DUN & BRADSTREET CORP/NW
Form 10-Q
November 05, 2013
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-Q

(Mark One)

ý QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2013

OR

¨ 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	22-3725387
(State of incorporation)	(I.R.S. Employer Identification No.)
103 JFK Parkway, Short Hills, NJ	07078
(Address of principal executive offices)	(Zip Code)

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

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ý No ¨

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one:)

Large accelerated filer ý Accelerated filer o Non-accelerated filer o Smaller reporting company o

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date:

Title of Class	Shares Outstanding at September 30, 2013
Common Stock, par value $0.01 per share	38,160,343

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THE DUN & BRADSTREET CORPORATION
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PART I. FINANCIAL INFORMATION
Item 1. Financial Statements
The Dun & Bradstreet Corporation
Consolidated Statements of Operations and Comprehensive Income (Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2013	2012	2013	2012
	(Amounts in millions, except per share data)			
Revenue	$411.1	$413.2	$1,178.5	$1,199.9
Operating Expenses	131.9	124.2	388.2	395.2
Selling and Administrative Expenses	135.2	154.5	423.9	448.2
Depreciation and Amortization	17.4	20.0	53.6	59.9
Restructuring Charge	6.1	4.8	10.6	23.2
Operating Costs	290.6	303.5	876.3	926.5
Operating Income	120.5	109.7	302.2	273.4
Interest Income	0.3	0.2	0.9	0.5
Interest Expense	(10.3)	(9.5)	(30.2)	(27.8)
Other Income (Expense) - Net	(0.2)	(15.4)	(1.5)	(8.8)
Non-Operating Income (Expense) - Net	(10.2)	(24.7)	(30.8)	(36.1)
Income Before Provision for Income Taxes and Equity in Net Income of Affiliates	110.3	85.0	271.4	237.3
Less: Provision for Income Taxes	37.4	4.8	87.6	37.3
Equity in Net Income of Affiliates	0.6	0.5	1.7	1.3
Net Income	73.5	80.7	185.5	201.3
Less: Net (Income) Loss Attributable to the Noncontrolling Interest	(0.7)	(1.1)	(2.3)	(1.8)
Net Income Attributable to D&B	$72.8	$79.6	$183.2	$199.5
Basic Earnings Per Share of Common Stock Attributable to D&B Common Shareholders	$1.89	$1.77	$4.64	$4.29
Diluted Earnings Per Share of Common Stock Attributable to D&B Common Shareholders	$1.87	$1.76	$4.59	$4.26
Weighted Average Number of Shares Outstanding-Basic	38.5	44.8	39.5	46.4
Weighted Average Number of Shares Outstanding-Diluted	38.9	45.2	39.9	46.8
Cash Dividend Paid Per Common Share	$0.40	$0.38	$1.20	$1.14
Other Comprehensive Income, Net of Tax				
Net Income (from above)	$73.5	$80.7	$185.5	$201.3
Foreign Currency Translation Adjustments, no Tax Impact	(7.6)	20.9	(44.3)	13.2
Defined Benefit Pension Plans:				
Prior Service Costs, Net of Tax Income (1)	(1.4)	(1.8)	(4.3)	(5.3)
Actuarial Gain (Loss), Net of Tax Expense (2)	1.4	1.0	15.3	13.1
Derivative Financial Instruments, No Tax Impact	—	0.4	—	1.2
Comprehensive Income, Net of Tax	65.9	101.2	152.2	223.5
Less: Comprehensive (Income) Loss Attributable to the Noncontrolling Interest	(0.5)	(1.1)	(2.0)	(1.7)
Comprehensive Income Attributable to D&B	$65.4	$100.1	$150.2	$221.8

(1) Net of Tax Income of $0.8 million and $0.5 million during the three months ended September 30, 2013 and 2012, respectively. Net of Tax Income of $2.3 million and $1.8 million during the nine months ended September 30, 2013 and 2012, respectively.

(2)

Net of Tax Income (Expense) of $(1.1) million and $0.1 million during the three months ended September 30, 2013 and 2012, respectively. Net of Tax Expense of $(8.1) million and $(4.4) million during the nine months ended September 30, 2013 and 2012, respectively. In addition, for the three month and nine month periods ended September 30, 2013 and 2012, there was an adjustment to our pension liabilities of $5.5 million (net of tax $2.7 million) and $5.4 million (net of tax $1.9 million), respectively, which is reflected in Accumulated Other Comprehensive Income.

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

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The Dun & Bradstreet Corporation
Consolidated Balance Sheets (Unaudited)

	September 30, 2013	December 31, 2012
	(Amounts in millions, except per share data)	
ASSETS		
Current Assets		
Cash and Cash Equivalents	$ 214.3	$ 149.1
Accounts Receivable, Net of Allowance of $23.0 at September 30, 2013 and $27.3 at December 31, 2012	383.3	514.3
Other Receivables	7.5	6.5
Deferred Income Tax	21.2	26.3
Other Prepaids	24.7	46.8
Other Current Assets	8.1	4.4
Total Current Assets	659.1	747.4
Non-Current Assets		
Property, Plant and Equipment, Net of Accumulated Depreciation of $82.8 at September 30, 2013 and $81.2 at December 31, 2012	38.4	40.6
Computer Software, Net of Accumulated Amortization of $460.7 at September 30, 2013 and $431.9 at December 31, 2012	142.1	140.9
Goodwill	583.8	611.1
Deferred Income Tax	239.6	247.8
Other Receivables	45.3	47.1
Other Intangibles	79.2	99.3
Other Non-Current Assets	62.4	57.6
Total Non-Current Assets	1,190.8	1,244.4
Total Assets	$ 1,849.9	$ 1,991.8
LIABILITIES		
Current Liabilities		
Accounts Payable	$ 33.9	$ 40.9
Accrued Payroll	67.8	96.5
Accrued Income Tax	10.8	9.5
Short-Term Debt	0.1	0.2
Other Accrued and Current Liabilities (Note 6)	134.1	118.9
Deferred Revenue	541.3	610.7
Total Current Liabilities	788.0	876.7
Pension and Postretirement Benefits	644.0	668.3
Long-Term Debt	1,455.9	1,290.7
Liabilities for Unrecognized Tax Benefits	105.0	105.9
Other Non-Current Liabilities	63.3	64.5
Total Liabilities	3,056.2	3,006.1
Contingencies (Note 7)		
EQUITY		
D&B SHAREHOLDERS’ EQUITY (DEFICIT)		
Series A Junior Participating Preferred Stock, $0.01 par value per share, authorized - 0.5 shares; outstanding - none	—	—
Preferred Stock, $0.01 par value per share, authorized - 9.5 shares; outstanding - none	—	—

Series Common Stock, $0.01 par value per share, authorized - 10.0 shares; outstanding - none	—	—
Common Stock, $0.01 par value per share, authorized - 200.0 shares; issued - 81.9 shares	0.8	0.8
Capital Surplus	268.5	261.7
Retained Earnings	2,540.9	2,405.5
Treasury Stock, at cost, 43.8 shares at September 30, 2013 and 40.6 shares at December 31, 2012	(3,136.5)	(2,833.3)
Accumulated Other Comprehensive Income (Loss)	(885.2)	(852.1)
Total D&B Shareholders' Equity (Deficit)	(1,211.5)	(1,017.4)
Noncontrolling Interest	5.2	3.1
Total Equity (Deficit)	(1,206.3)	(1,014.3)
Total Liabilities and Shareholders' Equity (Deficit)	$ 1,849.9	$ 1,991.8

