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

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SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-K/A

Amendment No. 1

(Mark One)

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

or

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

Commission file number 1-15967

The Dun & Bradstreet Corporation

(Exact name of Registrant as specified in its charter)

Delaware **(State of incorporation)**	**22-3725387** **(I.R.S. Employer Identification No.)**
103 JFK Parkway, Short Hills, NJ **(Address of principal executive offices)**	**07078-2708** **(ZIP Code)**

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

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock, par value $.01 per share	**New York Stock Exchange**
Preferred Share Purchase Rights	**New York Stock Exchange**

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark whether the Registrant: (1) has filed all reports required by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months and (2) has been subject to such filing requirements for the past 90 days. Yes x No o

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant s knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. o

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

Documents Incorporated by Reference

Portions of the Registrant s definitive proxy statement for use in connection with its annual meeting of shareholders scheduled to be held on April 17, 2002, are incorporated into Part III of this Form 10-K/A.

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

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

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Explanatory Note:

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

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

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

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PART I

Item 1. ***Business***

Recent Developments

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Overview of D&B s Business

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

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

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

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

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

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

Business Strategy

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

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

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

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

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

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

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

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

Products and Services

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

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

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

Risk Management Solutions

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

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

Sales & Marketing Solutions

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

Supply Management Solutions

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

Competition

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

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

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

Geographic Business Segments

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

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

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

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

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

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

Intellectual Property

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

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

Employees

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

Item 3. ***Legal Proceedings***

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

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

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

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

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

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

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

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PART I

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

Five-Year Selected Financial Data

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