DUN & BRADSTREET
Q1 2007 INVESTOR CONFERENCE CALL
5-08-08

RICHARD VELDRAN (TREASURER)

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

Here's what we'll cover on today's call…

- Steve Alesio, our Chairman and Chief Executive Officer, will begin with some opening remarks on D&B's Q1 results.
- Sara Mathew, our President and Chief Operating Officer, will then provide some additional insight into our US and International results and our expectations going forward.
- And, Tasos Konidaris, our Chief Financial Officer, will then review some additional financial highlights.
- Following some closing remarks from Steve, we'll then take your questions.

To help our analysts and investors understand where this business is headed, 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 "revenue growth before the effect of foreign exchange," unless otherwise noted.

When we discuss "corporate and other expenses," "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 Steve Alesio. Steve?

STEVE ALESIO (CHAIRMAN AND CHIEF EXECUTIVE OFFICER)

Thanks, Rich, and hello to our shareholders, team members and analysts on the call today.

We are glad to be with you this morning.

As you saw from our earnings release, we delivered strong first quarter results.

- Revenue was up 8%
- Operating income grew by 11%
- EPS improved by 18%
- And we delivered Free Cash Flow of $107 million, up 5%

These results were in line with our expectations and extend our track record of meeting our commitments, in our words, "doing what we say." In fact it's 30th consecutive quarter of double-digit earnings growth.

In looking at our top-line results, our US business delivered solid results overall, and our International business had a strong quarter. We are pleased with these performances, and our ongoing revenue momentum in the current economic environment.

Looking at our earnings growth, we are particularly pleased with our results, which were strong across the board. We had strong growth in operating income in both our US and International businesses. We continue to benefit from our financially flexible business model, which has allowed us to invest for growth, while continuing to return cash to shareholders. And we're benefiting from the diversity of our portfolio, which is well balanced across products, customers and geographies.

Given a good start to 2008, we remain confident in our ability to achieve our full year financial guidance, which we have now reaffirmed. From a geographic perspective, we expect the top line of our US business to improve as the year progresses. We expect our International business to continue to perform as well as it did in the first quarter, and we feel good about our underlying earnings and cash flow strength over the rest of the year as well.

With that, what I will do now is ask Sara to comment on our US and International businesses – both the results in the quarter and our expectations rest of year.

After that, Tasos will comment on our profitability and cash flow – again results in the quarter and our expectations for the rest of the year.

I will then come back with some closing comments looking beyond 2008, as we are confident about our prospects for the future and our ability to continue to generate strong shareholder returns for the longer term.

Sara?

SARA MATHEW (CHIEF OPERATING OFFICER)

Thank you, Steve and good morning everyone.

Let me begin with a discussion of our US business; where total revenue grew 6% and operating income grew 9% over the prior year.

As context, I will discuss the US business along our 3 strategic stakes – Risk Management, Commercial Data Integration and the Internet.

In the first quarter, US Risk Management, our largest segment, grew 6% over prior year, in line with our expectations. Of note, our RMS business includes 2 points of growth from Supply Management, which we are now reporting as part of RMS. This is in line with our decision to focus on supplier risk as part of our risk management stake.

In the first quarter, the primary driver of RMS growth was, once again, our subscription programs. Subscription revenue is now 45% of our RMS business, up from 37% a year ago in the first quarter.

Within our subscription programs, DNBi now accounts for two-thirds of the total revenue, and we are very pleased with these results. This is because we create a "win-win" solution for D&B, and our customers, when we convert them to DNBi.

Our customers tell us their satisfaction with DNBi is significantly higher than non-DNBi products; and their feedback is consistent across all customer segments – small, medium and large. In addition, our perceived data quality is better. Finally, since DNBi is a real time, interactive product, it can be customized to meet the unique needs of individual users. The bottom line is that customers really like the functionality that DNBi provides.

And, as a result, they have historically rewarded us with double-digit increases in their revenue commitment. It is therefore our intent to continue to drive DNBi penetration over the rest of 2008.