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

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The Dun & Bradstreet Corporation
Consolidated Statements of Cash Flows (Unaudited)

	Nine Months Ended September 30,	
	2013	2012
	(Amounts in millions)	
Cash Flows from Operating Activities:		
Net Income	$185.5	$201.3
Reconciliation of Net Income to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	53.6	59.9
Amortization of Unrecognized Pension Loss	25.0	17.7
(Gain) Loss from Sales of Business / Investments	—	(6.0)
Impairment of Assets	—	16.1
Income Tax Benefit from Stock-Based Awards	7.6	4.9
Excess Tax Benefit on Stock-Based Awards	(1.4)	(1.1)
Equity Based Compensation	8.0	8.8
Restructuring Charge	10.6	23.2
Restructuring Payments	(11.5)	(23.7)
Change in Deferred Income Taxes, Net	1.2	(25.4)
Change in Accrued Income Taxes, Net	(1.1)	(14.6)
Changes in Current Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable	125.9	109.2
(Increase) Decrease in Other Current Assets	18.5	24.2
Increase (Decrease) in Deferred Revenue	(65.9)	(56.9)
Increase (Decrease) in Accounts Payable	(6.0)	3.6
Increase (Decrease) in Accrued Liabilities	(27.9)	(41.9)
Changes in Non-Current Assets and Liabilities:		
Increase (Decrease) in Other Accrued & Current Liabilities	9.1	8.2
(Increase) Decrease in Other Non-Current Long-Term Assets	(4.1)	25.1
Net Increase (Decrease) in Non-Current Long-Term Liabilities	(28.4)	(25.5)
Net, Other Non-Cash Adjustments	0.6	—
Net Cash Provided by Operating Activities	299.3	307.1
Cash Flows from Investing Activities:		
Proceeds from Sales of Businesses, Net of Cash Divested	—	7.9
Cash Settlements of Foreign Currency Contracts	(6.2)	8.8
Capital Expenditures	(6.3)	(2.1)
Additions to Computer Software and Other Intangibles	(30.0)	(49.8)
Net, Other	—	0.1
Net Cash Used in Investing Activities	(42.5)	(35.1)
Cash Flows from Financing Activities:		
Payments for Purchases of Treasury Shares	(358.1)	(240.0)
Net Proceeds from Stock-Based Awards	52.5	14.9
Payments of Dividends	(47.3)	(52.8)
Proceeds from Borrowings on Credit Facilities	461.7	515.0
Payments of Borrowings on Credit Facilities	(295.8)	(454.3)
Excess Tax Benefit on Stock-Based Awards	1.4	1.1
Capital Lease and Other Long-Term Financing Obligation Payment	(0.6)	(2.2)
Net, Other	—	(1.4)
Net Cash Used in Financing Activities	(186.2)	(219.7)

Effect of Exchange Rate Changes on Cash and Cash Equivalents	(5.4)	0.3
Increase in Cash and Cash Equivalents	65.2	52.6
Cash and Cash Equivalents, Beginning of Period	149.1	84.4
Cash and Cash Equivalents, End of Period	$214.3	$137.0
Supplemental Disclosure of Cash Flow Information:		
Cash Paid for:		
Income Taxes, Net of Refunds	$79.9	$72.3
Interest	$20.5	$13.3

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

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The Dun & Bradstreet Corporation
Consolidated Statements of Shareholders' Equity (Deficit) (Unaudited)
For the Nine Months Ended September 30, 2013 and 2012
(Amounts in millions)

	Common Stock ($0.01 Par Value)	Capital Surplus	Retained Earnings	Treasury Stock	Cumulative Translation Adjustment	Minimum Pension Liability Adjustment	Derivative Financial Instrument	Total D&B Shareholders' Equity (Deficit)	Noncontrolling Interest	Total Equity (Deficit)
Balance, December 31, 2011	$ 0.8	$ 239.0	$ 2,179.3	$ (2,356.3)	$ (168.3)	$ (638.4)	$ —	$ (743.9)	$ 3.7	$ (740.2)
Net Income	—	—	199.5	—	—	—	—	199.5	1.8	201.3
Payment to Noncontrolling Interest	—	—	—	—	—	—	—	—	(1.1)	(1.1)
Sale of Noncontrolling Interest	—	—	—	—	—	—	—	—	(0.4)	(0.4)
Equity-Based Plans	—	21.9	—	22.1	—	—	—	44.0	—	44.0
Treasury Shares Acquired	—	—	—	(240.0)	—	—	—	(240.0)	—	(240.0)
Pension Adjustments, net of tax of $2.6	—	—	—	—	—	7.8	—	7.8	—	7.8
Dividend Declared	—	—	(53.1)	—	—	—	—	(53.1)	—	(53.1)
Adjustments to Legacy Tax Matters	—	1.6	—	—	—	—	—	1.6	—	1.6
Change in Cumulative Translation Adjustment	—	—	—	—	13.3	—	—	13.3	(0.1)	13.2
Derivative Financial Instruments, no tax impact	—	—	—	—	—	—	1.2	1.2	—	1.2
Balance, September 30, 2012	$ 0.8	$ 262.5	$ 2,325.7	$ (2,574.2)	$ (155.0)	$ (630.6)	$ 1.2	$ (769.6)	$ 3.9	$ (765.7)
Balance, December 31, 2012	$ 0.8	$ 261.7	$ 2,405.5	$ (2,833.3)	$ (151.2)	$ (701.0)	$ 0.1	$ (1,017.4)	$ 3.1	$ (1,014.3)
Net Income	—	—	183.2	—	—	—	—	183.2	2.3	185.5
	—	6.8	—	54.9	—	—	—	61.7	—	61.7

Equity-Based Plans										
Treasury Shares Acquired	—	—	—	(358.1)	—	—	—	(358.1)	—	(358.1)
Pension Adjustments, net of tax of $5.8	—	—	—	—	—	11.0	—	11.0	—	11.0
Dividend Declared	—	—	(47.8)	—	—	—	—	(47.8)	—	(47.8)
Change in Cumulative Translation Adjustment	—	—	—	—	(44.1)	—	—	(44.1)	(0.2)	(44.3)
Balance, September 30, 2013	$ 0.8	$ 268.5	$ 2,540.9	$ (3,136.5)	$ (195.3)	$ (690.0)	$ 0.1	$ (1,211.5)	$ 5.2	$ (1,206.3)

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

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THE DUN & BRADSTREET CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
(Tabular dollar amounts in millions, except per share data)
Note 1 -- Basis of Presentation

These interim unaudited consolidated financial statements have been prepared in accordance with the instructions to the Quarterly Report on Form 10-Q. They should be read in conjunction with the consolidated financial statements and related notes, which appear in The Dun & Bradstreet Corporation's ("D&B," the "Company," "we" or "our") Annual Report on Form 10-K for the year ended December 31, 2012. The unaudited consolidated results for interim periods do not include all disclosures required by accounting principles generally accepted in the United States of America ("GAAP") for annual financial statements and are not necessarily indicative of results for the full year or any subsequent period. In the opinion of our management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair statement of the unaudited consolidated financial position, results of operations and cash flows at the dates and for the periods presented have been included.

All inter-company transactions have been eliminated in consolidation.

