DUN & BRADSTREET
FY 2006 INVESTOR CONFERENCE CALL
02-02-07

RICH VELDRAN (LEADER, TREASURY AND INVESTOR RELATIONS):

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

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

- Steve Alesio, our Chairman and Chief Executive Officer, will begin with some opening remarks on D&B's performance in 2006 and our outlook for the year ahead.

- Sara Mathew, our Chief Financial Officer, will then review our 2006 financial results.

- Following some closing remarks from Steve, we'll then take your questions.

To help our analysts and investors understand where this business is headed, our remarks this morning will include forward-looking statements.

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

These documents are available on the Investor Relations section of our Web site, and we encourage you to review this material.

We undertake no obligation to update any forward-looking statements.

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

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

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

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

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

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

With that, I'll now turn the call over to Steve Alesio. Steve?

STEVE ALESIO (CHAIRMAN AND CHIEF EXECUTIVE OFFICER)

Thanks, Rich, and hello to all of our shareholders, team members and analysts on the call today. Thank you for joining us.

Sara and I are glad to be talking with you this morning about D&B's 2006 results, and our outlook for the future.

As we've emphasized over time, D&B is a company that's committed to driving total shareholder return

We deliver on this commitment by focusing on three key drivers:

- First, ensuring the consistency of our performance.
- Second, ensuring that we deliver profitable revenue growth.
- And third, maintaining our discipline around the deployment of cash.

These were the key drivers of our performance and growth in 2006, and they'll continue to drive our progress in the future.

Let me discuss each of these in turn….

First, consistency of performance at D&B means "doing what we say,"

Our consistency is reflected through our financial performance and enabled by a set of core competitive advantages that we've developed over time.

We feel good about our performance in 2006, as we once again met or exceeded all of our guidance metrics, and delivered our sixth consecutive year of strong results.

- EPS improved by 14%
- Revenue grew by 6%.
- Operating income grew by 8%, which increases to 12% excluding the impact of options expensing
- And we generated $298 million of free cash flow.

We're pleased with these results, and we're proud of our unique track record of consistency over time. In fact, 2006 was another in a series of positive years along the way for us.

Looking ahead, we're confident in our ability to deliver strong results and total shareholder return in 2007

That confidence is demonstrated by the 2007 financial guidance we released in January, which calls for ongoing profitable revenue growth and continued improvement in all of our key financial metrics.

Specifically, we expect to deliver:

- Core revenue growth of 6 percent to 8 percent, before the effect of foreign exchange, all of which will be organic

- Operating income growth of 8 percent to 10 percent; before non-core gains and charges

- Diluted EPS growth of 13 percent to 16 percent before non-core gains and charges;

- Free cash flow of $310 million to $325 million before legacy tax matters; and…

- A tax rate before non-core gains and charges of approximately 37 percent to 38 percent.

Our ability to deliver this guidance in 2007 is enabled by four core competitive advantages we've developed:

These are:
- Our Brand,
- Our Financially Flexible business model,
- Our Winning Culture,
- And our proprietary DUNSRight quality process.

Let me take a moment to discuss progress on three of these competitive advantages…

First – Financial Flexibility.

This business model has helped us target $70 to $80 million of financial flexibility over each of the past several years, allowing us to drive consistency by investing for growth, while also returning EPS and cash to our shareholders.

Our 2007 FF Program is designed to significantly reduce the complexity of our business, which is a process that we anticipate continuing over the next several years. We're focused on improving our organizational design, simplifying our product and technology environment, and improving our sales force effectiveness and tools.

These efforts will help us to once again meet our financial commitments in 2007 while continuing to invest in our strategy. And they will allow us to extend our track record of delivering consistent performance over time.

A second core competitive advantage I'll highlight is our Winning Culture.

As we've said before, we've developed an organizational culture that is passionately committed to winning. Our focus on improving leadership has been an enabler of our performance and a driver of creating value. We have a leadership team that is highly engaged in driving our progress, year after year.

While culture can be difficult to gauge, we are a company that evaluates all of the key drivers of our performance.

We conduct an annual employee survey to help us quantify the strength of our winning culture. For 2006, 100% of our employees participated in this survey, and we achieved our highest level of Employee Satisfaction – a score of 82 points out of 100, which is viewed as "world class." In addition, we received 16,000 verbatim comments from our team members – sharing what's working well and where we have opportunities to improve.

