investing Activities from Discontinued Operations	(0.8)	(0.8)	(1.9)
Net Cash (Used in) Provided by Investing Activities	(217.2)	47.3	(54.1)
Cash Flows from Financing Activities:			
Payments for Purchases of Treasury Shares	(408.5)	(662.7)	(295.6)
Net Proceeds from Stock-Based Awards	31.3	50.5	64.5

Spin-off Obligation		(20.9)	(9.2)
Payment of Debt		(300.0)	
Proceeds from Issuance of Long-Term Debt		299.2	
Payments of Dividends	(58.4)		
Proceeds from Borrowings on Credit Facilities	750.7	385.2	2.9
Payments of Borrowings on Credit Facilities	(484.9)	(225.7)	(3.0)
Payment of Bond Issue Costs		(2.2)	
Termination of Interest Rate Derivatives		5.0	
Excess Tax Benefit on Stock-Based Awards	26.4	39.6	
Net, Other	0.4	0.5	0.1
Net Cash Used in Financing Activities from Continuing Operations	(143.0)	(431.5)	(240.3)
Net Cash Used in Financing Activities from Discontinued Operations			(0.9)
Net Cash Used in Financing Activities	(143.0)	(431.5)	(241.2)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	17.6	22.4	(23.8)
Increase (Decrease) in Cash and Cash Equivalents	51.3	(56.9)	(57.6)
Cash and Cash Equivalents, Beginning of Period	138.4	195.3	252.9
Cash and Cash Equivalents, End of Period	$ 189.7	$ 138.4	$ 195.3
Cash and Cash Equivalents of Discontinued Operations, End of Period	13.9	10.7	2.7
Cash and Cash Equivalents of Continuing Operations, End of Period	$ 175.8	$ 127.7	$ 192.6
Supplemental Disclosure of Cash Flow Information:			
Cash Paid for:			
Income Taxes, Net of Refunds	$ 52.4	$ 50.5	$ 102.0
Interest	$ 27.9	$ 20.8	$ 18.9

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

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THE DUN & BRADSTREET CORPORATION

CONSOLIDATED STATEMENT OF SHAREHOLDERS EQUITY

	Common Stock ($0.01 Par Value)	Unearned Compensation Restricted Stock	Capital Surplus	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Income: Cumulative Translation Adjustment	SFAS 158 Pension Adjustment	Minimum Pension Liability Adjustment	Derivative Financial Instrument	Total Shareholders Equity	Comprehensive Income (Loss)
	For the Years Ended December 31, 2007, 2006 and 2005										
	(Dollar amounts in millions, except per share data)										
Balance, January 1, 2005	$ 0.8	$ (1.4)	$ 198.2	$ 670.3	$ (557.6)	$ (149.0)	$	$ (107.1)	$	$ 54.2	
Net Income				221.2						221.2	$ 221.2
Equity-Based Plans		(4.0)	(14.4)		147.7					129.3	
Treasury Shares Acquired					(295.6)					(295.6)	
Change in Cumulative Translation Adjustment						(26.7)				(26.7)	(26.7)
Change in Minimum Pension Liability Adjustment								(5.6)		(5.6)	(5.6)
Mark-to-Market Interest Rate Derivative									0.8	0.8	0.8
Total Comprehensive Income											$ 189.7
Balance, December 31, 2005	0.8	(5.4)	183.8	891.5	(705.5)	(175.7)		(112.7)	0.8	77.6	
Net Income				240.7						240.7	$ 240.7
Equity-Based Plans		5.4	3.0		102.3					110.7	
Treasury Shares Acquired					(662.7)					(662.7)	
SFAS 158 Initial Adoption Adjustment (Note 10)							(182.7)			(182.7)	
Change in Cumulative Translation Adjustment						22.2				22.2	22.2
Derivative Financial Instrument, net of tax of $1.2									2.1	2.1	2.1
Change in Minimum Pension Liability (Note 10) Adjustment								(7.0)		(7.0)	(7.0)
Total Comprehensive Income											$ 258.0
Balance, December 31, 2006	0.8		186.8	1,132.2	(1,265.9)	(153.5)	(182.7)	(119.7)	2.9	(399.1)	
Net Income				298.1						298.1	$ 298.1
Equity-Based Plans			3.1		70.6					73.7	
Treasury Shares Acquired					(408.5)					(408.5)	
Pension Adjustments (Note 10)							79.3			79.3	79.3
Dividend Declared				(75.5)						(75.5)	
FIN 48 Adoption				(34.1)						(34.1)	

Adjustments to Legacy Tax Matters			6.5							6.5	
Change in Cumulative Translation Adjustment						20.5				20.5	20.5
Derivative Financial Instrument, net of tax of $0.1									(1.0)	(1.0)	(1.0)
Total Comprehensive Income											$ 396.9
Balance, December 31, 2007	$ 0.8	$	$ 196.4	$ 1,320.7	$ (1,603.8)	$ (133.0)	$ (103.4)	$ (119.7)	$ 1.9	$ (440.1)	

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

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Notes to Consolidated Financial Statements

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

Note 1. Description of Business and Summary of Significant Accounting Policies

Description of Business. The Dun & Bradstreet Corporation (D&B or we or our) is the world s leading source of commercial information and insight on businesses, enabling customers to Decide with Confidence® for over 166 years. Our global commercial database contains more than 125 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 customers with four solution sets, which meet a diverse set of customer needs globally. Customers use our Risk Management Solutions to mitigate credit risk, increase cash flow and drive increased profitability; our Sales & Marketing Solutions to increase revenue from new and existing customers; our E-Business Solutions to convert prospects into clients faster by enabling business professionals to research companies, executives and industries; and our Supply Management Solutions to increase cash by generating ongoing savings from our customers suppliers and by protecting our customers from serious financial, operational and regulatory risk.

Basis of Presentation. The preparation of financial statements and related disclosures in conformity with accounting principles generally accepted in the United States of America requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period reported. As discussed throughout this Note 1, we base our estimates on historical experience, current conditions and various other factors that we believe to be reasonable under the circumstances. Significant items subject to such estimates and assumptions include: valuation allowances for receivables and deferred income tax assets; liabilities for potential tax exposure and potential litigation claims and settlements; assets and obligations related to employee benefits; allocation of the purchase price in acquisition accounting; long-term asset and amortization recoverability; revenue deferrals; and restructuring charges. We review estimates and assumptions periodically and reflect the revisions in the consolidated financial statements in the period in which we determine any revisions to be necessary. Actual results could differ materially from those estimates under different assumptions or conditions.

The consolidated financial statements include our accounts, as well as those of our subsidiaries and investments in which we have a controlling interest. Investments in companies over which we have significant influence but not a controlling interest are carried under the equity method. Investments over which we do not have significant influence are recorded at cost. We periodically review our investments to determine if there has been any impairment judged to be other than temporary. Such impairments are recorded as write-downs in the statement of operations.

All intercompany transactions and balances have been eliminated in consolidation.

The financial statements of our subsidiaries outside the United States (U.S.) and Canada reflect a fiscal year ended November 30, in order to facilitate timely reporting of our consolidated financial results and financial position.

Where appropriate, we have reclassified certain prior year amounts to conform to the current year presentation. On December 27, 2007, we sold our Italian real estate business which was a part of our International segment and we have reclassified the historical financial results of the Italian real estate business as discontinued operations. See Note 17 to our consolidated financial statements included in this Annual Report on Form 10-K. Accordingly, the related assets and liabilities of our Italian real estate business have been classified as held for sale in the balance sheet and we will record the resulting gain from the sale in the first quarter of 2008.

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Notes to Consolidated Financial Statements (Continued)

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

Significant Accounting Policies

Revenue Recognition. Our Risk Management Solutions are generally sold under fixed price subscription contracts that allow those customers unlimited use within predefined ranges, subject to certain conditions. In these instances, we recognize revenue ratably over the term of the contract, which is generally one year.

For arrangements that include periodic updates to that information file over the contract term, the portion of the revenue related to updates expected to be delivered is deferred as a liability on the balance sheet and recognized as the updates are delivered, usually on a quarterly or monthly basis.

We also have monthly or annual contracts that enable a customer to purchase our information solutions during the period of contract at prices per an agreed price list, up to the contracted dollar limit. Revenue on these contracts is recognized as solutions are delivered to the customer, based on the per-solution price. Any additional solutions purchased over this limit may be subject to pricing variations and revenue is recognized as the solutions are delivered. If customers do not use the full value of their contract and forfeit the unused portion, we recognize the forfeited amount as revenue at contract expiration.

Revenue related to services provided over the contract term, such as monitoring services, is recognized ratably over the contract period, which is typically one year.

For Sales & Marketing Solutions and Supply Management Solutions, we generally recognize revenue upon delivery of the information file to the customer. For arrangements that include periodic updates to that information file over the contract term, the portion of the revenue related to updates expected to be delivered is deferred as a liability on the balance sheet and recognized as the updates are delivered, usually on a quarterly or monthly basis. For subscription solutions that provide continuous access to our generic marketing information and business reference databases, as well as any access fees or hosting fees related to enabling customers access to our information, revenue is recognized ratably over the term of the contract, which is typically one year.

We have certain solution offerings that are sold as multi-element arrangements. The multiple elements may include information files, file updates for certain solutions, software, services, trademarks and/or other intangibles. Revenue for each element is recognized when that element is delivered to the customer, based upon the relative fair value for each element. For offerings that include software that is considered to be more than incidental, we recognize revenue when a non-cancelable license agreement has been signed and the software has been shipped and installed. Maintenance revenue, which consists of fees for ongoing support and software updates, is recognized ratably over the term of the contract, which is typically one year, when the maintenance for the software is considered significant. When maintenance is insignificant, we recognize the revenue when the agreement is signed and the software is shipped.

Revenue from consulting and training services is recognized as the services are performed.

Our E-Business Solutions consists of Hoover s, Inc., which includes Hoover s, First Research division and AllBusiness.com, Inc. Hoover s and First Research provide subscription solutions that allow continuous access to our business information databases. Revenue is recognized ratably over the term of the contract, which is generally one year. Any additional solutions purchased are recognized upon delivery to the customer. AllBusiness.com provides online media and e-commerce products that provide advertisers the ability to target small business customers. Revenue is recognized as solutions are delivered to the customer over the contract period.

Amounts billed in advance are recorded as a liability on the balance sheet as deferred revenue and are recognized as the services are performed.

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Notes to Consolidated Financial Statements (Continued)

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

Sales Cancellations. In determining sales cancellation allowances, we analyze historical trends, customer-specific factors, current economic trends and changes in customer demand.

Restructuring Charges. We account for restructuring charges in accordance with Statement of Financial Accounting Standards (SFAS) No. 146, Accounting for Costs Associated with Exit or Disposal Activities, or SFAS No. 146, which addresses financial accounting and reporting for costs associated with restructuring activities, including severance and lease termination obligations, and other related exit costs. Under SFAS No. 146, we establish a liability for a cost associated with an exit or disposal activity, including severance and lease termination obligations, and other related exit 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.

Employee Benefit Plans. We provide various defined benefit plans to our employees as well as healthcare and life insurance benefits to our retired employees. We use actuarial assumptions to calculate pension and benefit costs as well as pension assets and liabilities included in our consolidated financial statements in accordance with SFAS No. 87, Employers Accounting for Pensions, or SFAS No. 87, SFAS No. 106, Employers Accounting for Postretirement Benefits Other Than Pensions, or SFAS No. 106, and SFAS No. 158, Employers Accounting for Defined Benefit Pension and Other Postretirement Plans an amendment of FASB Statements No. 87, 88, 106 and 132(R), or SFAS No. 158. See Note 10 to our consolidated financial statements included in this Annual Report of Form 10-K.

Income Taxes. Income taxes are determined in accordance with SFAS No. 109, Accounting for Income Taxes, or SFAS No. 109, which requires recognition of deferred income tax liabilities and assets for the expected future tax consequences of events that have been included in the consolidated financial statements or tax returns. Under this method, deferred income tax liabilities and assets are determined based on the difference between financial statement and tax basis of liabilities and assets using enacted tax rates in effect for the year in which the differences are expected to reverse. SFAS No. 109 also provides for the recognition of deferred tax assets if it is more likely than not that the assets will be realized in future years. We have established a valuation allowance for deferred tax assets for which realization is more likely than not. In assessing the valuation allowance, we have considered future taxable income and ongoing prudent and feasible tax planning strategies.

Effective January 1, 2007, we adopted Financial Accounting Standard Board (FASB) Interpretation No. (FIN) 48, Accounting for Uncertainty in Income Taxes, or FIN 48, which clarifies the accounting for uncertainty in income taxes recognized in the financial statements in accordance with SFAS No. 109. We utilize a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. As a result of the implementation of FIN 48, we recognized approximately $34.1 million (net of tax benefits) in the liability for unrecognized tax benefits, which was accounted for as a reduction to the January 1, 2007 balance of retained earnings.

Legal and Tax Contingencies. We are involved in tax and legal proceedings, claims and litigation arising in the ordinary course of business. We periodically assess our liabilities and contingencies in connection with these matters, based upon the latest information available. For those matters where it is probable that we have incurred a loss and the loss, or range of loss, can be reasonably estimated, we have recorded reserves in the consolidated financial statements. In other instances, because of the uncertainties related to the probable outcome and/or amount or range of loss, we are unable to make a reasonable estimate of a liability, if any. As additional information becomes available, we adjust our assessment and estimates of such liabilities accordingly.