Effective January 1, 2013, we began managing and reporting our North America Risk Management Solutions set as:

- DNBi subscription plans - interactive, customizable online application that offers our customers real time access to our most complete and up-to-date global DUNSRight information, comprehensive monitoring and portfolio analysis. DNBi subscription plans are contracts that allow customers' unlimited use, within pre-defined ranges;

- Non-DNBi subscription plans - subscription contracts which provide increased access to our risk management reports and data to help customers increase their profitability while mitigating their risk. The non-DNBi subscription plans allow customers' unlimited use, within pre-defined ranges; and

- Projects and other risk management solutions - all other revenue streams. This includes, for example, our Business Information Report, our Comprehensive Report, our International Report, and D&B Direct.

Management believes that these measures provide further insight into our performance and the growth of our North America Risk Management Solutions revenue.

We no longer report our Risk Management Solutions business on a traditional, value-added and supply management solutions basis for any segment.

Also, effective January 1, 2013, we began managing and reporting our Internet Solutions business as part of our Traditional Sales & Marketing Solutions set.

The financial statements of the subsidiaries outside North America reflect results for the three month and nine month periods ended August 31 in order to facilitate the timely reporting of our unaudited consolidated financial results and unaudited consolidated financial position.

Where appropriate, we have reclassified certain prior year amounts to conform to the current year presentation due to the changes in solution sets discussed above.

Note 2 -- Recent Accounting Pronouncements

In July 2013, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2013-11, "Income Taxes (Topic 740): Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists (a consensus of the Emerging Issues Task Force)," which states that an unrecognized tax benefit, or a portion of an unrecognized tax benefit, should be presented in the financial statements as a reduction to a deferred tax asset for a net operating loss carryforward, a similar tax loss, or a tax credit carryforward. If a company does not have: (i) a net operating loss carryforward; (ii) a similar tax loss; or (iii) a tax credit carryforward is not available at the reporting date under the tax law of the applicable jurisdiction to settle any additional income taxes that would result from the disallowance of a tax position, or the entity does not intend to use the deferred tax asset for such purpose, the unrecognized tax benefit should be presented in the financial statements as a liability and should not be combined with deferred tax assets. The authoritative guidance is effective for fiscal years and the interim periods within those fiscal years beginning on or after December 15, 2013 and should be applied on a prospective basis. We do not expect that the adoption of this authoritative guidance will have a material impact on our consolidated financial statements.

In July 2013, the FASB issued ASU No. 2013-10, "Derivatives and Hedging (Topic 815): Inclusion of the Fed Funds Effective Swap Rate (or Overnight Index Swap Rate) as a Benchmark Interest Rate for Hedge Accounting Purposes (a consensus of the Emerging Issues Task Force)," which permits a company to designate the Fed Funds Effective Swap Rate ("Fed Funds rate"), also referred to as the overnight index swap rate ("OIS"), as a benchmark interest rate for hedge accounting purposes. In addition, the ASU removes the restriction on using different benchmark interest rates for similar hedges. The authoritative guidance is effective prospectively for qualifying new or redesignated hedging relationships entered into on or after July 17, 2013. The adoption of this authoritative guidance did not have a material impact on our consolidated financial statements.

In March 2013, the FASB issued ASU No. 2013-5, "Foreign Currency Matters (Topic 830): Parent’s Accounting for the Cumulative Translation Adjustment upon Derecognition of Certain Subsidiaries or Groups of Assets within a Foreign Entity or of an Investment in a Foreign Entity (a consensus of the FASB Emerging Issues Task Force)," which states that a cumulative translation adjustment ("CTA") is attached to the parent’s investment in a foreign entity and should be released in a manner consistent with the derecognition guidance on investments in entities. The entire amount of the CTA associated with the foreign entity would be released when there has been a: (i) sale of a subsidiary or group of net assets within a foreign entity and the sale represents the substantially complete liquidation of the investment in the foreign entity; (ii) loss of a controlling financial interest in an investment in a foreign entity; and (iii) step acquisition for a foreign entity. The authoritative guidance does not change the requirement to release a pro rata portion of the CTA of the foreign entity into earnings for a partial sale of an equity method investment in a foreign entity. The authoritative guidance is effective for fiscal years and the interim periods within those fiscal years beginning on or after December 15, 2013 and should be applied on a prospective basis. We do not expect that the adoption of this authoritative guidance will have a material impact on our consolidated financial statements.

In February 2013, the FASB issued ASU No. 2013-02, "Comprehensive Income (Topic 220): Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income." The authoritative guidance adds new disclosure requirements for items reclassified out of accumulated other comprehensive income. A company would disaggregate the total change of each component of other comprehensive income and separately present reclassification adjustments and current-period other comprehensive income. The authoritative guidance requires a company to present information about significant items reclassified out of accumulated other comprehensive income by component either on the face of the statement where net income is presented or as a separate disclosure in the notes to the financial statements. The authoritative guidance is effective for fiscal years and the interim periods within those annual periods beginning after December 15, 2012. The authoritative guidance should be applied prospectively. See Note 12 to our unaudited consolidated financial statements included in this Quarterly Report on Form 10-Q for more information.

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In January 2013, the FASB issued ASU No. 2013-01, "Balance Sheet (Topic 210): Clarifying the Scope of Disclosures about Offsetting Assets and Liabilities," which clarifies which instruments and transactions are subject to the offsetting disclosure requirements established by ASU No. 2011-11, "Balance Sheet (Topic 210); Disclosures about Offsetting Assets and Liabilities" or "ASU No. 2011-11." The authoritative guidance limits the scope of the offsetting disclosures to (i) recognized derivative instruments accounted for in accordance with ASC 815, "Derivatives and Hedging", or "ASC 815," subject to the authoritative guidance for offsetting in the statement of financial position and (ii) recognized derivative instruments accounted for in accordance with ASC 815 that are subject to an enforceable master netting arrangement or similar agreement. The authoritative guidance is effective for annual reporting periods beginning on or after January 1, 2013 and interim periods within those annual periods. A company is required to provide the disclosures required in ASU No. 2011-11 for the applicable instruments and transactions under this authoritative guidance retrospectively for all comparative periods presented. The adoption of this authoritative guidance did not have a material impact on our consolidated financial statements.

In December 2011, the FASB issued ASU No. 2011-11. The amendments in this ASU require a company to disclose information about offsetting and related arrangements to enable users of its financial statements to understand the effect of those arrangements on its financial position. A company is required to apply the amendments for annual reporting periods beginning on or after January 1, 2013 and interim periods within those annual periods. A company should provide the disclosures required by those amendments retrospectively for all comparative periods presented. The adoption of this authoritative guidance did not have a material impact on our consolidated financial statements.

Note 3 -- Restructuring Charge

Financial Flexibility is an ongoing process by which we seek to reallocate our spending from low-growth or low-value activities to other activities that will create greater value for shareholders through enhanced revenue growth, improved profitability and/or quality improvements. With most initiatives, we have incurred restructuring charges (which generally consist of employee severance and termination costs, contract terminations, and/or costs to terminate lease obligations less assumed sublease income). These charges are incurred as a result of eliminating, consolidating, standardizing and/or automating our business functions.

Restructuring charges have been recorded in accordance with Accounting Standards Codification ("ASC") 712-10, "Nonretirement Postemployment Benefits," or "ASC 712-10" and/or ASC 420-10, "Exit or Disposal Cost Obligations," or "ASC 420-10," as appropriate.