We've worked hard to build this Winning Culture at D&B, and we're very proud of it. That said, we are not satisfied with the status quo. We are now on mission to significantly improve the customer orientation our team members exhibit, and to create an environment where our team members are empowered to drive the future of our business.

Finally, a third core competitive advantage that helps ensure our consistency of performance is our proprietary DUNSRight quality process.

DUNSRight is the core value proposition we sell to customers, and it's at the heart of our scalable business model.

The majority of the investments we make are directed toward improving all aspects of the DUNSRight quality process – from our global data collection and entity matching capabilities to our advanced predictive indicators.

During 2006, our investments in DUNSRight allowed us to increase the breadth of our global commercial database to more than 110 million business records, up 10 million records from 2005.

So, to sum up the discussion on consistency of performance….

…Our core competitive advantages of Brand, Financial Flexibility, Winning Culture, and DUNSRight serve us well. They will continue to drive our consistency of financial performance over time.

The second key driver of Total Shareholder Return is delivering profitable revenue growth as we execute against the strategic stakes we've identified for our future.

We're only just beginning to execute against these stakes. 2007 is an important year to focus on both organic growth and acquisitions to advance our strategy.

To put this in context….

…. we've made a fundamental strategic choice to continue be the world's largest and best provider of commercial insight about businesses.

Within the commercial insight market, we have identified three strategic stakes for the future.

- First, growing our global Risk Management Solutions business;

- Second, growing our Sales and Marketing Solutions by focusing on the higher growth space of commercial data integration;

- And third, growing our Internet Solutions Business by continuing to grow in Hoover's while investing in one or two new platforms to leverage the expertise we've developed at Hoover's over time.

This morning, I'll discuss recent progress on two of these 3 stakes.

First, within global Risk Management Solutions, we said that we would drive growth by continuing to improve our data, analytics and platforms.

From a data perspective, we recently announced our signing of a new Joint Venture in China called Huaxia/D&B. We've now closed this JV. The process of integrating our operations is underway and our increased local scale is already opening new doors for us.

We believe this partnership will significantly enhance our competitive position in China, and it will allow us to double the number of Chinese business records in our database over the next few years.

From an analytics perspective, in January we signed a definitive joint venture agreement in Chennai, India, which will allow us to create a new "D&B Predictive Analytics Center." We expect to close this deal this month.

The joint venture is with our Indian partner company DBSAME (D&B South Asia Middle East), which has conducted analytics work for us and our customers in a number of markets over the past two years.

We believe this latest joint venture will provide a number of important benefits:

- First, it expands our ability to provide analytic solutions to our customers, around the world. Today, we are too constrained by resources mostly resident in the US.

- Second, DBSAME is an experienced partner who knows us, knows our data, and has developed a successful working relationship with us in recent years.

- And third, DBSAME brings sophisticated software tools and advanced modeling rigor, offering a strong complement to the analytics expertise that our US team brings to the table.

Finally, from a Risk Management platforms perspective, we continue to drive good results from DNBi, which is the interactive, Web-based application we rolled out in the fourth quarter of 2005.

We're seeing strong conversion rates for DNBi, particularly in the small and middle markets, where the need for this solution is most acute. Sara will discuss this in a bit more detail.

So we're pleased with the early progress we're making against our strategic stake to grow our global Risk Management Solutions business…

…And we're also making progress against our second strategic stake to grow our Sales and Marketing Solutions globally.

As we've highlighted, our focus in this area of our business is on further penetrating the high-growth Commercial Data Integration space.

The technology and outsourcing arrangement we launched with The Acxiom Corporation in the third quarter of 2006 is a key component of this strategy.

We made significant investments in the second half of 2006 to launch the Acxiom arrangement, and we're now actively building out the sales pipeline for our advanced "Optimizer" solution, powered by Acxiom technology.

We have a dedicated team within D&B that's partnered with a team at Acxiom to drive sales for the Optimizer product line. And, as a result, we expect growth for this advanced integration solution to ramp up over the course of 2007.

Finally, the third key driver of Total Shareholder Return is our highly disciplined approach to deploying our free cash flow

We continue to target three key priorities for our use of cash…

- First, we'll continue invest in the business to drive organic growth.

- Second, we continue to look at smart, "value-accretive" acquisitions.

- And third, we're committed to returning excess cash to our shareholders.

In terms of acquisition spending, as we previously said, we anticipate completing between $300 million and $500 million in total acquisitions between now and the end of 2010,

We have a good pipeline of acquisition candidates we're evaluating today.

And you can count on our continued rigor around acquisitions, ensuring that any candidate we pursue provides a good strategic fit, and delivers returns well above our cost of capital.

