DUN & BRADSTREET CORP/NW
Form 10-Q
August 09, 2018
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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 June 30, 2018
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, smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one:)
Large accelerated filer ý Accelerated filer o Non-accelerated filer (do not check if a smaller reporting company) o Smaller reporting company o Emerging growth company o
If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ¨
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 June 30, 2018
Common Stock, par value $0.01 per share	37,125,490

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
	(Amounts in millions, except per share data)			
Revenue	$ 439.6	$ 405.7	$ 857.8	$ 787.2
Operating Expenses	139.0	139.4	278.2	281.0
Selling and Administrative Expenses	155.2	162.7	307.4	333.4
Depreciation and Amortization	22.7	19.4	43.8	38.3
Restructuring Charge	10.5	7.5	21.5	16.5
Operating Costs	327.4	329.0	650.9	669.2
Operating Income	112.2	76.7	206.9	118.0
Interest Income	0.3	0.4	1.1	0.8
Interest Expense	(13.2)	(15.1)	(27.3)	(29.7)
Other Income (Expense) - Net	1.2	1.5	0.7	(0.7)
Non-Operating Income (Expense) - Net	(11.7)	(13.2)	(25.5)	(29.6)
Income (Loss) Before Provision for Income Taxes and Equity in Net Income of Affiliates	100.5	63.5	181.4	88.4
Less: Provision for Income Taxes	6.3	18.7	22.2	26.9
Equity in Net Income of Affiliates	0.5	1.9	1.1	2.7
Net Income (Loss) from Continuing Operations	94.7	46.7	160.3	64.2
Less: Net Income Attributable to the Noncontrolling Interest	(1.7)	(1.6)	(3.4)	(2.8)
Net Income (Loss) from Continuing Operations Attributable to Dun & Bradstreet	$ 93.0	$ 45.1	$ 156.9	$ 61.4
Loss on Disposal of Business, no Tax Impact	—	—	—	(0.8)
Loss from Discontinued Operations, no Tax Impact	—	—	—	(0.8)
Net Income (Loss) Attributable to Dun & Bradstreet	$ 93.0	$ 45.1	$ 156.9	$ 60.6
Basic Earnings (Loss) Per Share of Common Stock:				
Income (Loss) from Continuing Operations Attributable to Dun & Bradstreet Common Shareholders	$ 2.51	$ 1.22	$ 4.23	$ 1.66
Loss from Discontinued Operations Attributable to Dun & Bradstreet Common Shareholders	—	—	—	(0.02)
Net Income (Loss) Attributable to Dun & Bradstreet Common Shareholders	$ 2.51	$ 1.22	$ 4.23	$ 1.64
Diluted Earnings (Loss) Per Share of Common Stock:				
Income (Loss) from Continuing Operations Attributable to Dun & Bradstreet Common Shareholders	$ 2.50	$ 1.22	$ 4.21	$ 1.65
Loss from Discontinued Operations Attributable to Dun & Bradstreet Common Shareholders	—	—	—	(0.02)
Net Income (Loss) Attributable to Dun & Bradstreet Common Shareholders	$ 2.50	$ 1.22	$ 4.21	$ 1.63
Weighted Average Number of Shares Outstanding-Basic	37.1	36.9	37.1	36.9
Weighted Average Number of Shares Outstanding-Diluted	37.2	37.1	37.3	37.1
Cash Dividend Paid Per Common Share	$ 0.52	$ 0.50	$ 1.05	$ 1.01
Other Comprehensive Income, Net of Income Taxes:				
Net Income (Loss) from Continuing Operations	$ 94.7	$ 46.7	$ 160.3	$ 64.2

