Q2- 2010 EARNINGS CONFERENCE CALL

July 30, 2010

KATHY GUINNESSEY (Treasurer & Investor Relations Officer)

Good morning, everyone, and thank you for joining us today.

In a moment, we will hear commentary on our second quarter 2010 performance as well as our outlook for the remainder of the year and an update on our Strategic Technology Investment from:

- Sara Mathew, Chairman and Chief Executive Officer and
- Tasos Konidaris, our Chief Financial Officer

To help our analysts and investors understand how we view the business, our remarks this morning will include forward-looking statements.

Our Form 10-K and 10-Q filings – as well as the earnings release we issued yesterday – highlight a number of important risk factors that could cause our actual results to differ from these forward-looking statements.

These documents are available on the Investor Relations section of our Web site, and we encourage you to review this material. We undertake no obligation to update any forward-looking statements.

During our call today, we will be discussing a number of non-GAAP financial measures, as that's how we manage the business.

For example, when we discuss "revenue growth" we'll be referring to the non-GAAP measure "core revenue growth before the effect of foreign exchange," unless otherwise noted.

When we discuss "operating income," "operating margin" and "EPS," these will all be on a non-GAAP basis, before non-core gains and charges.

Reconciliation between these and other non-GAAP financial measures and the most directly comparable GAAP measure can be found in the schedules to our earnings release.

They can also be found in a supplemental reconciliation schedule that we post on the Investor Relations section of our Web site.

Later today, you'll also find a transcript of this call on our Investor Relations site.

With that, I'll now turn the call over to Sara Mathew. Sara?

SARA MATHEW (Chairman and Chief Executive Officer)

Good morning everyone and thank you for joining us. Here's what you can expect on the call today. I'll begin with a review of the state of the business. I'll share my assessment of what is working well and what must be improved. I'll also provide an update on the strategy we shared with you at Investor day in May, and the exciting new product launches we have planned for later in 2010. Then, Tasos will provide the quarterly financial details, and we'll close with Q&A, so you have clarity on our results, our strategy and our expectations for the rest of the year.

Let me begin by setting context. As a reminder, 2010 is a transition year for D&B, as we work through the weak sales overhang from 2009, and embark on a strategic replatform of our core data and technology assets. This investment will allow us to systemically lower cost and significantly ramp up the pace of innovation. In fact, we will share details of several new products that will be launched in the fourth quarter of this year, later in the call.

With 6 months behind us, and in what appears to be an uneven economic recovery, we are pleased to report that we are on track to meet our guidance for the year. And, we've also made good progress on the strategic replatform. I'll provide more perspective on each of these, beginning with a review of the 2nd quarter.

Last night we announced our second quarter earnings.

- Revenue was down 3%, due primarily to a 6% decline in NA and partially offset by 11% growth in International;
- Operating income was down 6%, a sequential improvement from the first quarter
- EPS was up 2%, the 1st quarter of growth since Q3 2009
- And, year-to-date we've generated free cash flow of $ 173 million

As we assess our performance so far, approximately 2/3 of our business is doing quite well, while the remaining 1/3 needs to improve. Let me begin with a discussion of the areas that are working well.

We remain very pleased with our performance in International. Revenue was up 11%, in line with expectations, and was largely driven by our acquisitions – ICC in Europe and Roadway in China, both of which are delivering on their acquisition economics. We are on track to deliver our 3rd consecutive year of double-digit growth in this region, and expect this trend to sustain into 2011.

Our success in International is largely driven by our strategy of focusing on cross border customers, and investing through acquisitions to increase our exposure to high growth markets in Asia-Pacific. As context, Asia-Pacific has more than tripled in size over the past 5 years.

We also have a seasoned management team on the ground. And, as I shared with you at Investor Day, we now have near "real time" data in Europe as we've completed the redesign of our data supply chain in that market. As such, we can better leverage data as the basis of differentiation and our unique cross border value proposition resonates well with customers.

Looking ahead, we see further runway for growth, as we have just launched DNBi in Europe, and the early read is very positive. We have a strong pipeline of prospects for DNBi, and customers tell us that DNBi helps them improve productivity and makes our data more actionable in their workflow. So we expect to enter 2011 on a strong note.