We record severance costs provided under an ongoing benefit arrangement once they are both probable and estimable in accordance with the provisions of ASC 712-10.

We account for one-time termination benefits, contract terminations, and/or costs to terminate lease obligations less assumed sublease income in accordance with ASC 420-10, which addresses financial accounting and reporting for costs associated with restructuring activities. Under ASC 420-10, we establish a liability for costs associated with an exit or disposal activity, including severance and lease termination obligations, and other related costs, when the liability is incurred, rather than at the date that we commit to an exit plan. We reassess the expected cost to complete the exit or disposal activities at the end of each reporting period and adjust our remaining estimated liabilities, if necessary.

The determination of when we accrue for severance costs and which standard applies depends on whether the termination benefits are provided under an ongoing arrangement as described in ASC 712-10 or under a one-time benefit arrangement as defined by ASC 420-10. Inherent in the estimation of the costs related to the restructurings are assessments related to the most likely expected outcome of the significant actions to accomplish the exit activities. In determining the charges related to the restructurings, we had to make estimates related to the expenses associated with the restructurings. These estimates may vary significantly from actual costs depending, in part, upon factors that may be beyond our control. We will continue to review the status of our restructuring obligations on a quarterly basis and, if appropriate, record changes to these obligations in current operations based on management's most current estimates.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)-continued
(Tabular dollar amounts in millions, except per share data)

Three Months Ended September 30, 2013 vs. Three Months Ended September 30, 2012
During the three months ended September 30, 2013, we recorded a $6.1 million restructuring charge. The significant components of this charge included:

- Severance and termination costs of $3.1 million in accordance with the provisions of ASC 712-10 were recorded. Approximately 65 employees were impacted. Of these 65 employees, approximately 40 employees exited the Company in the third quarter of 2013, with the remaining primarily to exit in the fourth quarter of 2013. The cash payments for these employees will be substantially completed by the second quarter of 2014; and

- Contract termination, lease termination obligations, other exit costs including those to consolidate or close facilities and other exit costs of $3.0 million.

During the three months ended September 30, 2012, we recorded a $4.8 million restructuring charge. The significant components of this charge included:

- Severance and termination costs of $1.6 million in accordance with the provisions of ASC 712-10 were recorded. Approximately 50 employees were impacted. Of these 50 employees, approximately 35 employees exited the Company in the third quarter of 2012, with the remaining primarily having exited in the fourth quarter of 2012. The cash payments for these employees were substantially completed by the second quarter of 2013; and

- Lease termination obligations, other costs to consolidate or close facilities and other exit costs of $3.2 million.

Nine Months Ended September 30, 2013 vs. Nine Months Ended September 30, 2012
During the nine months ended September 30, 2013, we recorded a $10.6 million restructuring charge. The significant components of this charge included:

- Severance and termination costs of $5.8 million in accordance with the provisions of ASC 712-10 were recorded. Approximately 130 employees were impacted. Of these 130 employees, approximately 100 employees exited the Company in the third quarter of 2013, with the remaining primarily to exit in the fourth quarter of 2013. The cash payments for these employees will be substantially completed by the second quarter of 2014; and

- Contract termination, lease termination obligations, other exit costs including those to consolidate or close facilities and asset impairments of $4.8 million.

During the nine months ended September 30, 2012, we recorded a $23.2 million restructuring charge. The significant components of this charge included:

- Severance and termination costs of $12.8 million and $4.7 million in accordance with the provisions of ASC 712-10 and ASC 420-10, respectively, were recorded. Approximately 670 employees were impacted. Of these 670 employees, approximately 655 employees exited the Company in the third quarter of 2012, with the remaining primarily having exited in the fourth quarter of 2012. The cash payments for these employees were substantially completed by the second quarter of 2013; and

- Lease termination obligations, other costs to consolidate or close facilities and other exit costs of $5.7 million.

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The following tables set forth, in accordance with ASC 712-10 and/or ASC 420-10, the restructuring reserves and utilization related to our Financial Flexibility initiatives:

	Severance and Termination	Lease Termination Obligations and Other Exit Costs	Total
Restructuring Charges:			
Balance Remaining as of December 31, 2012	$9.4	$2.3	$11.7
Charge Taken during First Quarter 2013	0.6	1.7	2.3
Payments/Asset Impairment during First Quarter 2013 (1)	(3.7)	(0.8)	(4.5)
Balance Remaining as of March 31, 2013	$6.3	$3.2	$9.5
Charge Taken during Second Quarter 2013	2.1	0.1	2.2
Payments during Second Quarter 2013	(3.0)	(0.4)	(3.4)
Balance Remaining as of June 30, 2013	$5.4	$2.9	$8.3
Charge Taken during Third Quarter 2013	$3.1	$3.0	$6.1
Payments during Third Quarter 2013	(2.3)	(1.8)	(4.1)
Balance Remaining as of September 30, 2013	$6.2	$4.1	$10.3

	Severance and Termination	Lease Termination Obligations and Other Exit Costs	Total
Restructuring Charges:			
Balance Remaining as of December 31, 2011	$8.3	$2.2	$10.5
Charge Taken during First Quarter 2012	6.7	2.4	9.1
Payments during First Quarter 2012	(4.0)	(1.0)	(5.0)
Balance Remaining as of March 31, 2012	$11.0	$3.6	$14.6
Charge Taken during Second Quarter 2012	9.2	0.1	9.3
Payments during Second Quarter 2012	(7.5)	(0.8)	(8.3)
Balance Remaining as of June 30, 2012	$12.7	$2.9	$15.6
Charge Taken during Third Quarter 2012	$1.6	$3.2	$4.8
Payments during Third Quarter 2012	(6.7)	(3.7)	(10.4)
Balance Remaining as of September 30, 2012	$7.6	$2.4	$10.0

(1) We incurred an asset impairment of $0.5 million in the first quarter of 2013 related to the termination of a lease.

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Note 4 -- Notes Payable and Indebtedness
Our borrowings are summarized in the following table:

	September 30, 2013	December 31, 2012
Debt Maturing Within One Year:		
Other	$0.1	$0.2
Total Debt Maturing Within One Year	$0.1	$0.2
Debt Maturing After One Year:		
Long-Term Fixed-Rate Notes (Net of a $3.2 million and $3.5 million discount as of September 30, 2013 and December 31, 2012, respectively)	$1,046.8	$1,046.5
Fair Value Adjustment Related to Hedged Debt	2.9	3.8
Credit Facility	406.1	240.2
Other	0.1	0.2
Total Debt Maturing After One Year	$1,455.9	$1,290.7