Loss from Discontinued Operations, no Tax Impact	—	—	—	(0.8)
Net Income (Loss)	94.7	46.7	160.3	63.4
Foreign Currency Translation Adjustments, Net of Tax	(13.3)	23.4	(0.1)	22.9
Defined Benefit Pension Plans:				
Prior Service Costs, Net of Tax Benefit (Expense) (1)	0.1	(0.1)	0.1	(0.3)
Net Actuarial Gain, Net of Tax Benefit (Expense) (2)	7.9	6.2	15.8	12.6
Derivative Financial Instrument, no tax impact	0.2	—	0.2	—
Total Other Comprehensive Income (Loss), Net of Tax	(5.1)	29.5	16.0	35.2
Comprehensive Income (Loss), Net of Tax	89.6	76.2	176.3	98.6
Less: Comprehensive Income Attributable to the Noncontrolling Interest	(1.4)	(2.0)	(3.4)	(3.4)
Comprehensive Income (Loss) Attributable to Dun & Bradstreet	$ 88.2	$ 74.2	$ 172.9	$ 95.2

(1) Tax Benefit (Expense) of $0.1 million and $0.2 million during the three months and six months ended June 30, 2017, respectively.

(2) Tax Benefit (Expense) of $(2.4) million and $(3.4) million during the three months ended June 30, 2018 and 2017, respectively. Tax Benefit (Expense) of $(4.7) million and $(6.8) million during the six months ended June 30, 2018 and 2017, respectively.

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)

	June 30, 2018	December 31, 2017
	(Amounts in millions, except per share data)	
ASSETS		
Current Assets		
Cash and Cash Equivalents	$ 199.5	$ 442.4
Accounts Receivable, Net of Allowance of $14.3 at June 30, 2018 and $24.2 December 31, 2017	257.4	596.8
Other Current Receivables	11.3	12.6
Prepaid Taxes	3.5	4.9
Other Prepaids	40.4	35.4
Other Current Assets	6.1	1.6
Total Current Assets	518.2	1,093.7
Non-Current Assets		
Property, Plant and Equipment, Net of Accumulated Depreciation of $63.1 at June 30, 2018 and $59.1 at December 31, 2017	34.5	38.9
Computer Software, Net of Accumulated Amortization of $360.1 at June 30, 2018 and $341.5 at December 31, 2017	135.4	132.1
Goodwill (Note 15)	778.1	779.6
Deferred Income Tax	41.3	57.1
Other Receivables	1.8	1.8
Other Intangibles (Note 15)	300.6	316.9
Deferred Costs (Note 3)	88.9	—
Other Non-Current Assets	63.1	60.8
Total Non-Current Assets	1,443.7	1,387.2
Total Assets	$ 1,961.9	$ 2,480.9
LIABILITIES		
Current Liabilities		
Accounts Payable	$ 40.8	$ 37.4
Accrued Payroll	78.4	114.5
Accrued Income Tax	16.2	50.0
Short-Term Debt	26.3	32.5
Other Accrued and Current Liabilities (Note 7)	104.6	133.6
Short-Term Deferred Revenue	582.0	684.4
Total Current Liabilities	848.3	1,052.4
Pension and Postretirement Benefits	462.2	487.6
Long-Term Debt	1,310.5	1,645.6
Liabilities for Unrecognized Tax Benefits	3.6	5.8
Other Non-Current Liabilities (Note 7)	95.4	100.7
Total Liabilities	2,720.0	3,292.1
Contingencies (Note 8)		
EQUITY		
DUN & BRADSTREET 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	325.5	332.0
Retained Earnings	3,212.9	3,176.3
Treasury Stock, at cost, 44.8 shares at June 30, 2018 and 45.0 shares at December 31, 2017	(3,312.6)	(3,319.5)
Accumulated Other Comprehensive Income (Loss)	(1,000.9)	(1,016.9)
Total Dun & Bradstreet Shareholders' Equity (Deficit)	(774.3)	(827.3)
Noncontrolling Interest	16.2	16.1
Total Equity (Deficit)	(758.1)	(811.2)
Total Liabilities and Shareholders' Equity (Deficit)	$ 1,961.9	$ 2,480.9

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)