We are seeing a slowdown in Japan which we believe will be with us for the rest of 2010, and this is factored into our expectations for the year. We are working to sharpen execution and improve our value proposition to strengthen performance as the year progresses.

So in summary International is an area that is performing very well.

[PAUSE]

Moving to North America, revenue was down 6%, roughly the same level of decline we saw in the first quarter of 2010, and a little over a point behind expectations. From a product perspective, our risk business was slightly better than expectations, but this was more than offset by weakness in Sales and marketing. Tasos will share the details later in the call.

As we told you at the beginning of the year, we were not satisfied with certain portions of the North America portfolio. As a result, we conducted an in-depth review of the North American business to explore options to restructure our portfolio and improve customer and shareholder value.

This is not unlike the approach we took in 2004, to deal with the underperforming markets in International.
In a few minutes, I will share one key action as a result of this strategic review, but first, let me provide an overview of North America from a different angle – the way we serve our customers.

We "go to market" in NA across six channels. Since we have not shared this view of our business in the past, I'll describe each channel with enough detail so you have greater understanding and visibility into our North American business.

Our largest customers are served through our "Strategic" Channel, and they represent approximately 20% of North America revenue. These are global customers, who have large internal staffs to handle their credit and marketing decisions. These customers use D&B primarily for data, and use their own internal applications for marketing and credit decisioning.

Our "Commercial" channel services large to mid-sized companies, and represents about 40% of North America revenue. These companies have smaller staffs and rely on us for both data and solutions to improve their productivity. As an example, DNBi serves as a workflow application to drive credit decisioning in this segment.

Our Small Business channel is the most diverse, and serves both small and micro businesses and represents about 25% of North America revenue. In this segment, our clients have very small or no full-time staff to manage their credit and marketing needs. This segment is also the most vulnerable to economic headwinds.

The remaining 15% of NA revenue comes from Hoovers, the Government channel and 3rd Party resellers.

Today our Commercial channel, Government and Hoovers business which collectively represent about 55% of the NA revenue are all performing well. We are seeing underlying sales growth in the mid-single digit range, and we expect this growth to sustain into the second half.

There are 3 primary reasons why these channels are performing well:

- First, our clients recognize the strength of our value proposition
- Second, we have seasoned sales leaders in place
- Finally, strong execution, and a longer planning horizon have delivered consistent performance

Let me provide additional clarity, beginning with our Commercial channel; which as I mentioned earlier accounts for roughly 40% of our NA revenue.

The commercial channel was created early in 2009 to improve the efficiency and effectiveness of our sales force through customer consolidation. This consolidation allowed us to put the right resources against the right opportunities within our customer base, leveraging a combination of "feet on the street" and telesales to ensure appropriate coverage. We also upgraded talent and revamped the commission structure to drive higher levels of revenue growth. Finally, we put more emphasis on multi-year deals to reduce execution risk and “lock-in” customer spend.

Our results have been better than expected. We have reversed the declines we saw in 2009, and we are now growing revenue with a much more cost effective Sales Model in place. DNBi has been one of the drivers of this growth.

We are also seeing good results in our government channel, where we just renewed the General Services Administration (GSA) contract with an aggregate value of $135M for an 8 year term including extensions.

As context, the GSA provides a government-wide platform of D&B solutions that use our data and linkage capability to register and validate its vendors. D&B’s unique data, process and our close partnership with the customer drove this renewal in the 2nd quarter. Importantly, this once again is a multi-year deal allowing us to “lock in” the customer’s spend with D&B.

As added context, our government channel performed very well in 2009, and we expect a second consecutive year of growth in 2010.

[PAUSE]

We are also very pleased with the progress at Hoovers. As we said at Investor Day we have re-platformed Hoovers to create a flexible infrastructure to innovate, and more efficiently segment our customer base. We also doubled the number of records in the database.

While Hoovers did not show revenue growth in the second quarter, we are seeing strong underlying performance, with retention moving up over 10 points since the fourth quarter of 2009, before the replatform. In addition, we've received very positive customer feedback on the product. At this juncture, roughly 65% of our customers have migrated to the new platform, and this should translate to a stronger growth trajectory in the second half.

