DUN & BRADSTREET CORP/NW
Form 10-K/A
March 19, 2003

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-K/A

Amendment No. 1

(Mark One)

x **Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**
For the Fiscal Year Ended December 31, 2001

or

o **Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**
For the Transition Period From to

Commission file number 1-15967

The Dun & Bradstreet Corporation

(Exact name of Registrant as specified in its charter)

Delaware **(State of incorporation)**	**22-3725387** **(I.R.S. Employer Identification No.)**
103 JFK Parkway, Short Hills, NJ **(Address of principal executive offices)**	**07078-2708** **(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 $.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 whether the Registrant: (1) has filed all reports required by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months and (2) has been subject to such filing requirements for the past 90 days. Yes x No o

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. o

As of January 31, 2002, 74,423,502 shares of Common Stock of The Dun & Bradstreet Corporation were outstanding and the aggregate market value of such Common Stock held by nonaffiliates* (based upon its closing transaction price on the Composite Tape on January 31, 2002) was approximately $2,560.2 million.

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 April 17, 2002, are incorporated into Part III of this Form 10-K/A.

The Index to Exhibits is located on Pages 72 to 75 of this Form 10-K/A

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* Calculated by excluding all shares held by executive officers and directors of the Registrant without conceding that all such persons are affiliates of the Registrant for purposes of federal securities laws.

Table of Contents

Explanatory Note:

As a result of a review of its revenue recognition practices undertaken during the fourth quarter of 2002, The Dun & Bradstreet Corporation (the Company) identified timing errors totaling $32.3 million ($21.5 million net of tax) in the recognition of some revenue associated with 14 products during the period January 1, 1997 through September 30, 2002. In general, such revenue had been recognized at the time of billing instead of being deferred and recognized over the customer contract period (generally 12 months). Of the total errors, $1.4 million related to 2002. We have also adjusted our consolidated balance sheets to reflect the tax effect of minimum pension liabilities for the years ended December 31, 1997 through 2001. The impact of the errors on the years ended December 31, 2001 and prior have been corrected through a restatement of previously reported amounts in this Form 10-K/A. Note 2 to the consolidated financial statements summarizes the impact of this restatement on the Company s financial statements for each year in the three year period ended December 31, 2001.

This Form 10-K/A hereby amends and restates Items 1, 3, 6, 7, 7a, 8 and 14 of the Company s Annual Report on Form 10-K for the year ended December 31, 2001, to reflect the restatement of the Company s consolidated financial statements included in such report. We are also correcting the number of shares of our common stock outstanding and the aggregate market value of our common stock held by nonaffiliates as of January 31, 2002 as reflected on the cover page of the previously filed Form 10-K and the number of shares of our common stock authorized as of December 31, 2000 as reflected on the consolidated balance sheets in the previously filed Form 10-K. No further changes to the previously filed Form 10-K are being made. All information in this Form 10-K/A is as of December 31, 2001 and does not reflect any subsequent information or events other than the restatement.

For additional discussion of developments relating to periods subsequent to December 31, 2001, please see the Company s reports filed with the Securities and Exchange Commission with respect to such subsequent periods, including the Company s Quarterly Reports on Forms 10-Q/ A for the quarters ended March 31, 2002, June 30, 2002 and September 30, 2002.

TABLE OF CONTENTS

Table of Contents

PART I

Item 1. *Business*

Recent Developments

In the fourth quarter of 2000 The Dun & Bradstreet Corporation (D&B or the Company) announced its Blueprint for Growth strategy (see Business Strategy below), which consists of five components: leverage the brand, create financial flexibility, enhance the current business, become an important player in B2B e-business, and build a winning culture. During 2001 D&B continued to implement this strategy, showing progress in all five areas.

Leverage the Brand. In October 2001 D&B announced that it intends to change the company s trade name to D&B, its widely used and recognizable company acronym. It also launched a new corporate brand, including a new logo, tag line (Decide with Confidence), visual identity and renamed product lines, with the intent to show D&B s focus on enabling customers to make better, more confident business decisions.

Create Financial Flexibility. The first phase of this component of the strategy was announced in the fourth quarter of 2000 and completed during 2001, resulting in a reduction of expenses to generate approximately $130 million in annualized funds that can be reallocated for investment. During the second quarter of 2001, D&B announced the second phase which is expected to reduce expenses to generate approximately $70 million in additional funds that can be reallocated in 2002. To accomplish this, D&B began the process of reengineering administrative functions and instituting common business practices worldwide. In connection with these actions D&B recorded a restructuring charge in the second quarter of 2001 of $32.8 million ($27.1 million after-tax). The pre-tax charge included $20.7 million related to severance costs, $3.2 million of lease termination obligations arising from office closures and $8.9 million relating to the write-off of certain assets made obsolete or redundant and abandoned or impaired as a result of the plan. D&B expects to complete the second phase of the financial flexibility program in 2002. See Note 4 of the consolidated financial statements for additional information. The third phase of this program, which is expected to result in a reduction of expenses to generate approximately $65 million in funds that can be reallocated in 2003, will be announced in the second quarter of 2002.

D&B also reviewed its non-core businesses and assets. As a result of this review, during 2001 D&B sold the following businesses and assets:

During the second quarter of 2001, D&B completed the sale of the operations of its Receivable Management Services (RMS) product lines. D&B received proceeds of $125 million, $90 million of which was from the sale of the businesses. D&B received approximately $76 million in cash and a note for approximately $14 million that was paid in the fourth quarter of 2001. Approximately $35 million of the proceeds related to an exclusive contract to provide the buyers with risk management solutions products over five years. See Note 4 of the consolidated financial statements for additional information.

During the third quarter of 2001, D&B completed the sale of a majority stake in its Australia/ New Zealand operations. D&B received proceeds of approximately $23 million, consisting of $12 million in cash and a note of approximately $11 million. The note was paid in the fourth quarter of 2001. See Note 4 of the consolidated financial statements for additional information.

During the fourth quarter of 2001, D&B sold a major portion of its minority investment in Information Trust Corporation (Proprietary) Limited in South Africa for approximately $6 million in cash. D&B has an option, exercisable after three years, to sell its remaining shares in this company to the buyer.

Funds generated from these transactions may be used to invest in the current business, to invest in the B2B strategy, or to repurchase D&B stock. The following investments were made during 2001:

During the second quarter of 2001, D&B completed the acquisition of iMarket, a provider of business-to-business sales and marketing solutions for small and mid-sized companies.

During the third quarter of 2001, D&B acquired Harris InfoSource International, Inc., a privately-held company that compiles, maintains and markets a national database of in-depth profiles of manufacturers.

In December 2001 D&B completed the $100 million stock repurchase program it announced in May 2001. In January 2002, D&B repurchased an additional 2.5 million shares at a price of $34.04 per share in a privately-negotiated block trade.

Enhance the Current Business. D&B has rebranded its core product lines as Risk Management Solutions (formerly credit), Sales & Marketing Solutions (formerly marketing), and Supply Management Solutions (formerly purchasing) to emphasize their collective value at multiple customer touchpoints. D&B has also expanded its database and its matching capabilities and added several value-added products to its offerings. In addition, the recent acquisitions of iMarket and Harris InfoSource International described above expanded D&B s product offerings and improved its competitive positioning.

Become an Important Player in B2B E-Business. D&B increased its web-based revenues from 17% of total revenues in 2000 to 33% at the end of 2001. This was accomplished by creating new products/ processes to address specific on-line transaction needs for certain large clients, web-enabling core offerings to allow customers to access D&B products over the internet and leveraging low costs of web delivery to reach the small business customers.

Build a Winning Culture. D&B is changing its culture to one that focuses on delivering shareholder value. To accomplish the Blueprint for Growth, each member of the D&B team has goals and compensation directly linked to the Blueprint. In addition, various processes have been instituted to ensure that shareholder value is the guiding principle. For example, the process to review potential investments requires that investments must provide an acceptable risk-adjusted rate of return to ensure delivery of shareholder value.

Overview of D&B s Business

D&B, with more than 160 years experience in collecting and organizing business information, is a world leader in enabling businesses to make information-based decisions. Customers leverage D&B s information and technology solutions, as well as its insight and expertise, to manage credit and transaction risk (Risk Management Solutions), find and retain profitable customers (Sales & Marketing Solutions), and manage customer and vendor relationships more efficiently (Supply Management Solutions). Companies pursuing e-business use D&B s risk management capabilities to authenticate and verify potential trading partners online.

At the core of the value that D&B provides to customers is the world s largest and most comprehensive database of its kind, containing information on more than 70 million public and private business entities located in more than 200 countries. The database is the information source that forms the backbone of the full spectrum of solutions D&B offers to help customers make business decisions.

The internationally recognized D-U-N-S® Number is a significant tool that enables customers to identify and link disparate data. As a unique, universal identifier of more than 70 million business entities around the world, the D-U-N-S Number can help customers tap opportunities by linking related customer accounts, identifying cross-selling opportunities within the same corporate family, eliminating duplicate file entries in customer and supplier databases, and reducing operating costs and increasing purchasing power by linking interrelated suppliers. The D-U-N-S Number is recommended or endorsed by the U.S. Government, the European Commission, the International Standards Organization, the United Nations Edifact Council and other global standard-setting organizations.

Customers rely on D&B s global reach and local insights delivered through locations in 30 countries, minority interests in joint ventures in eight other countries, and through independent correspondents in more than 150 additional countries. D&B s culture is designed to encourage and reward the application of new thinking and insights in the workplace and to leverage innovative thinking to enable customers to make smarter business decisions.

D&B uses multiple channels to deliver its information-based products and services to its customers through a sales force of approximately 2,500 personnel. Information and reports are available via D&B s internet-based access tools and from D&B s website, dnb.com. D&B also delivers its products and services via online information services, telephone, fax, and customized connections with D&B s computer systems. Customers may also access D&B information through software applications scalable for use on individual desktops, in networks and on computer hosts. In addition, through D&B software and through alliances with enterprise application software providers, customers can obtain real-time, online access to D&B s global database through enterprise application software.

Business professionals make important decisions every day about customer creditworthiness, e-business risk, market demand, prospecting strategies and procurement efficiency. Because of D&B s unique combination of extensive global business information, longstanding expertise, market insight and range of channels, customers can find the resources in one place to make better, more confident business decisions.

Business Strategy

In October 2000 D&B publicly announced its Blueprint for Growth strategy. The five components of the strategy are as follows:

Leverage the brand: Traditionally, the D&B brand name has represented a trusted choice for data. Today, leveraging the value of the D&B brand means building on the legacy of trusted information while also positioning D&B as a company that is about more than data. It is the expertise and insight resident in the people of D&B that brings the data to life for customers and helps translate the data into options and the options into decisions. Furthermore, it is through the use of technology that D&B customers can make decisions more quickly and efficiently. One of the fundamental objectives of the Blueprint for Growth is to leverage the power of the brand to facilitate business transactions that occur online as well as offline. A brand built around Decide with Confidence is one that is very applicable to e-business.

Create financial flexibility: The implementation of the Blueprint for Growth requires significant investments. In order to fund these investments, D&B has identified opportunities to reallocate spending to areas representing growth opportunities and to support sustained growth in earnings per share. During the fourth quarter of 2000, D&B announced the first phase of its financial flexibility program, which reduced expenses to generate approximately $130 million in annualized funds that can be reallocated for investment. During the second quarter of 2001, D&B announced the second phase to reduce expenses to generate approximately $70 million in funds that can be reallocated in 2002. To accomplish this, D&B began the process of reengineering administrative functions and instituting common business practices worldwide. D&B also reviewed its business and prospects in each country to determine where it should maintain, increase or scale down its presence and where it should leverage partnerships to fulfill basic requirements (e.g., information collection). As a result of this review, during 2001 D&B sold its RMS operations in the U.S., Canada, Hong Kong and Europe, a majority of its business information and RMS operations in Australia and New Zealand, and a major portion of its minority investment in South Africa. D&B also changed the business structure of certain less significant entities in Asia. Funds generated from these transactions may be utilized to invest in the current business, to invest in the B2B strategy, or to repurchase D&B stock.

Enhance the current business: An important element of the Blueprint for Growth is D&B s belief that there continue to be opportunities in its current business to generate revenue growth and increase profitability. D&B believes it can further develop its relationships with its over 150,000 customers worldwide and expand its customer base by making selected investments. In addition, D&B has rebranded its core product lines as Risk Management Solutions, Sales & Marketing Solutions and Supply Management Solutions and is emphasizing their collective value at multiple customer touchpoints.

Become an important player in B2B e-business: D&B believes that B2B e-business remains a potent opportunity, though it will likely take several years to begin realizing its potential in any significant way.

Such time will be necessary to permit the integration of all of the related systems on both the vendor and purchaser sides, including purchasing, order entry, accounting and financing. In addition to the integration challenge, the development of e-business has created a number of new challenges in B2B transactions, relating in substantial part to issues of trust and confidence. D&B is focusing on providing e-business participants with identification, authentication and verification services for buyers and sellers, as well as credit decisioning. In addition to creating value for customers through D&B products and services, D&B intends to enter into strategic alliances that leverage D&B s strengths along with those of other market leaders. Because B2B e-business is in the early stages of development, D&B is unable to predict whether any such alliance opportunities will be consummated or what the eventual revenue or profitability impact of existing or future alliances might be.

Build a winning culture: D&B recognizes that successfully achieving its Blueprint for Growth aspiration requires talented, motivated and efficient employees aligned around a common set of strategies and goals. To this end, the collective goal of D&B s senior management team is to enhance shareholder value through the successful execution of the Blueprint for Growth. The program s other winning culture initiatives include: (i) aligning goals and compensation programs company-wide with the Blueprint strategy and the drivers of shareholder value creation, (ii) changing the organizational structure to foster leadership, accountability and efficiency, (iii) defining and training employees in the use of values, guiding principles and rules of engagement to guide employee behavior toward the creation of a winning culture, (iv) more clearly defining and prioritizing operating goals and the means of achieving them, and (v) recruiting and developing talent from inside and outside the organization.

D&B believes that the implementation of its Blueprint for Growth should provide the means to deliver increased shareholder value through the transformation of D&B into a growth company with an important presence on the Web. However, there can be no assurance of success in this regard. In any event, though significant progress has been made to date, the full realization of such transformation may require a substantial period of time.

Products and Services

D&B s three product lines and their respective contributions to D&B s 2001 and 2000 revenues from its core businesses (which excludes RMS and other divested businesses) are set forth below:

Product Line	Restated Percentage of 2001 Revenue	Restated Percentage of 2000 Revenue
Risk Management Solutions	71%	71%
Sales & Marketing Solutions	27	27
Supply Management Solutions	2	2
	100%	100%

The revenues contributed by each of these product lines during each of the last three fiscal years are included in Note 17 (Segment Information) in Part II, Item 8 on pages 59 to 62 of this Form 10-K/ A.

Risk Management Solutions

Customers use D&B s Risk Management Solutions to help them extend commercial credit, approve loans and leases, underwrite insurance, evaluate clients, mitigate fraud risk and make other financial and risk assessment decisions, as well as to manage risk across their existing outstanding portfolios. D&B s largest customers for these solutions are major manufacturers and wholesalers, insurance companies, banks and other credit and financial institutions. Its core Risk Management Solutions are available through a variety of products, including the D&B Business Information Report, which contains commercial credit information that may include basic background information, financial and public records data and information on financial strength and payment history, and value added products like D&B Risk Assessment Manager™, a software package that gives D&B customers the ability to run automated credit decisions, customized scoring models

Table of Contents

and portfolio analysis from their own PCs. D&B s Risk Management Solutions are delivered primarily through electronic methods, including desktop and enterprise application software, the internet and XML integration capabilities. D&B s Risk Management Solutions are also distributed by a number of other firms, including leading vendors of online and internet information services, such as OneSource and Lexis-Nexis, and through enterprise software vendors such as Oracle, Siebel and SAP.

Sales & Marketing Solutions

Using information from D&B s global database, D&B s Sales and Marketing Solutions are designed to help customers conduct market segmentation, client profiling, prospect selection and marketing list development, and maintain updated customer relationship management systems. D&B Market Spectrum™, a suite of marketing information products and services, enhances internal customer data with information from D&B s global database and other third party data, and provides analysis that can help customers target their most profitable clients and prospects, analyze market penetration and market segmentation, determine territory alignment and estimate demand. D&B Connect™ enables D&B and customer data to be integrated in either an online or offline environment. D&B also sells various directories, list/ label services and other marketing solutions, which are delivered in hard copy, on diskette or CD ROM or via the internet. D&B s Sales & Marketing Solutions are also available through enterprise software vendors such as Siebel and through an alliance between D&B and Acxiom Corporation.