Cash and Cash Equivalents. We consider all investments purchased with an initial term to maturity of three months or less to be cash equivalents. These instruments are stated at cost, which approximates market value because of the short maturity of the instruments.

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Notes to Consolidated Financial Statements (Continued)

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

Accounts Receivable and Allowance for Bad Debts. Accounts receivable are recorded at the invoiced amount and do not bear interest. With respect to estimating the allowance for bad debts, we analyze the aging of accounts receivable, historical bad debts, customer creditworthiness and current economic trends.

Restricted Assets. At December 31, 2007 and 2006, restricted assets solely consisted of cash and cash equivalents. Such amounts are included in Other Non-Current Assets. We had restricted assets of $8.0 million and $9.2 million at December 31, 2007 and 2006, respectively, held in grantor trusts primarily to fund certain pension obligations. See Note 10 to our consolidated financial statements included in this Annual Report on Form 10-K.

Property, Plant and Equipment. Property, plant and equipment are stated at cost, except for property, plant and equipment that have been impaired for which the carrying amount is reduced to the estimated fair value at the impairment date. Property, plant and equipment are generally depreciated using the straight-line method. Buildings are depreciated over a period of 40 years. Equipment is depreciated over a period of three to ten years. Leasehold improvements are amortized on a straight-line basis over the shorter of the term of the lease or the estimated useful life of the improvement. Property, plant and equipment depreciation and amortization expense for the years ended December 31, 2007, 2006 and 2005 was $10.6 million, $10.0 million and $10.6 million, respectively. As of December 31, 2006, we acquired approximately $6.1 million of furniture and equipment primarily related to our Center Valley, PA facility, which was included in accounts payable on the accompanying consolidated balance sheet as of December 31, 2006, and was therefore excluded from the consolidated statement of cash flows for the year ended December 31, 2006 and included in our consolidated statement of cash flows for the year ended December 31, 2007.

Computer Software. We account for computer software used in our business in accordance with Statement of Position (SOP) 98-1, Accounting for the Costs of Computer Software Developed or Obtained for Internal Use. In addition, certain computer software costs related to software sold to customers are capitalized in accordance with SFAS No. 86, Accounting for the Costs of Computer Software to Be Sold, Leased or Otherwise Marketed. Capitalized computer software costs are amortized over its estimated useful life, typically three to five years, and are reported at the lower of unamortized cost or net realizable value. We review the valuation of capitalized software whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Factors that could trigger an impairment review include significant changes in the manner of use of the assets or strategic decisions made relating to future plans for those assets, as well as consideration of future operating results, significant negative industry trends or economic trends. The computer software amortization expense for the years ended December 31, 2007, 2006 and 2005 was $28.7 million, $18.7 million and $21.9 million, respectively. As of December 31, 2007, we acquired approximately $3.1 million of computer software, which was included in accounts payable on the accompanying consolidated balance sheet as of December 31, 2007, and was therefore excluded from the consolidated statement of cash flows for the year ended December 31, 2007.

Goodwill and Other Intangible Assets. Goodwill and intangible assets represent the excess of costs over fair value of assets of businesses acquired. We account for goodwill and intangible assets in accordance with SFAS No. 142, Goodwill and Other Intangible Assets, or SFAS No. 142. Goodwill and intangibles with an indefinite life are not subject to regular periodic amortization. Instead, the carrying amount of the goodwill and indefinite-lived intangibles is tested for impairment at least annually, and between annual tests if events or circumstances warrant such a test. An impairment loss would be recognized if the carrying amount exceeded the fair value.

We assess the recoverability of our goodwill at the reporting unit level. We consider our operating segments, U.S. and International, as our reporting units under SFAS No. 142 for consideration of potential impairment of goodwill. For goodwill, we perform a two-step impairment test. In the first step, we compare the

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Notes to Consolidated Financial Statements (Continued)

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

fair value of each reporting unit to its carrying value. We determine the fair value of our reporting units based on the market approach. Under the market approach, we estimate the fair value based on market multiples of revenue. If the market value of the reporting unit exceeds the carrying value of the net assets assigned to that reporting unit, goodwill is not impaired and no further test is performed. If the carrying value of the net assets assigned to the reporting unit exceeds the fair value of the reporting unit, then we must perform the second step of the impairment test in order to determine the implied fair value of the reporting unit s goodwill. If the carrying value of the reporting unit exceeds its implied fair value, we record an impairment loss equal to the difference.

For indefinite-lived intangibles, other than goodwill, the estimated fair value is determined by utilizing the expected present value of the future cash flows of the assets. An impairment is recognized if the carrying value exceeds the fair value. Based on our assessments, no impairment charges related to goodwill and indefinite-lived intangible assets have been recognized at December 31, 2007, 2006 and 2005.

Other intangibles, which primarily include customer lists and relationships, resulting from acquisitions are being amortized over one to fifteen years based on their estimated useful life using the straight-line method. Other intangibles amortization expense for the years ended December 31, 2007, 2006, and 2005 was $7.3 million, $3.4 million and $2.1 million, respectively.

Future amortization of acquired intangible assets as of December 31, 2007 is as follows:

Total	2008	2009	2010	2011	2012	Thereafter
$59.5	$ 9.5	$ 8.3	$ 7.9	$ 7.7	$ 5.5	$ 20.6

The value of our customer lists in our Italian real estate business was negatively impacted by tax legislation enacted in Italy in 2005. This tax legislation increased the operating costs of our Italian real estate business. For the year December 31, 2005, we recorded an impairment charge of $0.4 million related to customer lists.

Foreign Currency Translation. For all operations outside the U.S. where we have designated the local currency as the functional currency, assets and liabilities are translated using the end-of-year exchange rates, and revenues and expenses are translated using average exchange rates for the year. For those countries where we designate the local currency as the functional currency, translation adjustments are accumulated in a separate component of shareholders equity. Transaction gains and losses are recognized in earnings in Other Income (Expense) Net. Transaction gains were $0.2 million for the year ended December 31, 2007, transaction losses were $1.2 million for the year ended December 31, 2006, and transaction gains were $1.0 million for the year ended December 31, 2005.

Earnings Per Share of Common Stock. In accordance with SFAS No. 128, Earnings Per Share (EPS), basic EPS is calculated based on the weighted average number of shares of common stock outstanding during the reporting period. Diluted EPS is calculated giving effect to all potentially dilutive common shares, assuming such shares were outstanding during the reporting period. The difference between basic and diluted EPS is solely attributable to stock options and restricted stock programs. We use the treasury stock method to calculate the impact of outstanding stock options and restricted stock.

Stock-Based Compensation. Our stock-based compensation programs are described more fully in Note 11 to our consolidated financial statements included in this Annual Report on Form 10-K. On January 1, 2006, we adopted SFAS No. 123 (revised 2004) Share-Based Payments, or SFAS No. 123R, which revises SFAS No. 123, Accounting for Stock-Based Compensation, and supersedes Accounting Principles Board Opinion (APB) No. 25, Accounting for Stock Issued to Employees, or APB No. 25, using the Modified Prospective method.

Notes to Consolidated Financial Statements (Continued)

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

Under the Modified Prospective method, compensation cost associated with the stock option programs recognized for the year ended December 31, 2006 includes (a) compensation cost for stock options granted prior to, but not yet vested as of January 1, 2006, based on the grant-date fair value estimated in accordance with the original provisions of SFAS No. 123, and (b) compensation cost for stock options granted subsequent to January 1, 2006, based on the grant-date fair value under SFAS No. 123R. SFAS No. 123R also requires us to estimate future forfeitures in calculating the expense relating to stock-based compensation as opposed to only recognizing these forfeitures and the corresponding reductions in expense as they occur. As a result, we have adjusted for this cumulative effect and recognized a pre-tax reduction in stock-based compensation of $0.5 million related to our restricted stock and restricted stock unit programs during the first quarter of 2006. As required under the Modified Prospective method, results for prior periods have not been restated.

Prior to the adoption of SFAS No. 123R, we applied APB No. 25 and related interpretations in accounting for our plans. Accordingly, no compensation cost was recognized for grants under the stock option programs and Employee Stock Purchase Plan (ESPP) prior to January 1, 2006.

The fair value of each stock option award is estimated on the date of grant using the Black-Scholes option valuation model. We estimate the volatility of our common stock at the date of grant based on the historical volatility rate of our common stock. Beginning in 2006, the expected term was determined using the simplified method for estimating the expected option life, as prescribed under Staff Accounting Bulletin or SAB No. 107, Share-Based Payments, or SAB No. 107, which was amended by issued SAB No. 110, Year-End Help for Expensing Stock Options, or SAB No. 110. The risk-free interest rate for the corresponding expected term of the stock option is based on the U.S. Treasury yield curve in effect at the time of grant. We estimate the amount of stock-based awards expected to be forfeited prior to vesting. For stock options granted prior to SFAS No. 123R, the compensation expense is recognized on a straight-line basis over the vesting period. For stock options granted after the adoption of SFAS No. 123R, the compensation expense is recognized on a straight-line basis over the shorter of the vesting period or the period from the grant date to the date when retirement eligibility is achieved. If factors change we may decide to use different assumptions under the Black-Scholes option valuation model in the future, which could materially affect our share-based compensation expense, operating income, net income and earnings per share.

In connection with our dividend payments, we updated our dividend yield assumption in our Black-Scholes valuation model from 0% for the year ended December 31, 2006 to 1.1% for the year ended December 31, 2007, in calculating the fair value of our employee stock options. We have estimated the dividend yield assumption by dividing the anticipated annual dividend payment by the stock price on the grant date.

Financial Instruments. We recognize all derivatives as either assets or liabilities on the balance sheet and measure those instruments at fair value.

We use foreign exchange forward and option contracts to hedge cross-border intercompany transactions and certain non-U.S. earnings. These forward and option contracts are mark-to-market and gains and losses are recorded as other income or expense. In addition, foreign exchange forward contracts are used to hedge certain of our foreign net investments. The gains and losses associated with these contracts are recorded in Cumulative Translation Adjustments, a component of shareholders equity.

We use interest rate swap agreements to hedge long-term fixed-rate debt. When executed, we designate the swaps as fair-value hedges and assess whether the swaps are highly effective in offsetting changes in the fair value of the hedged debt. We formally document all relationships between hedging instruments and hedged items, and we have documented policies for management of our exposures. Changes in fair values of interest rate swap agreements that are designated fair-value hedges are recognized in earnings as an adjustment of interest

Notes to Consolidated Financial Statements (Continued)

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

expense. The effectiveness of hedge accounting is monitored on an ongoing basis, and if considered ineffective, we discontinue hedge accounting prospectively. See Note 7 to these consolidated financial statements included in this Annual Report on Form 10-K.

Note 2. Recent Accounting Pronouncements

In December 2007, the Securities and Exchange Commission, or SEC, issued SAB No. 110 which provides interpretative guidance regarding the use of a simplified method in developing an estimate of expected term of plain vanilla share options in accordance with SFAS No. 123R. Accordingly, the staff will continue to accept, under certain circumstances, the use of the simplified method beyond December 31, 2007. Therefore, we will continue to use the simplified method in developing our estimate of expected term of plain vanilla share options.

In December 2007, the FASB issued SFAS No. 141 (revised 2007), Business Combinations, or SFAS No. 141(R). This statement replaces SFAS No. 141, Business Combinations. SFAS No. 141(R) establishes principles and requirements for how the acquirer in a business combination: recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed and any noncontrolling interest in the acquiree; recognizes and measures goodwill acquired in the business combination or a gain from a bargain purchase; and determines what information to disclose to enable users of the financial statements to evaluate the nature and financial effects of the business combination. SFAS No. 141(R) applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008. Early adoption of SFAS No. 141(R) is prohibited. We will adopt SFAS No. 141(R) in the first quarter of 2009.

In December 2007, the FASB issued SFAS No. 160, Noncontrolling Interests in Consolidated Financial Statements an amendment of ARB No. 51, or SFAS No. 160. SFAS No. 160 establishes accounting and reporting standards that require: the ownership interests in subsidiaries held by third parties other than the parent; the amount of consolidated net income attributable to the parent and to the noncontrolling interest; changes in a parent s ownership interest; and when a subsidiary is deconsolidated, any retained noncontrolling equity investment in the former subsidiary be initially measured at fair value. SFAS No. 160 also establishes disclosures that identify and distinguish between the interests of the parent and the interests of the noncontrolling owners. SFAS No. 160 is effective for fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2008, however application of SFAS No. 160 s disclosure and presentation requirement is retroactive. Earlier adoption of SFAS No. 160 is prohibited. We will adopt SFAS No. 160 in the first quarter of 2009. We are currently assessing the impact that the adoption of SFAS No. 160 will have, if any, on our consolidated financial statements.

In June 2007, the Emerging Issues Task Force (EITF) reached a consensus on EITF No. 06-11, Accounting for Income Tax Benefits of Dividends on Share-Based Payment Awards, or EITF No. 06-11, that an entity should recognize a realized tax benefit associated with dividends on affected securities charged to retained earnings as an increase in Additional Paid in Capital (APIC). The amount recognized in APIC should be included in the APIC pool. When an entity s estimate of forfeitures increases or actual forfeitures exceed its estimates, the amount of tax benefits previously recognized in APIC should be reclassified into the statement of operations. The amount reclassified is limited to the APIC pool balance on the reclassification date. EITF No. 06-11 would apply prospectively to the income tax benefits of dividends declared on affected securities in fiscal years beginning after December 15, 2007, and interim periods within those fiscal years. Earlier application is permitted as of the beginning of a fiscal year for which interim financial statements or annual financial statements have not been issued. We anticipate that our adoption of EITF 06-11, as of January 1, 2008, will not have a material impact on our consolidated financial statements.