Fixed-Rate Notes
In December 2012, we issued senior notes with a face value of $450 million that mature on December 1, 2017 (the "2017 notes"), bearing interest at a fixed annual rate of 3.25%, payable semi-annually. In addition, in December 2012, we issued senior notes with a face value of $300 million that mature on December 1, 2022 (the "2022 notes"), bearing interest at a fixed annual rate of 4.375%, payable semi-annually. The proceeds were used in December 2012 to repay borrowings outstanding under our revolving credit facility and retire our then outstanding $400 million senior notes bearing interest at a fixed annual rate of 6.00%, which had a maturity date of April 2013 (the "2013 notes"). In connection with the redemption of the 2013 notes, we recorded a premium payment of $5.4 million to "Other Income (Expense)—Net" in the consolidated statement of operations and comprehensive income during the year ended December 31, 2012. The interest rates applicable to the 2017 notes and 2022 notes are subject to adjustment if our debt rating is decreased three levels below the Standard & Poor's and Fitch BBB+ credit ratings that we held on the date of issuance. After a rate adjustment, if our debt ratings are subsequently upgraded, the adjustment(s) would reverse. The maximum adjustment is 2.00% above the initial interest rate and the rate cannot adjust below the initial interest rates. As of September 30, 2013, no such adjustments to the interest rates were required. The 2017 notes and 2022 notes carrying amounts of $450.0 million and $297.3 million, net of less than $0.1 million and $2.7 million of remaining issuance discounts, respectively, are recorded as "Long-Term Debt" in our unaudited consolidated balance sheet at September 30, 2013.
The 2017 notes and 2022 notes were issued at discounts of less than $0.1 million and $2.9 million, respectively. In addition, in connection with the issuance, we incurred underwriting and other fees of approximately $3.4 million and $2.5 million for the 2017 notes and 2022 notes, respectively. These costs are being amortized over the life of the applicable notes. The 2017 notes and 2022 notes contain certain covenants that limit our ability to create liens, enter into sale and leaseback transactions and consolidate, merge or sell assets to another entity. The 2017 notes and 2022 notes do not contain any financial covenants.
On January 30, 2008, we entered into interest rate derivative transactions with an aggregate notional amount of $400 million. The objective of these hedges was to mitigate the variability of future cash flows from market changes in Treasury rates in anticipation of the issuance of the 2013 notes. These transactions were accounted for as cash flow hedges and, as such, changes in fair value of the hedges that took place through the date of the issuance of the 2013 notes were recorded in Accumulated Other Comprehensive Income ("AOCI"). In connection with the issuance of the 2013 notes, these interest rate derivative transactions were terminated, resulting in a loss and a payment of $8.5 million on March 28, 2008, the date of termination. The March 28, 2008 payment had been recorded in AOCI and has been amortized over the life of the 2013 notes. In connection with the redemption of the 2013 notes in December

2012, the remaining unamortized portion of the loss in the amount of $0.3 million was recorded to “Other Income (Expense) - Net” in the consolidated statement of operations and comprehensive income during the year ended December 31, 2012. In addition, with the redemption of the 2013 notes in December 2012, the remaining unamortized underwriting and other fees in the amount of $0.1 million was recorded to "Other Income (Expense) - Net" in the consolidated statement of operations and comprehensive income during the year ended December 31, 2012.

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In November 2010, we issued senior notes with a face value of $300 million that mature on November 15, 2015 (the "2015 notes"), bearing interest at a fixed annual rate of 2.875%, payable semi-annually. The proceeds were used in December 2010 to repay our then outstanding $300 million senior notes, bearing interest at a fixed annual rate of 5.50%, which had a maturity date of March 15, 2011 (the "2011 notes"). In connection with the redemption of the 2011 notes, we recorded a premium payment of $3.7 million to "Other Income (Expense) - Net" in the consolidated statement of operations and comprehensive income during the year ended December 31, 2010. The 2015 notes of $299.5 million, net of $0.5 million remaining discount, are recorded as "Long-Term Debt" in our unaudited consolidated balance sheet at September 30, 2013.

The 2015 notes were issued at a discount of $1.1 million, and, in connection with the issuance, we incurred underwriting and other fees of approximately $2.5 million. These costs are being amortized over the life of the 2015 notes. The 2015 notes contain certain covenants that limit our ability to create liens, enter into sale and leaseback transactions and consolidate, merge or sell assets to another entity. The 2015 notes do not contain any financial covenants.

In November and December 2010, we entered into interest rate derivative transactions with aggregate notional amounts of $125 million. The objective of these hedges was to offset the change in fair value of the fixed rate 2015 notes attributable to changes in LIBOR. These transactions have been accounted for as fair value hedges. We have recognized the gain or loss on the derivative instruments, as well as the offsetting loss or gain on the hedged item, in "Other Income (Expense)—Net" in the consolidated statement of operations and comprehensive income.

In March 2012, in connection with our objective to manage exposure to interest rate changes and our policy to manage our fixed and floating-rate debt mix, these interest rate derivatives discussed in the previous paragraph were terminated. This resulted in a gain of $0.3 million and the receipt of $5.0 million in cash on March 12, 2012, the swap termination settlement date. The gain of $0.3 million was recorded in "Other Income (Expense)—Net" in the consolidated statement of operations and comprehensive income during the year ended December 31, 2012.

Approximately $0.8 million of derivative gains offset by a $0.5 million loss on the fair value adjustment related to the hedged debt were recorded through the date of termination in the results for the three months ended March 31, 2012. The $4.9 million adjustment in the carrying amount of the hedged debt at the date of termination is being amortized as an offset to "Interest Expense" in our consolidated statement of operations and comprehensive income over the remaining term of the 2015 notes. Approximately $0.9 million of amortization was recorded during the nine months ended September 30, 2013, resulting in a balance of $2.9 million in our unaudited consolidated balance sheet at September 30, 2013.

Credit Facility

At September 30, 2013 and December 31, 2012, we had an $800 million revolving credit facility, which expires in October 2016. Borrowings under the $800 million revolving credit facility are available at prevailing short-term interest rates. The facility requires the maintenance of interest coverage and total debt to Earnings Before Income Taxes, Depreciation and Amortization ("EBITDA") ratios, which are defined in the credit agreement. We were in compliance with these revolving credit facility financial covenants at September 30, 2013 and December 31, 2012.

At September 30, 2013 and December 31, 2012, we had $406.1 million and $240.2 million, respectively, of borrowings outstanding under the $800 million revolving credit facility with weighted average interest rates of 1.19% and 1.62%, respectively. We borrowed under this facility from time-to-time during the nine months ended September 30, 2013 to supplement the timing of receipts in order to fund our working capital. We have also borrowed under this facility from time-to-time to fund a portion of our share repurchases. The $800 million revolving credit facility also supports our commercial paper program, which was increased from $300 million to $800 million during July 2012. Under this program, we may issue from time-to-time unsecured promissory notes in the commercial paper market in

private placements exempt from registration under the Securities Act of 1933, as amended, for a cumulative face amount not to exceed $800 million outstanding at any one time and with maturities not exceeding 364 days from the date of issuance. Outstanding commercial paper effectively reduces the amount available for borrowing under the $800 million revolving credit facility. We did not borrow under our commercial paper program during the nine months ended September 30, 2013 or 2012.

Other

At September 30, 2013 and December 31, 2012, certain of our international operations had uncommitted lines of credit of $2.5 million and $3.0 million, respectively. There were no borrowings outstanding under these lines of credit at September 30, 2013 and December 31, 2012, respectively. These arrangements have no material facility fees and no compensating balance requirements.