While converting our traditional products to DNBi has been underway for well over a year, we have only begun migrating our value-added products to DNBI. This is done through the addition of modules to perform risk mitigation activities such as portfolio analysis and automated credit decisioning, and we are still early in the migration.

These modules provide cross-sell opportunities for our sales force, and allow us to bring DNBi solutions to small and mid-size customers in a simple, easy-to-implement fashion. And we see plenty of runway ahead.

We expect to accelerate this conversion in 2008. And, as we've said in the past, our VAPs business will be subjected to ratable revenue recognition when we convert to DNBi. This is partly reflected in the 11% growth in deferred revenue in the first quarter, and is also incorporated in our mid single-digit revenue growth expectation for RMS in 2008.

Let me now turn to S&MS, which accounts for 29% of US revenue, and grew 3% in the quarter.

To be quite candid, S&MS was the one area of our US business where we know we could have done better. And you can expect us to deliver improved results over the balance of the year.

Our Traditional business, which accounts for roughly 40% of our S&MS revenue, generated a modest 1% decline, in line with expectations. This is the most economically sensitive part of the business and not a strategic focus area for us. As a reminder, our focus is to migrate our customers from Traditional S&MS products to value-added solutions over time.

In S&MS, our strategic area of focus is on value-added products, or VAPs, since that includes Commercial Data Integration -- our second strategic stake. VAPs now account for 60% of revenue and grew just 6% in the quarter, below our expectations.

I'm sure the question that's on your mind is whether or not these results are a reflection of the current US economy. Let me address that question directly.

While we did experience some lengthening of the sales cycle in the quarter, we at D&B do not accept that as an excuse. We know better. Our VAPs business is resilient in tough economic times, especially when we remain customer-focused – that is, tuning our value proposition to address specific customer pain points, and sharpening our execution, specifically pipeline management and deal closure.

When we are "sharp" on execution, we deliver exceptional results. Let me elaborate with a real-life example…

During the first quarter, one of our financial services customers under stress had a multi-million dollar marketing deal up for renewal. We knew our Optimizer product would significantly enhance their marketing campaign by delivering a valuable prospect list.

We brought Acxiom to the table to enable a database solution, and we laid out the value D&B would provide to the customer by partnering with Acxiom.

Specifically, we would match and identify prospects and leverage Acxiom's grid technology and AbiliTec key to provide "trigger-based" campaigns for the customer. However, the customer was facing cost pressure and would have preferred to delay the decision. We got agreement to run a test in one market, so we could demonstrate the value we provide.

The test delivered a significant lift in match rates for the customer. And they willingly signed the multi-million dollar deal in March, with a 35% uplift in their commitment.

This is what we mean when we say that "customer focus coupled with strong execution" is the answer to the current economic situation.

Looking ahead, you can expect an improvement in the S&MS growth rate over the balance of 2008, driven by two key factors. First, sharper execution on Optimizer; second, increased traction from Purisma, which did not have a material impact in Q1.

Let me now turn to our 3rd strategic stake – the US Internet business, where we were pleased with our 26% growth rate in the first quarter.

Results were driven by continued subscription growth at Hoover's and benefits from the acquisition of First Research and AllBusiness.com.

Within Hoover's, we will accelerate the pace of innovation, adding contact names to drive higher subscription growth, while continuing to scale our platform to drive more unique visitors to this site.

Of note, First Research is now fully integrated into the Hoover's platform, allowing us to provide even better insight for our premium subscribers. And we're seeing good progress in cross-selling First Research through our existing channels at D&B.

We also expect to benefit from the acquisition of AllBusiness.com, a premier Internet advertising property which we can now monetize, over the Web.

AllBusiness has significantly enhanced our search engine optimization and marketing capabilities while increasing monthly Unique Visitors to its site by nearly 50% since we acquired the company in December.

Unique Visitors or "UVs" are a critical metric in determining online advertising rates, and the strong trajectory AllBusiness has established creates a new source of revenue for D&B.