So in summary, 55% of our North America business – the commercial channel, Government and Hoovers are all in good shape. When combined with International, roughly 2/3rd of our business is performing well.

Let me turn to those areas where we must do better - our Strategic channel that serves our largest customers and our small business channel, which together represent 45% of the NA business.

In the strategic channel, which accounts for 20% of NA revenue, the primary issue was volatility in Sales and marketing. While our legacy risk products continue to be impacted by weak loan origination, that segment is improving and performed in-line with expectations.

The weakness in sales and marketing traces to descoped renewals in the second quarter due to tight budget constraint, at our customers. This reflects a desire by customers to focus their marketing efforts on building their existing business, versus prospecting for new clients. Of note, they continue to renew with us, but they are being cautious with their marketing spend.

Earlier this month, we made leadership changes in Strategic, with the leader of our Government channel assuming responsibility for this segment. In many ways, the branches we serve within the government behave very much like our strategic customer base. Both sets of customers expect 'best in class' data and a consistent demonstration of new value to drive higher levels of revenue commitment to D&B.

Our intent is to re-apply best practices from the government channel to improve the performance in Strategic. We will leverage our recent data investments to sharpen our value proposition, and the higher proportion of multi-year contracts in the second half will help mitigate execution risk with these customers. As such, we expect a gradual improvement in performance over the remainder of 2010.

The second area where we saw declines is in our small business channel, which represents 25% of our NA revenue and where the weak economy has severely impacted our customer base. Within the small business segment there are 2 areas where performance is especially weak - traditional marketing, which customers use to prospect for new business, and credit self monitoring, or our self awareness solutions for the micro segment.

Regarding traditional marketing, we will address this issue with our technology replatform and new products will be launched towards the end of 2010. I will discuss this new innovation later on this call.

On the small business credit side, we have made a strategic decision to partner our Self Awareness Solutions, and remove this drag from our portfolio.

Yesterday we announced our plans to partner this business with a Great Hill Partners. Tasos will provide the details of this transaction in a few minutes, but let me provide the strategic context.

Self Awareness Solutions helps micro-businesses monitor their own credit. In 2009, this business recorded $70M in revenue and is solidly profitable. However, it has been declining for several years and our retention rates are very low.

We made a decision to partner in this space as it did not fit with our existing customer base and partnering offered the best option to create value for our customers and shareholders. In a nutshell, we become the data supplier and our partner – Great Hill Partners will more fully develop this market for us. We've had a long history of success with partnerships of this nature and it is an integral part of our business model at D&B.

This partnership will address a critical drag in our NA portfolio, and accelerate our core revenue trajectory. This allows us to focus on those parts of NA where our value proposition is strong, and where we are more optimistic about our growth prospects.

So to conclude, about 55% of our NA business is performing well, and we are taking actions to address the areas that need to improve. As such, we expect the NA business to gradually improve over the 2nd half, and our expectations for the full year are unchanged. Our NA business will be down slightly in 2010, while International will grow double-digits. This implies we expect to have a stronger 2nd half versus the 1st half of 2010.

In terms of profitability I am very pleased with our results. Our operating income trends improved sequentially and our EPS growth rate turned positive for the first time since third quarter last year. Our 2010 financial flexibility program helped offset the weakness in North American revenue to ensure we deliver the bottom-line. In a moment, Tasos will provide an update of the drivers of this performance and the reasons why we expect this trend to continue in the second half.

[Pause]

Let me close with an update on our strategic technology investment, which we shared with you at Investor Day in May. I am pleased to report that the project is progressing according to plan and on budget, and we are just beginning to see the exciting new possibilities ahead. As a reminder we committed to deliver 3 critical milestones in 2010.

First, we said that our global data coverage would increase from 158 million records to 175 million by the end of 2010. At the end of the second quarter we had 168 million records and are on track to hit our year end target. We also expect to deliver on our linkage and trade score commitments for the year, as this is a critical requirement for the strategic channel.

Second, we said that we would complete the migration of our data center to the new facility in Arkansas by the third quarter. As of the end of Q2, we are about 80% complete with the migration, and the last 20% will be migrated by October. At that point, we will begin the redesign of our data supply chain.

