Q409 EARNINGS CONFERENCE CALL

February 5, 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 2009 performance as well as our outlook for 2010 and our Strategic Technology Investment from:

- Sara Mathew, our President 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 (President & Chief Executive Officer)

Thank you, Kathy.

Good morning everyone and thank you for joining us today.
Here's what we plan to cover on the call this morning:

- First, I will briefly discuss our 2009 results and their implications for 2010
- Next, I'll provide an overview of the strategic agenda for D&B and the related investments;
- Then Tasos will cover details of our 2009 performance
- And, finally, I'll walk you through our guidance for 2010

Now before I start, I would like to share a few key perspectives as the new CEO of D&B.

Many of you may know that I joined D&B over 8 years ago as the CFO. Since then, I've had a series of positions, and, beginning in 2005 expanded my responsibilities to include the operating side of the business. I have directly led the US, International and more recently the technology, data and product development organizations. As a result, I've had a chance to lead many of our key functions, and I understand the sources of competitive advantage, as well as the areas of future opportunity for D&B.

As I take the helm as CEO, I am convinced that we have numerous opportunities before us - Opportunities to further transform our customer value proposition and significantly enhance shareholder value.

I am energized and enthused about leading D&B at this important juncture, and I am confident in the direction we are taking.

With that, let me begin with a brief review of our 2009 performance and its implications for 2010

In sum, we are pleased with our fourth quarter and full year financial performance which was very much in line with our revised guidance for 2009**.** After a truly extraordinary year of economic weakness and a crisis of confidence in the US, we believe that the environment has started to stabilize, and we can see it in our underlying trends.

For 2009, revenue grew 1%, operating income was down 2%, EPS grew 3%, and we generated almost $300M of Free Cash Flow.

It is clear our International business is performing extremely well, with revenue up 23% for the year and margins up about 190 bps. The primary reason for our strong performance in International has been our focus on cross-border customers, investments in data quality and acquisitions in high growth markets like Asia. The growth in 2009 came from both our existing markets, where organic revenue grew 9%, as well as 14 points from strategic acquisitions in India, China and the UK.

Our investments in data quality have been an important driver of the strong organic growth we experienced in 2009. As the single source for globally consistent and timely data, we were able to successfully weather the weak economy, leveraging **data** as the basis for differentiation versus our competition.

With our cross border customer focus, continued investments to improve data quality and exposure to the high growth markets in Asia, International is expected to deliver revenue growth in the mid-teens in 2010.

Turning to North America, revenue was down 4% for the year. While these results were in line with our expectations, we believe we can do better.

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Stepping back, it is clear that the economy had a significant impact on our North American business. With a sharp decline in commercial and industrial loans, demand for our products and services has been weak, with small business customers disproportionately impacted by the slowdown. To respond to the weakness, we, like many other companies focused our efforts on improving efficiency and driving better execution. More specifically, we concentrated on two key areas – driving customer retention and our go-to-market strategy.

Regarding retention, I am pleased to report that in the medium to large customer space, our primary area of focus, retention improved slightly. That said, and as expected, budgetary pressures limited our ability to up-sell and cross-sell to these customers.

Regarding our go to market efforts, we successfully re-engineered our customer facing organizations late last year, to better target new customers and complement our revenue stream from renewals.

Our teams have successfully navigated a tremendous amount of change in the fourth quarter, and I am proud of the leadership they exhibited over the past year.

So, while our North America business mostly struggled for most of 2009 due to the weak economy, we did see signs of recovery in the fourth quarter, and that trend continued in January – so we believe the worst is behind us. More specifically, our upfront customer commitments showed improvement after 3 consecutive quarters of significant decline, and we are encouraged by these results.

Looking ahead, the lower demand for 2009 will impact our 2010 results, and as such revenue will remain weak through the first half of the year. We expect a gradual recovery as 2010 unfolds, and we should exit the year on a much better trajectory. So, in summary, we expect 2010 North American revenue to be slightly better than 2009, but still down versus the prior year.