Supply Management Solutions

Many customers today recognize that supply management is important to business success and that an aggressive supply strategy can have a powerful impact on corporate earnings. D&B s Supply Management Solutions has a comprehensive system that offers the insights, identifies the suppliers and provides the catalyst for making supply management decisions. D&B s Supply Management System offers enterprise-wide supply base management by overlaying D&B s databases with analytics to cover Enterprise Spend Analysis, Sourcing Intelligence and Supply Base Optimization. Enterprise Spend Analysis provides a detailed review of current supply spending to identify potential savings and efficiencies while assessing supply base risk and dependency. Sourcing Intelligence locates and qualifies suppliers based on specific business objectives, and evaluates qualified suppliers based on risk and performance measures. Supply Base Optimization automates information transfer and renewal to ensure the integrity of supply base information while providing accountability measures.

Competition

All of D&B s businesses are highly competitive. D&B is a market leader in business credit information in North America in terms of market share and revenue. The competitive environment varies by country in Europe, Asia and Latin America. In some countries, leadership positions exist, whereas in others the markets are highly fragmented. The competition is primarily local. Because of D&B s global database, D&B believes that it has a competitive edge with respect to customers seeking worldwide business information coverage. In certain markets (such as Europe), D&B has experienced pricing pressures and may continue to experience pricing pressures in the future as some of its competitors seek to obtain market share by reducing prices.

D&B competes directly with a broad range of companies offering business information services to business customers. In addition, business information and related products and services are becoming increasingly available, principally as a result of the expansion of the internet and as new providers of B2B information products and services emerge. D&B s ability to compete effectively will be based on a number of factors, including: the ability to attract local customers to the worldwide information services offered by D&B s unique database; the ability to demonstrate value through its decisioning and integration capabilities, including the power of the D-U-N-S Number and related linkages; reliability of information; brand perception; and the ability to deliver business information via various media and distribution channels in formats tailored to customer requirements. In its information services businesses, D&B also faces competition from in-house operations of the businesses it seeks as customers, from other general and specialized credit

Table of Contents

reporting and other business information services, other information and professional services providers, banks, credit insurers and the internet.

Geographic Business Segments

D&B manages its business globally through three geographic segments: U.S. and Canada (North America), Europe/ Africa/ Middle East (Europe), and Asia Pacific/ Latin America (APLA). Prior to January 1, 2000, D&B s Canadian business was managed by its APLA geographic segment. Effective January 1, 2000, management of D&B s Canadian business was combined with its U.S. geographic segment to take advantage of marketing synergies between the U.S. and Canada. None of D&B s business 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 that business segment. Operating segment data for the years ended December 31, 2001, 2000 and 1999 are included in Note 17 (Segment Information) in Part II, Item 8 on pages 59 to 62 of this Form 10-K/A.

Europe has operations in 19 countries and conducts operations in three other countries through minority interests in joint venture companies. APLA has operations in nine countries and conducts operations in five other countries through minority interests in joint venture companies. APLA provides cross-border services originating in Latin America through local affiliates, small local operations centers and an operations center in Florida. In the Asia Pacific region, APLA has entered into joint venture and distribution arrangements to leverage its staff and data sourcing and distribution capabilities and is exploring additional such opportunities.

The operations of Europe and APLA are subject to the usual risks inherent in doing business in certain countries outside of the U.S., including currency fluctuations and possible nationalization, expropriation, price controls, as well as possible changes in the availability of data from public sector sources, limits on collecting certain types of personal information or on providing information across borders or other restrictive governmental actions. Management of D&B believes that the risks of nationalization or expropriation are reduced because its basic service is the delivery of information rather than the production of products that require manufacturing facilities or the use of natural resources.

The following chart sets forth the core revenues of D&B s three geographic segments for the years ended December 31, 2001 and 2000. These revenues are discussed in more detail in Item 7, Management s Discussion and Analysis of Financial Condition and Results of Operations.

	Restated 2001	% of Total	Restated 2000	% of Total
	(Dollar amounts in millions)			
Year Ended December 31,				
North America:				
Risk Management Solutions	$586.9	67%	$580.5	67%
Sales & Marketing Solutions	257.1	30	259.0	30
Supply Management Solutions	26.4	3	28.4	3
Total North America Core	870.4	100%	867.9	100%
Europe:				
Risk Management Solutions	252.6	78%	265.8	79%
Sales & Marketing Solutions	67.0	21	66.8	20
Supply Management Solutions	3.3	1	2.1	1
Total Europe Core	322.9	100%	334.7	100%

Table of Contents

	Restated 2001	% of Total	Restated 2000	% of Total
	(Dollar amounts in millions)			
APLA:				
Risk Management Solutions	24.7	77%	24.8	78%
Sales & Marketing Solutions	7.4	23	7.0	22%
Supply Management Solutions				
Total APLA Core	32.1	100%	31.8	100%
Consolidated Total:				
Risk Management Solutions	864.2	71%	871.1	71%
Sales & Marketing Solutions	331.5	27	332.8	27
Supply Management Solutions	29.7	2	30.5	2
Consolidated Total Core	$1,225.4	100%	$1,234.4	100%

Intellectual Property

D&B owns and controls a number of trade secrets, confidential information, trademarks, trade names, copyrights, patents and other intellectual property rights that, in the aggregate, are of material importance to D&B s business. Management of D&B believes that each of the Dun & Bradstreet name and related trade names, marks and logos are of material importance. D&B is 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 D&B. D&B considers its trademarks, service marks, databases, software and other intellectual property to be proprietary, and D&B relies on a combination of copyright, trademark, trade secret, patent, non-disclosure and contract safeguards for protection.

The names of D&B s products and services referred to herein are trademarks, service marks or registered trademarks or service marks owned by or licensed to D&B or one or more of its subsidiaries.

Employees

As of December 31, 2001, the number of full-time equivalent employees of D&B was approximately 7,800.

Item 3. ***Legal Proceedings***

D&B is involved in legal proceedings of a nature considered normal to its business. In the opinion of management, although the outcome of such legal proceedings cannot be predicted with certainty, the ultimate liability of D&B in connection with such legal proceedings will not have a material adverse effect on D&B s financial position, results of operations and cash flows. See Note 15 of the consolidated financial statements for additional information.

In addition to the matters referred to above, on July 29, 1996, Information Resources, Inc. (IRI) filed a complaint in the United States District Court for the Southern District of New York, naming as defendants R.H. Donnelley (Donnelley), ACNielsen Company (ACNielsen) and IMS International, Inc. (IMS Health). At the time of the filing of the complaint, each of the other defendants was a subsidiary of Donnelley. The complaint alleges various violations of United States antitrust laws, including purported violations of Sections 1 and 2 of the Sherman Act. The complaint also alleges a claim of tortious interference with a contract and a claim of tortious interference with a prospective business relationship. These claims relate to the acquisition by defendants of Survey Research Group Limited (SRG). IRI alleges SRG violated an alleged agreement with IRI when it agreed to be acquired by the defendants and that the defendants induced SRG to breach that agreement. IRI s complaint alleges damages in excess of $350 million, which amount IRI has asked to be trebled under antitrust laws. IRI also seeks punitive damages in an unspecified amount.

Table of Contents

In November 1996, Donnelley completed a distribution to its shareholders (the 1996 Distribution) of the capital stock of ACNielsen Corporation (ACNielsen) and Cognizant Corporation (Cognizant). On October 28, 1996, in connection with the 1996 Distribution, Cognizant, ACNielsen and Donnelley entered into an Indemnity and Joint Defense Agreement (the Indemnity and Joint Defense Agreement) pursuant to which they have agreed: (i) to certain arrangements allocating potential liabilities (IRI Liabilities) that may arise out of or in connection with the IRI action and (ii) to conduct a joint defense of such action. In particular, the Indemnity and Joint Defense Agreement provides that ACNielsen will assume exclusive liability for IRI Liabilities up to a maximum amount to be calculated at such time as such liabilities, if any, become payable (the ACN Maximum Amount), and that Donnelley and Cognizant will share liability equally for any amounts in excess of the ACN Maximum Amount. The ACN Maximum Amount will be determined by an investment banking firm as the maximum amount which ACNielsen is able to pay after giving effect to (i) any plan submitted by such investment bank which is designed to maximize the claims paying ability of ACNielsen without impairing the investment banking firm s ability to deliver a viability opinion (but which will not require any action requiring stockholder approval), and (ii) payment of related fees and expenses. For these purposes, financial viability means the ability of ACNielsen, after giving effect to such plan, the payment of related fees and expenses, and the payment of the ACN Maximum Amount, to pay its debts as they become due and to finance the current and anticipated operating and capital requirements of its business, as reconstituted by such plan, for two years from the date any such plan is expected to be implemented. On February 19, 2000, ACNielsen announced that it had merged with VNU N.V. Pursuant to the Indemnity and Joint Defense Agreement, VNU is to be included for purposes of determining the ACN Maximum Amount, and VNU must assume ACNielsen s liabilities under that agreement.

In June 1998, Donnelley completed a distribution to its shareholders (the 1998 Distribution) of the capital stock of the company then known as The Dun & Bradstreet Corporation (Old D&B) and changed its name to R.H. Donnelley Corporation. In connection with the 1998 Distribution, Old D&B and Donnelley entered into an agreement (the 1998 Distribution Agreement) whereby Old D&B assumed all potential liabilities of Donnelley arising from the IRI action and agreed to indemnify Donnelley in connection with such potential liabilities.

During 1998, Cognizant separated into two new companies, IMS Health and Nielsen Media Research. IMS Health and Nielsen Media Research are each jointly and severally liable for all Cognizant liabilities under the Indemnity and Joint Defense Agreement.

In September 2000, Old D&B completed a distribution to its shareholders (the 2000 Distribution) of the capital stock of D&B and Old D&B was renamed Moody s Corporation (Moody s). In connection with the 2000 Distribution, D&B and Moody s entered into an agreement (the 2000 Distribution Agreement) whereby D&B undertook to be jointly and severally liable with Moody s to Donnelley under the terms of the 1998 Distribution Agreement, including the liabilities relating to the IRI action. However, as between themselves, each of D&B and Moody s agreed to be responsible for 50% of any payments to be made in respect of the IRI action under the 1998 Distribution Agreement, including related legal fees or expenses.

No amount in respect of the damages alleged in the IRI action has been accrued in the consolidated financial statements of D&B. Management is unable to predict at this time the final outcome of the IRI action or whether the resolution of such matter could materially affect D&B s results of operations, cash flows or financial position.

Table of Contents

PART I

Item 6. ***Selected Financial Data***

Five-Year Selected Financial Data

	Restated 2001	Restated 2000	Restated 1999	Restated 1998	Restated 1997
	(Amounts in millions, except per share data)				
Results of Operations:					
Operating Revenues	$1,304.6	$1,415.1	$1,406.7	$1,412.6	$1,338.3
Costs and Expenses(1)	1,081.0	1,244.8	1,246.8	1,232.8	1,146.4
Operating Income	223.6	170.3	159.9	179.8	191.9
Non-Operating Income (Expense) Net(2)	30.0	(21.1)	(15.5)	(30.4)	(71.5)
Income from Continuing Operations before Provision for Income Taxes	253.6	149.2	144.4	149.4	120.4
Provision for Income Taxes	100.2	77.8	63.8	69.0	36.8
Equity in Net Losses of Affiliates	(3.5)				
Income from:					
Continuing Operations	149.9	71.4	80.6	80.4	83.6
Discontinued Operations, Net of Income Taxes(3)		133.0	174.7	193.9	217.8
Income before Cumulative Effect of Accounting Changes	149.9	204.4	255.3	274.3	301.4
Cumulative Effect of Accounting Changes, Net of Income Tax Benefit(4)					(127.0)
Net Income	$ 149.9	$ 204.4	$ 255.3	$ 274.3	$ 174.4
Basic Earnings Per Share of Common Stock:					
Continuing Operations	$ 1.89	$ .88	$ .99	$ .95	$ .98
Discontinued Operations		1.64	2.16	2.29	2.55
Before Cumulative Effect of Accounting Changes	1.89	2.52	3.15	3.24	3.53
Cumulative Effect of Accounting Changes, Net of Income Tax Benefit(4)					(1.49)
Basic Earnings Per Share of Common Stock	$ 1.89	$ 2.52	$ 3.15	$ 3.24	$ 2.04
Diluted Earnings Per Share of Common Stock:					
Continuing Operations	$ 1.84	$ .87	$ .98	$ .93	$ .97
Discontinued Operations		1.62	2.13	2.26	2.52
Before Cumulative Effect of Accounting Changes	1.84	2.49	3.11	3.19	3.49
Cumulative Effect of Accounting Changes, Net of Income Tax Benefit(4)					(1.47)
Diluted Earnings Per Share of Common Stock	$ 1.84	$ 2.49	$ 3.11	$ 3.19	$ 2.02

Other Data:					
Dividends Paid Per Share(5)	$	$ .555	$ .74	$ .81	$ .88
Dividends Declared Per Share(5)	$	$ .555	$ .74	$ .775	$ 1.10
Weighted Average Number of Shares Outstanding Basic	79.4	81.0	81.1	84.7	85.4
Weighted Average Number of Shares Outstanding Diluted	81.5	82.0	82.1	85.9	86.3
Balance Sheet:					
Total Assets(6)	$1,462.6	$1,453.2	$1,598.1	$1,600.2	$1,749.9
Minority Interest Financing	$	$ 300.0	$ 300.0	$ 300.0	$ 300.0
Long Term Debt	$ 299.6	$	$	$	$
Equity	$ (19.0)	$ (46.5)	$ (417.1)	$ (368.7)	$ (522.4)

11

Table of Contents

(1) 2001 included charges of $28.8 million for restructuring related to the financial flexibility program under the Company s Blueprint for Growth strategy, $6.2 million resulting from the impairment of capitalized software and the write-off of certain assets made obsolete or redundant during the year, $1.0 million of asset write-offs for the World Trade Center attack and $6.5 million resulting from an impairment of the Company s Murray Hill facility, which the Company plans to sell. Partially offsetting these charges was a $7.0 million reversal of excess accrued reorganization costs incurred in connection with the 2000 Distribution. 2000 included charges of $41.5 million for restructuring in connection with the initial financial flexibility program and $29.5 million for reorganization costs associated with the 2000 Distribution. 1999 included a charge of $41.2 million in conjunction with restructuring. 1998 included a charge of $28.0 million for reorganization costs associated with the 1998 Distribution.

(2) 2001 included gains of $36.4 million for the sale of the Receivable Management Services business, $17.7 million for the sale of a majority stake in the Company s Australia/ New Zealand operations and $2.2 million for the sale of a major portion of the Company s minority investment in a South African operation, partially offset by a charge of $6.1 million for the write-down of certain investments. 2000 and 1999 included gains related to the settlement of litigation matters of $10.1 million and $11.9 million, respectively. See Note 4 to the consolidated financial statements.

(3) Income taxes on Discontinued Operations were $86.2 million, $114.8 million, $104.7 million and $123.1 million in 2000, 1999, 1998 and 1997, respectively.

(4) 1997 included the impact of a change in revenue recognition policies.

(5) 2000 included dividends paid and declared through the first three quarters of the year.

(6) Included Net Assets of Discontinued Operations of $162.3 million in 1997.

The tables that follow below present a summary of the impact of restating the consolidated statements of operations for all quarters in the years 2001 and 2000 and the years ended December 31, 2001, 2000, 1999, 1998 and 1997, and the consolidated balance sheets at December 31, 2001, 2000, 1999, 1998 and 1997.