Finally, we said we would deliver two new products in the fourth quarter of 2010. Specifically, web services, to enable easy access to our data and a relaunch of DNB.com. I am pleased to report that both these products are on track, and in addition to these commitments, we believe we can deliver more. Let me provide additional details on these new product initiatives.

I'll focus on DNB.com because it is representative of the exciting possibilities that lie ahead for D&B. As context, dnb.com is slightly over $100M and has been declining at a double-digit rate. The new DNB.com will be launched in the fourth quarter to address critical pain points that our customers have shared with us over the past few years. Specifically, customers want better navigation within our website, ease of ordering, and the ability to customize their reports, to conform to their needs. Today, we do not provide them with these options, and this diminishes our customer experience and narrows the market opportunities before us.

We intend to address these issues in our first new product launch in Q4. However, this is just the beginning. We will have 2 more upgrades to dnb.com in the subsequent months, including an entry level risk product to address a key competitive gap we have today. And, a retail version that will dramatically simplifies the purchase process.

Each product will be targeted towards a different market segment. The new products will be developed in Ireland, and subsequent innovation – i.e. version 2 and 3 will be delivered at a fraction of the original cost. This helps confirm our hypothesis that innovation can be delivered at a much lower cost with the new platform.

Moving to our second commitment – i.e. creation of web services for our large customers, this will be available in the fourth quarter allowing customers to easily configure our data and embed it into their workflow to better satisfy their needs.

In addition, we will launch our newest web service solution, D&B 360, leveraging the concept of "data as a service" or DaaS. With this option, customers can easily embed D&B's data directly into an existing 3rd party application or other workflow tools. If you joined us for Investor Day, you probably saw a working prototype at one of the demonstration booths. The product will be available for launch in the fourth quarter.

We will target D&B 360 towards leading business application companies such as CRM and sales force automation providers, where the customer need for our data is strong, but they do not have internal staffs to drive implementation. We just entered into a relationship with SalesForce.com to seamlessly embed our D&B 360 data into their application and will be launching this new service in the fourth quarter of 2010. Of note, this is mostly a completely new market for us, as we have a 2% overlap between our customer base, and sales force.com customers.

Finally, we intend to launch a more robust set of prospecting products within the traditional marketing space, leveraging the new Hoovers platform. Today, these products represent less than 5% of our business and but have been declining strong double-digits, due to a weak value proposition in a market that is becoming increasingly digital. We believe we can leverage our new scalable Hoover's platform more fully, to bring new and better solutions to market leveraging the digital capabilities of the Hoovers product. We expect the first new products to be available to customers late 2010 or early in 2011.

So we are pleased with our progress against this important investment, and remain confident in our strategic direction. Early customer feedback on these new products is very positive, and our team is now focused on execution. We expect these initiatives to strengthen our underlying performance in North America and build momentum as we enter 2011.

With that, let me turn the call over to Tasos to discuss the financial details.

TASOS KONIDARIS (Chief Financial Officer)

Thank you Sara and good morning everyone. I would like to cover 2 topics with you this morning.

First, I will begin with a review of our second quarter performance, followed by key financial highlights including details of our partnership with Great Hill Partners.

Let me start with North America, where revenue declined 6% in the second quarter. As we expected, our Risk Management business improved sequentially from the first quarter of 2010. However, our Sales and Marketing business declined more than anticipated. Let me provide more details by product line, beginning with risk management.

As we said at the beginning of the year, we expected our North America risk business to improve gradually following the first quarter as we cycled through the deferred impact of lower demand for our products last year. As a result, RMS was down 5%, an improvement from minus 7% in the first quarter. We are also seeing improvement in underlying demand for our RMS products. This improvement is due to continued growth of DNBi, through increased penetration, and price lifts, and a slowing decline in our transactional products.

These results are reflected in North American deferred revenue which increased three percent during the second quarter, continuing the positive growth trajectory that began in the first quarter.

The deferred revenue increase as well as working through the overhang from last year's lower sales bodes well for a continued gradual improvement of RMS.