Our total company 2009 earnings and free cash flow were also inline with expectations. Operating income declined 2% due to the lower revenue in North America and our decision to continue investing in the business, despite the economic pressure. We executed an aggressive reengineering program to offset some of these investments and ended the year with margins up 10 bps versus the prior year. Finally, we delivered healthy free cash flow of almost $300 million, a testament to our very strong business model, even in these troubled times.

Tasos will provide additional details about 2009 in a few minutes, but let me turn to the second item on this call - Our strategic agenda and the investments for long term growth.

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As context, my team and I conducted an in-depth review of our company and the critical factors that will shape our future success. We studied external factors – including market trends, shifts in data and technology as well as recent competitive activity and tactics. We assessed our portfolio of products, services and underlying capabilities and gathered input from external advisors. And, our retention efforts in 2009, yielded important insights into the developing needs of our customer base. All of the above helped us explore options to better position ourselves for success in 2010 and beyond.

This review reaffirmed the strength of our International business. We have the core capabilities, a very attractive business model and the right level of leadership, so we are well positioned to continue our trajectory of double digit growth. So the focus of our efforts was North America, where I am **<u>not</u>** satisfied with our performance. An in-depth review of our North American business helped us generate important insight into what's working and what can be better, and provided critical input into our strategic planning process.

There are three important takeaways from this process that I'd like to share with you today:

First our choice to focus on <u>commercial insight</u> is unchanged. This means we will stay close to the core. We have numerous opportunities to better leverage our assets in this space, where we are already the undisputed market leader.

Second, our fundamental competitive advantage in the market place – that is <u>data quality</u> is also unchanged. While we have made important strides in improving data quality through better coverage over the past several years; we can go much further, leveraging recent advances in technology to bring new value to our customers.

Third, we need a much better set of products and services to leverage these data assets more fully. In other words, we need a technology platform that is scalable and agile, so we can meet emerging customer demands faster, and at much lower cost.

Our North America business review confirmed that our current infrastructure can be improved. This has impeded our ability to meet emerging customer needs at a time when customers are demanding an increased pace of innovation to cope with the impact of a much softer economy. Our intention is to develop these capabilities and fix this issue systemically.

There are 3 key components to implementing these new capabilities:

1. Simplifying and re-architecting the data supply chain
2. Creating a services layer to optimize access to D&B, and
3. Consolidating our legacy products to provide fewer more impactful applications for our customer

Let me discuss each of these components in more detail.

First, regarding the data supply chain, we have already initiated the first phase of this effort in 2009, with the decision to move our data center to Acxiom we expect the migration to be completed by mid-year.

Once we complete our next step, we will create a new data supply chain leveraging outside vendors who have state of the art technology. The inherent advantage of this approach will be our ability to gain access to emerging technologies at much greater scale and at a significantly lower cost.

Second, we will create a new service layer to ensure a common set of services, so our customers' can easily access D&B's information. This will enable our customers to integrate D&B data with 3rd party information and significantly enhance the speed at which we can build new applications. Most importantly, this will create the infrastructure we need to drive ongoing innovation, to meet new customer needs

Finally, we will rationalize our legacy products and further enhance our flagship brands. The consolidation of our product portfolio to fewer and more impactful applications will drive significant cost savings for D&B. And, new applications will allow us target unmet needs in the market, so we drive better experience for our customers and higher revenue for D&B.

This initiative will deliver 4 compelling benefits for us and for our customers

1) Improved data quality through intra-day updates to the database vs. the current multi-week cycle
2) Second, ten times more processing capacity – in other words, we can add new sources of data at dramatically lower cost
3) Third, faster innovation - getting to market twice as fast with new products and solutions; and
4) Finally, a $35 to $50 million cost savings across data and technology due to a vastly simplified infrastructure

Our customers should be able to make better decisions, as our data will be more timely and complete. The new service layer and application consolidation will ensure we can innovate faster, to drive future growth. More specifically, customers will have a seamless integration of higher quality, real time data into a range of workflows - from mobile solutions, social networks and text alerts - Trends that are influencing customer expectations of D&B, and where it has been costly and time consuming for us to respond.

Net, this is a “win-win” proposition for D&B and our customers.

To execute this strategy we intend to invest approximately $110 - $130 million over about 2 years to build the new data supply chain and update our technology infrastructure.