	Three Months Ended									
	March 31		June 30		September 30		December 31		Year	
	As Reported	As Restated	As Reported	As Restated	As Reported	As Restated	As Reported	As Restated	As Reported	As Restated
	Dollar amounts in millions, except per share data									
2001										
Operating Revenues	$357.6	$352.1	$320.7	$322.8	$290.5	$292.6	$340.0	$337.1	$1,308.8	$1,304.6
Operating Income	$ 58.3	$ 52.8	$ 31.0	$ 33.1	$ 53.6	$ 55.7	$ 84.9	$ 82.0	$ 227.8	$ 223.6
Net Income	$ 30.9	$ 27.5	$ 36.7	$ 38.1	$ 29.1	$ 30.4	$ 56.5	$ 53.9	$ 153.2	$ 149.9
Basic Earnings Per Share	$ 0.38	$ 0.34	$ 0.46	$ 0.47	$ 0.37	$ 0.38	$ 0.73	$ 0.69	$ 1.93	$ 1.89
Diluted Earnings Per Share	$ 0.37	$ 0.33	$ 0.44	$ 0.46	$ 0.36	$ 0.37	$ 0.70	$ 0.67	$ 1.88	$ 1.84

	Three Months Ended									
	March 31		June 30		September 30		December 31		Year	
	As Reported	As Restated	As Reported	As Restated	As Reported	As Restated	As Reported	As Restated	As Reported	As Restated
	Dollar amounts in millions, except per share data									
2000										
Operating Revenues	$356.5	$350.9	$347.8	$350.1	$334.9	$336.8	$378.4	$377.3	$1,417.6	$1,415.1
Operating Income	$ 52.9	$ 47.3	$ 46.0	$ 48.3	$ 24.2	$ 26.1	$ 49.7	$ 48.6	$ 172.8	$ 170.3
Income from Continuing Operations	$ 27.0	$ 23.6	$ 21.1	$ 22.5	$ 7.1	$ 8.2	$ 18.4	$ 17.1	$ 73.6	$ 71.4

Net Income	$ 67.8	$ 64.4	$ 67.9	$ 69.3	$ 52.5	$ 53.6	$ 18.4	$ 17.1	$ 206.6	$ 204.4
Basic Earnings Per Share:										
From Continuing Operations	$ 0.33	$ 0.29	$ 0.26	$ 0.28	$ 0.09	$ 0.10	$ 0.23	$ 0.21	$ 0.91	$ 0.88
Total Basic Earnings Per Share	$ 0.84	$ 0.80	$ 0.84	$ 0.86	$ 0.65	$ 0.66	$ 0.23	$ 0.21	$ 2.55	$ 2.52

Table of Contents

	Three Months Ended									
	March 31		June 30		September 30		December 31		Year	
	As Reported	As Restated	As Reported	As Restated	As Reported	As Restated	As Reported	As Restated	As Reported	As Restated
	Dollar amounts in millions, except per share data									
Diluted Earnings Per Share:										
From Continuing Operations	$0.33	$0.29	$0.26	$0.28	$0.09	$0.10	$0.22	$0.20	$0.90	0.87
Total Diluted Earnings Per Share	$0.83	$0.79	$0.83	$0.85	$0.64	$0.65	$0.22	$0.20	$2.52	2.49

	Year Ended					
	1999		1998		1997	
	As Reported	As Restated	As Reported	As Restated	As Reported	As Restated
	Dollar amounts in millions, except per share data					
1997 - 1999						
Operating Revenues	$1,407.7	$1,406.7	$1,420.5	$1,412.6	$1,353.6	$1,338.3
Operating Income	$ 160.9	$ 159.9	$ 187.7	$ 179.8	$ 207.2	$ 191.9
Income from Continuing Operations before Provision for Income Taxes	$ 145.4	$ 144.4	$ 157.3	$ 149.4	$ 135.7	$ 120.4
Income from Continuing Operations	$ 81.3	$ 80.6	$ 86.2	$ 80.4	$ 93.2	$ 83.6
Income before Cumulative Effect of Accounting Changes	$ 256.0	$ 255.3	$ 280.1	$ 274.3	$ 311.0	$ 301.4
Net Income	$ 256.0	$ 255.3	$ 280.1	$ 274.3	$ 184.0	$ 174.4
Basic Earnings Per Share:						
From Continuing Operations	$ 1.00	$ 0.99	$ 1.02	$ 0.95	$ 1.09	$ 0.98
Before Cumulative Effect of Accounting Changes	$ 3.16	$ 3.15	$ 3.31	$ 3.24	$ 3.64	$ 3.53
Total Basic Earnings Per Share	$ 3.16	$ 3.15	$ 3.31	$ 3.24	$ 2.15	$ 2.04
Diluted Earnings Per Share:						
From Continuing Operations	$ 0.99	$ 0.98	$ 1.00	$ 0.93	$ 1.08	$ 0.97
Before Cumulative Effect of Accounting Changes	$ 3.12	$ 3.11	$ 3.26	$ 3.19	$ 3.60	$ 3.49
Total Diluted Earnings Per Share	$ 3.12	$ 3.11	$ 3.26	$ 3.19	$ 2.13	$ 2.02
Total Assets	$1,574.8	$1,598.1	$1,574.7	$1,600.2	$1,729.4	$1,749.9
Total Shareholders Equity	$ (416.6)	$ (417.1)	$ (371.0)	$ (368.7)	$ (527.7)	$ (522.4)

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

Overview

The Dun & Bradstreet Corporation s (D&B or the Company) discussion and analysis of its financial condition and results of operations are based upon the Company s consolidated financial statements and should be read in conjunction with these financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America. The Company s critical accounting policies are revenue recognition and the use of estimates of accrued liabilities and valuation allowances. Estimates are based upon historical experience and various other assumptions believed to be reasonable in the circumstances though actual results may differ under different assumptions or conditions. These policies are explained more fully in Note 1 to the consolidated financial statements.

D&B, which provides the information, tools and expertise to help customers Decide with Confidence, is managed on a geographical basis with three operating segments: North America, Europe/ Africa/ Middle East (Europe) and Asia Pacific/ Latin America (APLA). The Company is focused on its core product lines: Risk Management Solutions (formerly known as credit), Sales & Marketing Solutions (formerly known as marketing), and Supply Management Solutions (formerly known as purchasing). In this discussion of the Company s results, revenues from Receivable Management Services (RMS) and all other divested businesses have been reclassified as RMS and Other Divested Businesses and certain prior-year amounts have been adjusted to conform to the 2001 presentation. Other divested businesses include results of the

Table of Contents

Australia/ New Zealand operation and operations in other countries in APLA that underwent business model changes. D&B evaluates performance and allocates resources based on segment revenues and operating income. For management reporting purposes, restructuring charges, transition costs and other transactions incurred in connection with the Blueprint Strategy are not allocated to any of the business segments.

The following table sets forth condensed financial information derived from the Company s consolidated financial statements for the years indicated:

	Restated 2001	Restated 2000	Restated 1999
		Amounts in millions, except per share data	
Operating Revenues:			
North America	$ 870.4	$ 867.9	$ 837.6
Europe	322.9	334.7	370.6
APLA	32.1	31.8	38.2
Total Core Revenues	1,225.4	1,234.4	1,246.4
RMS and Other Divested Businesses	79.2	180.7	160.3
Consolidated Operating Revenues	$1,304.6	$1,415.1	$1,406.7
Operating Income (Loss):			
North America	$ 295.8	$ 287.1	$ 254.8
Europe	23.4	(2.3)	(9.3)
APLA	(.1)	(5.2)	(7.3)
Total Divisions	319.1	279.6	238.2
Corporate and Other(1)	(95.5)	(109.3)	(78.3)
Consolidated Operating Income	223.6	170.3	159.9
Non-Operating Income (Expense) Net(2)	30.0	(21.1)	(15.5)
Provision for Income Taxes	100.2	77.8	63.8
Equity in Net Losses of Affiliates	(3.5)		
Income from Continuing Operations	$ 149.9	$ 71.4	$ 80.6
Basic Earnings Per Share of Common Stock Continuing Operations	$ 1.89	$ 0.88	$ 0.99
Diluted Earnings Per Share of Common Stock Continuing Operations	$ 1.84	$ 0.87	$ 0.98

(1) Corporate and Other is comprised of:

	2001	2000	1999
		Amounts in millions	
Corporate Costs	$(31.6)	$ (35.9)	$(37.1)
Transition Costs (Blueprint for Growth)	(28.4)	(2.4)	
Restructuring Charges Net	(28.8)	(41.5)	(41.2)
Reorganization Costs	7.0	(29.5)	
Asset Write-offs for World Trade Center Tragedy	(1.0)		

Other Various Asset Impairments	(6.2)		
Murray Hill Facility Impairment	(6.5)		
Total Corporate and Other	$(95.5)	$(109.3)	$(78.3)

Table of Contents

(2) Non-Operating Income (Expense) Net includes:

	2001	2000	1999
	Amounts in millions		
Gain on the Sale of the RMS Business	$36.4	$	$
Gain on the Sale of Australia/ New Zealand Operations	17.7		
Gain on the Sale of Portion of South Africa Investment	2.2		
Write-down of Impaired Investments	(6.1)		
Litigation Gain		10.1	11.9
Total	$50.2	$10.1	$11.9

To facilitate an analysis of D&B s results, certain significant events should be considered, including:

Impact of Blueprint for Growth Strategy (See Note 4 to the consolidated financial statements)

In October 2000, D&B launched a new business strategy, the Blueprint for Growth, designed to transform D&B into a growth company with an important presence on the Web, while also delivering shareholder value during the transformation. The implementation of the Blueprint for Growth requires significant investments. In order to fund these investments, D&B has created a flexible business model whereby the Company has, and will continue to, identify opportunities to reallocate spending in order to invest for growth and deliver shareholder value. D&B also reviewed its non-core businesses and assets with a view to converting them into cash.

Financial Flexibility

During the fourth quarter of 2000, D&B began the first phase of its financial flexibility program, which reduced expenses to generate approximately $130 million in annualized funds that can be reallocated for investment. In connection with this program, D&B recorded a pre-tax restructuring charge of $41.5 million ($30.3 million after-tax, $.37 per share basic and diluted) to globalize administrative functions, streamline data collection and fulfillment, rationalize sales and marketing functions and consolidate and simplify technology functions. The pre-tax charge included $28.2 million related to severance, leasehold termination obligations of $8.8 million and the write-off of certain assets of $4.5 million.

During the second quarter of 2001, D&B announced a second phase of its financial flexibility program that will reduce expenses to generate approximately $70 million in funds that can be reallocated for investment in 2002. Actions taken include reengineering administrative functions and instituting common business practices worldwide. The Company recorded a pre-tax restructuring charge of $32.8 million ($27.1 million after-tax, $.34 per share basic and $.33 per share diluted) in connection with these actions. The charge included $20.7 million related to severance costs, lease termination obligations arising from office closures of $3.2 million and the write-off of certain assets of $8.9 million. Future cash funding of these obligations is anticipated to be sourced from the Company s internal cash resources.

The third phase of this program, which is expected to result in a reduction of expenses to generate approximately $65 million in funds that can be reallocated in 2003, will be announced in the second quarter of 2002.

Also, during the second quarter of 2001, the Company reversed $4.0 million ($3.0 million after-tax, $.04 per share basic and diluted) of the 2000 restructuring charge. The Company determined that because of higher than anticipated voluntary attrition, severance for approximately 50 associates affected under phase one of the program would not be utilized. The Company also lowered its estimate of its remaining lease termination liabilities.

As of December 31, 2001, D&B has terminated approximately 1,150 of the employees affected under the financial flexibility program. Since the financial flexibility initiatives began in October 2000, the total associates expected to be terminated under the program will be approximately 1,700. The Company has

Table of Contents

completed all the actions contemplated under the first phase of its financial flexibility program as of the end of 2001 and plans to complete the remainder of the actions under the second phase by June 30, 2002.

During 2001, the Company also recognized the following asset write-downs and impairments resulting from the implementation of the Blueprint:

A $6.1 million pre-tax ($3.7 million after-tax, $.05 per share basic and $.04 per share diluted) write-down of cost investments in the third quarter,

A $6.5 million pre-tax ($6.5 million after-tax, $.08 per share basic and diluted) impairment write-down in the fourth quarter of the Murray Hill facility, which currently serves as the Company s headquarters and which the Company is in the process of selling, and

A $6.2 million pre-tax ($5.6 million after-tax, $.07 per share basic and diluted) loss in the fourth quarter resulting from the impairment of capitalized software and the write-off of certain assets made obsolete or redundant.

Monetization of Assets

During 2001 D&B sold the following businesses and recognized the following non-operating gains:

The RMS product line was sold in the second quarter, resulting in a pre-tax gain of $36.4 million ($27.8 million after-tax, $.35 per share basic and $.34 per share diluted),

A majority stake in the Australia/ New Zealand operations was sold in the third quarter, resulting in a pre-tax gain of $17.7 million ($16.2 million after-tax, $.20 per share basic and diluted),

A major portion of the minority investment in the South Africa operations was sold in the fourth quarter, resulting in a pre-tax gain of $2.2 million ($1.3 million after-tax, $.02 per share basic and diluted).

2000 Distribution (See Note 5 of the consolidated financial statements)

On September 30, 2000, the company then known as The Dun & Bradstreet Corporation (Old D&B) separated into two independent, publicly traded companies The New Dun & Bradstreet Corporation (D&B or the Company) and Moody s Corporation (Moody s). The separati was accomplished through a tax-free distribution to shareholders of Old D&B (the 2000 Distribution) of all of the shares of common stock of D&B. For every two shares of common stock of Old D&B held, shareholders received one share of D&B common stock. Following the 2000 Distribution, Old D&B was renamed Moody s Corporation and D&B was renamed The Dun & Bradstreet Corporation. Prior to the 2000 Distribution, Old D&B had completed an internal reorganization to the effect that, at the time of the 2000 Distribution, the business of D&B consisted solely of supplying risk management, sales & marketing and supply management solutions as well as receivables management services (the D&B Business), and the business of Old D&B (other than D&B and its subsidiaries) consisted solely of the business of providing ratings and related research and risk management services (the Moody s Business). Due to the relative significance of the D&B Business as compared to the Moody s Business, the 2000 Distribution has been accounted for as a reverse spin-off. As such, the D&B Business has been classified as continuing operations and the Moody s Business as discontinued operations. For purposes of effecting the 2000 Distribution and of governing certain continuing relationships between the Company and Moody s after the transaction, the two companies have entered into various agreements as described in Note 5 to the Company s consolidated financial statements.

Pursuant to Accounting Principles Board Opinion (APB) No. 30, Reporting the Results of Operations Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions, the consolidated financial statements of the Company have been classified to reflect the 2000 Distribution. Accordingly, revenues, costs and expenses, and cash flows of Moody s have been excluded from the respective captions in the Consolidated Statements of Operations and Consolidated Statements of Cash Flows. The net operating results of Moody s have been reported, net of applicable income taxes, as Income from Discontinued Operations, and the net cash flows of Moody s have been reported as Net Cash (Used in) Provided by Discontinued Operations.

In 2000, the Company recognized pre-tax reorganization costs of $29.5 million in operating income ($25.6 million after-tax, $.32 per share basic and $.31 per share diluted). In 2001, the Company included in operating income a $7.0 million pre-tax reversal of excess reorganization costs incurred in connection with the 2000 Distribution ($5.6 million after-tax, $.07 per share basic and diluted). As a result of the reversal of the $7.0 million accrual, the Company reduced their receivable from Moody s by $3.5 million and made a corresponding adjustment to the stock dividend made in 2000 to Moody s.

1999 Restructuring Charge

During the fourth quarter of 1999, Old D&B s board of directors approved plans to restructure D&B s operations. The restructuring included: (1) office consolidations and organization changes in both Europe and other international locations and improvements in sales and data collection operations in Europe, (2) realigning and streamlining D&B s global technology organization and outsourcing certain software and product development to resources outside the United States and Europe, and (3) migrating data collection in the U.S. to telephonic data collection and closing 15 U.S. field data collection offices.

As a result of these actions, a pre-tax restructuring charge of $41.2 million ($27.9 million after-tax, $.34 per share basic and diluted) was included in operating income in 1999, which included employee severance costs of $32.7 million. The balance of the charge related to the write-off of certain assets and leasehold termination obligations. During 2001, the Company substantially completed these restructuring actions. At December 31, 2001 the remaining restructuring reserves were not significant.

Other

In 2001, the Company recorded in operating income a $1.0 million pre-tax write-off of assets lost in the World Trade Center attack ($0.6 million after-tax, $.01 per share basic and diluted). In 2000, the Company recognized a $10.1 million pre-tax gain ($6.2 million after-tax, $.08 per share basic and diluted) and in 1999, the Company recognized an $11.9 million pre-tax gain ($6.6 million after-tax, $.08 per share basic and diluted) with respect to settlement of litigation matters, recorded in non-operating income.

Results of Operations

Year Ended December 31, 2001 Compared with Year Ended December 31, 2000

For the year ended December 31, 2001, D&B reported net income of $149.9 million, or $1.89 per share basic and $1.84 per share diluted. This compares with 2000 income from continuing operations of $71.4 million and earnings per share from continuing operations of $.88 basic and $.87 diluted. With the exclusion of the transactions discussed in detail in the Overview section (included in the table on page 14), income from continuing operations would have increased 15% and earnings per share from continuing operations would have increased 17% for basic earnings and 16% for diluted earnings. Net income for the year ended December 31, 2001 was $149.9 million. 2000 net income of $204.4 million included income from discontinued operations of $133.0 million. 2001 earnings per share were $1.89 per share basic and $1.84 per share diluted. For the year ended December 31, 2000, earnings per share of $2.52 basic and $2.49 diluted included earnings per share from discontinued operations of $1.64 basic and $1.62 diluted.

Reported operating revenues, as reflected in the table on page 14, declined 8% to $1,304.6 million in 2001, compared with $1,415.1 million in 2000. Core revenues, which exclude revenues from RMS and other divested businesses, declined 1%, as revenue growth in APLA of 1% was offset by declines in Europe of 4% (North America remained flat). Before the effect of foreign exchange, core revenues increased 1% in 2001 as compared to 2000, with European revenues growing 2% and APLA s revenues growing 7% from the prior year. D&B s results, before the effect of foreign exchange, reflect a 1% decline in revenues from traditional Risk Management Solutions, offset by 11% growth in revenues from value-added Risk Management Solutions such as decision-support tools and services, a 1% increase in Sales & Marketing Solutions and a 2% decline in Supply Management Solutions.