Finally, in terms of returning excess cash to shareholders….We have a strong track record of share repurchases at D&B – and we've completed nearly $1 billion in special program buybacks over the past several years. Unlike a lot of companies, we've also completed every program that we've announced on or ahead of schedule.

In 2006, we completed $375 million in special program repurchases – a record year for us. This was in addition to those buybacks we make to offset dilution from our equity compensation plans.

Going forward, we remain committed to returning around $200 million per year to shareholders through our special repurchase program, while continuing to offset dilution from our compensation plans.

As we highlighted in our press release yesterday, we are initiating a dividend.

This is a milestone event for D&B, and it carries a number of important messages:

- First, it reflects our confidence in the sustainability of our free cash flow going forward.

- Second, it allows us to offer a more complete total return package and attract a broader mix of investors.

- And third, it underscores our commitment to deploying our cash strategically to drive total shareholder return.

So, to summarize, we are pleased with D&B's performance in 2006. It was a good year for us.

At the same time, we're confident about our prospects for 2007 and beyond.

We have a set of core competitive advantages that continue to serve us well.

And we have just begun to execute against the strategic growth plan we announced at our 2006 Investor Day.

With that, I'll now turn things over to Sara for a more specific review of our 2006 financial results…

SARA MATHEW (CHIEF FINANCIAL OFFICER)

Thanks, Steve, and good morning everyone.

As Steve said, I'll use the next 15 minutes or so to provide a more detailed review of our 2006 financial results.

From a top-line perspective, we delivered 6% revenue growth in 2006, with both the US and International contributing to our overall growth rate.

Operating Income for the year improved by 8 percent, and we delivered a 50 basis-point improvement in operating margin, all in line with expectations.

Operating margin would have improved by 140 basis points, when you exclude the impact of stock options, which we began expensing in 2006.

EPS was up 14% for the year, marking our 6th consecutive year of strong double-digit earnings growth. And, free cash flow for 2006 totaled $298 million, before the impact of legacy tax matters.

In summary, we feel good about our 2006 financial performance, which demonstrates our ability to deliver consistent results over time.

Let me start with a review of our US business, which accounted for 76% of our revenue in 2006.

US Revenue grew 7% for the year, and we are very satisfied with this result. We were enthused by the strong close in the fourth quarter, which was ahead of expectations across all product lines.

We were especially pleased with the revenue trends on Risk Management Solutions – which grew 5% in the fourth quarter.

There were three factors that impacted our RMS growth rate. Two were positive, one was negative.

- First, we continued to experience the negative impact of the loss of our RMS Inc. contract.

- Second, we realized the positive impact of ongoing customer migration to our subscription plans – particularly in the small business channel.

- And third, we realized the positive impact of a strong fourth quarter sales effort – very simply – the benefits of enhanced execution.

Let me provide additional perspective on each of these drivers…

First, as we've discussed previously, the expiration of our licensing and outsourcing agreements with RMS, Inc., account for two points of negative growth in the quarter. That was the case in the fourth quarter of 2006, and it will once again repeat in the first quarter of 2007.

Second, we continued to see the benefit of customer conversions from our transactional products to our subscription plans. This benefit was more pronounced in 2006 as we continue to drive strong subscription growth.

Let me take a moment to describe this in more detail. Transactional revenue is usage-based, and tends to skew higher in the first quarter of the year and lower towards the end of the year – reflecting customer usage habits. Subscription revenue, on the other hand, is recognized on a straight-line basis, which results in a more even distribution of revenue throughout the year. As we ended the year with 36% of our total US RMS business on subscription plans, up from 26% at year-end 2005, we benefited from this impact in the fourth quarter of 2006.

From a sales channel perspective, the bulk of our subscription revenue growth comes from our small and middle-market customers. In fact, our Small Business channel today has the highest penetration of DNBi. This is because the tools and functionality DNBi provides are particularly well suited to our small business customers.

By reorganizing this channel and placing a heightened focus on customer migration to DNBi, we've increased revenue growth from the low single-digits entering 2006 to the high singles exiting the year, and we expect continued growth in 2007.

Finally, with respect to sales execution … We closed the 2006 sales year on a very positive note.

I'd like to take a moment to extend my congratulations to our US Sales Force, as well as all the supporting functions that enabled delivery of these very strong results. Thank you for your leadership in 2006.