This investment will help accelerate revenue growth in NA, and we expect to be back to historic growth rates of mid to upper single digits in 2012.

Profitability will also accelerate, as we benefit from a more efficient technology infrastructure. Our early thinking is that margins in 2012 should be, at least 100 basis points higher than 2009.

Of the total investment, we expect approximately $45-55 million to be spent in 2010 with a slight ramp up in the second year of the project. We expect approximately 60% of the cost to run through the P&L, as a non-core item, as we will leverage external vendors who have competence in this space. The remaining 40% will be in the form of capital expenditures.

Let me address three questions regarding this investment that may be on your mind: 1) Why are we making this investment now, 2) why are we confident we will get the results we are looking for, and 3) when will we expect to begin to see benefits from this project?

Let me first address "why now".

As I said earlier, my leadership team and I have spent significant time thinking through various growth strategies for D&B. Each time we came back to our core – the quality and comprehensiveness of our data, and the need for better innovation, which is the reason why customers chose D&B.

With this decision behind us, we explored alternate investment scenarios - a slower pace of investment, timing alternatives, and we also modeled an option to maintain the status quo, given the current economic environment.

We came away convinced that we should be <u>proactive</u> and make this investment now.

We have a stable and healthy business with **very strong free cash flow**. Our customer needs are evolving, and our competitors have been slow to respond. While we are clearly the market leader in the commercial data space, we have a unique opportunity to further distance ourselves from current and future competition. This, we believe is the optimal path for maximizing shareholder value.

Let me move to the second question about why we are confident that we can deliver the results we expect. You should know we are close to completing a similar initiative in International. More specifically, we've invested approximately $35M to reengineer our European data supply chain and supporting technology over the past 3 years. The objective was to get to real time data for our customers and also ensure we had a seamless interface with our partners in the region.

This investment has clearly paid off. Our International database has more than doubled, allowing us to easily add new information from our partners in Russia, India, etc., and, we concurrently lowered our technology costs by 20%. This has improved data quality in International and is the key driver of our cross border revenue growth.

Finally, regarding the timeframe by which we will start to see the benefits of this project. My preliminary thinking is that we could see some benefit as early as the middle of 2011. That said, we are still in the early stages of this project, and should have these details ironed out over the next few months.

So, in summary, this is an important investment in our future - one that will set us apart from competition and pave the way for accelerated growth and healthy margin expansion in North America.

With that, let me turn the call over to Tasos to discuss the third item on our agenda- the performance of our base business in 2009, and its impact on 2010.

TASOS KONIDARIS (Chief Financial Officer)

Thank you, Sara, and good morning, everyone.

As Sara said earlier, both our fourth quarter and full-year 2009 performance were in line with our expectations in both International and North America.

Let me start with North America, where revenue declined 6% in the fourth quarter and 4% for the full year.

Risk Management Solutions declined 4% in the fourth quarter, a greater rate of decline than prior quarters, but in-line with our expectations. Since 64% of our RMS revenue is subscription based, we are now experiencing the full effect of the lower up-front demand from earlier in 2009.

In the non-subscription portion of our RMS business, our "transactional" product declines have stabilized, but usage is still at much lower levels than 2008. We expect to see this part of our business improve when the level of our customers' new business activity increases, as the economy improves.

DNBi continued to perform well, and accounts 56% of our RMS revenue compared with 45% at the end of 2008. We continue to see high single digit price lifts when existing customers renew their DNBi contracts and double digit price lifts when customers convert to DNBi. With more than half of our RMS revenue already on DNBi we have a smaller base available for conversion and as a result we expect DNBi's penetration rate to be in the low 60% percent range at the end of 2010.

With our established customers, we expect to continue to get revenue lifts on DNBi renewals as we benefit from the investments we made in 2009 to improve the customer value proposition with the launch of DNBi Premium.

Looking ahead, we are focused on acquiring new customers. We see the potential to grow in the small to medium business space, and the changes we made to our go-to-market organization will help us pursue this untapped opportunity.