Operating expenses decreased 15% to $441.2 million in 2001 compared with $515.9 million in 2000, resulting from net cost savings achieved through the financial flexibility program discussed above. Included in 2001 operating expenses were a $6.2 million pre-tax loss resulting from the impairment of capitalized software and the write-off of certain assets made obsolete or redundant, and a $1.0 million write-off of assets lost in the World Trade Center attack, as well as the $6.5 million write-down of the Murray Hill facility. Excluding these items, operating expense would have decreased by 17%. Selling and administrative expenses declined 4% to $523.5 million in 2001 compared with $546.7 million in 2000. Administrative cost savings achieved through the financial flexibility program discussed above were partially offset by transition costs incurred in implementing the Blueprint for Growth strategy and planned spending in the B2B e-business. Depreciation and amortization decreased 15% to $94.5 million in 2001 as compared to 2000 as a result of lower capitalized spending during the past few years and the write-off of certain assets in connection with the Blueprint implementation. 2001 operating costs also included a $28.8 million charge for restructuring actions and a $7.0 million reversal of excess reorganization costs in connection with the 2000 Distribution. 2000 operating costs included a $41.5 million restructuring charge and the original $29.5 million of reorganization costs incurred with the 2000 Distribution.

Operating income increased 31% in 2001 to $223.6 million from $170.3 million in 2000. Excluding the transactions in both years discussed in detail in the Overview section (included in the table on page 14), operating income would have grown 7% in 2001, as a result the financial flexibility program initiatives which reduced costs in every segment and in corporate expenses.

Non-operating income net was $30.0 million in 2001 compared with non-operating expense net of $21.1 million in 2000. Included in non-operating income (expense) net is interest income and expense, minority interest expense and other income (expense) net. Interest income of $5.5 million in 2001 was higher than 2000 interest income of $3.9 million due to higher cash levels. Interest expense increased by $7.8 million and minority interest expense decreased by $17.0 million from the prior year. This was due to the repayment of commercial paper and the Company s purchase of the $300 million minority interest obligation using proceeds from the issuance of $300 million principal amount of notes. This is discussed more fully in the Liquidity and Financial Position section below and in Note 8 of the consolidated financial statements. Other income net was $46.3 million in 2001 compared with $6.0 million in 2000. Other income net in 2001 included gains on the sales of businesses of $56.3 million offset by a write-down of impaired investments of $6.1 million, as discussed in the Overview section. 2000 other income net included a gain of $10.1 million on the settlement of litigation. Excluding the items discussed in the Overview section, expenses included in other income net remained relatively constant (see Note 18 to the consolidated financial statements).

D&B s effective tax rate was 39.4% in 2001 compared with 52.1% in 2000. In 2000, the non-deductibility of certain reorganization expenses and interest incurred had a significant impact on the effective tax rate. In addition, the underlying tax rate has continued to decline as result of state tax planning initiatives as well as global tax planning.

D&B recognized $3.5 million as equity in net losses of affiliates for the year ended December 31, 2001. These losses primarily result from the Company s investment in a joint venture with American International Group, Inc. called Avantrust LLC.

Income from discontinued operations, net of income taxes, was $133.0 million for the year ended December 31, 2000, which included nine months of income from discontinued operations related to Moody s.

Segment Results

North America

North America s core revenues were $870.4 million in 2001, flat with 2000 core revenues. In comparing 2001 and 2000 revenues, North America s revenues from Risk Management Solutions of $586.9 million were up 1%, revenues from Sales & Marketing Solutions decreased 1% to $257.1 million, and revenues from Supply

Table of Contents

Management Solutions decreased 7% to $26.4 million. The improved revenues in Risk Management Solutions reflected an increase in sales of value-added products, such as D&B Risk Assessment Manager, partially offset by a decline in the traditional products, such as the Business Information Report. The decrease in revenues from Sales & Marketing Solutions and Supply Management Solutions was a result of the effects of the U.S. economic slowdown on customer spending. The effect of the slowdown was seen primarily in the Company s U.S. Sales & Marketing Solutions business, which was down 1% due to a reduction in customers direct marketing efforts. Project-related marketing and purchasing solutions, which some customers may view as more discretionary in the current economy, were also affected. Total North American reported revenues, including RMS and Other Divested Businesses, was $909.8 million, a decrease of 6% from the prior year.

North America s operating income was $295.8 million in 2001, up 3% from $287.1 million in the prior year, reflecting the benefits of the Company s financial flexibility initiatives offset in part by planned investments in the B2B e-business, as well as other key Blueprint initiatives.

Europe

Europe s core revenues were $322.9 million in 2001, down 4% when compared with 2000 core revenues of $334.7 million. However, before the effect of foreign exchange, Europe s core revenues would have increased 2%. Before the effect of foreign exchange, Europe would have reported in 2001 an increase in revenues from Sales & Marketing Solutions of 7% and an increase in revenues from Supply Management Solutions of 69% on a relatively small base. Before the effect of foreign exchange, Europe s revenues from Risk Management Solutions in 2001 would have remained relatively flat, with a 5% increase in revenues from value added products being offset against a slight decline in revenues from traditional products. When comparing 2001 to 2000 on a reported basis, Europe s revenues from Risk Management Solutions decreased 5% to $252.6 million, revenues from Sales & Marketing Solutions remained relatively flat at $67.0 million and revenues from Supply Management Solutions increased 63% to $3.3 million. Total reported revenues, including RMS and Other Divested Businesses, was $340.3 million, a decrease of 11% from the prior year.

Europe reported operating income of $23.4 million in 2001 as compared to an operating loss of $2.3 million in 2000. The Company s financial flexibility initiatives, including a reorganization in the management of Europe from 19 separate country operations to a One Europe business model, contributed significantly to the improvement in European profitability.

APLA

APLA reported core revenues of $32.1 million in 2001, compared to core revenues of $31.8 million in 2000. Before the effect of foreign exchange, core revenues would have been up 7%. Before the effect of foreign exchange, APLA s revenues from Risk Management Solutions increased 6% and revenues from Sales & Marketing Solutions increased 13%. Risk Management Solutions increased due to a 3% increase in traditional products and a 28% increase in value-added products, before the effect of foreign exchange. In comparing 2001 reported results with those of 2000, APLA s revenues from Risk Management Solutions were down 1% to $24.7 million and revenues from Sales & Marketing Solutions increased 7% to $7.4 million. Total reported revenues, including RMS and Other Divested Businesses, were $54.5 million, a decrease of 18% from the prior year. The reported revenues were impacted by the sale of the Australia/ New Zealand operation and the other business model changes.

APLA reported an operating loss of $0.1 million in 2001, compared with an operating loss of $5.2 million in 2000. The improvement in APLA s profitability reflects the benefit of the Company s financial flexibility initiatives during the year to align investment in the region with revenue growth and profit potential.

Year Ended December 31, 2000 Compared with Year Ended December 31, 1999

For the year ended December 31, 2000, D&B reported income from continuing operations of $71.4 million, or $.88 per share basic and $.87 per share diluted. This compares with 1999 income from continuing operations of $80.6 million and earnings per share from continuing operations of $.99 basic and $.98 diluted. Excluding the impact in both years of the items discussed in the Overview section (included in the table on page 14), income from continuing operations would have increased 19% and earnings per share from continuing operations would have increased 19% for both basic earnings and diluted earnings. 2000 net income of $204.4 million included income from discontinued operations of $133.0 million, while 1999 net income of $255.3 million included income from discontinued operations of $174.7 million. For the year ended December 31, 2000, earnings per share of $2.52 basic and $2.49 diluted included earnings per share from discontinued operations of $1.64 basic and $1.62 diluted. For the year ended December 31, 1999, earnings per share of $3.15 basic and $3.11 diluted included earnings per share from discontinued operations of $2.16 basic and $2.13 diluted.

Total operating revenues, as reflected in the table on page 14, grew 1% to $1,415.1 million in 2000, compared with $1,406.7 million in 1999. Core revenues, which exclude revenues from divested businesses, declined by 1% in 2000 to $1,234.4 million compared with $1,246.4 million in 1999. Core revenue growth in North America of 4% was offset by a decline in Europe of 10% and a decline in APLA of 17%. Before the effect of foreign exchange, core revenues increased 3% in 2000 compared to 1999, with European revenues growing 2% and APLA s revenues declining 2% from the prior year. D&B s results, before the effect of foreign exchange, reflect flat revenues from traditional Risk Management Solutions, offset by growth in revenues from value-added Risk Management Solutions such as decision-support tools and services, 11% growth in Sales & Marketing Solutions and 8% growth in Supply Management Solutions.

Operating expenses decreased 4% to $515.9 million in 2000 compared with $538.3 million in 1999, as a result of cost reductions attributable to the restructuring actions initiated in the fourth quarters of 1999 and 2000 and the positive effect of foreign exchange on expenses. Selling and administrative expenses increased by 1% to $546.7 million in 2000 compared with $539.4 million in 1999 as a result of costs incurred in order to offer new products and services, which offset cost reductions and the positive effect of foreign exchange. Depreciation and amortization decreased 13% to $111.2 million in 2000 as compared to 1999 as a result of lower capitalization over the past two years, the write-off of certain assets as a result of the restructuring actions and the positive effect of foreign exchange on expenses. Operating costs in 2000 also included a $41.5 million charge for restructuring actions, while 1999 operating costs included a $41.2 million restructuring charge. In 2000, operating costs included $29.5 million in reorganization costs incurred in connection with the 2000 Distribution.

Operating income increased 7% in 2000 to $170.3 million from $159.9 million in 1999. Excluding the restructuring charges in 2000 and 1999 and the reorganization costs incurred in 2000, operating income would have grown 20% in 2000 as a result of revenue growth and lower operating costs.

Non-operating expense net was $21.1 million in 2000 compared with $15.5 million in 1999. Included in non-operating expense net is interest income and expense, minority interest expense (which remained level at $22.4 million in both 2000 and 1999) and other income net. Interest income of $3.9 million in 2000 was higher than 1999 due to higher cash levels, while interest expense of $8.6 million in 2000 was also higher than in 1999 as a result of the higher debt levels in 2000. Other income net was $6.0 million in 2000 compared with $9.0 million in 1999. Other income net for 2000 included a gain of $10.1 million on the settlement of litigation, while 1999 other income net included a gain of $11.9 million on the settlement of litigation. These gains were offset by other miscellaneous non-operating income and expense items, which were generally unchanged in 2000 and 1999.

D&B s effective tax rate was 52.1% in 2000 compared with 44.2% in 1999. The underlying tax rate was 42.4% in 2000 and 41.3% in 1999. The difference between the effective and underlying rates resulted from several factors in both 2000 and 1999, including taxes imposed on the proceeds from the settlement of litigation and the non-deductibility of certain restructuring expenses. In 2000, the non-deductibility of certain reorganization expenses and interest incurred also impacted the effective tax rate.

Income from discontinued operations, net of income taxes, was $133.0 million for the year ended December 31, 2000 and $174.7 million for the year ended December 31, 1999. 2000 results include nine months of income from discontinued operations, while 1999 included the income from discontinued operations for a full year.

Table of Contents

Segment Results

North America

North America total revenues were $967.8 million in 2000, up 5% from 1999 revenues. Core revenue increased 4% to $867.9 million in 2000 from $837.6 million in 1999. In comparing 2000 and 1999 revenues, North America s revenues from Risk Management Solutions were flat at $580.5 million, revenues from Sales & Marketing Solutions increased 13% to $259.0 million, and revenues from Supply Management Solutions increased 5% to $28.4 million. North America s results reflect a decline in the use of traditional Risk Management Solutions products as D&B has migrated its customers from traditional Risk Management Solutions products to lower price, higher margin value-added products. However, revenues from value-added Risk Management Solutions products have offset the decline in traditional Risk Management Solutions products. The growth in revenues from Sales & Marketing Solutions and Supply Management Solutions was largely driven by revenues from value-added products.

North America s operating income was $287.1 million in 2000, up 13% from $254.8 million in the prior year. The improvement was driven by the increase in revenues and the impact of data collection cost reductions achieved as part of the 1999 fourth quarter restructuring actions.

Europe

Europe s total revenues were $380.7 million in 2000, down 9% when compared with 1999 revenues of $420.2 million. Core revenues were down 10% to $334.7 million in 2000 from $370.6 million in 1999. However, before the effect of foreign exchange, Europe s core revenues would have been up 2%. Before the effect of foreign exchange, Europe would have reported in 2000 an increase in revenues from Risk Management Solutions of 1% and an increase in revenues from Sales & Marketing Solutions of 3% in comparison with 1999. As reported, Europe s revenues from Risk Management Solutions decreased 10% to $265.8 million, revenues from Sales & Marketing Solutions decreased 8% to $66.8 million, and revenues from Supply Management Solutions increased 52% to $2.1 million, when comparing 2000 to 1999.

Europe reported an operating loss of $2.3 million in 2000, compared to an operating loss of $9.3 million in 1999. Europe achieved substantial improvements in profitability as a result of significant cost reductions realized from the restructuring actions announced in the fourth quarter of 1999.

APLA

APLA total revenues were $66.6 million in 2000, compared to revenues of $67.1 million in 1999. Core revenue decreased 17% to $31.8 million from $38.2 million in 1999. Before the effect of foreign exchange, core revenues would have been down 2%, with a 9% decrease in revenues from Risk Management Solutions and an increase in revenues from Sales & Marketing Solutions of 37%, in each case in comparison with 1999. In comparing 2000 reported results with those of 1999, APLA s revenues from Risk Management Solutions decreased 23% to $24.8 million and revenues from Sales & Marketing Solutions increased 18% to $7.0 million.

APLA reported an operating loss of $5.2 million in 2000, compared with an operating loss of $7.3 million in 1999. The decrease in operating losses was due to cost reductions and the changes in the business model.

Recently Issued Accounting Standards

On October 3, 2001, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 144 (SFAS No. 144), Accounting for the Impairment or Disposal of Long-Lived Assets. SFAS No. 144 addresses financial accounting and reporting for the impairment of long-lived assets and for long-lived assets to be disposed of. SFAS No. 144 supersedes SFAS No. 121, Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of. SFAS No. 144, however, retains the fundamental provisions of SFAS No. 121 for (a) recognition and measurement of the impairment of long-lived assets to be held and used and (b) measurement of long-lived assets to be disposed of by sale.

SFAS No. 144 supersedes the accounting and reporting provisions of APB Opinion No. 30 (Opinion 30), Reporting the Results of Operations Reporting the Effects of Disposal of a Segment of a Business,

Table of Contents

and Extraordinary, Unusual and Infrequently Occurring Events and Transactions, for segments of a business to be disposed of. SFAS No. 144, however, retains the requirement of Opinion 30 to report discontinued operations separately from continuing operations and extends that reporting to a component of an entity that either has been disposed of (by sale, by abandonment, or in a distribution to owners) or is classified as held for sale. SFAS No. 144 also amends Accounting Research Bulletin No. 51, Consolidated Financial Statements, to eliminate the exception to consolidation for a temporarily controlled subsidiary.

The provisions of SFAS No. 144 are effective for fiscal years beginning after December 15, 2001. The Company will adopt SFAS No. 144 beginning January 1, 2002. The Company believes there will be no material impact on its consolidated results of operations and financial position upon adoption of SFAS No. 144.

On July 20, 2001, the Financial Accounting Standards Board issued Statements of Financial Accounting Standards No. 141 (SFAS No. 141), Business Combinations, and No. 142 (SFAS No. 142), Goodwill and Other Intangible Assets.

SFAS No. 141 addresses financial accounting and reporting for goodwill and other intangible assets acquired in a business combination at acquisition. SFAS No. 141 requires the purchase method of accounting to be used for all business combinations initiated after June 30, 2001. SFAS No. 141 supersedes APB Opinion No. 16, Business Combinations, and Statement of Financial Accounting Standards No. 38, Accounting for Preacquisition Contingencies of Purchased Enterprises. SFAS No. 141 establishes specific criteria for the recognition of intangible assets separately from goodwill and requires unallocated negative goodwill to be written off immediately as an extraordinary gain (instead of being deferred and amortized). SFAS No. 141 is effective for all business combinations initiated after June 30, 2001 and for all business combinations accounted for by the purchase method for which the date of acquisition is after June 30, 2001, and has been adopted by the Company since that date.