Notes to Consolidated Financial Statements (Continued)

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

In May 2007, the FASB issued FASB Staff Position (FSP) FIN 48-1, or FSP FIN 48-1, which clarifies when a tax position is considered settled under FIN 48. The FSP explains that a tax position can be effectively settled on the completion of an examination by a taxing authority without legally being extinguished. For tax positions considered effectively settled, an entity would recognize the full amount of tax benefit, even if (1) the tax position is not considered more likely than not to be sustained solely on the basis of its technical merits and (2) the statute of limitations remain open. FSP FIN 48-1 should be applied upon the initial adoption of FIN 48. The impact of our adoption of FIN 48, as of January 1, 2007, is in accordance with this FSP and the implementation has not resulted in any changes to our consolidated financial statements.

In February 2007, the FASB issued SFAS No. 159, The Fair Value Option for Financial Assets and Financial Liabilities Including an Amendment of FASB Statement No. 115, or SFAS No. 159. This standard permits an entity to choose to measure many financial instruments and certain other items at fair value. Most of the provisions in SFAS No. 159 are elective; however, the amendment to FASB Statement No. 115, Accounting for Certain Investments in Debt and Equity Securities, applies to all entities with available-for-sale and trading securities. The fair value option established by SFAS No. 159 permits all entities to choose to measure eligible items at fair value at specified election dates. A business entity will report unrealized gains and losses on items for which the fair value option has been elected in earnings at each subsequent reporting date. The fair value option: (a) may be applied instrument by instrument, with a few exceptions, such as investments otherwise accounted for by the equity method; (b) is irrevocable (unless a new election date occurs); and (c) is applied only to entire arrangements and not to portions of instruments. SFAS No. 159 is effective as of the beginning of an entity s first fiscal year that begins after November 15, 2007. Early adoption is permitted as of the beginning of the previous fiscal year provided that the entity makes that choice in the first 120 days of that fiscal year and also elects to apply the provisions of SFAS No. 157, Fair Value Measurements, or SFAS No. 157. We are currently assessing the impact that the adoption of SFAS No. 159 will have, if any, on our consolidated financial statements.

In September 2006, the FASB issued SFAS No. 158 which requires the recognition of the underfunded or overfunded status of defined benefit postretirement plans (other than multiemployer plans) as an asset or liability in the statement of financial position and to recognize changes in the funded status through comprehensive income in the year in which the changes occur. SFAS No. 158 also requires measurement of the funded status of a plan as of the date of the employer s fiscal year-end statement of financial position, with limited exceptions. SFAS No. 158 is effective for recognition of the funded status of the benefit plans for fiscal years ending after December 15, 2006 and is effective for the measurement date provisions for fiscal years ending after December 15, 2008. For the year ended December 31, 2006, we reduced our total assets by $186.1 million, our total liabilities by $3.4 million and our shareholders equity by $182.7 million, net of tax of $107.3 million.

In September 2006, the FASB issued SFAS No. 157, which defines fair value, establishes a framework for measuring fair value under U.S. GAAP and expands fair value measurement disclosures. SFAS No. 157 does not require new fair value measurements and is effective for financial statements issued for fiscal years beginning after November 15, 2007 and interim periods within those fiscal years. We are currently assessing the impact that the adoption of SFAS No. 157 will have, if any, on our consolidated financial statements.

In September 2006, the SEC issued SAB No. 108, Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements, or SAB No. 108, which provides interpretative guidance on how the effects of the carryover or reversal of prior year misstatements should be considered in quantifying a current year misstatement for the purpose of a materiality assessment. SAB No. 108 is effective for fiscal years ending after November 15, 2006. The adoption of SAB No. 108 did not have an impact on our consolidated financial statements.

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

In July 2006, the FASB issued FIN 48 which clarifies the accounting for uncertainty in income taxes recognized in the financial statements in accordance with SFAS No. 109. The interpretation prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. It also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. FIN 48 is effective for fiscal years beginning after December 15, 2006. As a result of the implementation of FIN 48, we recognized approximately $34.1 million (net of tax benefits) in the liability for unrecognized tax benefits, which was accounted for as a reduction to the January 1, 2007 balance of retained earnings.

Note 3. Impact of Implementation of the Blueprint for Growth Strategy

Restructuring Charges

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

For the years ended December 31, 2007, 2006 and 2005, the restructuring charges were recorded in accordance with SFAS No. 146. Under SFAS No. 146 the current period charge represents the liabilities incurred during the year for each of these obligations. The curtailment gains were recorded in accordance with SFAS No. 106, Employers Accounting for Postretirement Benefits Other Than Pensions and the curtailment charges were recorded in accordance with SFAS No. 87, Employers Accounting for Pensions and SFAS No. 88, Employers Accounting for Settlements and Curtailments of Defined Benefit Pension Plans and for Termination Benefits.

During the year ended December 31, 2007, we recorded a $23.1 million restructuring charge in connection with the Financial Flexibility Program announced in January 2007 (2007 Financial Flexibility Program), a $1.5 million restructuring charge in connection with the Financial Flexibility Program announced in February 2006 (2006 Financial Flexibility Program) and a $0.5 million restructuring charge in connection with the Financial Flexibility Program announced in February 2005 (2005 Financial Flexibility Program). The components of these charges included:

- Severance and termination costs of $22.1 million associated with approximately 300 employees related to the 2007 Financial Flexibility Program. Of these 300 employees, 270 employees have exited the Company and 30 employees will exit the Company in future quarters;

- Severance and termination costs of $0.6 million associated with approximately 15 employees related to the 2006 Financial Flexibility Program. All 15 employees have exited the Company; and

- Lease termination obligations, other costs to consolidate or close facilities and other exit costs of $1.0 million related to the 2007 Financial Flexibility Program, $0.9 million related to the 2006 Financial Flexibility Program, and $0.5 million related to the 2005 Financial Flexibility Program.

At December 31, 2007, all actions under the 2007 Financial Flexibility Program were substantially completed.

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Notes to Consolidated Financial Statements (Continued)

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

During the year ended December 31, 2006, we recorded a $23.4 million restructuring charge in connection with the 2006 Financial Flexibility Program, a $2.4 million net restructuring charge in connection with the 2005 Financial Flexibility Program and a $0.3 million net restructuring curtailment gain in connection with the Financial Flexibility Program announced in February 2004 (2004 Financial Flexibility Program). The components of these charges and gains included:

Severance and termination costs of $13.0 million associated with approximately 175 employees related to the 2006 Financial Flexibility Program. All 175 employees have exited the Company;

Severance and termination costs of $2.1 million associated with approximately 25 employees related to the 2005 Financial Flexibility Program. All 25 employees have exited the Company;

Lease termination obligations, other costs to consolidate or close facilities and other exit costs of $10.4 million related to the 2006 Financial Flexibility Program and $0.4 million related to the 2005 Financial Flexibility Program; and

Curtailment gains of $0.1 million for the 2005 Financial Flexibility Program and $0.3 million for the 2004 Financial Flexibility Program related to the U.S. postretirement benefit plan resulting from employee termination actions. In accordance with SFAS No. 106, we were required to recognize immediately a pro-rata portion of the unrecognized prior service cost as a result of the employee terminations.

At December 31, 2006, all actions under the 2006 Financial Flexibility Program were substantially completed.

During the year ended December 31, 2005, we recorded a $30.8 million restructuring charge in connection with the 2005 Financial Flexibility Program and a $0.1 million net restructuring gain in connection with the 2004 Financial Flexibility Program. The components of these charges and gains included:

Severance and termination costs of $23.3 million associated with approximately 425 employees related to the 2005 Financial Flexibility Program. Of these 425 employees, 400 employees have exited the Company and 25 employees exited the Company in future quarters;

Severance and termination costs of $5.7 million associated with approximately 310 employees related to the 2004 Financial Flexibility Program. Of these 310 employees, 300 employees have exited the Company and 10 employees exited the Company in future quarters;

Lease termination obligations, other costs to consolidate or close facilities and other exit costs of $4.7 related to the 2005 Financial Flexibility Program;

Curtailment charges of $3.1 million related to our pension plans and an immediate reduction to ongoing pension income of $3.4 million related to the U.S. Qualified Plan resulting from employee actions for the 2005 Financial Flexibility Program. In accordance with SFAS No. 87 and SFAS No. 88, we were required to recognize immediately a pro-rata portion of the unrecognized prior service cost as a result of the employee terminations, and the pension plan was required to be re-measured which reduced our periodic pension income; and

Curtailment gains of $3.7 million and $5.8 million related to the U.S. postretirement benefit plan resulting from employee actions for the 2005 Financial Flexibility Program and 2004 Financial Flexibility Program, respectively. In accordance with SFAS No. 106, we were required to recognize immediately a pro-rata portion of the unrecognized prior service cost as a result of the employee terminations.

At December 31, 2005, all actions under the 2005 Financial Flexibility Program were substantially completed.

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Notes to Consolidated Financial Statements (Continued)

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

The following table sets forth, in accordance with SFAS No. 146, the restructuring reserves and utilization related to our 2007 Financial Flexibility Program.

	Severance and Termination	Pension Plan/ Postretirement Curtailment Charges (Gains)	Lease Termination Obligations and Other Exit Costs	Total
Restructuring Charges				
Charge Taken during the Year Ended December 31, 2007	$ 22.1	$	$ 1.0	$ 23.1
Payments during the Year Ended December 31, 2007	(16.3)		(0.9)	(17.2)
Balance Remaining as of December 31, 2007	$ 5.8	$	$ 0.1	$ 5.9

The following table sets forth, in accordance with SFAS No. 146, the restructuring reserves and utilization related to our 2006 Financial Flexibility Program.

	Severance and Termination	Pension Plan/ Postretirement Curtailment Charges (Gains)	Lease Termination Obligations and Other Exit Costs	Total
Restructuring Charges				
Charge Taken during the Year Ended December 31, 2006	$ 13.0	$	$ 10.4	$ 23.4
Payments during the Year Ended December 31, 2006	(7.7)		(5.1)	(12.8)
Balance Remaining as of December 31, 2006	$ 5.3	$	$ 5.3	$ 10.6
Charge Taken during the Year Ended December 31, 2007	$ 0.6	$	$ 0.9	$ 1.5
Payments during the Year Ended December 31, 2007	(5.7)		(6.2)	(11.9)
Balance Remaining as of December 31, 2007	$ 0.2	$	$	$ 0.2

The following table sets forth, in accordance with SFAS No. 146, the restructuring reserves and utilization related to our 2005 Financial Flexibility Program.

	Severance and Termination	Pension Plan/ Postretirement Curtailment Charges (Gains)	Lease Termination Obligations and Other Exit Costs	Total

Restructuring Charges								
Charge Taken during the Year Ended December 31, 2005	$	23.3	$	2.8	$	4.7	$	30.8
Payments/Pension Plan and Postretirement Curtailment, Net during the Year Ended December 31, 2005		(16.4)		(2.8)		(3.7)		(22.9)
Balance Remaining as of December 31, 2005	$	6.9	$		$	1.0	$	7.9
Charge Taken during the Year Ended December 31, 2006	$	2.1	$	(0.1)	$	0.4	$	2.4
Payments/Pension Plan and Postretirement Curtailment, Net during the Year Ended December 31, 2006		(7.1)		0.1		(0.5)		(7.5)
Balance Remaining as of December 31, 2006	$	1.9	$		$	0.9	$	2.8
Charge Taken during the Year Ended December 31, 2007	$		$		$	0.5	$	0.5
Payments during the Year Ended December 31, 2007		(1.9)				(1.4)		(3.3)
Balance Remaining as of December 31, 2007	$		$		$		$	

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Notes to Consolidated Financial Statements (Continued)

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

Additionally, on January 28, 2008 we announced our 2008 Financial Flexibility Program. See Note 18 to our consolidated financial statements included in this Annual Report on Form 10-K.

Note 4. Acquisitions

Tokyo Shoko Research/D&B Japan Joint Venture

During the fourth quarter of 2007, we entered into an agreement with our existing Japanese partner Tokyo Shoko Research (TSR) to establish a joint venture (Tokyo Shoko Research/D&B Japan Joint Venture) to do business as Dun & Bradstreet TSR Ltd. TSR is a leading provider of business information database on Japanese businesses. Under the agreement, each shareholder contributed its existing large customer business into the joint venture and we have a 60% majority ownership interest. Additionally, we transferred our small customer business in Japan to TSR. The joint venture will begin business operations in fiscal 2008. The results of the joint venture operations will be included in our 2008 financial statements.