	Six Months Ended June 30,	
	2018	2017
	(Amounts in millions)	
Cash Flows from Operating Activities:		
Net Income	$ 160.3	$ 63.4
Less:		
Loss on Disposal of Business - Discontinued Operations	—	(0.8)
Net Income from Continuing Operations	$ 160.3	$ 64.2
Reconciliation of Net Income to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	43.8	38.3
Amortization of Unrecognized Pension Loss	20.6	18.9
(Gain) Loss from Sales of Business	—	0.7
Income Tax Benefit from Stock-Based Awards	4.5	6.4
Equity-Based Compensation Expense	3.2	10.9
Restructuring Charge	21.5	16.5
Restructuring Payments	(19.3)	(12.4)
Changes in Deferred Income Taxes, Net	30.9	2.3
Changes in Accrued Income Taxes, Net	(40.4)	(40.9)
Changes in Operating Assets and Liabilities (1):		
(Increase) Decrease in Accounts Receivable	21.2	172.1
(Increase) Decrease in Other Current Assets	(9.1)	3.4
Increase (Decrease) in Deferred Revenue	37.2	(10.2)
Increase (Decrease) in Accounts Payable	(8.7)	(9.7)
Increase (Decrease) in Accrued Liabilities	(65.9)	(61.4)
Increase (Decrease) in Other Accrued and Current Liabilities	—	0.2
(Increase) Decrease in Other Long-Term Assets	1.9	13.6
Net Increase (Decrease) in Long-Term Liabilities	(29.9)	(35.7)
Net, Other Non-Cash Adjustments	1.5	(0.7)
Net Cash Provided by Operating Activities	173.3	176.5
Cash Flows from Investing Activities:		
Payments for Contingent Liabilities for Businesses Divested	(0.3)	(1.9)
Payments for Acquisitions of Businesses, Net of Cash Acquired	—	(150.0)
Cash Settlements of Foreign Currency Contracts	(3.2)	1.9
Capital Expenditures	(1.8)	(5.8)
Additions to Computer Software and Other Intangibles	(27.4)	(27.5)
Net, Other	0.4	—
Net Cash Used in Investing Activities	(32.3)	(183.3)
Cash Flows from Financing Activities:		
Net (Payment) Proceeds Related to Stock-Based Plans	(3.1)	(2.2)
Payment of Debt Issuance Costs	(3.5)	—
Payments of Dividends	(38.7)	(37.1)
Proceeds from Borrowings on Credit Facilities	870.5	627.2
Proceeds from Borrowings on Term Loan Facilities	300.0	—
Payments of Borrowings on Credit Facilities	(1,160.3)	(534.9)
Payments of Borrowings on Term Loan Facilities	(352.5)	(10.0)
Capital Lease and Other Long-Term Financing Obligation Payment	—	(0.1)

Net, Other	(3.3)	(0.4)
Net Cash (Used in) Provided by Financing Activities	(390.9)	42.5
Effect of Exchange Rate Changes on Cash and Cash Equivalents	7.0	11.9
Increase (Decrease) in Cash and Cash Equivalents	(242.9)	47.6
Cash and Cash Equivalents, Beginning of Period	442.4	352.6
Cash and Cash Equivalents, End of Period	$ 199.5	$ 400.2
Supplemental Disclosure of Cash Flow Information:		
Cash Paid for:		
Income Taxes, Net of Refunds	$ 27.3	$ 59.2
Interest	$ 26.7	$ 28.5

(1) Net of the effect of acquisitions and cumulative adjustments to the consolidated balance sheet as of January 1, 2018 due to the adoption of Topic 606. See Note 2 and Note 3 to our unaudited consolidated financial statements included in this Quarterly Report on Form 10-Q.