In addition, our future RMS growth will benefit from two initiatives. First, we will eliminate a drag on the business by partnering our Self Awareness Solutions. Secondly, we will begin to benefit from new products such as the replatformed DNB.com, in the 4th quarter.

Let me say more about each of these initiatives.

First, as Sara mentioned, we have established a strategic partnership with Great Hill Partners to distribute our Self Awareness Solutions to the micro small business market.

As per the terms of the agreement, D&B is selling substantially all of the assets and liabilities of our Self Awareness Solutions to Great Hill. D&B will receive $10 million in cash up-front and is entitled to annual royalty payments, with guaranteed minimums from the buyer for data and brand licensing. Based on the *minimum* level of future payments, we estimate the value of the deal to be about $100 million dollars. In terms of profitability, this divestiture will be neutral to operating income. At the same time, the transaction will eliminate about two points of drag to RMS revenue growth.

Our second growth initiative is the re-launch of DNB.com in the fourth quarter of this year. We expect this launch to revitalize our transactional risk business, as we enter the fourth quarter of 2010. While the impact of this initiative in 2010 is small, it will create momentum as we enter 2011.

In summary, we expect our Self Awareness partnership and the launch of DNB.com will further improve the RMS trajectory going forward.

Let me now move to Sales and Marketing, where revenue declined 10% in the second quarter after being down 1% in the first quarter. There were two primary drivers of this decline.

As mentioned earlier, the pace of the economic recovery has been uneven and this is impacting our customers' marketing spending. As context, coming out of 2009, our largest customers were beginning to increase their marketing spend with us in anticipation of an economic rebound. Late in the second quarter, we saw those customers pull back on their prospecting plans and this negatively impacted our results.

Additionally, through June, we have been affected by the timing of about $5 million dollars of contracts whose renewal has shifted to the third and fourth quarter of 2010. This impact will reverse itself and will account for 3 points of growth in the second half of the year.

Finally, our Traditional Marketing products continue to be impacted by a secular shift to digital marketing, so we are in the process of accelerating the transition of those products to our new Hoovers platform to counter these trends as we move into 2011.

As a result of the benefit from timing, and overall improved sales execution we expect S&MS to deliver modest growth in the second half of the year.

Let me now turn to our Internet Solutions, which accounts for about 10% of total North America revenues.

Internet solutions declined 6% in the second quarter slightly ahead of our expectations. This performance represents a sequential improvement from Q1 2010 & Q4 2009 when revenue was down 7% and 10% respectively.

In addition, our second quarter 2010 performance was against tough comparisons. As we discussed last year, in the second quarter of 2009, we had a one-time licensing deal that adversely impacted our current quarter revenues by about five percentage points.

As Sara discussed earlier, the replatform of Hoovers has had a very positive impact on the overall business.

The improved trajectory reflects increased renewal rates and an uptick in advertising, offset by the overhang from lower 2009 sales as a large portion of Hoovers revenue is subscription based.

So to summarize, we expect an improved revenue performance in the back half of 2010 in North America mostly due to continued improvement in RMS and Hoovers, and a modest growth in S&MS. As such, we expect overall North America revenue to be down slightly for the full year with a better performance in the second half of the year.

Let me now turn to our International operations, where total revenue increased 11% in the second quarter. Organic revenue was up 3%, and acquisitions contributed 8 points of the growth. Organic growth was lower than in the first quarter of 2010, mostly due to an expected slowdown in Japan. However, organic revenue was positive in both Europe and Asia Pacific.

In Europe, which accounts for approximately 60% of our International revenue, our business was up due to the ICC acquisition last year, and continued strength in our cross border business. We expect our European organic growth to improve in the second half of the year due to the launch of DNBi in Europe as well as continued strength in our cross border business.

In Asia Pacific, which accounts for approximately 40% of our International revenue, we continued to see strong double digit growth in China and India. As we discussed in the past, Asia Pacific is an area of strategic importance to us as we see opportunities to expand our footprint and gain access to the higher growth markets in this region.

In summary, we are very pleased with our International business and looking ahead, we expect our total International revenue to continue to grow at low double digit rates.

Let me now turn to our total company profitability.