More specifically, with its critical mass of small business decision-makers, AllBusiness has emerged as a key property for advertisers targeting that segment. As an example, we recently rolled out the "AllBusiness Exchange" partnership with Intel, allowing visitors to combine the "how-to" content of AllBusiness with solutions provided by Intel. Just go to www.allbusiness.com and select Business Exchange. Intel is now using this site to generate leads for its products; targeting small business users looking to buy products and services over the Web.

To sum up on Internet, we're pleased with our Q1 results and expect continued double digit growth from this stake in 2008.

So for the US as a whole…You can expect an improvement in growth rates as the year progresses. We will benefit from stronger execution in our existing business, and continue to accelerate revenue growth from our newly acquired businesses – that is, Purisma and AllBusiness.com -- as we integrate them into our core D&B operations.

Let me turn to our International business, where we delivered a very strong 13% revenue growth before the effects of foreign exchange**.**

There were two key drivers of this performance…

First, our businesses in Asia, including the recent joint venture in Japan, delivered nearly half of our International growth.

The second driver was improved performance in our established markets, specifically the UK and also Benelux. The new leadership we put in place in 2007 has increased stability in those markets, and our investments to improve data quality, as well as stronger execution, are clearly beginning to perform.

Looking ahead, we expect continued strength in international. Our business in Asia, which is run by a talented leader, will continue to do well. And, we expect sustained growth from our developed markets, as our investments to drive better data quality, and continued expansion of the DNBi platform into these markets, will ensure that stability is maintained.

Finally, we continue to invest for growth beyond 2008 in these markets. A noteworthy example is the establishment of a joint venture in Russia, to enhance our data quality and distribution in this important market. The JV is with Interfax, the leading provider of business information in Russia. The business will launch this month, following some customary closing requirements, and operate under the trade name Interfax-D&B.

The JV will not have a material impact to our 2008 financials. It will, however, more than quintuple our database in Russia from 800,000 records to 4.2 million records, greatly enhancing our coverage in this important market. The JV also supports our broader goal of providing more robust data in emerging markets such as China and Russia -- a critical need for our global customers.

So, to sum up on International, we are pleased with our performance and we expect to deliver a strong year in 2008.

That concludes my remarks on our business operations. I will now turn the call over to Tasos to provide the financial highlights …

TASOS KONIDARIS (CHIEF FINANCIAL OFFICER)

Thank you, Sara, and good morning everyone.

While Sara highlighted our top-line performance and outlook, I'd like to focus my remarks first on our profitability, and second on our disciplined approach to financial management at D&B.

In regard to profitability, we generated strong Operating Income growth of 11% and a total company operating margin of 26.7%, up 30 basis points.

Our Q1 results reflect margin expansion in both the US and International, demonstrating our ongoing ability to drive margin growth while improving our top line.

In the U.S., operating income was up 9%, and our margin improved by 80 basis points to 36.9%. This increase was due to revenue growth and reengineering savings, partially offset by investments to drive future top-line growth – such as DNBi, Purisma, and our Internet business.

In our International segment, operating income was up 25% and our margin improved by 30 basis points to 14.1%. This increase was due to revenue growth as well as favorable foreign exchange which accounted for roughly half of our operating income growth; both increases were partially offset by investments in DUNSRight and Asia to fuel future top-line growth.

In regard to earnings per share, we delivered $1.14, up 18% over the prior year period. This increase reflects our strong operating income results; the accretive impact of our ongoing share repurchase program; partially offset by higher interest expense, which will continue in the quarters ahead.

It is important to note that we delivered these strong earnings results while making significant and ongoing investments in all areas of our business.

Let me now turn to our financial discipline. At D&B, we continue to generate a lot of cash and we maintain a high degree of rigor in deploying this cash.

During the first quarter, we generated free cash flow of $107 million. This was a 5% improvement versus a strong performance in the prior year, which had benefited from the timing of a tax refund.

We leverage our free cash flow to make ongoing investments in the business to support our long-term growth strategy, while returning a significant amount of cash to shareholders through share repurchase and cash dividend.