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 Six Months Ended June 30, 2018 and 2017
(Amounts in millions)

	Common Stock ($0.01 Par Value)	Capital Surplus	Retained Earnings	Treasury Stock	Cumulative Translation Adjustment	Defined Benefit Postretirement Plans	Cash Flow Hedging Derivative	Total Dun & Bradstreet Shareholders' Equity (Deficit)	Noncontrolling Interest	Total Equity (Deficit)
Balance, December 31, 2016	$ 0.8	$317.6	$2,959.6	$(3,330.4)	$(266.2)	$(683.4)	$ —	$(1,002.0)	$ 14.2	$(987.8)
Net Income	—	—	60.6	—	—	—	—	60.6	2.8	63.4
Payment to Noncontrolling Interest	—	—	—	—	—	—	—	—	(0.3)	(0.3)
Equity-Based Plans	—	5.2	—	8.5	—	—	—	13.7	—	13.7
Pension Adjustments, net of tax expense of $6.6	—	—	—	—	—	12.3	—	12.3	—	12.3
Dividend Declared	—	—	(37.5)	—	—	—	—	(37.5)	—	(37.5)
Change in Cumulative Translation Adjustment	—	—	—	—	22.4	—	—	22.4	0.5	22.9
Balance, June 30, 2017	$ 0.8	$322.8	$2,982.7	$(3,321.9)	$(243.8)	$(671.1)	$ —	$(930.5)	$ 17.2	$(913.3)
Balance, December 31, 2017	$ 0.8	$332.0	$3,176.3	$(3,319.5)	$(218.2)	$(798.7)	$ —	$(827.3)	$ 16.1	$(811.2)
Net Income	—	—	156.9	—	—	—	—	156.9	3.4	160.3
Payment to Noncontrolling Interest	—	—	—	—	—	—	—	—	(3.3)	(3.3)
Equity-Based Plans	—	(6.5)	—	6.9	—	—	—	0.4	—	0.4
Pension Adjustments, net of tax expense of $4.7	—	—	—	—	—	15.9	—	15.9	—	15.9
Dividend Declared	—	—	(38.9)	—	—	—	—	(38.9)	—	(38.9)
	—	—	(81.4)	—	—	—	—	(81.4)	—	(81.4)

Cumulative Adjustment for Topic 606, net of tax benefit of $25.8										
Change in Cumulative Translation Adjustment	—	—	—	—	(0.1)	—	—	(0.1)	—	(0.1)
Derivative Financial Instruments, no tax impact	—	—	—	—	—	—	0.2	0.2	—	0.2
Balance, June 30, 2018	$ 0.8	$325.5	$3,212.9	$(3,312.6)	$(218.3)	$(782.8)	$ 0.2	$(774.3)	$ 16.2	$(758.1)

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 ("Dun & Bradstreet" or "we" or "us" or "our" or the "Company") Annual Report on Form 10-K for the year ended December 31, 2017. 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.
We manage and report our business through the following two segments:

- Americas, which consists of our operations in the United States ("U.S."), Canada, and our Latin America Worldwide Network; and
- Non-Americas, which consists of our operations in the United Kingdom ("U.K."), Greater China, India and our European and Asia Pacific Worldwide Networks.