SFAS No. 142 addresses the financial accounting and reporting for intangible assets acquired individually or with a group of other assets (but not those acquired in a business combination) at acquisition. SFAS No. 142 also addresses financial accounting and reporting for goodwill and other intangible assets subsequent to their acquisition. Under the new rules, the Company is no longer required to amortize goodwill and other intangible assets with indefinite lives but will be subject to periodic testing for impairment. It also provides that intangible assets that have finite useful lives will continue to be amortized over their useful lives, but those lives will no longer be limited to 40 years. SFAS No. 142 supersedes APB Opinion No. 17, Intangible Assets. D&B considers its operating segments, North America, Europe and APLA, as its reporting units under the definitions of SFAS No. 142 for consideration of potential impairment of intangible and goodwill balances. Based upon the Company s preliminary assessment, it does not expect to recognize any impairment of the existing assets upon adoption.

The provisions of SFAS No. 142 are effective for fiscal years beginning after December 15, 2001. The Company will adopt SFAS No. 142 beginning January 1, 2002. As a result of adoption of SFAS No. 142, a substantial amount of the Company s goodwill assets will no longer be amortized, resulting in a $5 million reduction in amortization expense in 2002.

Market Risk

The Company is exposed to the impact of interest rate changes, foreign currency fluctuations and changes in the market value of certain of its investments.

Policies and procedures

In the normal course of business, D&B employs established policies and procedures to manage its exposure to changes in interest rates and foreign currencies.

In 2001, the Company s use of derivatives was limited to the use of short-term foreign exchange forward contracts to hedge short-term foreign exchange denominated loans, and interest-rate swap agreements to hedge a portion of the interest rate exposure on the fixed rate bond.

The Company s objective in managing exposure to interest rates is to limit the impact of interest rate changes on earnings, cash flows and financial position, and to lower overall borrowing costs. To achieve these objectives, the Company maintains a policy that floating rate debt be managed within a minimum and maximum range of the Company s total debt exposure as established by policy. To achieve the policy objectives, the Company may use fixed rate debt, floating rate debt and/or interest-rate swaps.

D&B s objective in managing exposure to foreign currency fluctuations is to reduce earnings, cash flow and financial position volatility in its European and APLA operations. D&B follows a policy of hedging substantially all cross-border intercompany transactions denominated in a currency other than the functional currency applicable to each of its various subsidiaries. D&B only uses short-term foreign exchange forward contracts to implement its hedging strategy. Typically, these contracts have maturities of six months or less. These forward contracts are executed with creditworthy institutions and are denominated primarily in the British pound sterling, the euro and the Swedish krona.

A discussion of D&B s accounting policies for financial instruments is included in the summary of significant accounting policies in Note 1 to the consolidated financial statements and further disclosure relating to financial instruments is included in Note 9 to the consolidated financial statements.

Interest Rate Risk

In 2001, D&B purchased the third party fixed-rate minority interest obligation by issuing a five-year, fixed rate bond that matures in March 2006 (see Note 8 to the consolidated financial statements). D&B also entered into fixed to floating interest-rate swap agreements in the third quarter of 2001 with notional principal amounts totaling $100 million (see Note 9 to the consolidated financial statements), and designated these swaps as fair value hedges against a portion of the long-term fixed rate bonds. The arrangement is considered a highly effective hedge, and there is no impact on earnings. The swaps and hedged portion of the bonds are recorded in the balance sheet at fair value. The swaps are considered highly effective hedges, with changes in fair value of the swaps offsetting the impact on earnings of changes in the fair value of the hedged bonds. At December 31, 2001 the Company had no floating rate debt outstanding.

Foreign Exchange Risk

D&B operates in 30 countries through wholly-owned entities and in eight countries through minority interests in joint ventures, and principally uses the capital markets to fund its operations. D&B s non-U.S. operations generated approximately 32% of total revenues in 2001. As of December 31, 2001, approximately 34% of D&B s assets were located outside the U.S., and no single country outside the U.S. had a significant concentration of D&B s aggregate cash balances.

As in prior years, the Company uses foreign currency forward contracts to offset the earnings impact of transaction gains or losses resulting from foreign currency denominated inter-company loans. The underlying loans and the corresponding forward contracts are marked to market at each quarter-end, are fully disclosed within the financial statements and have a minimal impact on earnings.

The fair value of the foreign currency risk is estimated by calculating the cost of closing out all foreign exchange contracts given a 10% increase or decrease in forward rates from their December 31, 2001 levels. At December 31, 2001, D&B had approximately $259 million in foreign exchange forward contracts outstanding with net losses of $.9 million. If forward rates were to increase 10% from year-end levels, the net gain would be $4.4 million. If forward rates were to decrease 10% from year-end levels, the net loss would be $5.3 million. However, the estimated potential gain or loss on these contracts is expected to be offset by changes in the dollar value of the underlying transactions. Therefore, the net effect of a 10% movement in foreign exchange rates would have a minimal impact on earnings.

Other Risks (See Note 15 to the consolidated financial statements)

Old D&B and its predecessors entered into global tax planning initiatives in the normal course of business, principally through tax-free restructurings of both their foreign and domestic operations. These initiatives are subject to normal review by tax authorities. It is possible that additional liabilities may be proposed by tax authorities as a result of these reviews and that some of the reviews could be resolved unfavorably. At this time, management is unable to predict the extent of such reviews, their outcome or whether the resolution of these matters could materially affect D&B s results of operations, cash flows or financial position.

Pursuant to the 2000 Distribution Agreement (see Note 5 to the consolidated financial statements), D&B and Moody s each agreed to be financially responsible for 50% of any potential liabilities that may arise with respect to the reviews described above, to the extent such potential liabilities are not directly attributable to their respective business operations.

The IRS has completed its review of the utilization of certain capital losses generated during 1989 and 1990. On June 26, 2000, the IRS, as part of its audit process, issued a formal assessment with respect to the utilization of these capital losses and Old D&B responded by filing a petition for a refund in the U.S. District Court for the District of Columbia on September 21, 2000.

Pursuant to a series of agreements, IMS Health and Nielsen Media Research are jointly and severally liable to pay one-half, and Donnelley the other half, of any payments for taxes and accrued interest arising from this matter and certain other potential tax liabilities after Donnelley pays the first $137 million.

In connection with the 1998 Distribution, Old D&B and Donnelley entered into an agreement whereby Old D&B assumed all potential liabilities of Donnelley arising from these tax matters and agreed to indemnify Donnelley in connection with such potential liabilities.

On May 12, 2000, an amended tax return was filed for the 1989 and 1990 tax periods, which reflected $561.6 million of tax and interest due. Old D&B paid the IRS approximately $349.3 million of this amount on May 12, 2000, which Old D&B funded with short-term borrowings. IMS Health has informed D&B that it paid to the IRS approximately $212.3 million on May 17, 2000. The payments were made to the IRS to stop further interest from accruing. Notwithstanding the filing and payment, D&B is contesting the IRS s formal assessment and will also contest the assessment of amounts, if any, in excess of the amounts paid. D&B has accrued its anticipated share of the probable liability arising from the utilization of these capital losses.

D&B and its subsidiaries are involved in legal proceedings, claims and litigation arising in the ordinary course of business. Although the outcome of such matters cannot be predicted with certainty, in the opinion of management, the ultimate liability of D&B in connection with such matters will not have a material effect on D&B s operating results, cash flows or financial position.

Liquidity and Financial Position

Management believes that cash flows generated from its operations and supplemented as needed with readily available financing arrangements are sufficient to meet the short-term and long-term needs of D&B. D&B accesses the commercial paper market from time to time to fund working capital needs and share repurchases. Such borrowings have been supported by D&B s bank credit facilities.

Year Ended December 31, 2001 Compared With Year Ended December 31, 2000

At December 31, 2001, cash and cash equivalents totaled $145.3 million, an increase from $70.1 million at December 31, 2000. During 2001, the Company s cash flow was impacted by:

The $100 million share repurchase program, with 3.2 million shares of common stock repurchased as of December 31, 2001.

The sale of the RMS business with cash proceeds of $125 million, which included $90 million for the business and $35 million related to an exclusive contract to provide the buyers with risk management products over five years. The amount related to the contract was recorded in deferred revenue and will be recognized as income as the services are rendered.

The sale of the Australia/ New Zealand and South Africa operations with cash proceeds of $29 million.

The acquisitions of iMarket and Harris InfoSource International, Inc. for which the Company paid a total of $34.5 million.

In 2000, D&B s payment of $349.3 million to the IRS and the impact of the 2000 Distribution with respect to the allocation of net indebtedness impacted the cash balance.

Cash generated by operating activities

Cash generated by operating activities in 2001 was $217.1 million. The improvement in cash generated by operating activities of continuing operations when comparing 2001 with 2000, excluding the payment to the IRS, results from increased operating income and lower net interest expense, offset by higher restructuring payments in the current year. During 2001, D&B made payments of $26.9 million related to restructuring actions under the Blueprint for Growth and $13.7 million which completed the payments for the 1999 restructuring actions. In 2000, the Company made payments of $21.8 million for restructuring actions. Operating activities in 2000 provided net cash of $27.2 million during 2000. The $349.3 million payment to the IRS, discussed in Other Risks above, in 2000 is reflected as a reduction in continuing operations accrued income taxes of $174.7 million and as a $174.6 million offset to net cash used in operating activities of discontinued operations. Excluding the impact of the payment, cash generated by operating activities in 2000 would have been $376.5 million, with continuing operations providing $206.0 million and discontinued operations providing $170.5 million (representing nine months of activity).

Cash provided by investing activities

Net cash provided by investing activities totaled $35.2 million in 2001, compared with net cash used in investing activities of $81.7 million in 2000. Cash proceeds from the sale of businesses of $118.2 million, consisting of the proceeds from the sales of the RMS businesses, the majority stake in the Australia/ New Zealand operations, and a major portion of minority investment in South Africa. Payments for acquisitions were $34.5 million. In 2001, D&B spent $53.2 million on capital expenditures, computer software and other intangibles. In 2000, spending for capital expenditures, computer software and other intangibles by continuing operations totaled $67.1 million. During 2001, the Company invested $11.3 million in a joint venture with American International Group, Inc. called Avantrust LLC. In 2000, D&B invested $6.0 million in other unconsolidated affiliates. Net cash used in investing activities of discontinued operations in 2000 was $26.2 million. Net cash used by discontinued operations in 2000 included an acquisition by Moody s of a financial software products company for $17.4 million.

Cash used in financing activities

Net cash used in financing activities was $177.4 million in 2001, compared with net cash provided by financing activities of $18.8 million during 2000. Excluding the $195.5 million net cash provided by discontinued operations in 2000, net cash used in financing activities would have been $176.7 million. D&B did not pay dividends in 2001 and does not intend to pay dividends in the future. Payments of dividends by Old D&B accounted for $89.8 million in 2000.

In the first quarter of 2001, the Company issued $300 million in principal of notes in a private placement. During the second quarter of 2001, the Company exchanged these notes for freely-tradeable notes with identical terms. The notes have a five-year term and bear interest at a fixed annual rate of 6.625%, payable semi-annually. The cash proceeds from the issuance of these notes were used to repay a $300 million obligation resulting from the purchase of an unrelated partner s interest in a limited partnership.

In September 2001, D&B renewed a $175 million committed bank facility. The facility matures in September 2002 and is expected to be renewed at or before that time. The Company also maintains a second facility permitting borrowings of up to an additional $175 million that matures in September 2005. Under these facilities D&B has the ability to borrow at prevailing short-term interest rates. D&B has not drawn on those facilities since their inception and had no borrowings outstanding under these facilities at December 31, 2001. These facilities are available for general corporate purposes, including support of D&B s commercial paper program. The Company is in compliance with all covenants or other requirements set forth in its credit agreements and indentures.

At December 31, 2001, D&B had no commercial paper outstanding. The $49.5 million in commercial paper outstanding at December 31, 2000 was repaid in full during 2001.

D&B repurchased 1.6 million shares of common stock for $44.9 million in 2001 in connection with its Employee Stock Purchase Plan and to offset a portion of the shares issued under stock incentive plans. Net proceeds from D&B stock plans totaled $19.0 million in 2001.

Between January 1, 2000 and September 30, 2000, Old D&B repurchased 125,000 shares of common stock for $3.5 million in connection with its Employee Stock Purchase Plan and to offset a portion of the shares issued under stock incentive plans. During the fourth quarter of 2000, D&B repurchased 1.8 million shares of common stock for $43.3 million to offset awards under stock incentive plans and in connection with the D&B Employee Stock Purchase Plan. Proceeds received in connection with Old D&B s stock plans were $30.7 million for the nine months ended September 30, 2000. D&B received proceeds in connection with D&B s stock plans of $7.0 million in the fourth quarter of 2000.

Future liquidity requirements and other commitments

In January 2002, the Company acquired an additional 2.5 million shares, in a privately-negotiated block trade, for $85.1 million, funded with cash on hand and $36.0 million of short-term commercial paper borrowings.

During the course of 2001, D&B invested in a joint venture with American International Group, Inc. called Avantrust LLC. The Company has committed to invest approximately $8 million more in Avantrust LLC.

Certain of the Company s operations are conducted from leased facilities, which are under operating leases that expire over the next 10 years, with the majority expiring within five years. The Company also leases certain computer and other equipment under operating leases that expire over the next three years. These leases are frequently renegotiated or otherwise changed as advancements in computer technology produce opportunities to lower costs and improve performance. Additionally, the Company has agreements with various third parties to purchase certain data processing and telecommunication services extending beyond one year. See Note 14 of the consolidated financial statements for a schedule of future minimum lease payments under non-cancelable leases.

The Company s debt obligation of $300 million is repayable in March 2006. See Note 8 to the consolidated financial statements.

New European Currency

On January 1, 2002, 12 of the countries in the European Union completed the three-year transition to a single European currency, the euro, which replaced the national currency of each participating country. Early in the transition period, the Company established a task force to address issues related to the euro. The Company believed that the euro conversion might have a material impact on its operations and financial condition if it failed to successfully address such issues. The task force followed a project plan which included the following: ensuring that the Company s information technology systems that process data for inclusion in the Company s products and services could appropriately handle amounts denominated in euro contained in data provided to the Company by third-party data suppliers; modification of the Company s products and services to deal with euro-related issues; and modification of the Company s internal systems (such as payroll, accounting and financial reporting) to deal with euro-related issues. All targets within the project plan have been met. All D&B information products which contain financial data on businesses in euro participating countries now use the new currency. The cost of the modifications covered by the project plan have not had a material effect on the Company s results of operations, cash flows or financial condition. There is no guarantee that all problems have been foreseen and corrected, or that no material disruption of the Company s business

Table of Contents

will occur. The conversion to the euro may have competitive implications for the Company s pricing and marketing strategies, which could be material in nature. However, any such impact is not known at this time.

Dividends

D&B paid a quarterly dividend of $.185 per share in the first three quarters of 2000, resulting in a full-year dividend per share paid of $.555 for 2000. D&B did not pay dividends in 2001 and does not intend to pay dividends for the foreseeable future.

Forward Looking Statements

Certain statements in this Annual Report on Form 10-K/A are forward-looking statements. Statements that are not historical facts are forward-looking statements made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. In addition, words such as expects, anticipates, believes, plans, guidance and similar expressions are intended to identify forward-looking statements. Al such forward-looking statements are made based on D&B s reasonable expectations at the time they are made. However, forward-looking statements are not guarantees of future performance as they involve risks, uncertainties and assumptions that may prove to be incorrect and that may cause D&B s actual results and experience to differ materially from the anticipated results or other expectations expressed in such forward-looking statements. The risks, uncertainties and assumptions that may affect D&B s performance include: (1) the possibility that economic or other conditions might lead to a reduction in the demand for D&B products and services worldwide, (2) the possibility that the current economic slowdown may worsen and/or persist for an unpredictable period of time, (3) D&B s ability to successfully implement its Blueprint for Growth, including the ability to achieve its financial flexibility objectives on terms and conditions contemplated by D&B, (4) changes in the business information and risk management industries and markets, including changes in customers preferences for products and product delivery formats resulting from advances in information technology, (5) competitive pressures causing price reductions and/or loss of market share, (6) risks associated with investments and operations in foreign countries, including foreign economic conditions, exchange rate fluctuations, regulatory environment, and cultural factors, (7) D&B s ability to successfully integrate recent and future acquisitions, alliances and investments, (8) D&B s ability to protect proprietary information and technology or to obtain necessary licenses on commercially reasonable terms, (9) the potential loss of key business assets, including data center capacity, or interruption of telecommunication links or power sources, (10) changes in the legislative, regulatory and commercial environments affecting D&B s ability to collect, manage, aggregate and use data, (11) D&B s ability to attract and retain key employees, and (12) the competitive implications that the conversion to the euro may have on D&B s pricing and marketing strategies. D&B undertakes no obligations to update any forward-looking statements to reflect any future events or circumstances.

The more prominent risks and uncertainties inherent in our businesses are described in more detail below. However, these are not the only risks and uncertainties that D&B faces. Our businesses may face additional risks and uncertainties that are unknown to D&B at this time.

Economic or other conditions might lead to a reduction in the demand for D&B s products and services worldwide. The current economic slowdown may worsen and/or persist for an unpredictable period of time.