The transaction was accounted for under SFAS No. 141, EITF No. 01-2 Interpretations of APB Opinion No. 29, or EITF No. 01-2, APB No. 29 Accounting for Nonmonetary Transactions, or APB No. 29. The transaction was valued at $13.2 million, inclusive of transaction costs of $1.4 million. Pursuant to EITF No. 01-2 and APB No. 29, we were required to recognize a gain of $13.2 million related to the minority owner s share of the difference between the fair value of our contributed business and its carrying amount. The purchase price was allocated to tangible assets and liabilities on the basis of their respective fair values with the remaining purchase price recognized as goodwill and intangible asset of $9.3 million and $12.4 million, respectively. The goodwill was assigned to our International reporting unit. The $12.4 million acquired intangible asset was assigned to customer relationships and amortized over its useful life of ten years. It was recorded as Trademarks, Patents and Other within Other Non-Current Assets in our consolidated balance sheet since the date of acquisition. The impact the acquisition would have had on our results had the acquisition occurred at the beginning of 2007 is not material, and, as such, pro forma financial results have not been presented.

We are in the process of finalizing the transaction costs and the valuation of the assets acquired and liabilities assumed. As a result, the allocation of the purchase price is subject to future adjustment.

AllBusiness.com, Inc.

During the fourth quarter of 2007, we acquired 100% ownership of AllBusiness.com, Inc. (AllBusiness.com) with borrowings under our credit facility. AllBusiness.com is an online media and e-commerce company. We bought AllBusiness.com in an effort to expand our Internet business. The results of AllBusiness.com have been included in our consolidated financial statements since the date of acquisition.

The transaction was valued at $58.1 million, inclusive of cash acquired of $1.8 million and transaction costs of $2.0 million, recorded in accordance with SFAS No. 141. The acquisition was accounted for under the purchase method of accounting. As a result, the purchase price was allocated to acquired tangible assets and liabilities assumed on the basis of their respective fair values with the remaining purchase price recognized as goodwill and intangible assets of $41.2 million and $10.0 million, respectively. The goodwill was assigned to our U.S. reporting unit. Of the $10.0 million of acquired intangible assets, $7.1 million was assigned to advertiser relationships, $1.3 million was assigned to technology, $0.9 million was assigned to trade name, $0.4 million was assigned to proprietary content, $0.2 million was assigned to contracts and $0.1 million was assigned to non-compete agreements. These intangible assets, with useful lives from two to ten years, are being amortized over a weighted-average useful life of 6.2 years and are recorded as Trademarks, Patents and Other within Other Non-Current Assets in our consolidated balance sheet since the date of acquisition. The impact the

Notes to Consolidated Financial Statements (Continued)

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

acquisition would have had on our results had the acquisition occurred at the beginning of 2007 is not material, and, as such, pro forma financial results have not been presented.

We are in the process of finalizing the valuation of the acquired assets and liabilities assumed in connection with the acquisition. As a result, the allocation of the purchase price is subject to future adjustment.

Purisma, Incorporated

During the fourth quarter of 2007, we acquired 100% ownership of Purisma, Incorporated (Purisma) with borrowings under our credit facility. Purisma is a provider of commercial data integration (CDI) software solutions. Purisma provides software capabilities that will enable us to further penetrate the fast-growing CDI marketplace. Purisma provides a strategic fit with us as its data hub and CDI software appliance are built to leverage our database, simplifying the integration of our data with customers internal systems and further embedding our solutions behind the customer firewall. The results of Purisma have been included in our consolidated financial statements since the date of acquisition.

The transaction was valued at $49.6 million, inclusive of cash acquired of $0.1 million, transaction costs of $1.5 million and a working capital adjustment of $0.1 million, recorded in accordance with SFAS No. 141. The acquisition was accounted for under the purchase method of accounting. As a result, the purchase price was allocated to acquired tangible assets and liabilities assumed on the basis of their respective fair values with the remaining purchase price recognized as goodwill and intangible assets of $34.4 million and $10.7 million, respectively. The goodwill was assigned to our U.S. reporting unit. Of the $10.7 million of acquired intangible assets, $9.1 million was assigned to technology, $0.5 million was assigned to customer relationships, $0.7 million was assigned to maintenance contracts and $0.4 million was assigned to backlog. These intangible assets, with useful lives from one to nine years, are being amortized over a weighted-average useful life of 7.2 years and are recorded as Trademarks, Patents and Other within Other Non-Current Assets in our consolidated balance sheet since the date of acquisition. The impact the acquisition would have had on our results had the acquisition occurred at the beginning of 2007 is not material, and, as such, pro forma financial results have not been presented.

We are in the process of finalizing the valuation of the assets acquired and liabilities assumed in connection with the acquisition. As a result, the allocation of the purchase price is subject to future adjustment.

Education Division of Automation Research, Inc. d/b/a MKTG Services

During the third quarter of 2007, we acquired substantially all of the assets and assumed certain liabilities related to the Education Division of Automation Research, Inc. d/b/a MKTG Services (MKTG Services) for $3.5 million with cash on hand. The results of MKTG Services have been included in our consolidated financial statements since the date of acquisition. MKTG Services was a provider of educational sales and marketing services.

The transaction was valued at $3.6 million, inclusive of transaction costs of $0.1 million and a working capital adjustment of $0.5 million, recorded in accordance with SFAS No. 141. The acquisition was accounted for under the purchase method of accounting. As a result, the purchase price was allocated to acquired tangible assets and liabilities assumed on the basis of their respective fair values with the remaining purchase price recognized as goodwill and intangible assets of $0.8 million and $2.3 million, respectively. The goodwill was assigned to our U.S. reporting unit. Of the $2.3 million of acquired intangible assets, $1.8 million was assigned to customer relationships, $0.3 million was assigned to technology and $0.2 million was assigned to database. These intangible assets, with useful lives from three to eight years, are being amortized over a weighted-average useful life of 7.3 years and are recorded as Trademarks,

Notes to Consolidated Financial Statements (Continued)

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

Patents and Other within Other Non-Current Assets in our consolidated balance sheet since the date of acquisition. The impact the acquisition would have had on our results had the acquisition occurred at the beginning of 2007 is not material, and, as such, pro forma financial results have not been presented.

We are in the process of finalizing the valuation of the acquired assets and liabilities assumed in connection with the acquisition. As a result, the allocation of the purchase price is subject to future adjustment.

n2 Check Limited

During the second quarter of 2007, we acquired substantially all of the assets of n2 Check, a credit and risk management company based in Kent, UK for an upfront payment of $4.3 million and a potential earn-out of up to $4.0 million based on certain financial performance metrics for the 12 month periods ending March 31, 2008 and 2009. The results of n2 Check have been included in our consolidated financial statements since the date of acquisition. n2 Check was a provider of credit and risk management data to small and mid-size businesses in the UK.

The transaction was valued at $4.7 million, inclusive of transaction costs of $0.3 million, recorded in accordance with SFAS No. 141. The acquisition was accounted for under the purchase method of accounting. As a result, the purchase price was allocated to acquired tangible assets and liabilities assumed on the basis of their respective fair values with the remaining purchase price recognized as goodwill and intangible assets of $2.7 million and $3.3 million, respectively. The goodwill was assigned to our International reporting unit. Of the $3.3 million of acquired intangible assets, $1.6 million was assigned to customer relationships, $1.1 million was assigned to trade name and $0.6 million was assigned to technology. These intangible assets, with useful lives from five to fourteen years, are being amortized over a weighted-average useful life of 12.3 years and are recorded as Trademarks, Patents and Other within Other Non-Current Assets in our consolidated balance sheet since the date of acquisition. The impact the acquisition would have had on our results had the acquisition occurred at the beginning of 2007 is not material, and, as such, pro forma financial results have not been presented.

We are in the process of finalizing the valuation of the acquired assets and liabilities assumed in connection with the acquisition. As a result, the allocation of the purchase price is subject to future adjustment.

First Research, Inc.

During the first quarter of 2007, we acquired 100% of the outstanding capital stock of First Research with borrowings under our credit facility, for an upfront payment of $22.5 million and a potential earn-out of up to an additional $4.0 million based on the achievement of certain 2007 and 2008 financial performance metrics. First Research is based in Raleigh, North Carolina. The results of First Research s operations have been included in our consolidated financial statements since the date of acquisition. First Research was a provider of editorial-based industry insight for its customers on over 220 industries via the Internet. As part of our Internet strategy, we are investing in Hoover s to increase the value we deliver to our customers and accelerate the growth of our Internet business. Through this acquisition, we believe that we will better meet the needs of our Hoover s customers and expand our reach to new customers.

The transaction was valued at $23.0 million, inclusive of cash acquired of $0.7 million, a working capital adjustment of $0.2 million and transaction costs of $0.3 million recorded in accordance with SFAS No. 141. The acquisition was accounted for under the purchase method of accounting. As a result, the purchase price was allocated to acquired tangible assets and liabilities assumed on the basis of their respective fair values with the remaining purchase price recognized as goodwill and intangible assets of $17.2 million and $6.3 million, respectively. The goodwill was assigned to our U.S. reporting unit. Of the $6.3 million of acquired intangible

Notes to Consolidated Financial Statements (Continued)

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

assets, $5.2 million was assigned to subscriber relationships, $1.0 million was assigned to proprietary products and $0.1 million was assigned to trade name. These acquired intangible assets, with useful lives of eighteen months to eight years, are being amortized over a weighted average useful life of 5.5 years and are recorded as Trademarks, Patents and Other within Other Non-Current Assets in our consolidated balance sheet since the date of acquisition. The impact the acquisition would have had on our results had the acquisition occurred at the beginning of 2007 is not material, and, as such, pro forma financial results have not been presented.

We are in the process of finalizing the valuation of the acquired assets and liabilities assumed in connection with the acquisition. As a result, the allocation of the purchase price is subject to future adjustment.

Huaxia/D&B China Joint Venture

During the first quarter of 2007, we entered into an agreement with Huaxia International Credit Consulting Co. Limited (HICC) and established a new joint venture or Huaxia/D&B China Joint Venture to do business as Huaxia/D&B China. HICC is a leading provider of business information and credit management services in China. Under the agreement, each shareholder contributed its existing business into the joint venture and we have a 51% majority ownership interest. The results of the joint venture operations have been included in our consolidated financial statements since the date of formation.

The transaction was accounted for under SFAS No. 141, EITF No. 01-2, and APB No. 29. The transaction was valued at $9.3 million, inclusive of transaction costs of $2.4 million. Pursuant to EITF No. 01-2 and APB No. 29, we were required to recognize a gain of $5.8 million related to the minority owner s share of the difference between the fair value of our contributed business and its carrying amount. The purchase price was allocated to tangible assets and liabilities on the basis of their respective fair values with the remaining purchase price recognized as goodwill and intangible assets of $7.3 million and $3.8 million, respectively. The goodwill was assigned to our International reporting unit. Of the $3.8 million of acquired intangible assets, $1.5 million was assigned to customer relationships, $0.6 million was assigned to trade name and $1.7 million was assigned to database. These acquired intangible assets, with useful lives of one to eight years, are being amortized over a weighted average useful life of 4.2 years and are recorded as Trademarks, Patents and Other within Other Non-Current Assets in our consolidated balance sheet since the date of acquisition. In connection with this transaction, we also entered into a guarantee agreement for $5 million with a related party who is a major shareholder of HICC and which serves as a guarantor. The guarantee provides that HICC and its related parties will perform their obligations in accordance with the terms of the joint venture. This guarantee is recorded as an intangible asset being amortized over an estimated useful life of ten years. The impact the transaction would have had on our results had the transaction occurred at the beginning of 2007 is not material, and, as such, pro forma financial results have not been presented.

We are currently in the process of finalizing the transaction costs and the valuation of the assets acquired and liabilities assumed. As a result, the allocation of the purchase price is subject to future adjustment.

Open Ratings, Inc.

During the first quarter of 2006, we acquired a 100% ownership interest in Open Ratings with cash on hand. Open Ratings is located in Waltham, Massachusetts. The results of Open Ratings operations have been included in our consolidated financial statements since the date of acquisition. Open Ratings was a provider web-based supply risk management solutions to leading manufacturing companies. We believe that the addition of Open Ratings solutions to our Supply Management Solutions product suite provides our customers with a more comprehensive supply management solution.

The transaction was valued at $8.4 million, inclusive of cash acquired of $0.4 million and $0.3 million of transaction costs recorded in accordance with SFAS No. 141. The acquisition was accounted for under the purchase

Notes to Consolidated Financial Statements (Continued)

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

method of accounting. As a result, the purchase price was allocated to acquired tangible assets and liabilities assumed on the basis of their respective fair values with the remaining purchase price recognized as intangible assets of $4.9 million. Of the $4.9 million in acquired intangible assets, $1.3 million was assigned to Open Ratings online reports, $1.1 million was assigned to backlog, $1.9 million was assigned to customer relationships and $0.6 million was assigned to technology. These intangible assets are subject to amortization with useful lives from two to seventeen years and are being amortized over a weighted average useful life of 7.8 years. The impact the acquisition would have had on our results had the acquisition occurred at the beginning of 2006 is not material, and, as such, pro forma financial results have not been presented. The purchase price is inclusive of a net $1.6 million deferred tax adjustment during the year ended December 31, 2007.

Treatment of Goodwill

The acquisitions of n2 Check and MKTG Services were asset acquisitions and, as a result, the associated goodwill is deductible for tax purposes. The Purisma, AllBusiness.com, First Research and Open Ratings acquisitions were stock acquisitions, and as a result there is no goodwill deductible for tax purposes. Additionally, the goodwill associated with both the Huaxia/D&B China Joint Venture and Tokyo Shoko Research/D&B Japan Joint Venture is not deductible for tax purposes.