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At September 30, 2013 and December 31, 2012, we were contingently liable under open standby letters of credit and bank guarantees issued by our banks in favor of third parties and parent guarantees in favor of certain of our banks totaling $5.0 million and $12.5 million, respectively.
Interest paid for all outstanding debt totaled $1.0 million and $20.5 million during the three month and nine month periods ended September 30, 2013, respectively. In March 2012, we terminated our then outstanding interest rate derivatives that were intended to offset the change in fair value of the fixed rate 2015 notes attributable to changes in LIBOR, resulting in the receipt of $5.0 million in cash on the date of termination. This resulted in a net interest received of $4.4 million for all outstanding debt for the three months ended March 31, 2012. Interest paid for all outstanding debt totaled $0.9 million and $13.3 million during the three month and nine month periods ended September 30, 2012, respectively.
Note 5 -- Earnings Per Share
We assess if any of our share-based payment transactions are deemed participating securities prior to vesting and therefore need to be included in the earnings allocation when computing Earnings Per Share (“EPS”) under the two-class method. The two-class method requires earnings to be allocated between common shareholders and holders of participating securities. All outstanding unvested share-based payment awards that contain non-forfeitable rights to dividends are considered to be a separate class of common stock and should be included in the calculation of basic and diluted EPS. Based on a review of our stock-based awards, we have determined that only our restricted stock awards are deemed participating securities. We did not have any weighted average restricted shares outstanding for the three month and nine month periods ended September 30, 2013, respectively. The number of weighted average restricted shares outstanding was 8,050 shares and 15,543 shares for the three month and nine month periods ended September 30, 2012, respectively.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2013	2012	2013	2012
Net Income Attributable to D&B	$72.8	$79.6	$183.2	$199.5
Less: Allocation to Participating Securities	—	—	—	(0.1)
Net Income Attributable to D&B Common Shareholders – Basic and Diluted	$72.8	$79.6	$183.2	$199.4
Weighted Average Number of Shares Outstanding – Basic	38.5	44.8	39.5	46.4
Dilutive Effect of Our Stock Incentive Plans	0.4	0.4	0.4	0.4
Weighted Average Number of Shares Outstanding – Diluted	38.9	45.2	39.9	46.8
Basic Earnings Per Share of Common Stock Attributable to D&B Common Shareholders	$1.89	$1.77	$4.64	$4.29
Diluted Earnings Per Share of Common Stock Attributable to D&B Common Shareholders	$1.87	$1.76	$4.59	$4.26

Stock-based awards to acquire 5,414 shares and 1,376,145 shares of common stock were outstanding at the three months ended September 30, 2013 and 2012, respectively, but were not included in the computation of diluted earnings per share because the assumed proceeds, as calculated under the treasury stock method, resulted in these awards being anti-dilutive. Stock-based awards to acquire 138,504 shares and 1,385,966 shares of common stock were outstanding at the nine months ended September 30, 2013 and 2012, respectively, but were not included in the computation of diluted earnings per share because the assumed proceeds, as calculated under the treasury stock method, resulted in these awards being anti-dilutive. Our options generally expire ten years from the grant date.

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Our share repurchases were as follows:

	For the Three Months Ended September 30,				For the Nine Months Ended September 30,			
Program	2013		2012		2013		2012	
	Shares	$ Amount	Shares	$ Amount	Shares	$ Amount	Shares	$ Amount
	(Dollar amounts in millions)				(Dollar amounts in millions)			
Share Repurchase Programs (a)	528,795	$ 55.0	435,733	$ 36.0	3,045,926	$ 270.1	3,404,436	$ 236.0
Repurchases to Mitigate the Dilutive Effect of the Shares Issued Under Our Stock Incentive Plans and Employee Stock Purchase Plan (“ESPP”) (b)	192,450	20.0	—	—	899,087	88.0	59,563	4.0
Total Repurchases	721,245	$ 75.0	435,733	$ 36.0	3,945,013	$ 358.1	3,463,999	$ 240.0

(a) In August 2012, our Board of Directors approved a $500 million increase to our then existing $500 million share repurchase program, for a total program authorization of $1 billion. The then existing $500 million share repurchase program was approved by our Board of Directors in October 2011 and commenced in November 2011 upon completion of our previous $200 million share repurchase program. We anticipate that this program will be completed by mid-2014.

(b) In May 2010, our Board of Directors approved a four-year, five million share repurchase program to mitigate the dilutive effect of the shares issued under our stock incentive plans and ESPP. This program commenced in October 2010 and expires in October 2014.

Note 6 -- Other Accrued and Current Liabilities

	September 30, 2013	December 31, 2012
Restructuring Accruals	$ 10.3	$ 11.7
Professional Fees	35.7	37.4
Operating Expenses	24.2	25.5
Bond Interest Payable (1)	12.5	3.4
Other Accrued Liabilities (2)	51.4	40.9
	$ 134.1	$ 118.9

(1) The increase in Bond Interest Payable from December 31, 2012 to September 30, 2013 primarily reflects the absence, from the December 31, 2012 balance, of interest associated with our 2013 notes which were retired at December 31, 2012, and the timing of interest accrual periods associated with our 2017 notes and 2022 notes which were issued in December 2012.

(2) The increase in Other Accrued Liabilities from December 31, 2012 to September 30, 2013 was primarily attributed to the purchase of perpetual licenses of third-party software.

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Note 7 -- Contingencies

We are involved in tax and legal proceedings, claims and litigation arising in the ordinary course of business for which we believe that we have adequate reserves, and such reserves are not material to our consolidated financial statements. We record a liability when management believes that it is both probable that a liability has been incurred and we can reasonably estimate the amount of the loss. For such matters where management believes a liability is not probable but is reasonably possible, a liability is not recorded; instead, an estimate of loss or range of loss, if material individually or in the aggregate, is disclosed if reasonably estimable, or a statement will be made that an estimate of loss cannot be made. Once we have disclosed a matter that we believe is or could be material to us, we continue to report on such matter until there is finality of outcome or until we determine that disclosure is no longer warranted. Further, we believe our estimate of the aggregate range of reasonably possible losses, in excess of established reserves, for our legal proceedings was not material at September 30, 2013. In addition, from time-to-time, we may be involved in additional matters, which could become material and for which we may also establish reserve amounts, as discussed below.

China Operations

On March 18, 2012, we announced we had temporarily suspended our Shanghai Roadway D&B Marketing Services Co. Ltd. (“Roadway”) operations in China, pending an investigation into allegations that its data collection practices may have violated local Chinese consumer data privacy laws. Thereafter, the Company decided to permanently cease the operations of Roadway. In addition, we have been reviewing certain allegations that we may have violated the Foreign Corrupt Practices Act and certain other laws in our China operations. As previously reported, we have voluntarily contacted the Securities and Exchange Commission and the United States Department of Justice to advise both agencies of our investigation. Our investigation remains ongoing and is being conducted at the direction of the Audit Committee.

During the nine months ended September 30, 2013, we incurred $6.2 million of legal and other professional fees related to matters in China. Additionally, during the year ended December 31, 2012, we incurred $13.5 million of legal and other professional fees and $2.1 million in local shut-down costs, as well as an impairment charge of $12.9 million related to accounts receivable, intangible assets, prepaid costs and software for Roadway, an operation in our Greater China reporting unit. For the year ended December 31, 2012, the Roadway business had $5.4 million of revenue and $14.5 million of operating loss. D&B acquired Roadway’s operations in 2009, and for 2011 Roadway accounted for approximately $22 million in revenue and $2 million in operating income.

On September 28, 2012, Roadway was charged in a Bill of Prosecution, along with five former employees, by the Shanghai District Prosecutor with illegally obtaining private information of Chinese citizens. On December 28, 2012, the Chinese court imposed a monetary fine on Roadway and fines and imprisonment on four former Roadway employees. A fifth former Roadway employee was separated from the case.