The financial statements of the subsidiaries outside of the U.S. and Canada reflect results for the three month and six month periods ended May 31 in order to facilitate the timely reporting of the unaudited consolidated financial results and unaudited consolidated financial position.
As a result of the adoption of ASU No. 2017-07, "Compensation - Retirement Benefits (Topic 715) - Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost," effective January 1, 2018, we have included only the service-cost component of the net pension and postretirement benefit cost in our compensation cost and reported the other components of the net pension and postretirement benefit cost within Non-Operating Income (Expense) - Net. We have also reclassified all prior periods' results accordingly. As a result, total other components of the net pension and postretirement benefit cost of $0.3 million and $0.7 million were reclassified from compensation cost to Non-Operating Income (Expense) - Net for the three month and six month periods ended June 30, 2017, respectively. See Note 10 to our unaudited consolidated financial statements included in this Quarterly Report on Form 10-Q.
Where appropriate, we have reclassified certain prior year amounts to conform to the current year presentation.
Note 2 -- Recent Accounting Pronouncements
We consider the applicability and impact of all Accounting Standards Updates ("ASUs") and applicable authoritative guidance. The ASUs not listed below were assessed and determined to be either not applicable or are expected to have an immaterial impact on our consolidated financial position and/or results of operations.
Recently Adopted Accounting Pronouncements
In August 2017, the Financial Accounting Standards Board ("FASB") issued ASU No. 2017-12, "Derivatives and Hedging (Topic 815): Targeted Improvements to Accounting for Hedging Activities." The standard expands component and fair value hedging, specifies the presentation of the effects of hedging instruments, and eliminates the separate measurement and presentation of hedge ineffectiveness. The standard is effective for annual and interim periods beginning after December 15, 2018. This authoritative guidance can be adopted early in any interim period but has to be applied retrospectively to the beginning of the annual period. We early adopted this authoritative guidance in the second quarter of 2018 and it did not have a material impact on our consolidated financial statements. See Note 12 to our unaudited consolidated financial statements included in this Quarterly Report on Form 10-Q.
In May 2017, the FASB issued ASU No. 2017-09, "Compensation - Stock Compensation (Topic 718): Scope of Modification Accounting." The standard amends the scope of modification accounting for share-based payments arrangements. An entity would not apply modification accounting if the fair value, vesting conditions and classification of the awards are the same immediately before and after the modification. The standard was effective for

annual and interim periods beginning after

December 15, 2017. The adoption of this authoritative guidance in the first quarter of 2018 did not have a material impact on our consolidated financial statements.

In January 2017, the FASB issued ASU No. 2017-07, “Compensation - Retirement Benefits (Topic 715) - Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefits Cost.” The standard amends the requirements in ASC Topic 715, “Compensation - Retirement Benefits” related to the income statement presentation of the components of net periodic benefit cost for an entity's sponsored defined benefit pension and other postretirement plans. The standard requires entities to disaggregate the current service-cost component from the other components of net benefit cost and present it with other current compensation costs for related employees in the income statement and present the other components elsewhere in the income statement outside of income from operations if such subtotal is presented. Entities are required to disclose the income statement lines that contain the other components if they are not presented on appropriately described lines. An entity is only allowed to capitalize the service-cost component of net benefit cost. The standard was effective for annual and interim periods beginning after December 15, 2017. The adoption of this authoritative guidance in the first quarter of 2018 did not have a material impact on our consolidated financial statements. See Note 10 to our unaudited consolidated financial statements included in this Quarterly Report on Form 10-Q.

In January 2017, the FASB issued ASU No. 2017-01, “Business Combinations (Topic 805): Clarifying the Definition of a Business.” The standard provides a framework to use in determining when a set of assets and activities is a business. The standard requires an entity to evaluate if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or a group of similar identifiable assets. If the fair value meets this threshold, the set of transferred assets and activities is not a business. The standard also requires a business to include at least one substantive process and narrows the definition of outputs by more closely aligning it with how outputs are described in ASU 2014-09, “Revenue from Contracts with Customers (Topic 606).” The standard was effective for fiscal years and interim periods within those fiscal years beginning after December 15, 2017. Entities must apply the guidance prospectively to any transactions occurring within the period of adoption. The adoption of this authoritative guidance in the first quarter of 2018 did not have an impact on our consolidated financial statements.

In October 2016, the FASB issued ASU No. 2016-16, “Income Taxes (Topic 740): Intra-Entity Transfers of Assets Other Than Inventory.” The standard eliminates the exception within Topic 740 of the immediate recognition of the current and deferred income tax effects of intra-entity transfers of assets other than inventory. As a result of the removal of the exception, a reporting entity would recognize the tax expense from the sale of the asset in the seller's tax jurisdiction when the transfer occurs, even though the pre-tax effects of that transaction are eliminated in consolidation. Any deferred tax asset that arises in the buyer's jurisdiction would also be recognized at the time of the transfer. The standard was effective for fiscal years and interim periods within those fiscal years beginning after December 15, 2017. Entities must apply the modified retrospective approach, with a cumulative-effect adjustment recorded in retained earnings as of the beginning of the period of the adoption. The adoption of this authoritative guidance in the first quarter of 2018 did not have an impact on our consolidated financial statements.