Note 5. Income Taxes

Income before provision for income taxes consisted of:

	For the Years Ended December 31,		
	2007	**2006**	**2005**
U.S.	$ 322.9	$ 316.8	$ 314.8
Non-U.S.	103.4	63.6	40.1
Income Before Provision for Income Taxes	$ 426.3	$ 380.4	$ 354.9

The provision (benefit) for income taxes consisted of:

	For the Years Ended December 31,		
	2007	**2006**	**2005**
Current Tax Provision (Benefit):			
U.S. federal	$ 64.5	$ 69.8	$ 105.0
State and local	18.5	13.7	12.4
Non-U.S.	26.9	13.8	(5.4)
Total current tax provision	109.9	97.3	112.0
Deferred Tax Provision (Benefit):			
U.S. federal	18.2	31.3	15.4
State and local	2.1	6.2	2.8
Non-U.S.	5.6	7.3	2.9
Total deferred tax provision	25.9	44.8	21.1

Provision for Income Taxes	$ 135.8	$ 142.1	$ 133.1

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

The following table summarizes the significant differences between the U.S. Federal statutory tax rate and our effective tax rate for financial statement purposes.

	For the Years Ended December 31,		
	2007	**2006**	**2005**
Statutory tax rate	35.0%	35.0%	35.0%
State and local taxes, net of U.S. federal tax benefit	3.1	3.4	4.0
Non-U.S. taxes	1.2	(1.6)	(5.4)
Valuation allowance	(0.2)	0.5	0.2
Interest	0.8	0.3	1.6
Tax credits and Deductions	(0.7)	(0.3)	(0.1)
Repatriation of foreign cash, including state taxes			2.6
Release of tax contingencies related to uncertain tax positions	(7.2)		
Other	(0.1)	0.1	(0.4)
Effective Tax Rate	31.9%	37.4%	37.5%

Income taxes paid were approximately $74.4 million, $57.6 million and $115.1 million for the years ended December 31, 2007, 2006 and 2005, respectively. Income taxes refunded were approximately $22.0 million, $7.1 million, and $13.1 million for the years ended December 31, 2007, 2006 and 2005, respectively.

Deferred tax assets (liabilities) are comprised of the following:

	December 31,	
	2007	**2006**
Deferred Tax Assets:		
Operating Losses	$ 59.6	$ 51.5
Fixed Assets	4.7	2.5
Intangibles		0.9
Restructuring Costs	4.5	3.6
Bad Debts	5.8	5.6
Accrued Expenses	17.7	4.8
Investments	16.1	15.6
Minimum Pension Liability	128.2	172.6
Total Deferred Tax Assets	236.6	257.1
Valuation Allowance	(48.9)	(52.7)
Net Deferred Tax Assets	187.7	204.4
Deferred Tax Liabilities:		
Postretirement Benefits	(96.4)	(89.8)
Intangibles	(33.1)	
Other	(6.7)	(2.4)

Total Deferred Tax Liabilities	(136.2)	(92.2)
Net Deferred Tax Assets	$ 51.5	$ 112.2

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Notes to Consolidated Financial Statements (Continued)

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

We have not provided for U.S. deferred income taxes or foreign withholding taxes on $244.5 million of undistributed earnings of our non-U.S. subsidiaries as of December 31, 2007, since we intend to reinvest these earnings indefinitely. Additionally, we have not determined the tax liability if such earnings were remitted to the U.S., as the determination of such liability is not practicable. See Note 1 to these consolidated financial statements included in this Annual Report on Form 10-K for our significant accounting policy related to income taxes.

We have federal, state and local, and foreign tax loss carry forwards, the tax effect of which was $59.6 million as of December 31, 2007. Approximately $37.0 million of these tax benefits have an indefinite carry forward period. The remainder of $22.6 million expires at various times between 2009 and 2026.

We have established a valuation allowance against US and non-U.S. net operating losses in the amount of $31.2 million, $35.8 million and $42.6 million for the years ended December 31, 2007, 2006, and 2005, respectively, that in the opinion of our management, are more likely than not to expire before we can utilize them.

During the fourth quarter of fiscal year 2005, we repatriated approximately $150.0 million in extraordinary dividends, as defined in the American Jobs Creation Act, and accordingly have recorded a tax liability of $9.3 million as of December 31, 2005.

Adoption of FIN 48

In July 2006, the FASB issued FIN 48. The interpretation addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under FIN 48, we may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position should be measured based on the largest benefit that has a greater than fifty percent likelihood of being realized upon ultimate settlement. FIN 48 also provides guidance on derecognition, classification, interest and penalties on income taxes, and accounting in interim periods and requires increased disclosures.

We adopted the provisions of FIN 48 on January 1, 2007. As a result, we recognized an increase of approximately $34.1 million, net of tax benefits, in the liability for unrecognized tax benefits, which was accounted for as a reduction to the January 1, 2007 retained earnings balance. The total amount of unrecognized tax benefits as of January 1, 2007 was $136.5 million. The amount of unrecognized tax benefits that, if recognized, would have impacted the effective tax rate was $127.6 million, net of tax benefits.

The total amount of gross unrecognized tax benefits as of December 31, 2007 is $131.8 million. The following is a reconciliation of the gross unrecognized tax benefits.

Gross Unrecognized Tax Benefits as of January 1, 2007	$ 136.5
Additions for Prior Years Tax Positions	47.3
Additions for Current Years Tax Positions	15.4
Settlements with Taxing Authorities	(11.1)
Reduction Due to Expired Statutue of Limitations	(56.3)
Gross Unrecognized Tax Benefits as of December 31, 2007	$ 131.8

The amount of unrecognized tax benefits that, if recognized, would impact the effective tax rate is $102.4 million, net of tax benefits. We do not believe it is reasonably possible that the unrecognized tax benefits will significantly change within the next twelve months.

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Notes to Consolidated Financial Statements (Continued)

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

We or one of our subsidiaries files income tax returns in the U.S. federal, and various state, local and foreign jurisdictions. In the U.S. federal, state and local jurisdictions, we are no longer subject to examinations by tax authorities for the years prior to 2003. In foreign jurisdictions, we are no longer subject to examinations by tax authorities for years prior to 2001. We have been informed by the Internal Revenue Service (IRS) of their intentions to commence an audit of the 2003, 2004 and 2005 tax periods.

We recognize accrued interest expense related to unrecognized tax benefits in income tax expense. The total amount of accrued interest as of January 1, 2007 was $12.2 million, net of tax benefits. As a result of the decreases in total unrecognized tax benefits primarily relating to the reduction of expired statute of limitations during the year, the total amount of accrued interest was $7.5 million, net of tax benefits at December 31, 2007. The total amount of interest expense recognized for the year ended December 31, 2007 was $3.6 million, net of tax benefits.

Note 6. Notes Payable and Indebtedness

Our borrowings are summarized in the following table:

	December 31, 2007	December 31, 2006
Debt Maturing Within One Year:		
Other	$	$ 0.1
Total Debt Maturing Within One Year	$	$ 0.1
Debt Maturing After One Year:		
Long-Term Fixed-Rate Notes (Net of a $0.5 million and $0.6 million discount as of December 31, 2007 and 2006, respectively)	$ 299.5	$ 299.4
Credit Facilities	425.3	159.5
Total Debt Maturing After One Year	$ 724.8	$ 458.9

Fixed-Rate Notes

In March 2006, we issued senior notes with a face value of $300 million that mature on March 15, 2011 (the 2011 notes), bearing interest at a fixed annual rate of 5.50%, payable semi-annually. The proceeds were used to repay our then existing $300 million senior notes, bearing interest at a fixed annual rate of 6.625% that matured on March 15, 2006. The 2011 notes of $299.5 million and $299.4 million, net of $0.5 million and $0.6 million remaining discount, are recorded as Long-Term Debt in our consolidated balance sheets at December 31, 2007 and December 31, 2006, respectively.

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

On September 30, 2005 and February 10, 2006, we entered into interest rate derivative transactions with aggregate notional amounts of $200 million and $100 million, respectively. The objective of these hedges was to mitigate the variability of future cash flows from market changes in Treasury rates in the anticipation of the above referenced debt issuance. 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 debt issuance were recorded in Accumulated Other Comprehensive Income. In connection with the issuance of the 2011 notes, these interest rate derivative

Notes to Consolidated Financial Statements (Continued)

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

transactions were terminated, resulting in proceeds of approximately $5.0 million at the date of termination. The proceeds are recorded in Accumulated Other Comprehensive Income, and are being amortized over the life of the 2011 notes. See Note 18 to our audited consolidated financial statements included in this Annual Report on Form 10-K for further information regarding interest rate transactions entered into subsequent to December 31, 2007.

Credit Facilities

At December 31, 2006, we had a $300 million bank revolving credit facility available at prevailing short-term interest rates, which we terminated on April 19, 2007, and then entered into a new $500 million, five-year bank revolving credit facility, which expires in April 2012. Borrowings under the $500 million credit facility are available at prevailing short-term interest rates. The facility requires, and the terminated facility required, the maintenance of interest coverage and total debt to earnings before income taxes, depreciation and amortization (EBITDA) ratios (each defined in each credit agreement, respectively). We were in compliance with these covenants at December 31, 2007 and December 31, 2006.

On April 19, 2007, we borrowed $182.7 million under our $500 million credit facility to pay down the amounts outstanding under our then existing $300 million credit facility immediately prior to termination. The $500 million credit facility will provide us the ability to access the short-term borrowings market from time-to-time to fund working capital needs, acquisitions and share repurchases.

At December 31, 2007, we had $425.3 million of borrowings outstanding under the $500 million credit facility with a weighted average interest rate of 5.0%. At December 31, 2006, we had $159.5 million of borrowings outstanding under the $300 million credit facility with a weighted average interest rate of 5.84%. We borrowed under these facilities from time-to-time during the year ended December 31, 2007 to fund our share repurchases, working capital needs and our acquisitions. See Note 4 to our audited consolidated financial statements included in this Annual Report on Form 10-K for further information regarding this acquisition. The $500 million credit facility also supports our commercial paper borrowings of up to $300 million (limited by borrowed amounts outstanding under the facility). We had not borrowed under our commercial paper program as of December 31, 2007 or December 31, 2006.

Other

At December 31, 2007, we had no capital lease obligations outstanding. At December 31, 2006, we had $0.1 million of capital lease obligations maturing within one year.

At December 31, 2007 and 2006, certain of our International operations had non-committed lines of credit of $7.7 million and $7.2 million, respectively. There were no borrowings outstanding under these lines of credit at December 31, 2007 and 2006. These arrangements have no material commitment fees and no compensating balance requirements.

We were contingently liable under open standby letters of credit issued by our bank in favor of third parties totaling $5.6 million at both December 31, 2007 and 2006.

Interest paid on all debt totaled $27.9 million, $20.8 million and $19.0 million during the years ended December 31, 2007, 2006 and 2005, respectively.

Notes to Consolidated Financial Statements (Continued)

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

Note 7. Financial Instruments with Off-Balance Sheet Risks

We employ established policies and procedures to manage our exposure to changes in interest rates and foreign currencies. We use short-term foreign exchange forward contracts to hedge short-term foreign currency-denominated loans, investments and certain third-party and intercompany transactions and, from time-to-time, we have used foreign exchange option contracts to reduce our International earnings exposure to adverse changes in foreign currency exchange rates. In addition, from time-to-time, we use interest rate derivatives to hedge a portion of the interest rate exposure on our outstanding fixed-rate notes and in anticipation of 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, 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 December 31, 2007 and 2006, in our opinion, 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 December 31, 2007 and 2006, because we sell to a large number of customers in different geographical locations.

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, we may use fixed-rate debt, floating-rate debt and/or interest rate swaps.

On September 30, 2005 and February 10, 2006, we entered into interest rate derivative transactions with aggregate notional amounts of $200 million and $100 million, respectively. The objective of these hedges was to mitigate the variability of future cash flows from market changes in Treasury rates in the anticipation of the below referenced debt issuance. 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 debt issuance were recorded in Accumulated Other Comprehensive Income. In connection with the issuance of the 2011 notes, these interest rate derivative transactions were terminated, resulting in proceeds of approximately $5.0 million at the date of termination. The proceeds are recorded in Accumulated Other Comprehensive Income and will be amortized over the life of the 2011 notes.

In connection with the $300 million, five-year, fixed-rate notes which matured in March 2006, we entered into fixed to floating (LIBOR rate indexed) interest rate swap agreements in the third quarter of 2001 with a notional principal amount totaling $100 million, and designated these swaps as fair-value hedges against the long-term, fixed-rate notes. The arrangement was considered a highly effective hedge, and therefore the accounting for these hedges has no impact on earnings. The changes in the fair value of the hedge and the designated portion of the notes were reflected in our consolidated balance sheets. In March 2006, we issued the 2011 notes, bearing interest at a fixed annual rate of 5.50%, payable semi-annually. The proceeds were used to repay our existing $300 million notes, bearing interest at a fixed annual rate of 6.625%, which matured on March 15, 2006. The swap agreements also expired in March 2006 contemporaneous with the note repayment.

Notes to Consolidated Financial Statements (Continued)

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

In January 2008, we entered into a series of rate locks with a notional value of $400 million to hedge treasury rate volatility in anticipation of a future debt issuance.