As our investigation is ongoing, we cannot yet predict the ultimate outcome of the matter or its impact, if any, on our business, financial condition or results of operations. No amount in respect of any potential liability in this matter, including for penalties, fines or other sanctions, has been accrued in our consolidated financial statements. In accordance with ASC 450," Contingencies," we do not have sufficient information upon which to determine that a loss in connection with this matter is probable, reasonably possible or estimable, and thus no reserve has been established nor has a range of loss been disclosed.

Nicholas Martin v. Dun & Bradstreet, Inc. and Convergys Customer Management Group, Inc., No. 12 CV 215 (USDC N.D. IL.)

On January 11, 2012, Nicholas Martin filed suit against Dun & Bradstreet, Inc. and Convergys Customer Management Group, Inc. ("Convergys") in the United States District Court for the Northern District of Illinois. The complaint alleges that Defendants violated the Telephone Consumer Protection Act (“TCPA”) because Convergys placed a telephone call to Plaintiff's cell phone using an automatic telephone dialing system ("ATDS") and because Dun &

Bradstreet, Inc. authorized the telephone call. The TCPA generally prohibits the use of an ATDS to place a call to a cell phone for nonemergency purposes and without the prior express consent of the called party. The TCPA provides for statutory damages of $500 per violation, which may be trebled to $1,500 per violation at the discretion of the court if the plaintiff proves the defendant willfully violated the TCPA. Plaintiff sought to bring this action as a class action on behalf of all persons who Defendants called on their cell phone using an ATDS, where the Defendants obtained the cell phone number from some source other than directly from the called party, during the period from January 11, 2010 to the present. The parties reached an agreement to settle this matter and they have negotiated the terms of a settlement agreement and other related settlement documents. On

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July 16, 2013 the Court granted Plaintiff's Motion for Preliminary Approval of Class Action Settlement and entered a Preliminary Approval Order. Class members have been given notice and had until October 7, 2013 to submit claims, which are subject to Defendants' review. The settlement is subject to final approval by the Court. The Court scheduled a Final Approval Hearing for November 19, 2013. In accordance with ASC 450, "Contingencies," as of September 30, 2013, a reserve has been accrued by the company in this matter, which is reflected in our consolidated financial statements. The amount of such reserve is not material to the company's financial statements and an estimate of the additional loss or range of loss cannot be made.

O&R Construction, LLC v. Dun & Bradstreet Credibility Corporation, et al., No. 2:12 CV 02184 (USDC W.D. Wash.)

On December 13, 2012, plaintiff O&R Construction LLC filed a putative class action in the United States District Court for the Western District of Washington against D&B and an unaffiliated entity. The complaint alleges, among other things, that defendants violated the antitrust laws, used deceptive marketing practices to sell the CreditBuilder credit monitoring products and allegedly misrepresented the nature, need and value of the products. The plaintiff purports to sue on behalf of a putative class of purchasers of CreditBuilder and seeks recovery of damages and equitable relief. On February 18, 2013, the Company filed a motion to dismiss the complaint. On April 5, 2013, plaintiff filed an amended complaint in lieu of responding to the motion. The amended complaint dropped the antitrust claims and retained the class action and deceptive practices allegations. The Company filed a new motion to dismiss the amended complaint on May 3, 2013. On August 23, 2013, the court heard the motion and granted it. Specifically, the court dismissed a contract claim with prejudice, and dismissed all the remaining claims without prejudice. On September 23, 2013, plaintiff filed a Second Amended Complaint, which alleges new claims about the nature and quality of the Company's data and services. The Company plans to file a motion to dismiss the Second Amended Complaint. The parties exchanged initial disclosures and completed the initial case management process in March 2013. Formal discovery had begun but has been stayed by the court pending review of the Second Amended Complaint. This litigation is at a very preliminary stage. In accordance with ASC 450," Contingencies," we do not have sufficient information upon which to determine that a loss in connection with this matter is probable, reasonably possible or estimable, and thus no reserve has been established nor has a range of loss been disclosed. The Company disputes the allegations and intends to vigorously defend the case.

Other Matters

In addition, in the normal course of business, and including without limitation, our merger and acquisition activities and financing transactions, D&B indemnifies other parties, including customers, lessors and parties to other transactions with D&B, with respect to certain matters. D&B has agreed to hold the other parties harmless against losses arising from a breach of representations or covenants, or arising out of other claims made against certain parties. These agreements may limit the time within which an indemnification claim can be made and the amount of the claim. D&B has also entered into indemnity obligations with its officers and directors.

Additionally, in certain circumstances, D&B issues guarantee letters on behalf of our wholly-owned subsidiaries for specific situations. It is not possible to determine the maximum potential amount of future payments under these indemnification agreements due to the limited history of prior indemnification claims and the unique facts and circumstances involved in each particular agreement. Historically, payments made by D&B under these agreements have not had a material impact on our consolidated financial statements.

Note 8 -- Income Taxes

For the three months ended September 30, 2013, our effective tax rate was 33.8% as compared to 5.6% for the three months ended September 30, 2012. For the three months ended September 30, 2013, the effective tax rate was positively impacted by a net increase in our deferred tax assets resulting from enacted tax law changes in certain U.S. states and in the United Kingdom during the third quarter of 2013. In addition, the tax rate for the three months ended

September 30, 2012 as compared to the tax rate for the three months ended September 30, 2013 included a significant benefit from the release of reserves for uncertain tax positions due to the effective settlement of an audit for the tax years 2005 and 2006. For the three months ended September 30, 2013, there are no changes in our effective tax rate that either have had or that we expect may reasonably have a material impact on our operations or future performance. For the nine months ended September 30, 2013, our effective tax rate was 32.3% as compared to 15.7% for the nine months ended September 30, 2012. For the nine months ended September 30, 2013, our effective tax rate was positively impacted primarily by a net increase in our deferred tax assets resulting from enacted tax law changes in certain U.S. states and in the United Kingdom during the third quarter of 2013 and by the release of reserves for uncertain tax positions. For the nine months ended September 30, 2012, our effective tax rate was positively impacted by the release of reserves for uncertain tax

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positions due to the effective settlement of an audit for the tax years 2005 and 2006, a tax benefit on a loss on the tax basis of a legal entity, and tax benefits from the divestiture of the domestic portion of our Japan operations, and negatively impacted by an impairment related to permanently ceasing operations of Roadway in China. For the nine months ended September 30, 2012, there are no changes in our effective tax rate that either have had or that we expect may reasonably have a material impact on our operations or future performance.
The total amount of gross unrecognized tax benefits as of September 30, 2013 was $98.5 million. The amount of unrecognized tax benefits that, if recognized, would impact the effective tax rate is $92.9 million, net of tax benefits. During the three months ended September 30, 2013, we decreased our unrecognized tax benefits by $0.1 million, net of increases. The decrease is primarily related to adjustments to a prior year position for state taxes. During the nine months ended September 30, 2013, we decreased our unrecognized tax benefits by $2.2 million, net of increases. The decrease is primarily due to the expiration of applicable statutes of limitation and settlements with taxing authorities. We anticipate that it is reasonably possible total unrecognized tax benefits will decrease by approximately $63.0 million within the next twelve months as a result of the expiration of applicable statutes of limitation.

We or one of our subsidiaries file income tax returns in the U.S. federal, and various state, local and foreign jurisdictions. In the U.S. federal jurisdiction, we are no longer subject to examination by the Internal Revenue Service ("IRS") for years prior to 2007. In state and local jurisdictions, with a few exceptions, we are no longer subject to examinations by tax authorities for years prior to 2008. In foreign jurisdictions, with a few exceptions, we are no longer subject to examinations by tax authorities for years prior to 2007.