Looking ahead into the first quarter of 2007, we expect RMS revenue to continue to be impacted by the expiration of the RMS Inc. contract and the conversion effect from the subscription plans I described earlier.

As a result, we expect US RMS growth to be in the low single-digits in the first quarter of 2007, rising to a more normalized mid single-digit range in subsequent quarters. Given that, you can expect US and total company revenue growth to also be in the mid single-digit range in the first quarter of 2007, and building to higher levels, as the year goes on.

Moving to Sales and Marketing…

Our Sales and Marketing Solutions, with 31% of US revenue, grew 7% in 2006.

Last quarter, we discussed weak sales execution and pipeline management issues, which negatively impacted our growth rate.

We took action to correct those issues and improve our overall pipeline management activity.

As a result, we generated a robust 9% growth rate from Sales and Marketing Solutions in the fourth quarter, up from the 2% in the third quarter.

As Steve noted, our focus for the future of Sales and Marketing is on the high-growth Commercial Data Integration segment of the market.

We have a $150 million data integration business today, and we are only just beginning to benefit from our advanced "Optimizer" solution, powered by Acxiom.

We made significant investments to establish this relationship in 2006. And we continue to work closely with the Acxiom team, to build a robust sales pipeline that we expect will progressively benefit us over the course of 2007.

Moving to E-Business Solutions, which represents 7% of US revenue, we had a strong close. E-Business grew 24% in 2006, in line with expectations.

Results continue to be driven by strong subscription growth at Hoover's, which delivered more than $80 million in US revenue in 2006 and is fast approaching the $100 million mark.

We're very pleased with our performance at Hoover's. We have the right leadership team in place, and, over the past three years we've developed unique marketing skills in this fast-growing space.

Going forward, we expect to see continued strength from Hoover's. In addition to growing Hoover's organically, we are seeking to acquire new platforms that will allow us to target business professionals seeking commercial information on the Web. These new platforms will allow us to take our current assets, such as our brand, DUNSRight, and our unique web-marketing skills, and leverage them more broadly across the Internet.

Finally, Supply Management, which represents 3% of US revenue, grew 21% in 2006 on a small base. Excluding Open Ratings, which we acquired in March, Supply Management was up 9% for the year.

Turning to US Operating Income…. Operating Income in the US improved 5% in 2006, in line with expectations. This performance reflects the positive impact of revenue growth and reengineering savings, partially offset by investments to drive growth – such as Acxiom, as well as higher benefits costs, primarily pension expense and stock option expensing.

So, to sum up, the US delivered another strong year in 2006. Given the ongoing investments we're making and the growth we're expecting from Optimizer, we anticipate another strong year in 2007.

Let me now turn to the International segment… which accounted for 24% of our business in 2006. International grew revenue 3% for the year, and operating income improved by 33%.

Let me take a moment to provide some perspective on our International performance …

Overall, we feel good about our International performance in 2006, as our efforts to stabilize this segment have yielded positive results.

So, our focus in 2007 is all about delivering consistent performance. And there's work to do to meet this goal.

This is demonstrated by the performance in the UK, where we transformed what was a declining business in 2005 into a positive contributor to our revenue growth in the following year. Specifically, the UK delivered double-digit revenue growth in 2006.

So, for 2007, our focus in International is to ensure delivery of consistent performance in established markets like the UK, where we are facing tough prior-year comparisons. And, in high-potential markets like Asia, we're focused on improving our competitive position to drive future growth.

Stepping back, we also think the best way to assess our International revenue performance is to exclude the impact of our Italian Real Estate business. This is because the impact of legislation in Italy can mask our true performance over time.

For example, in 2006, our International revenue growth was reduced by three points due to the impact of legislative changes on our Italian Real Estate business. And in 2005, International revenue reflected six points of positive growth due to the price increase we implemented following regulatory changes to ensure our Italian Real estate business remained profitable.

Importantly, while these changes have created volatility on the top line, we're very focused on managing this business for profitability.

While we're assuming a relatively stable legislative environment in 2007, you can expect us to continue to manage this business to the bottom line so we maximize value for our shareholders.

A simple example of this value focus is reflected in International's operating income in the fourth quarter. We benefited from the reversal of certain accrued reserves, totaling $7.5 million. This reversal was the result of our success in challenging the validity of certain tax increases and related legislative developments which impacted our data acquisition costs from the Italian government. We anticipated and successfully led to this outcome in the fourth quarter, and our results were in line with expectations.

Of note, on a net income basis, after taxes, and after compensating our minority partner in Italy, the net benefit to D&B was approximately $3 million in the quarter.