At December 31, 2006, we had a $300 million bank revolving credit facility available at prevailing short-term interest rates, which we terminated on April 19, 2007, and then entered into a new $500 million, five-year bank revolving credit facility, which expires in April 2012. Borrowings under the $500 million credit facility are available at prevailing short-term interest rates. At December 31, 2007 and December 31, 2006, we had $425.3 million and $159.5 million of floating-rate debt outstanding under the $500 million facility and $300 million facility, respectively.

A 0.1 basis point increase/decrease in the weighted average interest rate on our outstanding debt during the year ended December 31, 2007, would result in an incremental increase/decrease in annual interest expense of approximately $2.8 million.

On January 25, 2008, we exercised a $150 million expansion feature on our $500 million credit facility expanding the total facility to $650 million. See Note 18 to our consolidated financial statements in this Annual Report on Form 10-K.

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 investments. We use short-term, foreign exchange forward and option contracts to implement our hedging strategies. Typically, these contracts have maturities of twelve months or less. These contracts are executed with creditworthy institutions and 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 hedge are recorded in Other Income (Expense) Net in our consolidated financial statements and are essentially offset by the gains and losses on the underlying foreign currency transactions. In addition, the gains and losses on the forward contracts associated with net investment hedges, if any, are recorded as cumulative translation adjustment, a component of Accumulated Other Comprehensive Income in our consolidated financial statements.

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 forward foreign exchange contracts. In addition, from time-to-time, we use foreign exchange option contracts to hedge certain foreign earnings and foreign exchange forward contracts to hedge certain net investment positions. The underlying transactions and the corresponding forward exchange and option contracts are mark-to-market at the end of each quarter and are reflected within our consolidated financial statements.

At December 31, 2007 and December 31, 2006, there were $54.1 million and $25.4 million in option contracts outstanding. At December 31, 2007 and 2006, we had a notional amount of approximately $185.4 million and $184.5 million, respectively, of foreign exchange forward contracts outstanding that offset foreign currency denominated intercompany loans. Gains and losses associated with these contracts were $0.4 million and $0.4 million, respectively, at December 31, 2007, $0.4 million and $0.9 million, respectively, at December 31, 2006, and $0.2 million and $0.5 million, respectively, at December 31, 2005.

Fair Value of Financial Instruments

At December 31, 2007 and 2006, our financial instruments included cash and cash equivalents (including commercial paper investments), accounts receivable, other receivables, accounts payable, short-term and long-term borrowings and foreign exchange forward contracts.

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At December 31, 2007 and 2006, the fair values 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 third-party quotes from financial institutions, are as follows:

	December 31,			
	2007		2006	
	Carrying Amount (Asset) Liability	Fair Value (Asset) Liability	Carrying Amount (Asset) Liability	Fair Value (Asset) Liability
Short-term debt	$	$	$	$
Long-term debt	$ 299.5	$ 307.1	$ 299.4	$ 300.0
Risk management contracts:				
Foreign exchange forwards (short-term) - Net	$	$	$ 0.5	$ 0.5

Note 8. Capital Stock

The total number of shares of all classes of stock that we have authority to issue under our Certificate of Incorporation is 220,000,000 shares, of which 200,000,000 shares, par value $0.01 per share, represent Common Stock (the Common Stock); 10,000,000 shares, par value $0.01 per share, represent Preferred Stock (the Preferred Stock); and 10,000,000 shares, par value $0.01 per share, represent Series Common Stock (the Series Common Stock). The Preferred Stock and the Series Common Stock can be issued with varying terms, as determined by our Board of Directors. Our Board of Directors has designated 500,000 shares of the Preferred Stock as Series A Junior Participating Preferred Stock, par value $0.01 per share.

In August 2000, in connection with our separation from Moody s (see Note 13 to these consolidated financial statements included in this Annual Report on Form 10-K), we entered into a Rights Agreement with Computershare Limited, formerly known as EquiServe Trust Company, N.A., designed to:

- minimize the prospects of changes in control that could jeopardize the tax-free nature of the separation by assuring meaningful Board of Directors involvement in any such proposed transaction; and

- enable us to develop our businesses and foster our long-term growth without disruptions caused by the threat of a change in control not deemed by our Board of Directors to be in the best interests of shareholders.

Under the Rights Agreement, each share of our Common Stock has a right that trades with the stock until the right becomes exercisable. Each right entitles the registered holder to purchase one one-thousandth of a share of Series A Junior Participating Preferred Stock, par value $0.01 per share, at a price of $125 per one one-thousandth of a share, subject to adjustment. The rights will generally not be exercisable until a person or group (an Acquiring Person) acquires beneficial ownership of, or commences a tender offer or exchange offer that would result in such person or group having beneficial ownership of 15% or more of the outstanding Common Stock.

In the event that any person or group becomes an Acquiring Person, each right will thereafter entitle its holder (other than the Acquiring Person) to receive, upon exercise of a right and payment of the adjusted purchase price, that number of shares of our Common Stock having a market value of two times the purchase price.

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Notes to Consolidated Financial Statements (Continued)

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In the event that, after a person or group has become an Acquiring Person, we are acquired by another person in a merger or other business combination transaction, or 50% or more of our consolidated assets or earning power are sold, each right will entitle its holder (other than the Acquiring Person) to receive, upon exercise, that number of shares of common stock of the person with whom we have engaged in the foregoing transaction (or its parent) having a market value of two times the purchase price.

We may redeem the rights, which expire on August 15, 2010, for $0.01 per right, under certain circumstances.

Note 9. Reconciliation of Weighted Average Shares

	For the Years December 31,		
	2007	2006	2005
	(Share data in millions)		
Weighted average number of shares outstanding basic	58.3	63.2	66.8
Dilutive effect of our stock incentive plans	1.5	1.9	2.6
Weighted average number of shares outstanding diluted	59.8	65.1	69.4

Stock-based awards to acquire 0.4 million, 0.8 million, and 0.1 million shares of common stock were outstanding at December 31, 2007, 2006 and 2005, 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 after the grant date.

Our share repurchases were as follows:

	For the Years Ended December 31,					
	2007		2006		2005	
Program	**Shares**	**$Amount**	**Shares**	**$Amount**	**Shares**	**$Amount**
	(Share data in millions)					
Share Repurchase Programs	3.3(a)(b)	$ 298.2	5.1(b)(c)	$ 375.0	3.2(c)	$ 200.0
Repurchases to mitigate the dilutive effect of the shares issued under our stock incentive plans and Employee Stock Purchase Plan	1.2(d)	110.3	3.8(d)(e)	287.7	1.5(e)	95.6
Total Repurchases	4.5	$ 408.5	8.9	$ 662.7	4.7	$ 295.6

(a) In May 2007, our Board of Directors approved a new $200 million, one-year share repurchase program, which began in July 2007. During the year ended December 31, 2007, we repurchased 1.9 million shares of common stock for $173.2 million under this repurchase program. This program was completed in February 2008.

(b) In August 2006, our Board of Directors approved a $200 million, one-year share repurchase program which began in October 2006. During the year ended December 31, 2007, we repurchased 1.4 million shares of common stock for $125.0 million under this repurchase program. During the year ended December 31, 2006, we repurchased 0.9 million shares of common stock for $75.0 million under this repurchase program. This program was completed in July 2007.

(c) In January 2006, our Board of Directors approved an additional $100 million to our then existing $400 million, two-year share repurchase program announced in February 2005. We repurchased 4.2 million

Notes to Consolidated Financial Statements (Continued)

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

shares of common stock for $300.0 million under this repurchase program during the year ended December 31, 2006. This program was completed in September 2006.

(d) In August 2006, our Board of Directors approved a four-year, five million share repurchase program to mitigate the dilutive effect of the shares issued under our stock incentive plans and the ESPP. During the year ended December 31, 2007, we repurchased 1.2 million shares of common stock for $110.3 million under this share repurchase program. During the year ended December 31, 2006, we repurchased 1.1 million shares of common stock for $87.9 million under this share repurchase program.

(e) In July 2003, our Board of Directors approved a three-year, six million share repurchase program to mitigate the dilutive effect of the shares issued under our stock incentive plans and ESPP. This program was completed in August 2006.

In December 2007, our Board of Directors approved a new $400 million, two-year share repurchase program. The new $400 million program began in February 2008, upon the completion of the existing $200 million program which had $26.8 million remaining as of December 31, 2007. We anticipate that the new $400 million program will be completed within in twenty-four months of its commencement.

Note 10. Pension and Postretirement Benefits

We previously offered substantially all of our U.S.-based employees coverage under a defined benefit plan called The Dun & Bradstreet Corporation Retirement Account (the U.S. Qualified Plan). This defined benefit plan covers active and retired employees including retired individuals from spin-off companies (see Note 13 to these consolidated financial statements included in this Annual Report on Form 10-K for further discussion of spin-off companies). The benefits to be paid upon retirement are based on a percentage of the employee s annual compensation. The percentage of compensation allocated annually to a retirement account ranges from 3% to 12.5%, based on age and service. Amounts allocated under the plan also receive interest credits based on the 30-year Treasury rate or equivalent rate published by the Internal Revenue Service. Pension costs are determined actuarially and funded in accordance with the Internal Revenue Code. We also maintain supplemental and excess plans in the United States (the U.S. Non-Qualified Plans) to provide additional retirement benefits to certain key employees of the Company. These plans are unfunded, pay-as-you-go plans. The U.S. Qualified Plan and the U.S. Non-Qualified Plans account for approximately 69% and 14% of our pension obligation, respectively, at December 31, 2007. Our employees in certain of our International operations are also provided retirement benefits through defined benefit plans, representing the remaining balance of our pension obligations.

In addition to providing pension benefits, we provide various health care and life insurance benefits for retired employees. U.S.-based employees, who retire with 10 years of vesting service after age 45, are eligible to receive benefits. Postretirement benefit costs and obligations are also determined actuarially.

Certain of our non-U.S.-based employees receive postretirement benefits through government-sponsored or administered programs.

In addition, on May 1, 2006, we added a new supplemental pension plan in the U.S. for certain key employees.

Effective June 30, 2007, we amended the U.S. Qualified Plan and one of the U.S. Non-Qualified Plans, known as the U.S. Pension Benefit Equalization Plan (the PBEP). Any pension benefit that had been accrued through such date under the two plans was frozen at its then current value and no additional benefits, other than interest on such amounts, will accrue under the U.S. Qualified Plan and the PBEP. All non-vested participants under the two plans who were actively employed as of June 30, 2007, were immediately vested on July 1, 2007. As a result, we recognized a curtailment charge of $3.2 million during the second quarter of 2007.

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

We use an annual measurement date of December 31 for our U.S. and Canada plans and November 30 for other non-U.S. plans.

On December 31, 2006, we adopted SFAS No. 158 which requires the recognition of the underfunded or overfunded status of defined benefit postretirement plans (other than multi-employer plans) as an asset or a liability in the statement of financial position. The initial impact of the standard due to unrecognized prior service costs or credits and net actuarial gains or losses as well as subsequent changes in the funded status is recognized as a component of Accumulated Other Comprehensive Income in shareholders equity. Additional minimum pension liabilities and related intangible assets are derecognized upon adoption of the new standard. SFAS No. 158 also requires measurement of the funded status of a plan as of the date of the employer s fiscal year-end statement of financial position, with limited exceptions. The following table illustrates the incremental effect of applying SFAS No. 158 on individual line items in our consolidated balance sheet as of December 31, 2006.

	Before Application of SFAS No. 158	SFAS No. 158 Adjustment	After Application of SFAS No. 158
Prepaid Pension Costs	$ 482.2	$ (283.2)	$ 199.0
Non-Current Deferred Income Tax	$ (1.7)	$ 107.3	$ 105.6
Other Non-Current Assets	$ 45.2	$ (10.2)	$ 35.0
Accrued Payroll	$ 108.6	$ 18.4	$ 127.0
Pension and Postretirement Benefits	$ 436.5	$ (21.8)	$ 414.7
Accumulated Other Comprehensive Income	$ (270.3)	$ (182.7)	$ (453.0)

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Benefit Obligation and Plan Assets

The following table sets forth the changes in our benefit obligations and plan assets for our pension and postretirement plans. The table also reconciles the funded status of these obligations to the amounts reflected in our financial statements, and identifies the line items in our consolidated balance sheets where the related assets and liabilities are recorded.