Demand for many of D&B s products and services is influenced by economic trends. As a result, downturns in the United States economy or in the global economy may cause decreased demand for D&B s products and services. A decline in the demand for our products and services could have an adverse effect on D&B s revenues, results of operations and financial condition.

As a result of the current economic climate, D&B has experienced a reduction in the demand for certain of its marketing products and services as customers have looked for ways to reduce their expenses. The current economic slowdown may worsen and/or persist for an unpredictable period of time. If D&B is unable to successfully control its own expenses, it could suffer lower net income and earnings per share.

Table of Contents

D&B may be unable to successfully implement the Blueprint for Growth, including the ability to achieve its financial flexibility objectives on the terms and conditions contemplated.

In 2000 D&B adopted its Blueprint for Growth strategy which involves significant investments, reallocating spending, and becoming an important player in B2B e-business. To execute this strategy, D&B announced two phases of a financial flexibility program intended to reduce expenses to generate approximately $200 million annually. If D&B is unable to generate the expected savings from the financial flexibility program on the terms and conditions contemplated, its ability to implement the investments contemplated by its strategy may be adversely affected. The inability to achieve the financial flexibility objectives on the terms and conditions contemplated or the failure to successfully implement the other programs under the Blueprint for Growth could have an adverse effect on D&B s revenues, results of operations and financial condition.

D&B may be unable to successfully adapt to changes in the business information and risk management industries and markets, including changes in customer preferences for products and product delivery formats resulting from advances in information technology.

D&B provides information and services to its customers in a variety of formats, including printed formats, electronic formats, and over the internet. Advances in information technology may result in changing customer preferences for products and product delivery formats. If it does not successfully adapt its products and services to take advantage of changes in technology and customer preferences, D&B s business, financial condition and results of operations would be adversely affected.

D&B adopted an internet strategy because it believes that the internet represents an important and rapidly evolving market for marketing information products and services. Because its B2B strategy is in the early stages of development and involves systems integration with its customers, D&B does not know if this strategy will be successful. D&B s business, financial condition and results of operations would be adversely affected if it:

Fails to develop products and services that are well suited to the internet market;

Experiences difficulties that delay or prevent the successful development, introduction and marketing of these products and services; or

Fails to achieve sufficient traffic to its internet sites to generate significant revenues, or to successfully implement e-business operations.

D&B faces competition that may cause price reductions and/or loss of market share.

All of D&B s businesses are highly competitive. D&B competes directly with a broad range of companies offering business information services to business customers. In addition, business information and related products and services are becoming increasingly available, principally as a result of the expansion of the internet and as new providers of B2B information products and services emerge. In its information services businesses, D&B also faces competition from in-house operations of the businesses it seeks as customers, from other general and specialized credit reporting and other business information services, other information and professional services providers, banks, credit insurers and the internet. Intense competition could harm D&B by causing, among other things, price reductions, reduced gross margins, and loss of market share.

There are risks associated with investments and operations in foreign countries, including foreign economic conditions, exchange rate fluctuations, the regulatory environment, and cultural factors.

D&B conducts business outside of the United States. As a result, its operating results could be negatively affected by a variety of factors, many of which are beyond its control. These factors include regulatory, political or economic conditions in a specific country or region, trade protection measures, and other regulatory requirements. Although foreign currency translation gains and losses are not currently material to D&B s consolidated financial position, results of operations or cash flows, an increase in foreign revenues could subject D&B to foreign currency translation risks in the future. Additional risks inherent in its non-U.S. business activities generally include, among others, potentially longer accounts receivable payment cycles, the

Table of Contents

costs of and difficulties in managing international operations, potentially adverse tax consequences, and greater difficulty enforcing intellectual property rights.

D&B may lose key business assets, including loss of data center capacity, or the interruption of telecommunication links or power sources.

D&B s ability to protect its data centers against damage from fire, power loss, telecommunications failure or other disasters is critical to its future. The on-line services D&B provides are dependent on links to telecommunication providers. D&B believes it has taken reasonable precautions to protect its data centers and telecommunication links from events that could interrupt operations. Nonetheless, any damage to D&B s data centers or any failure of its telecommunications links that causes interruptions in operations could materially adversely affect its ability to meet customers requirements, which could result in decreased revenues, net income, and earnings per share.

Changes in the legislative, regulatory and commercial environments may adversely affect D&B s ability to collect, manage, aggregate and use data.

Certain data and services provided by D&B are subject to regulation by federal, state and local authorities in the United States as well as those in Canada, Europe and certain countries within the Asia Pacific and Latin American regions. In addition, there is increasing awareness and concern among the general public regarding marketing and privacy concerns, particularly as they relate to the internet. This concern is likely to result in new laws and regulations. Compliance with existing federal, state and local laws and regulations has not to date seriously affected its business, financial condition or results of operations. Nonetheless, future international, federal, state and local laws and regulations with respect to the collection, management and use of data and adverse publicity or potential litigation concerning the commercial use of such information may increasingly affect D&B s operations. This could result in substantial regulatory compliance or litigation expense or a loss of revenue.

Data suppliers might withdraw data from D&B, leading to an inability to provide products and services.

Much of the data that D&B uses is obtained from third parties, including public record sources. D&B could suffer a material adverse effect if owners of the data it uses were to withdraw the data. Data providers could withdraw their data from D&B if there is a competitive reason to do so or if legislation is passed restricting the use of the data. If a substantial number of data providers were to withdraw their data, D&B s ability to provide products and services to its customers could be materially adversely impacted which could result in decreased revenues, net income and earnings per share.

Item 7a. ***Quantitative and Qualitative Disclosures about Market Risk***

Information in response to this Item is set forth under the caption Market Risk in Part II, Item 7 on pages 22 to 23 of this Form 10-K/A.

Table of Contents

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

Index to Financial Statements and Schedules

Schedules

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

Table of Contents

REPORT OF INDEPENDENT ACCOUNTANTS

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 and Subsidiaries at December 31, 2001 and 2000, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2001 in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company s management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes 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. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 2, the Company restated its consolidated financial statements for each of the three years in the period ended December 31, 2001.

/s/ PRICEWATERHOUSECOOPERS LLP

New York, New York

February 6, 2002, except for Note 2,
which is as of February 27, 2003

Table of Contents

STATEMENT OF MANAGEMENT RESPONSIBILITY FOR FINANCIAL STATEMENTS

To the Shareholders of The Dun & Bradstreet Corporation:

Management has prepared and is responsible for the consolidated financial statements and related information that appear on pages 33 to 68. The consolidated financial statements, which include amounts based on the estimates of management, have been prepared in conformity with accounting principles generally accepted in the United States of America. Other financial information in this annual report is consistent with that in the consolidated financial statements.

Management believes that the Company s internal control systems provide reasonable assurance at reasonable cost that assets are safeguarded against loss from unauthorized use or disposition, and that the financial records are reliable for preparing financial statements and maintaining accountability for assets. These systems are augmented by written policies, an organizational structure providing division of responsibilities, careful selection and training of qualified financial personnel and a program of internal audits.

The independent accountants are engaged to conduct an audit of and render an opinion on the financial statements in accordance with generally accepted auditing standards. These standards include an assessment of the systems of internal controls and tests of transactions to the extent considered necessary by them to support their opinion.

The Board of Directors, through its Audit Committee, consisting solely of outside directors of the Company, is responsible for reviewing and monitoring the Company s financial reporting and accounting practices. PricewaterhouseCoopers LLP and the internal auditors each have full and free access to the Audit Committee and meet with it regularly, with and without management.

/s/ ALLAN Z. LOREN

Allan Z. Loren
Chairman, Chief Executive Officer and President

/s/ SARA MATHEW

Sara Mathew
Senior Vice President and Chief Financial Officer

Table of Contents

THE DUN & BRADSTREET CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

	Years Ended December 31,		
	Restated 2001	Restated 2000	Restated 1999
	(Dollar amounts in millions, except per share data)		
Operating Revenues	$ 1,304.6	$ 1,415.1	$ 1,406.7
Operating Expenses	441.2	515.9	538.3
Selling and Administrative Expenses	523.5	546.7	539.4
Depreciation and Amortization	94.5	111.2	127.9
Restructuring Expense Net	28.8	41.5	41.2
Reorganization Costs	(7.0)	29.5	
Operating Income	223.6	170.3	159.9
Interest Income	5.5	3.9	2.9
Interest Expense	(16.4)	(8.6)	(5.0)
Minority Interest Expense	(5.4)	(22.4)	(22.4)
Other Income Net	46.3	6.0	9.0
Non-Operating Income (Expense) Net	30.0	(21.1)	(15.5)
Income before Provision for Income Taxes	253.6	149.2	144.4
Provision for Income Taxes	100.2	77.8	63.8
Equity in Net Losses of Affiliates	(3.5)		
Income from Continuing Operations	149.9	71.4	80.6
Income from Discontinued Operations, Net of Income Taxes of $86.2 and $114.8 for 2000 and 1999, respectively		133.0	174.7
Net Income	$ 149.9	$ 204.4	$ 255.3
Basic Earnings Per Share of Common Stock:			
Continuing Operations	$ 1.89	$ .88	$ .99
Discontinued Operations		1.64	2.16
Basic Earnings Per Share of Common Stock	$ 1.89	$ 2.52	$ 3.15
Diluted Earnings Per Share of Common Stock:			
Continuing Operations	$ 1.84	$ .87	$ .98
Discontinued Operations		1.62	2.13
Diluted Earnings Per Share of Common Stock	$ 1.84	$ 2.49	$ 3.11
Weighted Average Number of Shares Outstanding			
Basic	79,391,000	81,001,000	81,127,000
Weighted Average Number of Shares Outstanding			

Diluted	81,510,000	81,994,000	82,142,000

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

Table of Contents

THE DUN & BRADSTREET CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (Unaudited)

	Restated December 31, 2001	Restated December 31, 2000
	(Dollar amounts in millions, except per share data)	
Assets		
Current Assets		
Cash and Cash Equivalents	$ 145.3	$ 70.1
Accounts Receivable Net of Allowance of $21.0 in 2001 and $19.5 in 2000	317.8	376.3
Other Current Assets	117.1	92.2
Total Current Assets	580.2	538.6
Non-Current Assets		
Property, Plant and Equipment, Net	158.0	202.8
Prepaid Pension Costs	333.7	268.9
Computer Software, Net	103.6	131.3
Goodwill and Other Purchased Intangibles, Net	148.8	145.2
Other Non-Current Assets	138.3	166.4
Total Non-Current Assets	882.4	914.6
Total Assets	$ 1,462.6	$ 1,453.2
Current Liabilities		
Notes Payable	$	$ 49.6
Other Accrued and Current Liabilities	332.7	353.5
Unearned Subscription Income	359.5	365.1
Total Current Liabilities	692.2	768.2
Pension and Postretirement Benefits	377.3	373.2
Long Term Debt	299.6	-
Other Non-Current Liabilities	111.2	56.7
Contingencies (Note 15)		
Minority Interest	1.3	301.6
Shareholders Equity		
Preferred Stock, $.01 par value per share, authorized 10,000,000 shares; outstanding none		
Series Common Stock, $.01 par value per share, authorized 10,000,000 shares; outstanding none		
Common Stock, $.01 par value per share, authorized 200,000,000 shares for 2001 and 2000, respectively issued 81,945,520	.8	.8
Unearned Compensation Restricted Stock	(1.8)	(1.9)
Capital Surplus	227.3	241.1

Retained Earnings	140.7	(5.1)
Treasury Stock, at cost, 5,067,235 and 1,790,620 shares for 2001 and 2000 respectively	(148.7)	(45.3)
Cumulative Translation Adjustment	(203.7)	(203.7)
Minimum Pension Liability Adjustment	(33.6)	(32.4)
Total Shareholders Equity	(19.0)	(46.5)
Total Liabilities and Shareholders Equity	$1,462.6	$1,453.2

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

Table of Contents

THE DUN & BRADSTREET CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31,		
	Restated 2001	**Restated 2000**	**Restated 1999**
	(Dollar amounts in millions)		
Cash Flows from Operating Activities:			
Net Income	$ 149.9	$ 204.4	$ 255.3
Less:			
Net Income from Discontinued Operations		133.0	174.7
Net Income from Continuing Operations	149.9	71.4	80.6
Reconciliation of Net Income to Net Cash			
Depreciation and Amortization	94.5	111.2	127.9
Gain from Sale of Businesses	(56.3)		
Equity Losses in Excess of Dividends Received from Affiliates	3.5		
Restructuring Expense, Net and Other Asset Impairments	46.6	41.5	41.2
Restructuring Payments	(40.6)	(21.8)	(2.6)
Decrease (Increase) in Accounts Receivable	30.7	(26.3)	(22.8)
Deferred Revenue from RMS Agreement	30.4		
Deferred Income Taxes	48.2	18.0	15.9
Accrued Income Taxes, Net	(7.0)	(122.4)	7.4
Net Increase (Decrease) in Long Term Liabilities	.8	(2.6)	(7.3)
Increase in Other Long Term Assets	(61.4)	(46.3)	(36.8)
Net (Increase) Decrease in Other Working Capital Items	(30.8)	7.0	(68.3)
Other	8.6	1.6	7.7
Net Cash Provided by (Used in) Operating Activities:			
Continuing Operations	217.1	31.3	142.9
Discontinued Operations		(4.1)	214.8
Net Cash Provided by Operating Activities	217.1	27.2	357.7
Cash Flows from Investing Activities:			
Cash Proceeds from Sale of Businesses	118.2		
Payments for Acquisition of Businesses	(34.5)		
Capital Expenditures	(16.2)	(24.1)	(34.3)
Additions to Computer Software and Other Intangibles	(37.0)	(43.0)	(75.3)
Investments in Unconsolidated Affiliates	(11.3)	(6.0)	
Net Cash Used in Investing Activities of Discontinued Operations		(26.2)	(12.1)
Other	16.0	17.6	5.0
Net Cash Provided by (Used in) Investing Activities	35.2	(81.7)	(116.7)
Cash Flows from Financing Activities:			
Payment of Dividends		(89.8)	(120.1)
Payments for Purchase of Treasury Shares	(144.9)	(46.8)	(237.9)
Net Proceeds from Stock Plans	19.0	37.7	48.4
(Decrease) Increase in Commercial Paper Borrowings	(49.5)	(75.2)	88.8
Repayment of Minority Interest Obligations	(300.0)		
Increase in Long-Term Borrowings	299.6		
		195.5	1.3

Net Cash Provided by Financing Activities of Discontinued Operations			
Other	(1.6)	(2.6)	1.5
Net Cash (Used in) Provided by Financing Activities	(177.4)	18.8	(218.0)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	.3	(3.6)	(.3)
Increase (Decrease) in Cash and Cash Equivalents	75.2	(39.3)	22.7
Cash and Cash Equivalents, Beginning of Year	70.1	109.4	86.7
Cash and Cash Equivalents, End of Year	$ 145.3	$ 70.1	$ 109.4

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

Table of Contents

THE DUN & BRADSTREET CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF SHAREHOLDERS EQUITY

	Three Years Ended December 31, 2001								
	Common Stock ($.01 Par Value)	**Unearned Compensation Restricted Stock**	**Capital Surplus**	**Retained Earnings**	**Treasury Stock**	**Cumulative Translation Adjustment**	**Minimum Pension Liability**	**Total Shareholders Equity**	**Comprehensive Income (Loss)**
	Dollar amounts in millions, except per share data								
Balance, January 1, 1999									
Previously Reported	$ 1.7	$	$ 251.1	$ (240.9)	$ (168.1)	$ (170.2)	$ (44.6)	$ (371.0)	
Restatement of Prior Periods, Net of Tax (1997 and 1998)				(15.4)			17.7	2.3	
Balance, January 1, 1999 Restated	1.7		251.1	(256.3)	(168.1)	(170.2)	(26.9)	(368.7)	
Net Income				255.3				255.3	$ 255.3
Dividends Declared ($.74 per share)				(119.3)				(119.3)	
Treasury Shares Reissued Under Stock Options, Deferred, and Other Compensation Plans and Restricted Stock Plan (2,420,300)			(13.8)	.3	71.0			57.5	
Treasury Shares Reissued Under Employee Stock Purchase Plan (153,097)				(.6)	4.8			4.2	
Treasury Shares Acquired (6,803,800)					(237.9)			(237.9)	
Change in Cumulative Translation Adjustment						(10.5)		(10.5)	(10.5)
Change in Minimum Pension Liability							3.7	3.7	3.7
Unrealized Losses on Investments				(1.4)				(1.4)	(1.4)
Total Comprehensive Income									$ 247.1
Balance, December 31, 1999 Restated	1.7		237.3	(122.0)	(330.2)	(180.7)	(23.2)	(417.1)	
Net Income				204.4				204.4	$ 204.4
Dividends Declared ($.555 per share)				(60.0)				(60.0)	
Common Shares Issued Under Stock Options and Restricted Stock Plan (732,000)			8.8		(2.7)			6.1	
Treasury Shares Reissued Under Stock Options, Deferred, and Other Compensation Plans and Restricted Stock Plan (1,500,111)			(7.4)		48.1			40.7	
Treasury Shares Reissued Under Employee Stock Purchase Plan (183,541)				.1	5.5			5.6	