The IRS is examining our 2007, 2008 and 2009 tax years. We expect the examination will be completed no later than the first quarter of 2014.
We recognize accrued interest expense related to unrecognized tax benefits in income tax expense. The total amount of interest expense recognized for the three month and nine month periods ended September 30, 2013 was $0.6 million and $1.8 million, net of tax benefits, respectively, as compared to $1.2 million and $2.5 million, net of tax benefits, for the three month and nine month periods ended September 30, 2012, respectively. The total amount of accrued interest as of September 30, 2013 was $9.7 million, net of tax benefits, as compared to $8.2 million, net of tax benefits, as of September 30, 2012.
Note 9 -- Pension and Postretirement Benefits
The following table sets forth the components of the net periodic cost (income) associated with our pension plans and our postretirement benefit obligations:

	Pension Plans				Postretirement Benefit Obligations			
	For the Three Months Ended September 30,		For the Nine Months Ended September 30,		For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2013	2012	2013	2012	2013	2012	2013	2012
Components of Net Periodic Cost (Income):								
Service Cost	$0.9	$1.3	$3.5	$4.4	$0.2	$0.3	$0.6	$0.5
Interest Cost	17.5	19.0	52.4	56.5	0.3	0.1	0.6	0.5
Expected Return on Plan Assets	(23.4)	(25.0)	(70.3)	(74.7)	—	—	—	—
Amortization of Prior Service Cost (Credit)	0.1	0.1	0.3	0.3	(2.3)	(2.4)	(6.9)	(7.4)
	11.0	9.0	32.7	26.7	(0.3)	(0.9)	(1.1)	(1.9)

Recognized Actuarial Loss (Gain)								
Net Periodic Cost (Income)	$6.1	$4.4	$18.6	$13.2	$(2.1)	$(2.9)	$(6.8)	$(8.3)

We previously disclosed in our Annual Report on Form 10-K for the year ended December 31, 2012 that we expected to contribute $22.0 million to our U.S. Non-Qualified plans and non-U.S. pension plans and $5.0 million to our postretirement benefit plan for the year ended December 31, 2013. As of September 30, 2013, we have made contributions to our Non-Qualified U.S. and non-U.S. pension plans of $16.0 million and postretirement benefit plan of $2.1 million.

We also previously disclosed in our Annual Report on Form 10-K for the year ended December 31, 2012 that we did not expect to make any contributions to the U.S. Qualified Plan in 2013. We currently anticipate making a contribution to the U.S. Qualified Plan in 2014, which we may elect to pay in whole or in part in 2013, up to approximately $20 million.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)-continued
(Tabular dollar amounts in millions, except per share data)

Note 10 -- Segment Information

The segments reported below are our segments for which separate financial information is available and upon which operating results are evaluated by management on a timely basis to assess performance and to allocate resources. We manage our operations and our results are reported under the following three segments:

- North America (which consists of our operations in the U.S. and Canada);
- Asia Pacific (which primarily consists of our operations in Australia, Greater China, India and Asia Pacific Worldwide Network); and
- Europe and Other International Markets (which primarily consists of operations in the UK, the Netherlands, Belgium, Latin America and European Worldwide Network).

Our customer solution sets are D&B Risk Management Solutions™ and D&B Sales & Marketing Solutions™. Inter-segment sales are immaterial, and no single customer accounted for 10% or more of our total revenue. For management reporting purposes, we evaluate business segment performance before restructuring charges and intercompany transactions because these charges are not a component of our ongoing income or expenses and may have a disproportionate positive or negative impact on the results of our ongoing underlying business.

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2013	2012	2013	2012
Revenue:				
North America	$305.8	$308.3	$867.7	$872.8
Asia Pacific	44.4	44.7	135.1	132.6
Europe and Other International Markets	60.9	60.1	175.7	175.8
Consolidated Core	411.1	413.1	1,178.5	1,181.2
Divested and Other Businesses	—	0.1	—	18.7
Consolidated Total	$411.1	$413.2	$1,178.5	$1,199.9
Operating Income (Loss):				
North America	$112.3	$117.3	$282.8	$323.0
Asia Pacific	5.1	5.1	15.9	(0.4)
Europe and Other International Markets	19.7	17.3	49.4	46.1
Total Segments	137.1	139.7	348.1	368.7
Corporate and Other (1)	(16.6)	(30.0)	(45.9)	(95.3)
Consolidated Total	120.5	109.7	302.2	273.4
Non-Operating Income (Expense), Net (2)	(10.2)	(24.7)	(30.8)	(36.1)
Income Before Provision for Income Taxes and Equity in Net Income of Affiliates	$110.3	$85.0	$271.4	$237.3

(1) The following table summarizes “Corporate and Other:”

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2013	2012	2013	2012
Corporate Costs	$(9.6)	$(13.1)	$(29.1)	$(35.5)
Restructuring Expense	(6.1)	(4.8)	(10.6)	(23.2)

Strategic Technology Investment or MaxCV	—	(6.7)	—	(25.6)
Legal and Other Professional Fees and Shut-Down Costs Related to Matters in China	(0.9)	(5.4)	(6.2)	(11.0)
Total Corporate and Other	$(16.6)	$(30.0)	$(45.9)	$(95.3)

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)-continued
(Tabular dollar amounts in millions, except per share data)

(2) The following table summarizes “Non-Operating Income (Expense):”

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2013	2012	2013	2012
Interest Income	$0.3	$0.2	$0.9	$0.5
Interest Expense	(10.3)	(9.5)	(30.2)	(27.8)
Other Income (Expense) - Net (a)	(0.2)	(15.4)	(1.5)	(8.8)
Non-Operating Income (Expense) - Net	$(10.2)	$(24.7)	$(30.8)	$(36.1)

(a) During the three month and nine month periods ended September 30, 2012, we recognized the reduction of a contractual receipt under the Tax Allocation Agreement between Moody's Corporation and D&B as it relates to the expiration of the statute of limitations for the tax years 2005 and 2006.

Supplemental Geographic and Customer Solution Set Information:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2013	2012	2013	2012
Customer Solution Set Revenue:				
North America:				
Risk Management Solutions	$176.7	$178.8	$510.8	$518.5
Sales & Marketing Solutions	129.1	129.5	356.9	354.3
North America Core Revenue	305.8	308.3	867.7	872.8
Divested and Other Businesses	—	—	—	—
Total North America Revenue	305.8	308.3	867.7	872.8
Asia Pacific:				
Risk Management Solutions	38.2	38.1	116.4	111.6
Sales & Marketing Solutions	6.2	6.6	18.7	21.0
Asia Pacific Core Revenue	44.4	44.7	135.1	132.6
Divested and Other Businesses (3)	—	0.1	—	18.7
Total Asia Pacific Revenue	44.4	44.8	135.1	151.3
Europe and Other International Markets:				
Risk Management Solutions	48.6	48.9	143.5	145.1
Sales & Marketing Solutions	12.3	11.2	32.2	30.7
Europe and Other International Markets Core Revenue	60.9	60.1	175.7	175.8
Divested and Other Businesses	—	—	—	—
Total Europe and Other International Markets Revenue	60.9	60.1	175.7	175.8
Consolidated Total:				
Risk Management Solutions	263.5	265.8	770.7	775.2
Sales & Marketing Solutions	147.6	147.3	407.8	406.0
Core Revenue	411.1			