	Pension Plans		Postretirement Benefits	
	2007	**2006**	**2007**	**2006**
Change in Benefit Obligations:				
Benefit obligation at January 1	$ (1,676.7)	$ (1,638.2)	$ (91.3)	$ (96.8)
Service cost	(11.6)	(19.0)	(0.7)	(0.7)
Interest cost	(91.3)	(87.7)	(4.8)	(5.1)
Benefits paid	96.0	97.9	23.7	21.3
Direct subsidies received			(2.6)	(2.5)
Plan amendment	(0.4)	(4.5)		
Impact of curtailment gain	40.8			0.1
Settlement	2.8			
Plan participant contributions	(0.8)	(0.7)	(7.7)	(6.9)
Actuarial gain (loss)	32.4	(61.7)	(0.7)	(3.1)
Assumption change	39.2	65.0	(0.2)	2.4
Effect of changes in foreign currency exchange rates	(21.8)	(27.8)		
Benefit obligation at December 31	$ (1,591.4)	$ (1,676.7)	$ (84.3)	$ (91.3)
Change in Plan Assets:				
Fair value of plan assets at January 1	$ 1,534.7	$ 1,404.9	$	$
Actual return on plan assets	105.7	175.5		
Employer contributions	30.9	33.7	13.4	11.9
Direct subsidies received			2.6	2.5
Plan participant contributions	0.8	0.7	7.7	6.9
Benefits paid	(96.0)	(97.9)	(23.7)	(21.3)
Settlement	(3.1)			
Effect of changes in foreign currency exchange rates	16.0	17.8		
Fair value of plan assets at December 31	$ 1,589.0	$ 1,534.7	$	$

	At December 31,			
	2007	**2006**	**2007**	**2006**
Reconciliation of Funded Status to Total Amount Recognized:				
Funded status of plan	$ (2.4)	$ (142.0)	$ (84.3)	$ (91.3)
Amounts Recognized in the Consolidated Balance Sheets:				
Prepaid pension costs	$ 275.2	$ 199.0	$	$
Accrued pension and postretirement benefits	(263.1)	(323.4)	(73.3)	(78.5)
Accrued Payroll	(14.5)	(17.6)	(11.0)	(12.8)

Net amount recognized	$ (2.4)	$ (142.0)	$ (84.3)	$ (91.3)
Accumulated Benefit Obligation	$ 1,560.8	$ 1,601.9	N/A	N/A
Amount Recognized in Accumulated Other Comprehensive Income consists of:				
Actuarial (gain) loss	$ 378.8	$ 503.8	$ (23.6)	$ (26.1)
Prior service cost (credit)	8.8	14.9	(8.7)	(16.2)
Total amount recognized Pretax	$ 387.6	$ 518.7	$ (32.3)	$ (42.3)
Other Changes in Plan Assets and Benefit Obligations Recognized in Other Comprehensive Income				
Amortization of actuarial gain (loss), before taxes of $8.1 and $(0.6)	$ (23.5)	N/A	$ 1.5	N/A
Amortization of prior service credit (cost), before taxes of $0.5 and $(2.6)	$ (1.4)	N/A	$ 7.5	N/A
Actuarial (gain) loss arising during the year, before taxes of $35.0 and $(0.3)	$ (101.5)	N/A	$ 1.0	N/A
Prior service cost arising during the year, before taxes of $1.6	$ (4.7)	N/A	$	N/A

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Grantor Trusts are used to fund the U.S. Non-Qualified Plans. At December 31, 2007 and 2006, the balances in these trusts were $8.0 million and $9.2 million, respectively, included as components of Other Non-Current Assets in the consolidated balance sheets.

As of December 31, 2007 and 2006, our pension plans have an aggregate of $378.8 million and $503.8 million, respectively, of actuarial losses that have not yet been included in net periodic benefit cost. These losses represent the cumulative effect since the inception of SFAS No. 87 of demographic and investment experience, as well as assumption changes that have been made in measuring the plans liabilities. The deferred asset gain or loss is not yet reflected in the market-related value of plan assets and is excluded in determining the loss amortization. At December 31, 2007 and 2006, our pension plans had approximately $29.4 million and $67.4 million of deferred asset gain, respectively, which is excluded from determining the loss amortization. The remaining loss, to the extent it exceeds the greater of 10% of the projected benefit obligation or market-related value of plan assets, will be amortized into expense each year on a straight-line and plan-by-plan basis, over the remaining expected future working lifetime of active participants or the average remaining life expectancy of the inactive participants if all or almost all of the plan participants are inactive. Currently, the amortization periods range from 10 to 14 years for the U.S. plans and 9 to 37 years for the non-U.S. plans. For certain of our non-U.S. plans, almost all of the plan participants are inactive. In addition, the postretirement benefit plan had a $23.6 million and a $26.1 million actuarial gain as of December 31, 2007 and 2006, respectively. It will be amortized into expense in the same manner as described above. The amortization period approximates 10 years.

Underfunded or Unfunded Accumulated Benefit Obligations

At December 31, 2007 and 2006, our underfunded or unfunded accumulated benefit obligation and the related projected benefit obligation were as follows:

	2007	2006
Accumulated benefit obligation	$ 440.3	$ 464.2
Fair value of plan assets	191.0	162.4
Unfunded Accumulated Benefit Obligation	$ 249.3	$ 301.8
Projected Benefit Obligation	$ 468.0	$ 502.3

The underfunded or unfunded accumulated benefit obligations at December 31, 2007 consisted of $205.9 million and $43.4 million related to our U.S. Non-Qualified Plans and non-U.S. defined benefit plans, respectively. The underfunded or unfunded accumulated benefit obligations at December 31, 2006 consisted of $212.9 million and $88.9 million related to our U.S. Non-Qualified Plans and non-U.S. defined benefit plans, respectively.

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Net Periodic Pension Costs

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

	Pension Plans			Postretirement Benefits		
	2007	2006	2005	2007	2006	2005
Components of Net Periodic Cost:						
Service cost	$ 11.6	$ 19.0	$ 16.7	$ 0.7	$ 0.7	$ 1.1
Interest cost	91.3	87.7	87.8	4.8	5.1	4.8
Expected return on plan assets	(117.1)	(113.5)	(119.2)			
Amortization of prior service cost (credit)	1.4	2.3	2.8	(7.5)	(7.5)	(10.6)
Recognized actuarial (gain) loss	23.5	31.5	25.2	(1.5)	(1.8)	(1.0)
Net Periodic (Income) Cost	$ 10.7	$ 27.0	$ 13.3	$ (3.5)	$ (3.5)	$ (5.7)
Estimated 2008 amortization from Accumulated Other Comprehensive:						
Actuarial loss (gain)	$ 17.4	N/A	N/A	$ (1.5)	N/A	N/A
Prior service cost	0.9	N/A	N/A	(7.5)	N/A	N/A
Total	$ 18.3	N/A	N/A	$ (9.0)	N/A	N/A

In addition, we incurred a curtailment charge of $3.2 million and $3.1 million for our pension plans for the years ended December 31, 2007 and 2006, respectively, as well as a settlement charge of $1.0 million in the year ended December 31, 2007, related to our Canadian plan. This charge was associated with the 2005 Financial Flexibility Program. Also, we recognized a curtailment gain of $0.4 million and $9.5 million for our postretirement benefit plan for the years ended December 31, 2006 and 2005, respectively.

We apply our long-term expected rate of return assumption to the market-related value of assets to calculate the expected return on plan assets, which is a major component of our annual net periodic pension expense. The market-related value of assets recognizes short-term fluctuations in the fair value of assets over a period of five years, using a straight-line amortization basis. The methodology has been utilized to reduce the effect of short-term market fluctuations on the net periodic pension cost, as provided under SFAS No. 87. Since the market-related value of assets recognizes gains or losses over a five-year-period, the future value of assets will be impacted as previously deferred gains or losses are amortized. At December 31, 2007 and 2006, the market-related value of assets of our pension plans was $1,559.6 million and $1,467.3 million, respectively, compared with the fair value of the plan assets of $1,589.0 million and $1,534.7 million, respectively.

The following table sets forth the assumptions we used to determine our pension plan and postretirement benefit plan obligations for December 31, 2007 and 2006.

	Pension Plans		Postretirement Benefits	
	2007	2006	2007	2006
Weighted average discount rate	6.23%	5.63%	6.11%	5.64%
Weighted average rate of compensation increase	4.00%	3.68%	N/A	N/A
Cash balance accumulation/conversion rate	4.75%	4.75%	N/A	N/A

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The following table sets forth the assumptions we used to determine net periodic benefit cost for the years ended December 31, 2007, 2006 and 2005.

	Pension Plans			Postretirement Benefits		
	2007	**2006**	**2005**	**2007**	**2006**	**2005**
Weighted average discount rate	5.50%	5.38%	5.63%	5.64%	5.30%	5.08%
Weighted average expected long-term return on plan assets	7.76%	7.95%	8.41%	N/A	N/A	N/A
Weighted average rate of compensation increase	4.07%	3.65%	3.66%	N/A	N/A	N/A
Cash balance accumulation/conversion rate	4.75%	4.75%	5.00%	N/A	N/A	N/A

The expected long-term rate of return assumption was 8.25%, 8.25% and 8.50% for the years ended December 31, 2007, 2006 and 2005, respectively, for the U.S. Qualified Plan, our principal pension plan. For the year ended December 31, 2008, we will continue to apply an 8.25% expected long-term rate of return assumption to the U.S. Qualified Plan. This assumption is based on the plan s 2008 target asset allocation of 65% equity securities, 29% debt securities and 6% real estate. The expected long-term rate of return assumption reflects long-term capital market return forecasts for the asset classes employed, assumed excess returns from active management within each asset class, the portion of plan assets that are actively managed, and periodic rebalancing back to target allocations. Current market factors such as inflation and interest rates are evaluated before the long-term capital market assumptions are determined. In addition, peer data and historical returns are reviewed to check for reasonableness. Although we review our expected long-term rate of return assumption annually, our plan performance in any one particular year does not, by itself, significantly influence our evaluation. Our assumption is generally not revised unless there is a fundamental change in one of the factors upon which it is based, such as the target asset allocation or long-term capital market return forecasts.

The following table sets forth the weighted average asset allocations and target asset allocations by asset category, as of the measurement dates of the plans.

	Asset Allocations		Target Asset Allocations	
	For the Years Ended December 31,			
	2007	**2006**	**2007**	**2006**
Equity securities	64%	65%	65%	65%
Debt securities	31%	29%	30%	30%
Real estate	5%	6%	5%	5%
Total	100%	100%	100%	100%

The U.S. Qualified Plan, our principal plan, employs a total return investment approach in which a mix of equity, debt and real estate investments are used to maximize the long-term return on plan assets at a prudent level of risk. The plan s target asset allocation is 65% equity securities (range of 60% to 70%), 29% debt securities (range of 24% to 34%) and 6% real estate (range of 3% to 9%). The plans actual allocation is controlled by periodic rebalancing back to target. Plan assets are invested using a combination of active and passive (indexed) investment strategies. Active strategies employ multiple investment management firms.

The plan s equity securities are diversified across U.S. and non-U.S. stocks. The active investment managers employ a range of investment styles and approaches that are combined in a way that compensates for capitalization and style biases versus benchmark indices. The plan s debt securities are diversified principally among securities

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issued or guaranteed by the U.S. government or its agencies, mortgage-backed securities, including collateralized mortgage obligations, corporate debt obligations and dollar-denominated obligations issued in the U.S. by non-U.S. banks and corporations. Generally, up to 10% of the actively managed debt securities may be invested in securities rated below investment grade. The plan s real estate investments are made through a commingled equity real estate fund of U.S. properties diversified by property type and geographic location.

Investment risk is controlled through diversification among multiple asset classes, managers, styles and securities. Risk is further controlled at the investment manager level by requiring managers to follow formal written investment guidelines and by assigning them excess return and tracking error targets. Investment results and risk are measured and monitored on an ongoing basis and quarterly investment reviews are conducted. The plan s active investment managers are prohibited from investing plan assets in equity or debt securities issued or guaranteed by us. In addition, we are not part of any index fund in which the plan invests.

We use the discount rate to measure the present value of pension plan obligations and postretirement health care obligations at year-end as well as to calculate next year s pension income or cost. It is derived by using a yield curve approach which matches projected plan benefit payment streams with bond portfolios reflecting actual liability duration unique to the plans. The rate is adjusted at each remeasurement date, based on the factors noted above.

We expect to contribute $23.5 million to our U.S. Non-Qualified plans and non-U.S. pension plans and $11.0 million to our postretirement benefit plan for the year ended December 31, 2008. We do not expect to contribute to the U.S. Qualified Plan.

The following table summarizes expected benefit payments from our pension plans and postretirement plans through 2017. Actual benefit payments may differ from expected benefit payments. These amounts are reflected net of expected plan participant contributions.

		Postretirement Benefits		
	Pension Plans	Gross Expected Benefit Payment	Gross Expected Subsidy	Net Expected Benefit Payment
2008	$ 93.1	$ 13.9	$ 2.8	$ 11.1
2009	93.2	13.3	3.0	10.3
2010	96.5	12.8	3.3	9.5
2011	104.2	12.3	3.5	8.8
2012	96.7	11.7	3.6	8.1
2013-2017	517.6	51.6	19.0	32.6

For measurement purposes, an 11.0% and 13.0% annual rate of increase in the per capita cost of covered health care benefits was assumed for pre-65 participants and post-65 participants, respectively, for the year ended December 31, 2008. The rates are assumed to decrease gradually to 5.0% in 2013 and 2015 for pre-65 group and post-65 group, respectively, and remain at that level thereafter.

Assumed health care cost trend rates have an effect on the amounts reported for the health care plans. A one-percentage-point change in the assumed health care cost trend rates would have the following effects.

	1 % Point	
	Increase	Decrease
Benefit obligation at end of year	$	$ (0.1)
Service cost plus interest cost	$	$

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Profit Participation Plan

We have a profit participation plan covering substantially all U.S. employees that provides for an employee salary deferral contribution and employer contributions. Employees may contribute up to 50% of their pay on a pre-tax basis subject to IRS limitations. In addition, employees age 50 or older are allowed to contribute additional pre-tax catch-up contributions. In 2006 and 2005, we contributed an amount equal to 50% of an employee s first 6% of contributions, up to a maximum of 3% of the employee s salary. We also made contributions to the plan if certain financial performance objectives are met, based on performance over a one-year period (Supplemental Match). The Supplemental Match provision was eliminated in 2006. In the second quarter of 2007, we amended our matching policy in the profit participation plan effective July 1, 2007, to increase our match formula from 50% to 100% of a team member s contributions and to increase the maximum match to seven percent (7%), from six percent (6%), of such team member s eligible compensation, subject to certain 401k Plan limitations.