To summarize RMS, we expect to continue to feel the impact of lower 2009 up-front demand for our subscription products on our revenue results in the first half of 2010. Specifically, we expect the RMS rate of decline to get slightly worse in the first quarter than it was in the fourth, before gradually improving over the rest of the year as our new customer initiatives gain traction.

Let me know move to Sales and Marketing were revenue was down 9% in the fourth quarter. As we discussed in our last earnings call, the fourth quarter is seasonally large for S&MS due to the large amount of year-end project work, and our results were in line with our expectations. While we saw improvement in some areas such as financial institutions, we have yet to see a return to normal spending levels in Sales and Marketing.

As a reminder, S&MS has been hit hard by the weak economy as customers have deferred or cancelled marketing programs. In 2009 we focused our efforts on retaining large and mid-sized customers so that we would benefit when their spending increased as the economy improved.

We also worked with them to reduce the scope of various projects to meet their budget constraints. This strategy has worked and retention rates improved slightly in the fourth quarter, so we believe the worst is behind us.

Within S&MS, we continued to see high attrition rates in our Traditional Lists & Labels business. This attrition is largely driven by the secular trend, as customers shift from direct mail activities to digital marketing to reduce costs and better target prospects. To meet this emerging customer need for digital solutions, we introduced last year DNB Professional Contacts. With this product, our customers now have access to email addresses for 9 million professional contacts to help efficiently drive their digital marketing campaigns. While the product is still new, the early customer response is positive, and we expect greater traction in 2010.

So as we move through 2010, we expect to see sequential improvement in S&MS revenue as the economy gradually improves, with modest growth in the back half.

Finally, the Internet, our smallest solution set was down 10% in the fourth quarter, also in line with our expectations. As a reminder, a high percentage of our Internet customers are small businesses, which have been disproportionately affected by the weak economy. In addition, as this is a subscription business, the results reflect our weak up-front demand earlier in 2009. As a result, we expect these trends to continue to be weak in the 1st half of 2010, before stabilizing in the second half of the year.

In summary, as we look ahead at 2010, we expect the first quarter revenue decline for North America to be similar to our fourth quarter 2009 and then show a gradual improvement in trends over the course of the year as a result of:

1) First, improving upfront customer commitment trends
2) Second, greater new customer acquisition due to our new go-to-market strategy,
3) And third, the benefit of our product investments we made in 2009

Let me now address our International performance.

Our International business is performing extremely well with 2009 revenue up 23% for the year and with a very strong 26% growth in the fourth quarter. For the full year, organic revenue was up 9% and acquisitions contributed 14 points of growth.

In 2009 we benefited from our exposure to high growth markets such as China and India. In addition, our investments in data, both organically and through our partners, are clearly paying off, and we have a strong pipeline of new initiatives that we have yet to bring to the market.

Thus far, our strong growth across the International segment has largely come from selling traditional RMS solutions. RMS represents about 70% of our International revenue, and most of that is in our Traditional products.

Looking ahead, we continue to see plenty of room for growth as we continue to drive our cross border focus, and bring more of our Value

Added Products in both Risk and S&MS to our International customers. As such, we expect International revenue growth in the mid-teens through 2010

Let me now turn to total company profitability.

Our Company operating income declined 2% in 2009, which was in-line with expectations. The decline reflected our top line results and our decision to continue to invest in the business despite the weak economy. In addition we had 1 point of negative impact from foreign exchange.

Our robust reengineering plan in 2009 and tight expense controls helped offset some of the profit pressure we experienced due to our top line result and helped increase margins by 10 bps. Looking ahead, we will continue our financial flexibility program and in 2010 expect to generate $75 to $80 million dollars of additional flexibility. We expect to incur non-core charges of approximately $15 to $20M dollars, and transition costs in the range of $7-$12M dollars.

Moving to free cash flow, in 2009, we generated $296 million dollars and we feel good about these results given the difficult economy. We also continue to be very capital efficient. Capital expenditures were approximately 4% of revenue in 2009 and we expect it to be approximately 5% of revenue in 2010, <u>including</u> our technology investment.