With respect to share repurchase, in Q1 we bought back 1.4 million shares for a total of $120 million. $85 million of this was due to opportunistic buying under our discretionary share repurchase program, and the balance was used to mitigate dilution from our equity awards.

In addition, we also paid out $17 million in dividends in the first quarter and our Board of Directors has now declared a 30-cent cash dividend for the second quarter.

In regard to Capital Expenditures, in Q1 we incurred $17.4 million, or 4.2% of revenue. This is consistent with our goal of maintaining a Capex to revenue ratio of 5% or less, reflecting our highly capital efficient business model.

Looking ahead, we're confident in our ability to deliver continued profitable revenue growth and free cash flow. There are three key reasons for this confidence…

First, we're confident because we exited the first quarter with deferred revenue of $586 million, an 11% increase. We continue to see deferred growth outpace revenue growth, which bodes well for the future.

Second, we will benefit from continued revenue growth as well as favorable foreign exchange.

And finally, our financially flexible business model is now a proven strength. Year after year, this model enables us to create shareholder value by funding investments for growth and it is especially valuable in the current economic environment.

With that, I will now turn things back over to Steve for his closing remarks…

STEVE ALESIO (CHAIRMAN AND CHIEF EXECUTIVE OFFICER)

Thanks, Tasos.

What you have heard from Tasos and from Sara this morning is that we are pleased with our Q1 results and we feel good about the direction we are headed for the rest of this year.

This confidence is reflected in our 2008 financial guidance, which we have reaffirmed. Specifically, for the year, we expect to deliver:

- Core revenue growth of 8 percent to 10 percent, before the effect of foreign exchange;
- Operating income growth of 11 percent to 13 percent growth, or $501 million to $510 million, before non-core gains and charges;
- Diluted EPS growth of 14 percent to 16 percent, or $5.19 to $5.29, before non-core gains and charges;
- Free cash flow of $337 million to $352 million, excluding the impact of legacy tax matters; and

- A tax rate of approximately 37 percent to 37.5 percent, before non-core gains and charges

This outlook for 2008 is consistent with the aspirations we set for our 2008-2010 planning period.

As we move forward and look beyond 2008, we are confident in our ability to continue to drive total shareholder return over the longer term.

We are confident about our intentions of top line growth in the time frame of 2008-10 for several key reasons. First, we see continued opportunity coming from each of our three strategic stakes of Risk Management, Commercial Data Integration and Internet. Second, with our International business performing well and US business continuing to perform well, we expect more balanced geographic growth in the future. Third, we have the opportunity for greater market penetration in all customer segments -- small, medium, large and in the government sector. And finally, we have many Customer Satisfaction initiatives underway across the company, which are likely to benefit us in 2009 and 2010.

As to future earnings growth, we have several things working for us. First, we are providing highly profitable solutions today so our revenue throws off high margins. Second, our global brand and our world-class commercial database allow us to have premium pricing in a global marketplace. Finally, as Tasos said, our financially flexible business model allows us to continually unlock dollars that we can reinvest in the business to drive growth.

In addition to the future expectations for Revenue and Earnings, we have important and valuable assets in our culture and in our leadership team. We have a group of leaders that are passionate about winning in the marketplace. We have leaders that know how to rise above challenges that occur along the way, including the sales execution challenge that Sara referred to. These leaders and the culture that we have created are the source of a company that has delivered extraordinarily consistent and improving results for 7 years running -- and I am confident will do so again over the period of 2008 to 2010.

Before I open up the phone lines for any questions, we do want to let investors know that we are planning a 2008 Investor Day event, which we will likely host in the third quarter in New York City. The purpose of this event will be to provide investors with a more detailed review of DNB's strategic progress and long-term growth prospects. We will provide more details on this event in the weeks ahead.

With that, I'll now open up the phone lines so that Sara, Tasos, Rich and I can take any questions. Operator, would you please provide the instructions for asking a question.

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