We recognized expense associated with our employer contributions to the plan of $12.0 million, $7.0 million, and $7.4 million for the years ended December 31, 2007, 2006 and 2005, respectively.

Note 11. Employee Stock Plans

On January 1, 2006, we adopted SFAS No. 123R using the Modified Prospective method. Prior to the adoption of SFAS No. 123R, we applied APB No. 25 and related interpretations in accounting for our programs. Accordingly, no compensation cost was recognized for grants under the stock option programs and ESPP prior to January 1, 2006.

Under the Modified Prospective method, compensation cost associated with the stock option programs recognized for the year ended December 31, 2007 and 2006 includes (a) compensation cost for stock options granted prior to, but not yet vested as of January 1, 2006, based on the grant-date fair value estimated in accordance with the original provisions of SFAS No. 123, and (b) compensation cost for stock options granted subsequent to January 1, 2006, based on the grant-date fair value under SFAS No. 123R. SFAS No. 123R also requires us to estimate future forfeitures in calculating the expense relating to stock-based compensation as opposed to only recognizing these forfeitures and the corresponding reductions in expense as they occur. As a result, we have adjusted for this cumulative effect and recognized a pre-tax reduction in stock-based compensation of $0.5 million related to our restricted stock and restricted stock unit programs during the first quarter of 2006. As required under the Modified Prospective method, results for prior periods have not been restated.

As a result of the adoption of SFAS No. 123R, our results for the year ended December 31, 2006 included incremental stock-based compensation expense of $13.1 million, net of a pre-tax reduction in stock-based compensation expense of $0.5 million related to the accumulated effect of forfeiture assumptions on our restricted stock and restricted stock unit programs. Therefore, as a result of our adoption of SFAS No. 123R, our income before provision for income taxes and our net income for the year ending December 31, 2006 were reduced by $13.1 million and $8.2 million, respectively. The impact of the adoption on basic and diluted earning per share in 2006 was $0.13 per share and $0.12 per share, respectively. This requirement also reduced net cash provided by operating activities and increased net cash used in financing activities by $39.6 million for the year ended December 31, 2006.

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For periods prior to the adoption of SFAS No. 123R, the following table summarizes the pro forma effect of stock-based compensation on net income and net income per share as if the fair value expense recognition provisions of SFAS No. 123, as amended by SFAS No. 148, Accounting for Stock-Based Compensation Transition and Disclosure, had been adopted.

		For the Year Ended December 31, 2005
Reported Net Income	$	221.2
Add: Stock compensation cost under the intrinsic method, include in net income, net of tax benefits		7.3
Deduct: Total stock compensation cost under fair value method for all awards, net of tax benefits		(17.5)
Pro forma Net Income	$	211.0
Basic EPS:		
As reported	$	3.31
Pro forma	$	3.16
Diluted EPS:		
As reported	$	3.19
Pro forma	$	3.04

The total stock-based compensation expense recognized for the years ending December 31, 2007, 2006 and 2005 was $25.9 million, $20.8 million and $11.9 million, respectively. The expected tax benefit associated with our stock-based compensation programs was $9.6 million, $7.0 million and $4.6 million for the years ended December 31, 2007, 2006 and 2005, respectively.

Our practice has been to settle all awards issued under the stock incentive plans and ESPP through the issuance of treasury shares. In addition, we have in place share repurchase programs to mitigate the dilutive effect of the shares issued under these plans.

Stock Incentive Plans

The Dun & Bradstreet Corporation 2000 Stock Incentive Plan (2000 SIP) and Non-Employee Directors Stock Incentive Plan (2000 DSIP) allow for the granting of stock-based awards, such as, but not limited to, stock options, restricted stock and restricted stock units, to certain employees and non-employee directors. The 2000 SIP is authorized to issue up to 9.7 million shares of our common stock. On May 2, 2007, our shareholders approved an amendment increasing the authorization under the 2000 DSIP from 0.3 million shares of common stock to 0.7 million shares of common stock. At December 31, 2007, 2006 and 2005, 1,889,085 shares, 2,557,155 shares and 3,036,082 shares of our common stock, respectively, were available for future grants under the 2000 SIP and 386,212 shares, 21,187 shares and 75,089 shares of our common stock, respectively, were available for future grants under the 2000 DSIP.

Stock Option Programs

Stock options granted under the 2000 SIP prior to February 9, 2004 generally vest in three equal installments, beginning on the third anniversary of the grant. Stock options granted under the 2000 SIP on or after February 9, 2004 generally vest in four equal installments beginning on the first anniversary of the grant. Stock options granted under the 2000 DSIP generally vest 100% on the first anniversary of the grant. All stock options generally expire 10 years from the date of the grant.

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For stock options granted prior to the adoption of SFAS No. 123R, compensation expense is recognized on a straight-line basis over the vesting period. For stock options granted after the adoption of SFAS No. 123R, the compensation expense is recognized on a straight-line basis over the shorter of the vesting period or the period from the grant date to the date when retirement eligibility is achieved. The total compensation expense associated with our stock option program was $11.9 million and $12.7 million for the years ended December 31, 2007 and 2006, respectively. The expected total tax benefit associated with our stock option programs was $4.4 million and $4.7 million for the years ended December 31, 2007 and 2006, respectively.

The fair value of each stock option award is estimated on the date of grant using the Black-Scholes option valuation model that uses the assumptions noted in the following table:

	2007	2006	2005
Expected stock price volatility	22%	23%	30%
Expected dividends	1.1%	0.0%	0.0%
Expected terms (in years)	6.21	6.22	6.90
Weighted average risk-free interest rate	4.68%	4.61%	4.19%
Weighted average fair value of options granted	$ 25.53	$ 24.72	$ 25.14

Expected volatilities are derived from the historical volatility of our common stock. Beginning in 2006, the expected term was determined using the simplified method for estimating expected option life, as prescribed under SAB No. 107. Prior to 2006, the expected term was estimated using historical patterns and management s judgment. The risk-free interest rate for the corresponding expected term of the stock option is based on the U.S. Treasury yield curve in effect at the time of grant.

Changes in stock options for the three years ended December 31, 2007 are summarized as follows:

Stock Options	Shares	Weighted Average Exercise Price Per Share	Weighted Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value
Outstanding at December 31, 2004	8,300,473	$ 28.20		
Granted	632,908	$ 61.17		
Exercised	(2,764,625)	$ 21.79		
Forfeited or expired	(428,131)	$ 39.96		
Outstanding at December 31, 2005	5,740,625	$ 34.05		
Granted	474,170	$ 71.69		
Exercised	(1,743,546)	$ 28.08		
Forfeited or expired	(542,427)	$ 47.08		
Outstanding at December 31, 2006	3,928,822	$ 39.43		
Granted	416,119	$ 89.27		
Exercised	(994,949)	$ 29.78		
Forfeited or expired	(111,626)	$ 63.92		

Outstanding at December 31, 2007	3,238,366	$ 47.95	5.6	$ 132.2
Exercisable and unvested expected to vest at December 31, 2007	3,083,474	$ 46.70	5.5	$ 129.7
Exercisable at December 31, 2007	2,072,849	$ 37.05	4.5	$ 106.9

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Stock options outstanding at December 31, 2007 were originally granted during the years 1998 through 2007 and are exercisable over periods ending no later than 2017. At December 31, 2006 and 2005, stock options for 2,454,046 shares and 3,115,172 shares of our common stock, respectively, were exercisable.

The total intrinsic value of stock options exercised during the year ended December 31, 2007 was $63.4 million and includes D&B stock options exercised by both D&B and Moody s employees. See Note 13 to our consolidated financial statements included in this Annual Report on Form 10-K for further discussion on the separation of D&B and Moody s Corporation in September 2000.

The annual award of stock options to employees is generally granted in February of the following year, after the approval of the compensation program and Business Plan.

The following table summarizes information about stock options outstanding at December 31, 2007:

	Stock Options Outstanding			Stock Options Exercisable	
Range of Exercise Prices	**Shares**	**Weighted Average Remaining Contractual Term (in years)**	**Weighted Average Exercise Price**	**Shares**	**Weighted Average Exercise Price Per Share**
$14.04-$16.89	200,443	1.5	$ 15.22	200,443	$ 15.22
$23.72-$27.86	421,839	3.0	$ 23.83	421,839	$ 23.83
$31.36-$35.81	716,720	4.9	$ 35.81	502,298	$ 33.90
$36.16-$42.05	471,606	4.2	$ 36.90	440,500	$ 36.63
$48.07-$59.86	290,929	6.1	$ 53.47	215,516	$ 53.50
$60.54-$67.98	372,258	7.3	$ 61.40	188,953	$ 61.35
$70.74-$77.35	355,795	8.2	$ 71.67	101,957	$ 71.60
$88.04-$103.63	408,776	9.2	$ 89.29	1,343	$ 88.04
Total	3,238,366			2,072,849	

Total unrecognized compensation cost related to nonvested stock options at December 31, 2007 was $13.6 million. This cost is expected to be recognized over a weighted average period of 2.1 years. The total fair value of stock options vested during the year ended December 31, 2007 was $10.7 million.

Cash received from the exercise of D&B stock options for the year ended December 31, 2007 was $26.0 million. The expected tax benefit associated with the tax deduction from the exercise of stock options totaled $29.3 million for the year ended December 31, 2007. The expected tax benefit includes both D&B and Moody s stock options exercised by D&B employees.

The 2000 SIP and 2000 DSIP plans also provide for the granting of stand-alone stock appreciation rights (SARs) and limited stock appreciation rights (LSARs) in tandem with stock options to certain key employees and non-employee directors.

SARs generally vest in three equal installments, beginning on the third anniversary of the grant and generally expire 10 years from the date of grant. At December 31, 2007 and 2006, 5,384 SARs were outstanding. No SARs were exercised during the year ended December 31, 2007. For the year ended December 31, 2005, 10,918 SARs were outstanding. For each of the years ended December 31, 2006 and 2005, we recognized compensation expense related to SARs of $0.1 million within Operating Costs. Compensation expense for

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

SARs is measured as the amount by which the quoted market value of our common stock exceeds the grant price at each reporting date. The compensation expense is recognized proportionally over the vesting period. Subsequent to the year ended December 31, 2003, no SARs have been granted.

At December 31, 2007, 2006 and 2005, 877,174, 1,057,840 and 1,087,840 LSARs attached to stock options were outstanding, respectively. Outstanding LSARs are exercisable only if, and to the extent that, the related option is exercisable, and only upon the occurrence of specified contingent events. Subsequent to the year ended December 31, 2004, LSARs are no longer being granted by the company.

Restricted Stock and Restricted Stock Unit Programs

The adoption of SFAS No. 123R did not change our accounting for restricted stock and restricted stock units. The compensation expense associated with our restricted stock and restricted stock units has been included in net income. The fair value of restricted stock and restricted stock units is determined based on the average of high and low trading prices of our common stock on the date of grant.

Beginning in 2004, certain employees were provided an opportunity to receive an award of restricted stock or restricted stock units in the future. That award is contingent on performance against the same goals that drive payout under the annual cash incentive plan. The restricted stock or restricted stock units will be granted, if at all, after the one-year performance goals have been met and will then vest over a three-year period on a graded basis. Compensation expense associated with these grants is recognized on a graded-vesting basis over four years, including the performance period.

Prior to 2004, restricted stock and restricted stock unit grants to employees generally vested on a cliff basis over three years of service. Compensation expense associated with these awards is generally recognized on a straight-line basis over three years. In addition, from time-to-time, in order to attract and retain executive talent, the company issues special grants of restricted stock or restricted stock units. These grants generally vest over a three-year period on a graded basis. Compensation expense associated with these grants is recognized on a straight-line basis over the life of the award.

Our non-employee directors receive grants of restricted stock units as part of their annual equity retainer. These grants vest on a cliff basis three years from the date of grant. Compensation expense associated with these awards is generally recognized in the year the award is granted.

Total compensation expense associated with restricted stock, restricted stock units and restricted stock opportunity was $13.1 million, $7.1 million (net of $0.5 million related to the accumulated effect of forfeiture assumptions) and $11.8 million for the years ended December 31, 2007, 2006 and 2005, respectively. The expected total tax benefit associated with restricted stock, restricted stock units and restricted stock opportunity was $5.2 million, $2.3 million and $4.5 million for the years ended December 31, 2007, 2006 and 2005, respectively.

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Notes to Consolidated Financial Statements (Continued)

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

A summary of the status of our nonvested restricted stock and restricted stock units as of December 31, 2007 is presented below:

Restricted Stock/Restricted Stock Units	Shares	Weighted Average Grant-Date Fair Value Per Share	Weighted Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value
Nonvested shares at December 31, 2004	167,279	$ 35.36	1.1	$ 10.0
Granted	368,668	$ 60.60		
Vested	(90,295)	$ 48.26		
Forfeited	(42,888)	$ 53.44		
Nonvested shares at December 31, 2005	402,764	$ 53.64	1.6	$ 27.0
Granted	305,670	$		