From a Total Company perspective, in the second quarter we generated $107M of operating income, in-line with our expectations. While this was down 5.5% from last year, it represents a substantial improvement after double digit declines in the last two quarters.

Our performance reflects the strength of our flexible business model which is especially important in these uncertain times. As a result, in the second quarter we were able to improve operating income trends by about 5 points versus first quarter, on roughly the same amount of revenue due primarily to our 2010 financial flexibility program.

Looking ahead, we expect further sequential improvement in our operating income trend due to our scalable business model and the sustainable nature of our financial flexibility actions. Two examples of such actions are the redesigning of our North America sales model which improved productivity as well as the migration of our Data Center which is reducing the cost of our technology infrastructure.

From a foreign exchange perspective, we expect revenue and operating income headwinds of approximately $9 million and $4 million respectively for the remainder of the year based on today's spot rates. These amounts are factored into our guidance for the year.

Moving on to earnings per share, our diluted EPS was up 2% in the second quarter, in line with our expectations and reversing declines in the last two quarters. This performance reflects our operating income results as well as the accretive impact of share repurchases, and slightly lower taxes.

Let me now close with a discussion of our free cash flow. We continue to generate a lot of cash at D&B due to our capital efficient business model and disciplined approach to cash deployment. As a result, in the first half of the year, we generated $173M of free cash flow compared to $192M in the prior year similar period, in-line with our expectations. About half of the decline is due to our strategic technology investment which we began this year, and the other half relates to lower operating income year over year, all of which is factored into our guidance.

In summary, we feel we are tackling the uneven economic recovery effectively and decisively. Our proactive efforts on financial flexibility have allowed us to deliver our bottom line expectations, despite the volatility we experiences in S&MS. Looking forward, you can expect it to have the same diligence in the back half of the year as we continue to navigate the rest of 2010. We remain on track to deliver our guidance for the year and expect a stronger second half performance in 2010.

With that, let me turn the call back to Sara for her closing remarks

SARA MATHEW (Chairman and Chief Executive Officer)

Thank you Tasos.

So to summarize, - About 2/3 of our business is performing well and we are taking actions to improve the trajectory on the remaining 1/3.

In North America, RMS is gradually improving as we cycle through the weak sales from 2009, and our DNBi product line remains strong. We have addressed one drag in our NA portfolio, and expect to improve the trajectory in the 2nd half. In S&MS our pipeline is strong and we expect to benefit from the timing of contracts and strengthened execution to improve the trajectory of this segment.

In International, we expect to close 2010 with 3rd consecutive year of double digit growth and expect to sustain this trajectory in 2011.

Our core capabilities in financial flexibility are working very well and we expect a continued improvement in operating income as our revenue improves and we benefit from the actions that Tasos discussed earlier.

So, we are on track to meet our annual guidance. Specifically:

- Revenue growth of 1% to 3%
- operating income of (2%) to 2%
- EPS of 1% to 6%, and
- Free Cash Flow of $240m to $270M

PAUSE

Let me provide my thoughts after 6 months as CEO. The uneven economic recovery is challenging us in many different ways. Yet, it is also bringing out the best in us as a leadership team. We have a clearly defined strategy and a path to transform our business - From an old fashioned data company, to one that is more insightful and innovative in the market place. Our strategic investments are progressing well, and we are energized and enthused by early customer reaction to our new products.

We know we have a powerful set of assets, and we intend to make them even stronger. The Hoovers replatform which we launched in February is just the beginning. We intend to replicate this success in other areas, and our early focus will be in those areas where our current performance is the weakest.

So over the next 18 months you can expect to see a level of new product launches that are unparalleled in our recent history. This we believe is what we need to return the NA business to sustainable growth.

We expect to deliver our commitments for 2010, and we are committed to deliver improved performance in 2011. We stand behind the expectations we shared with you at Investor Day in May regarding 2012. Specifically, returning America to the mid – high single digit revenue growth and overall company margins that are 100 bps above 2009.

[PAUSE]

I'd like to close with a message to our team members on the call today - thank you for the hard work and commitment to win in what is an exceptionally tough business environment. I am proud of your leadership and relentless focus on execution. Thank you again.

And that concludes our prepared remarks. Let me now open the call for questions. Operator . . . .