Treasury Shares Acquired (1,908,543)					(46.8)			(46.8)	
Unearned Portion of Restricted Stock Awards		(1.9)	2.4					.5	
Stock Dividend to Shareholders of Moody s				252.5				252.5	
Recapitalization	(.9)			(279.9)	280.8				
Change in Cumulative Translation Adjustment						(23.0)		(23.0)	(23.0)
Change in Minimum Pension Liability							(9.2)	(9.2)	(9.2)
Unrealized Losses on Investments				(.2)				(.2)	(.2)
Total Comprehensive Income									$ 172.0
Balance, December 31, 2000 Restated	.8	(1.9)	241.1	(5.1)	(45.3)	(203.7)	(32.4)	(46.5)	
Net Income				149.9				149.9	$ 149.9
Treasury Shares Reissued Under Stock Options, Deferred, and Other Compensation Plans and Restricted Stock Plan (1,429,185)		(1.0)	(13.8)		37.8			23.0	
Treasury Shares Reissued Under Employee Stock Purchase Plan (142,673)				(.5)	3.7			3.2	
Treasury Shares Acquired (4,848,473)					(144.9)			(144.9)	
Stock Dividend to Shareholders of Moody s				(3.5)				(3.5)	
Unearned Portion of Restricted Stock Awards		1.1						1.1	
Change in Minimum Pension Liability							(1.2)	(1.2)	(1.2)
Unrealized Losses on Investments				(.1)				(.1)	(.1)
Total Comprehensive Income									$ 148.6
Balance, December 31, 2001 Restated	$ .8	$ (1.8)	$ 227.3	$ 140.7	$ (148.7)	$ (203.7)	$ (33.6)	$ (19.0)	

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

THE DUN & BRADSTREET CORPORATION AND SUBSIDIARIES

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 and Basis of Presentation. The Dun & Bradstreet Corporation (the Company or D&B), with more than 160 years experience in collecting and organizing business information, is a world leader in enabling businesses to make information-based decisions. Customers leverage D&B s information and technology, as well as its insight and expertise, to manage credit and transaction risk (Risk Management Solutions), find and retain profitable customers (Sales & Marketing Solutions), and manage customer and vendor relationships more efficiently (Supply Management Solutions). Companies pursuing e-business use D&B s risk management capabilities to authenticate and verify potential trading partners online.

The consolidated financial statements include the accounts of D&B and its subsidiaries and investments in which the Company has a controlling interest. Investments in companies over which the Company has significant influence but not a controlling interest are carried on an equity basis. Cost investments are recorded at cost and the Company reviews its investments to determine if there has been any impairment judged to be other than temporary. Such impairments are recorded as write downs in the income statement. The effects of all significant intercompany transactions have been eliminated.

The financial statements of subsidiaries outside the United States and Canada reflect a fiscal year ended November 30 to facilitate timely reporting of the Company s consolidated financial results and financial position.

The consolidated financial statements have been classified to identify separately the results of operations and cash flows of the Company s discontinued operations, which represent Moody s Corporation for 2000 and 1999. See Note 5 for further information. Additionally, certain prior-year amounts have been reclassified to conform to the 2001 presentation.

Critical Accounting Policies

The Company s critical accounting policies are: revenue recognition and estimating accrued liabilities and valuation allowances, including sales cancellations and bad debt allowances, restructuring reserves, valuation of long-lived, intangible assets and goodwill, and assessment of tax and legal matters and other contingencies.

Revenue Recognition. The Company recognizes revenue as services are performed, information is delivered and products and services are used by its customers. Amounts billed for service and subscriptions are credited to unearned subscription income and reflected in operating revenues as used over the subscription term, which is generally one year.

Estimates of Accrued Liabilities and Valuation Allowances. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

In determining sales cancellation allowances, management analyzes historical trends, customer specific factors, current economic trends and changes in customer demand. With respect to estimating bad debt allowances, management analyzes the aging of accounts receivable, historical bad debts, customer credit worthiness and current economic trends.

In determining restructuring reserves the Company has considered the number of individuals that will be affected by severance programs, the expected date of their termination and the expected cash payments to be made. In addition, for lease termination obligations, the Company considers the expected date of termination and the effect of any sub-lease rental income for certain properties.

THE DUN & BRADSTREET CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The Company reviews the valuation impairment of long-lived assets, intangible assets, including capitalized computer software, and goodwill whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. In general, the Company will recognize an impairment loss when the sum of undiscounted expected future cash flows is less than the carrying amount of such assets. The measurement for such an impairment loss is then based on the fair value of the asset. Factors which 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. (See Note 3 for a review of the new accounting standard related to goodwill and other intangible assets).

Management assesses the Company s liabilities and contingencies in connection with various legal and tax matters on an ongoing basis, based upon the latest information available. For some amounts, a probable amount of loss can be estimated and is therefore recorded in the consolidated financial statements. In other instances, because of the uncertainties related to both the probable outcome and amount or range of loss, management is unable to make a reasonable estimate of a liability, if any. As additional information becomes available, the Company adjusts its assessment and estimates of such liabilities accordingly.

Other Accounting Policies

Cash Equivalents. Marketable securities that mature within 90 days of purchase date are considered cash equivalents and are stated at cost, which approximates fair value.

Marketable Securities. In accordance with Statement of Financial Accounting Standards (SFAS) No. 115, Accounting for Certain Investments in Debt and Equity Securities, marketable securities are classified as available for sale and are reported at fair value, with net unrealized gains and losses reported in shareholders equity.

The fair value of current and non-current marketable securities is based on quoted market prices. Realized gains and losses on marketable securities are determined on the specific identification method.

The Company had marketable securities of $32.4 million and $37.5 million at December 31, 2001 and 2000, respectively, which consisted primarily of debt securities of the U.S. Government and its agencies. Such amounts are included in Other Non-Current Assets.

Property, Plant and Equipment. Property, plant and equipment are depreciated principally using the straight-line method. Buildings are depreciated over a period of 40 years. Equipment is depreciated over a period of five to 10 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.

Computer Software, Goodwill and Intangible Assets. The Company accounts for computer software 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 are capitalized in accordance with SFAS No. 86, Accounting for the Costs of Computer Software to Be Sold, Leased or Otherwise Marketed, as appropriate. Capitalized computer software costs are amortized over a period of three to five years and are reported at the lower of unamortized cost or net realizable value.

Other intangibles result from acquisitions and database enhancements. Other intangibles are being amortized, using the straight-line method, over three to 15 years, respectively. Goodwill represents the excess purchase price over the fair value of identifiable net assets of businesses acquired and is amortized on a straight-line basis over five to 40 years.

Foreign Currency Translation. For all operations outside the United States where the Company has 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

THE DUN & BRADSTREET CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

these countries, currency translation adjustments are accumulated in a separate component of shareholders equity, whereas realized transaction gains and losses are recognized in other income (expense) net. For operations in countries that are considered to be highly inflationary, where the U.S. dollar is designated as the functional currency, monetary assets and liabilities are translated using end-of-year exchange rates, and nonmonetary accounts are translated using historical exchange rates. Translation and transaction losses of $.5 million and $.3 million in 2001 and 2000, respectively, and a gain of $.1 million in 1999 are recognized in other income (expense) net.

Earnings per Share of Common Stock. In accordance with SFAS No. 128, Earnings per Share (EPS), basic earnings per share are calculated based on the weighted average number of shares of common stock outstanding during the reporting period. Diluted earnings per share are 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. The Company uses the Treasury Stock method to calculate the impact of outstanding stock options.

Financial Instruments. The Company has adopted Statement of Financial Accounting Standard No. 133 (SFAS No. 133), Accounting for Derivative Instruments and Hedging Activities, as amended by SFAS No. 137 and SFAS No. 138 commencing January 1, 2001. These statements require recognition of all derivatives as either assets or liabilities on the balance sheet and the measurement of those instruments at fair value.

The Company uses foreign exchange forward contracts to offset the earnings impact of transaction gains or losses resulting from foreign currency denominated intercompany loans, and the gains and losses on these forward contracts are marked to market and changes are recorded as income or expense.

The Company uses interest rate swap agreements to hedge long-term fixed rate debt. When executed, the Company designates the swaps as fair value hedges and assesses whether the swaps are highly effective in offsetting changes in the fair value of the hedged debt. The Company formally documents all relationships between hedging instruments and hedged items and has documented policies for its risk management exposures. Changes in derivative fair values marked to market and changes that are designated fair value hedges are recognized in earnings. The effectiveness of the hedge accounting is monitored on an ongoing basis and if considered ineffective, the Company will discontinue hedge accounting prospectively. The adoption of SFAS No. 133 did not have a material impact on the Company s consolidated results of operations and financial position.

Note 2 Restatement of Financial Statements

As a result of a review of its revenue recognition practices undertaken during the fourth quarter of 2002, the Company identified timing errors totaling $32.3 million ($21.5 million net of tax) in the recognition of some revenue associated with 14 products during the period January 1, 1997 through September 30, 2002. In general, such revenue had been recognized at the time of billing instead of being deferred and recognized over the customer contract period (generally 12 months). Of the total errors, $1.4 million related to 2002. We have also adjusted our consolidated balance sheets to reflect the tax effect of minimum pension liabilities for the years ended December 31, 1997 through 2001. The impact of the errors on the years ended December 31, 2001 and prior have been corrected through a restatement of previously reported amounts in this Form 10-K/ A.

Table of Contents

THE DUN & BRADSTREET CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The tables that follow present a summary of the impact of restating the consolidated statements of operations for the years ended December 31, 2001, 2000 and 1999 and the balance sheets as of December 31, 2001 and 2000. The impact of the restatement is a reduction in revenue and net income of $4.2 million and $3.3 million, respectively, for the year ended December 31, 2001; $2.5 million and $2.2 million, respectively, for the year ended December 31, 2000; and $1.0 million and $0.7 million, respectively, for the year ended December 31, 1999. The impact of recording the tax effect of the minimum pension liability is an increase to Other Non-Current Assets (Deferred Tax) and Total Shareholders Equity of $0.8 million for the year ended December 31, 2001, an increase of $6.0 million for the year ended December 31, 2000 and a decrease of $2.5 million for the year ended December 31, 1999. The aggregate effect of the restatement adjustments increases Total Shareholders Equity as of January 1, 1999 by $2.3 million, reflecting the net of tax impact of prior year amounts (a decrease of $15.4 million for the revenue restatement offset by an increase of $17.7 million related to the tax effect of the minimum pension liability).

	Year Ended December 31, 2001		Year Ended December 31, 2000		Year Ended December 31, 1999	
	As Reported	**As Restated**	**As Reported**	**As Restated**	**As Reported**	**As Restated**
Impacts to Consolidated Statements of Operations:						
Operating Revenues	$1,308.8	$1,304.6	$1,417.6	$1,415.1	$1,407.7	$1,406.7
Operating Income	$ 227.8	$ 223.6	$ 172.8	$ 170.3	$ 160.9	$ 159.9
Income before Provision for Income Taxes	$ 257.8	$ 253.6	$ 151.7	$ 149.2	$ 145.4	$ 144.4
Income from Continuing Operations	$ 153.2	$ 149.9	$ 73.6	$ 71.4	$ 81.3	$ 80.6
Net Income	$ 153.2	$ 149.9	$ 206.6	$ 204.4	$ 256.0	$ 255.3
Basic Earnings Per Share:						
From Continuing Operations	$ 1.93	$ 1.89	$ 0.91	$ 0.88	$ 1.00	$ 0.99
Total Basic Earnings Per Share	$ 1.93	$ 1.89	$ 2.55	$ 2.52	$ 3.16	$ 3.15
Diluted Earnings Per Share:						
From Continuing Operations	$ 1.88	$ 1.84	$ 0.90	$ 0.87	$ 0.99	$ 0.98
Total Diluted Earnings Per Share	$ 1.88	$ 1.84	$ 2.52	$ 2.49	$ 3.12	$ 3.11

	December 31, 2001		December 31, 2000	
	As Reported	**As Restated**	**As Reported**	**As Restated**
Impacts to Consolidated Balance Sheets:				
Other Non-Current Assets (inclusive of Deferred Taxes)	$ 106.9	$ 138.3	$ 136.8	$ 166.4
Total Assets	$1,431.2	$1,462.6	$1,423.6	$1,453.2
Unearned Subscription Income	$ 330.0	$ 359.5	$ 340.0	$ 365.1
Retained Earnings	$ 162.3	$ 140.7	$ 13.2	$ (5.1)
Cumulative Translation Adjustment	$ (205.2)	$ (203.7)	$ (205.3)	$ (203.7)
Minimum Pension Liability Adjustment	(55.6)	(33.6)	(53.6)	(32.4)
Total Shareholders Equity	$ (20.9)	$ (19.0)	$ (51.0)	$ (46.5)
Total Liabilities and Shareholders Equity	$1,431.2	$1,462.6	$1,423.6	$1,453.2

Amounts in the table above have been presented in a manner consistent with the Company s consolidated financial statements. Operating Revenues, Operating Income, Income before Provision for Income Taxes and Income from Continuing Operations represent results from continuing operations and do not include the results of Moody s Investor Services, Inc and R.H. Donnelley, whose operating results were reported as Income from Discontinued Operations, Net of Income Taxes, in the Company s consolidated financial statements for the years ended December 31, 2000 and 1999. Net Income and Total Basic and Diluted Earnings Per Share amounts include the results of continuing operations and discontinued operations in each of the years presented.

Table of Contents

THE DUN & BRADSTREET CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 3 Recent Accounting Pronouncements

On October 3, 2001, the FASB issued Statement of Financial Accounting Standards No. 144 (SFAS No. 144), Accounting for the Impairment or Disposal of Long-Lived Assets. SFAS No. 144 addresses financial accounting and reporting for the impairment of long-lived assets and for long-lived assets to be disposed of. SFAS No. 144 supersedes SFAS No. 121, Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of . SFAS No. 144, however, retains the fundamental provisions of SFAS No. 121 for (a) recognition and measurement of the impairment of long-lived assets to be held and used and (b) measurement of long-lived assets to be disposed of by sale.

SFAS No. 144 also supersedes the accounting and reporting provisions of APB Opinion No. 30 (Opinion 30), Reporting the Results of Operations Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions, for segments of a business to be disposed of. SFAS No. 144, however, retains the requirement of Opinion 30 to report discontinued operations separately from continuing operations and extends that reporting to a component of an entity that either has been disposed of (by sale, by abandonment, or in a distribution to owners) or is classified as held for sale. SFAS No. 144 also amends Accounting Research Bulletin No. 51, Consolidated Financial Statements, to eliminate the exception to consolidation for a temporarily controlled subsidiary.

The provisions of SFAS No. 144 are effective for fiscal years beginning after December 15, 2001 and as such the Company will adopt SFAS No. 144 beginning January 1, 2002. The Company believes there will be no material impact on its consolidated results of operations and financial position upon adoption of SFAS No. 144.

On July 20, 2001, the FASB issued Statements of Financial Accounting Standards No. 141 (SFAS No. 141), Business Combinations, and No. 142 (SFAS No. 142), Goodwill and Other Intangible Assets.

SFAS No. 141 addresses financial accounting and reporting for goodwill and other intangible assets acquired in a business combination at acquisition. SFAS No. 141 requires the purchase method of accounting to be used for all business combinations initiated after June 30, 2001. SFAS No. 141 superseded APB Opinion No. 16, Business Combinations, and Statement of Financial Accounting Standards No. 38, Accounting for Preacquisition Contingencies of Purchased Enterprises. SFAS No. 141 establishes specific criteria for the recognition of intangible assets separately from goodwill and requires unallocated negative goodwill to be written off immediately as an extraordinary gain (instead of being deferred and amortized). SFAS No. 141 is effective for all business combinations initiated after June 30, 2001 and for all business combinations accounted for by the purchase method for which the date of acquisition is after June 30, 2001, and has been adopted by the Company since that date. See Note 7 below.

SFAS No. 142 addresses the financial accounting and reporting for intangible assets acquired individually or with a group of other assets (but not those acquired in a business combination) at acquisition. SFAS No. 142 also addresses financial accounting and reporting for goodwill and other intangible assets subsequent to their acquisition. Under the new rules, the Company is no longer required to amortize goodwill and other intangible assets with indefinite lives but will be subject to periodic testing for impairment. It also provides that intangible assets that have finite useful lives will continue to be amortized over their useful lives, but those lives will no longer be limited to 40 years. SFAS No. 142 supersedes APB Opinion No. 17, Intangible Assets. D&B considers its operating segments, North America, Europe and APLA, as its reporting units under the definitions of SFAS No. 142 for consideration of potential impairment of intangible and goodwill balances. Based upon the Company s preliminary assessment, it does not expect to recognize any impairment of existing assets upon adoption of this standard beginning January 2002.