Moving into 2007, we have $8 million in related reserves that remain on our books. While it's impossible to predict a final outcome this early in the year, we continue to challenge certain additional elements of the Italian legislative rulings, and we remain committed to seeking a favorable resolution.

So, to sum up, we're pleased with the progress we're making in International.

While there's still work ahead to ensure consistency of performance, we continue to move in the right direction, and we're confident in our ability to drive the second consecutive year of modest but consistent growth in our International business.

Let me now move on to Corporate and Other Expenses… which, for 2006 was $81.2 million versus $73.0 million last year. This increase was due to higher consulting costs – primarily associated with our reengineering efforts – as well as higher options expensing and benefits costs. This was partially offset by lower 2006 transition costs, salaries, and legal fees.

As a result, operating Income for the company as a whole was $428 million in 2006, an 8% increase over the prior year. Excluding the impact of stock options expensing, operating income improved by 12%.

Finally, we reported earnings per share of $3.97, up 14% over the prior year.

This performance reflects strong operating income results, supported by our financially flexible business model and the accretive impact of our ongoing share repurchase activity.

Regarding share repurchases...

We continue to be an active buyer of D&B stock. We bought back a record 8.9 million shares during 2006 for a total of $663 million.

Roughly 5.1 million of these shares, or $375 million, related to our special repurchase program, as Steve noted.

The remaining 3.8 million shares, or $288 million, were used to mitigate dilution from our equity awards.

As we told you last quarter, we completed our two-year, 500 million dollar special repurchase program in September 2006.

And in October 2006, we initiated a new 12-month, 200 million dollar discretionary program.

Finally, Steve noted our initiation of a dividend as one more vehicle to enhance total shareholder return.

Specifically, we are initiating a 25 cent per share quarterly cash dividend, which represents an annualized payout of about 20% of our 2006 free cash flow.

As we noted in the press release, our initial dividend will be payable on March 29, 2007, to shareholders of record at the close of trading on March 8, 2007.

We know that certain shareholders have been requesting a dividend for some time now, and our confidence in the sustainability of our future cash flow performance is allowing us to initiate this dividend at this time.

We remain committed to ongoing share repurchases of about $200 million per year, while also providing the business with the necessary investments to drive toward our strategic growth plan for the 2008-2010 timeframe.

Now, that concludes my review of our 2006 financial results.

Let me turn the call back to Steve for his closing remarks.

STEVE ALESIO

Thank you, Sara.

As we've emphasized this morning, D&B is a company that's committed to driving Total Shareholder Return.

We deliver on this commitment by focusing on three key areas:

- First, ensuring our consistency of performance.
- Second, ensuring that we deliver profitable revenue growth as we now execute against our strategic stakes.
- And third, maintaining our discipline around the deployment of cash.

In terms of consistency of performance, we feel good about our results in 2006 as we once again met or exceeded our guidance metrics and delivered our sixth consecutive year of strong results.

Looking ahead, we're confident in our ability to deliver strong results and total shareholder return in 2007 and beyond.

This confidence is demonstrated in our 2007 guidance, which reflects ongoing profitable revenue growth and continued improvement in all key metrics

As we execute against our 2007 targets, the core competitive advantages we've developed will continue to serve us well, and help ensure our consistency of performance in the future.

These include our Brand, our Financially Flexible Business model, Winning Culture and DUNSRight quality process.

While we continue to perform well, we think there's lots of opportunity still ahead. We are just beginning to execute against the strategic choices we've made. To deliver profitable revenue growth, we will continue to invest in 2007 and beyond, leveraging organic growth and acquisitions as we drive toward our 2008 to 2010 growth strategy.

In doing so, we will remain highly disciplined in the use of our shareholders' cash, maintaining three key priorities for the use of this cash:

- First, making ongoing investments in the business to drive organic growth.

- Second, continuing to look at smart, value-accretive acquisitions to enhance our capabilities and accelerate our growth.

- And third, continuing to return cash to shareholders.

Before I open up the lines for any questions, I want to once again thank all D&B team members who are listening to this call.

I want to thank you for you leadership and your performance during 2006.

Your very participation on this call is just one small example of that passion you bring to work every day and the commitment you have to winning.

Speaking for the entire leadership team, we feel honored and proud to be working with such a group of talented professionals.

And we look forward to making 2007 another successful year for our company.

With that, I will now open up the phone lines so that Sara and I can take any questions.

Operator, would you please provide the details for asking a question.

# # #