This solid free cash flow generation allowed us to return $222 million of cash to shareholders in 2009, through dividends and share buybacks. For the full year, we paid dividends totaling $72 million and repurchased $150 million of stock under our discretionary share repurchase program.

We ended the year with $223 million of cash and gross debt of $964 million. As we look ahead, we are comfortable with our current level of debt, and are targeting ending 2010 with approximately the same level of debt as we have today.

I would now like to turn the call back to Sara.

SARA MATHEW (President & Chief Executive Officer)

Thank you, Tasos.

So to summarize, our 2009 results were in line with expectations, and we believe the worst is now behind us. We expect a gradual improvement over the course of 2010 as commercial activity, a key driver of our business, recovers. And, we are making an important strategic investment that will transform our company and return North America to its historical levels of growth. And I remain confident in the direction we are taking.

Let me now walk you through our outlook which provides the basis for our guidance in 2010

Regarding revenue, North America will have a difficult first half of the year as the weak demand from 2009, impacts results. We expect a gradual improvement as the year progresses, and we expect our International business to continue its trajectory of double-digit growth.

As a result our total company revenue guidance is 1-3% growth for 2010.

Moving to operating income, we will report our results and provide guidance on our core business separately, and report the strategic technology investment as a one-time non-core item. We believe this will help investors better understand the performance of our underlying business.

As such, beginning with the first quarter of 2010, we will include a new schedule to our press release that will detail the impact of this non-core item on earnings and capital expenditures.

Our operating income for the year reflects continued investments in the base business and approximately 2 points of negative impact from the compensation related changes for our team members. As a reminder, we made several changes to our compensation plans in 2009 as the economic conditions deteriorated, including suspension of merit increases and reducing the 401(K) match. In 2010 we are reinstating merit increases and increasing the 401(K) match. We believe this decision represents an important investment in our team members, whose commitment and passion to win are critical to D&B's future success.

As a result, we expect operating income for 2010 to be in the range of down (2%) to up 2% for 2010 before the effect of restructuring and the one-time technology investment.

Earnings per share growth is expected to be between 1% and 6%, once again before the impact of restructuring charges and one-time items.

Finally, we continue to expect strong free cash flow between $240 and $270 million in 2010. As in the past, our free cash flow guidance includes all cash payments for one-time items including the $45 to $55 million of anticipated data and technology investments, and approximately $25 million from our ongoing financial flexibility actions.

In 2010 we expect to continue to return excess cash to shareholders. We have increased our dividend from $0.34 to $0.35 and we expect share repurchases under our discretionary program to be up to $150 million.

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In closing, I want to reiterate that I feel privileged to lead this company at this important juncture. We have a very healthy International business and I feel a deep sense of personal responsibility to return the North American business to its historical growth trajectory.

We are making the strategic investments that will transform our customer value proposition. And as I said earlier, we expect to begin to benefit from this investment in 2011, with the full impact in 2012. At this point we expect North American revenue to return to historic levels of growth, and total company margins to be at least 100 bps above 2009 levels.

I would like to thank Steve Alesio for his leadership and guidance over our 8 years of working together. We've had a wonderful partnership over this period, and in many ways, I am just continuing the customer journey that he embarked on 5 years ago. Steve has been an important mentor and advisor to me as we developed the 2010 plan, as has our Board of Directors, who have provided invaluable advice, support and guidance as I assume my new role

Finally, I would like to take a moment to thank our team members for the tenacity they displayed in 2009, despite the extraordinary economic environment.

You are an impressive team of leaders, and I appreciate your commitment to D&B. As we move forward with our 2010 plans, I am confident that we have a highly engaged and accountable team who will deliver on our commitments, as we have in the past.

For our investors, we have decided to hold an Investor Day in New York City in the spring. This will give you an opportunity to meet the D&B leadership team, get a progress report on the business, and hear in more granular detail the exciting future for D&B data, products and solutions. We will discuss our data and technology transformation, so you can better understand where we are taking <u>your</u> company over the next few years.

That concludes our prepared remarks; let me now open the call for questions you may have. Jane are you available for directions?

Thank you, Operator. To all the participants in today's call, thank you again for joining us this morning. If you have any further questions please feel free to give Kathy a call. Good bye for now.