The provisions of SFAS No. 142 are effective for fiscal years beginning after December 15, 2001. The Company will adopt SFAS No. 142 beginning January 1, 2002. As a result of adoption of SFAS No. 142, a

Table of Contents

THE DUN & BRADSTREET CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

substantial amount of the Company s goodwill assets will no longer be amortized, resulting in a $5 million reduction in amortization expense in 2002.

Note 4 Impact of Implementation of the Blueprint for Growth Strategy & Other

Blueprint for Growth Strategy

In the fourth quarter of 2000, D&B announced a new business strategy, the Blueprint for Growth, designed to transform D&B into a growth company with an important presence on the Web, while also delivering shareholder value during the transformation. The implementation of the Blueprint for Growth requires significant investments. In order to fund these investments, D&B has identified opportunities to reallocate spending in order to invest for growth and deliver shareholder value. D&B also reviewed its non-core businesses and assets with a view to converting them into cash.

In connection with D&B s Blueprint for Growth strategy and in accordance with the related financial flexibility initiatives, the Company incurred various incremental costs and gains during 2001, 2000 and 1999. Such costs, gains and related accruals are included in the Company s consolidated financial results as follows:

	2001	2000	1999
Costs included in operating income:			
Restructuring Charge Net	$(28.8)	$(41.5)	$(41.2)
Asset Write-offs for World Trade Center Tragedy	(1.0)		
Other Various Asset Impairments	(6.2)		
Murray Hill Facility Impairment	(6.5)		
Total	$(42.5)	$(41.5)	$(41.2)
Non-Operating Income (Expense) Net includes:			
Gain on the Sale of the RMS Business	$ 36.4	$	$
Gain on the Sale of Australia/ New Zealand Operations	17.7		
Gain on the Sale of Portion of South Africa Investment	2.2		
Write-down of Impaired Investments	(6.1)		
Litigation Gain		10.1	11.9
Total	$ 50.2	$ 10.1	$ 11.9

Restructuring & Other Operating Charges

During the fourth quarter of 2000, D&B announced the first phase of its financial flexibility program and recorded a pre-tax restructuring charge of $41.5 million to globalize administrative functions, streamline data collection and fulfillment, rationalize sales and marketing functions and consolidate and simplify technology functions. The pre-tax charge included $28.2 million related to severance, leasehold termination obligations of $8.8 million and the write-off of certain assets of $4.5 million.

During the second quarter of 2001, D&B announced the second phase of its financial flexibility program to reengineer administrative functions and institute common business practices worldwide. The Company recorded a pre-tax restructuring charge of $32.8 million in connection with these actions. The charge included $20.7 million related to severance costs, lease termination obligations arising from office closures of $3.2 million and the write-off of certain assets of $8.9 million.

Also, during the second quarter of 2001, the Company determined that due to higher than anticipated voluntary attrition, severance for approximately 50 associates affected under phase one of the program will not

Table of Contents

THE DUN & BRADSTREET CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

be utilized. As a result, the Company reduced its remaining severance accrual by $2.9 million. In addition, the Company was able to reduce its remaining lease termination liabilities by $1.1 million as a result of more favorable market conditions and higher than anticipated sub-lease rent.

As of December 31, 2001, D&B has terminated approximately 1,150 of the employees affected under the financial flexibility program. Since the financial flexibility initiatives began in October 2000, the total associates expected to be terminated under the program will be approximately 1,700. The Company has completed all the actions contemplated under the first phase of its financial flexibility program as of the end of 2001 and plans to complete the remainder of the actions under the second phase by June 30, 2002.

During the fourth quarter of 1999, Old D&B s board of directors approved plans to restructure D&B s operations. As a result, a pre-tax restructuring charge of $41.2 million was included in operating income in 1999, which included employee severance costs of $32.7 million and the balance of the charge related to the write-off of certain assets and leasehold termination obligations. During 2001, the Company substantially completed these restructuring actions. At December 31, 2001 the remaining restructuring reserves were not significant.

The restructuring reserves and utilization to date were as follows:

	Amount Charged	Balance at 12/31/2000	Amounts Utilized in 2001 Payments	Write-offs	Amounts Adjusted	Total	Balance at 12/31/2001
2001 Restructuring Charge							
Severance and Termination	$20.7	$	$ (1.5)	$	$	$ (1.5)	$19.2
Asset Write-Offs	8.9			(8.9)		(8.9)	
Lease Termination Obligations	3.2		(1.6)			(1.6)	1.6
	$32.8	$	$ (3.1)	$(8.9)	$	$(12.0)	$20.8
2000 Restructuring Charge							
Severance and Termination	$28.2	$27.4	$(20.1)	$	$(2.9)	$(23.0)	$ 4.4
Asset Write-Offs	4.5						
Lease Termination Obligations	8.8	8.8	(3.7)		(1.1)	(4.8)	4.0
	$41.5	$36.2	$(23.8)	$	$(4.0)	$(27.8)	$ 8.4
1999 Restructuring Charge							
Severance and Termination	$32.7	$12.1	$(12.1)	$	$	$(12.1)	$
Asset Write-Offs	3.9						
Lease Termination Obligations	4.6	1.6	(1.6)			(1.6)	
	$41.2	$13.7	$(13.7)	$	$	$(13.7)	$

In 2001, the Company recorded a $6.5 million charge to reflect the impairment in value of the Company s Murray Hill facility. The Company plans to sell the Murray Hill facility in the first quarter of 2002. The

Table of Contents

THE DUN & BRADSTREET CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Murray Hill facility has a carrying value (before the $6.5 million write-down) of $17.2 million. This has been transferred from property, plant and equipment to assets held for sale within current assets, as it is expected to be sold within twelve months of the balance sheet date. The Company also recorded pre-tax charges of $6.2 million resulting from the impairment of capitalized software and the write-off of certain assets made obsolete or redundant during the year. The Company recorded within operating income a $1.0 million write-off of assets lost in the World Trade Center attack.

Non-Operating Income (Expense) Net

During the second quarter of 2001, D&B completed the sale of the operations of its Receivable Management Services (RMS) product lines in the U.S., Canada and Hong Kong to the RMS senior management team and its European RMS operations to Intrum Justitia, B.V. D&B received proceeds of $125 million, $90 million of which was from the sale of the businesses. The Company recognized a pre-tax gain on the sale of $36.4 million. D&B received approximately $76 million in cash and a note for approximately $14 million that was paid in the fourth quarter of 2001. Approximately $35 million of the proceeds related to an exclusive contract to provide the buyers with risk management solutions products over five years.

During the third quarter of 2001, D&B completed the sale of a majority stake in its Australia/ New Zealand operations. D&B received proceeds of approximately $23 million, consisting of $12 million in cash and a note of approximately $11 million. The note was paid in the fourth quarter of 2001. The pre-tax gain was $17.7 million.

During the fourth quarter of 2001, D&B sold a major portion of its minority investment in Information Trust Corporation (Proprietary) Limited in South Africa for approximately $6 million in cash. D&B has an option, exercisable after three years, to sell its remaining shares in this company to the buyer. The Company recognized a pre-tax gain of $2.2 million.

The Company recorded a $6.1 million pre-tax write down of cost investments in the third quarter of 2001. In 2000 and 1999, the Company recognized a $10.1 million and an $11.9 million, respectively, pre-tax gain with respect to settlement of litigation matters, recorded in non-operating income.

Note 5 Reorganization and Discontinued Operations

Pursuant to Opinion 30, Reporting the Results of Operations Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions, the consolidated financial statements of the Company have been classified to reflect as discontinued operations the segment conducted principally by Moody s Investors Service, Inc. as a result of the 2000 Distribution (as defined below).

2000 Distribution

On September 30, 2000 (the 2000 Distribution Date), the company then known as The Dun & Bradstreet Corporation (Old D&B) separated into two independent, publicly traded companies The New D&B Corporation (D&B or the Company) and Moody s Corporation (Moody s). Th separation was accomplished through a tax-free distribution to shareholders of Old D&B (the 2000 Distribution) of all of the shares of common stock of the Company. For every two shares of common stock of Old D&B held, shareholders received one share of common stock of the Company. Following the 2000 Distribution, Old D&B was renamed Moody s Corporation and the Company was renamed The Dun & Bradstreet Corporation.

Prior to the 2000 Distribution, Old D&B had completed an internal reorganization to the effect that, at the time of the 2000 Distribution, the business of the Company consisted solely of supplying credit, marketing and purchasing information as well as receivables management services (the D&B Business), and the

THE DUN & BRADSTREET CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

business of Old D&B (other than the Company and its subsidiaries) consisted solely of the business of providing ratings and related research and risk management services (the Moody s Business).

Old D&B received a ruling letter from the Internal Revenue Service (the IRS) on June 15, 2000, to the effect that the receipt by Old D&B shareholders of the common stock of the Company in the 2000 Distribution would be tax-free to such stockholders and Old D&B for Federal income tax purposes, except to the extent of cash received in lieu of fractional shares of common stock of the Company. The 2000 Distribution was effected on September 30, 2000, and resulted in an increase to shareholders equity of $256.6 million. During the fourth quarter of 2000, adjustments to the dividend of $4.1 million were recorded as a decrease to shareholders equity, primarily as a result of changes in estimates.

For purposes of, among other things, governing certain ongoing relations between the Company and Moody s as a result of the 2000 Distribution, as well as to allocate certain tax, employee benefit and other liabilities arising prior to the 2000 Distribution, the companies entered into various agreements, including a Distribution Agreement (the 2000 Distribution Agreement), Tax Allocation Agreement, Employee Benefits Agreement, Intellectual Property Assignment, Shared Transaction Services Agreement, Insurance and Risk Management Services Agreement, Data Services Agreement and Transition Services Agreement.

In general, pursuant to the terms of the 2000 Distribution Agreement, all of the assets of the D&B Business have been allocated to the Company and all of the assets of the Moody s Business have been allocated to Moody s. The 2000 Distribution Agreement also provided for assumptions of liabilities and cross-indemnities designed to allocate generally, as of September 30, 2000, financial responsibility for: (i) all liabilities arising out of or in connection with the D&B Business to the Company, (ii) all liabilities arising out of or in connection with the Moody s Business to Moody s and (iii) substantially all other liabilities as of September 30, 2000, equally between the Company and Moody s. The liabilities so allocated include contingent and other liabilities relating to former businesses of Old D&B and its predecessors and certain prior business transactions, which consist primarily of potential liabilities arising from a legal action initiated by Information Resources, Inc. (IRI), or from reviews by tax authorities of Old D&B s global tax planning initiatives, each of which is described in Note 15.

Pursuant to the terms of a distribution agreement, dated as of June 30, 1998 (the 1998 Distribution Agreement), between Old D&B and R.H. Donnelley Corporation (then known as The Dun & Bradstreet Corporation and herein referred to as Donnelley), as a condition to the 2000 Distribution, the Company was required to undertake to be jointly and severally liable with Moody s to Donnelley for any liabilities arising thereunder. The 2000 Distribution Agreement generally allocates the financial responsibility for liabilities of Old D&B under the 1998 Distribution Agreement equally between the Company and Moody s, except that any such liabilities that relate primarily to the D&B Business are liabilities of the Company and any such liabilities that relate primarily to the Moody s Business are liabilities of Moody s. Among other things, the Company and Moody s agreed that, as between themselves, they are each responsible for 50% of any payments to be made under the 1998 Distribution Agreement in respect of the action by IRI (as described below in Note 15), including any legal fees and expenses related thereto.

In connection with the 2000 Distribution, Old D&B borrowed funds to repay in full its commercial paper obligations. In addition, pursuant to the 2000 Distribution Agreement, immediately prior to the 2000 Distribution, a portion of Old D&B s indebtedness (plus certain minority interest obligations) and a portion of Old D&B s cash was allocated to the Company in amounts such that, at the time of the 2000 Distribution and before giving effect to the agreement discussed below and certain other factors, the net indebtedness of the Company (plus the minority interest obligations) approximated the net indebtedness of Moody s. Under the terms of the Employee Benefits Agreement, substantially all unexercised Old D&B stock options have been adjusted as of the 2000 Distribution Date to comprise options to purchase Moody s common stock and separately exercisable options to purchase common stock of the Company. In light of, among other things, the numbers of optionees employed by the Company and Moody s, respectively, this adjustment resulted in a

Table of Contents

THE DUN & BRADSTREET CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

substantially greater number of outstanding options to purchase common stock of Moody s than would be the case if options had been adjusted so as to become solely options to purchase common stock of the optionee s employer. Due to this fact and the fact that, consistent with past practice, each company is expected to maintain a stock purchase program designed to offset the increased number of shares otherwise attributable to option exercises, the Company agreed to adjust the net indebtedness of the two companies to compensate Moody s for the disproportionate amount of its estimated future cash costs in this regard. The final amount of the adjustment discussed in the immediately preceding sentence has been reflected in the Company s consolidated balance sheet at December 31, 2000, and was determined on a formula basis dependent upon a variety of factors, including the respective trading prices of Moody s and the Company s common stock at the time of the 2000 Distribution. In 2001, the Company included in operating income a $7.0 million pre-tax reversal of excess reorganization costs incurred in connection with the 2000 Distribution. As a result of the reversal of the $7.0 million accrual, an amount of $3.5 million was recorded in 2001 to shareholders equity as an adjustment to the stock dividend made in 2000 to Moody s and reduced their receivable to the Company.

Due to the relative significance of the D&B Business as compared with the Moody s Business, the 2000 Distribution has been accounted for as a reverse spin-off. As such, the D&B Business has been classified as continuing operations and the Moody s Business as discontinued operations.

The net operating results of Moody s have been reported in the caption Income from Discontinued Operations in the consolidated statements of operations. Summarized operating results for Moody s for the years ended December 31, 2000 and 1999 were as follows:

	For the Year Ended December 31,	
	2000	1999
Operating revenues	$441.1	$564.2
Income before provision for income taxes	219.2	289.5
Net income	133.0	174.7

Note 6 Income Taxes

Income before provision for income taxes consisted of:

	Restated 2001	Restated 2000	Restated 1999
U.S.	$230.1	$170.8	$172.6
Non-U.S.	23.5	(21.6)	(28.2)
Income Before Provision for Income Taxes	$253.6	$149.2	$144.4

Table of Contents

THE DUN & BRADSTREET CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The provision (benefit) for income taxes consisted of:

	Restated 2001	Restated 2000	Restated 1999
Current tax provision (benefit):			
U.S. Federal	$ 73.6	$ 43.1	$37.6
State and Local	(6.6)	1.5	2.9
Non-U.S.	18.2	13.7	7.4
Total Current Tax Provision	85.2	58.3	47.9
Deferred tax provision (benefit):			
U.S. Federal	10.4	28.6	16.2
State and Local	11.4	2.5	0.5
Non-U.S.	(6.8)	(11.6)	(.8)
Total Deferred Tax Provision	15.0	19.5	15.9
Provision for Income Taxes	$100.2	$ 77.8	$63.8

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

	Restated 2001	Restated 2000	Restated 1999
Statutory tax rate	35.0%	35.0%	35.0%
State and local taxes, net of U.S. Federal tax benefit	1.2	1.8	1.5
Non-U.S. taxes	1.0	1.4	4.7
Non-recurring reorganization costs		8.1	3.4
Interest	.6	5.4	
Other	1.6	.4	(.4)
Effective tax rate	39.4%	52.1%	44.2%

Income taxes paid were approximately $61.7 million, $219.5 million and $165.1 million in 2001, 2000, and 1999, respectively. Income taxes refunded were approximately $12.2 million, $21.5 million and $26.7 million in 2001, 2000 and 1999, respectively.

Table of Contents

THE DUN & BRADSTREET CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Deferred tax assets (liabilities) are comprised of the following at December 31:

	Restated 2001	Restated 2000	Restated 1999
Deferred tax assets:			
Operating losses	$ 78.9	$ 82.0	$ 59.5
Postretirement benefits	6.4	31.1	63.0
Minimum Pension Liability	22.0	21.2	15.2
Intangibles	38.3	43.7	48.5
Postemployment benefits	2.2	2.4	2.9
Restructuring and reorganization costs	20.9	15.4	10.2
Bad debts	7.2	5.4	3.8
Deferred revenue	9.4	8.5	8.1
Other	0.8	0.5	0.5
Total deferred tax assets	186.1	210.2	211.7
Valuation allowance	(70.2)	(77.6)	(59.5)
Net deferred tax assets	115.9	132.6	152.2
Deferred tax liabilities:			
Tax leasing transactions	(12.5)	(15.7)	(18.3)
Depreciation	(1.0)	(.3)	(3.8)
Total deferred tax liability	(13.5)	(16.0)	(22.1)