In August 2016, the FASB issued ASU No. 2016-15, “Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments (a consensus of the Emerging Issues Task Force).” The standard amends the guidance in ASC 230 on the classification of certain cash receipts and payments in the statement of cash flows. The standard was effective for fiscal years and interim periods within those fiscal years beginning after December 15, 2017. Entities must apply the guidance retrospectively to all periods presented but may apply it prospectively from the earliest date practicable if retrospective application would be impracticable. The adoption of this authoritative guidance in the first quarter of 2018 did not have an impact on our consolidated financial statements.

New Revenue Recognition Standard:

In May 2014, the FASB issued ASU No. 2014-09, Revenue from Contracts with Customers which replaces and supersedes the existing revenue standard (Topic 605). ASU No. 2014-09 was amended in 2015 and 2016 as described in Note 2 to the consolidated financial statements included in our Annual Report on Form 10-K for the year ended

December 31, 2017.
ASU No. 2014-09 and its related amendments (the new revenue standard or Topic 606) provides a single comprehensive model used in accounting for revenue from contracts with customers. The core principle of this guidance is that an entity should recognize revenue in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the transfer of promised goods and services to customers. The guidance also requires additional disclosure of information about the nature, amount, timing and uncertainty of revenue and cash flows from a contract with a customer. The new guidance also includes Subtopic 340-40, Other Assets and Deferred Costs - Contracts with Customers, which requires the deferral of incremental costs of obtaining a contract with a customer.

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

On January 1, 2018 we adopted the new revenue standard and applied it to all contracts using the modified retrospective method. We recognized the cumulative effect of applying the new revenue standard as an adjustment to the opening balance of retained earnings. The comparative information has not been restated and continues to be reported under the accounting standards in effect for those periods (Topic 605). The adoption of the new revenue standard is not expected to have a material annual impact to our 2018 revenue. However, we anticipate material quarterly changes in our financial results. The cumulative effect of the changes made to our consolidated balance sheet as of January 1, 2018 due to the adoption of the new revenue standard was as follows:

	Balance at December 31, 2017	Adjustment Increase (Decrease)	Balance at January 1, 2018
ASSETS			
Accounts Receivable (1)(3)	$ 596.8	$ (318.9)	$277.9
Other Current Assets (2)	1.6	3.3	4.9
Deferred Income Tax (4)	57.1	25.8	82.9
Deferred Costs (5)	—	74.4	74.4
Other Non-Current Assets (2)	60.8	2.2	63.0
LIABILITIES			
Accounts Payable (3)	$ 37.4	$ 12.1	$49.5
Short-Term Deferred Revenue (1)(6)(7)	684.4	(145.2)	539.2
Other Non-Current Liabilities (1)	100.7	1.3	102.0
EQUITY			
Retained Earnings (4)(5)(6)(7)	$ 3,176.3	$ (81.4)	$3,094.9

The adjustments relate to the following items:

1. Under the new standard, we recognize a receivable when the right to consideration is unconditional and due, which is generally when we invoice. The adjustment to receivables reverses amounts where the right to the consideration was not unconditional and revenue was not recognized. Unconditional amounts received or due in advance of performance are presented as receivables and deferred revenue (contract liability). Deferred revenue represents our obligation to transfer products to a customer for which we have received consideration, or an amount is due.
2. We recognize a contract asset when our right to consideration for products transferred to the customer is conditional on something other than the passage of time. We have non-cancelable multi-year contracts in which the consideration increases each contract year. This can result in a contract asset representing revenue we recognized before consideration is due and unconditional.
3. Under the new standard, price concessions, refunds or credits are variable consideration representing an estimated reduction in the consideration we expect to receive from contracts with customers. This estimate is included in accounts payable because it does not relate to future performance. Under Topic 605 this amount was recognized as an allowance for sales cancellations as a reduction of receivables.
4. The adjustment to retained earnings is net of income tax effects.
5. Under the new standard, we deferred incremental sales commissions to obtain new contracts which are amortized over the estimated period of benefit.
6. In contracts where we promise to provide the customer the latest set of data at scheduled intervals, we identified each data set as a distinct and separate performance obligation. Each performance obligation is satisfied at a point in time, on delivery of the data. Under Topic 605, we recognized the majority of revenue on delivering the initial data set and deferred an amount based on estimated changes to the data over the contract term.
7. Contracts with customers are modified frequently as they purchase additional products or change products. We elected to use a transition practical expedient and aggregated the effect of all contract modifications that occurred

prior to January 1, 2018 instead of accounting for each contract modification separately.

None of the adjustments described above affected net cash provided from operating, investing or financing activities.

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

The impact of the adoption of the new revenue standard on our consolidated financial statements for the three month and six month periods ended June 30, 2018 was as follows:

Income Statement	For the Three Months Ended June 30, 2018			For the Six Months Ended June 30, 2018		
	As Reported	Without Adoption of Topic 606	Effect of Change Higher (Lower)	As Reported	Without Adoption of Topic 606	Effect of Change Higher (Lower)
Revenue	$439.6	$ 394.4	$ 45.2	$857.8	$ 779.1	$ 78.7
Selling and Administrative Expenses	155.2	161.2	(6.0)	307.4	322.6	(15.2)
Operating Income	112.2	61.0	51.2	206.9	113.0	93.9
Income (Loss) Before Provision for Income Taxes and Equity in Net Income of Affiliates	100.5	49.3	51.2	181.4	87.5	93.9
Less: Provision for Income Taxes	6.3	(5.2)	11.5	22.2	1.0	21.2
Net Income (Loss) from Continuing Operations	94.7	55.0	39.7	160.3	87.6	72.7
Net Income (Loss) Attributable to Dun & Bradstreet	93.0	53.3	39.7	156.9	84.2	72.7
Basic Earnings (Loss) Per Share of Common Stock	$2.51	$ 1.44	$ 1.07	$4.23	$ 2.27	$ 1.96
Diluted Earnings (Loss) Per Share of Common Stock	$2.50	$ 1.43	$ 1.07	$4.21	$ 2.26	$ 1.95

Balance Sheet	At June 30, 2018		
	As Reported	Without Adoption of Topic 606	Effect of Change Higher (Lower)
ASSETS			
Accounts Receivable	$257.4	$419.8	$(162.4)
Other Current Assets	6.1	0.8	5.3
Deferred Income Tax	41.3	36.0	5.3
Deferred Costs	88.9	—	88.9
Other Non-Current Assets	63.1	61.1	2.0
LIABILITIES			
Accounts Payable	$40.8	$34.7	$6.1
Accrued Income Taxes	16.2	15.4	0.8
Other Accrued and Current Liabilities	104.6	104.7	(0.1)
Short-Term Deferred Revenue	582.0	645.3	(63.3)
Other Non-Current Liabilities	95.4	91.5	3.9
EQUITY			
Retained Earnings	$3,212.9	$3,221.6	$(8.7)

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)-continued
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Cash Flows	For the Six Months Ended June 30, 2018		
	As Reported	Without Adoption of Topic 606	Effect of Change Higher (Lower)
Net Income from Continuing Operations	$160.3	$ 87.6	$ 72.7
Changes in Deferred Income Taxes, Net	30.9	16.8	14.1
Changes in Accrued Income Taxes, Net	(40.4)	(47.6)	7.2
(Increase) Decrease in Accounts Receivable	21.2	177.4	(156.2)
(Increase) Decrease in Other Current Assets	(9.1)	(5.0)	(4.1)
Increase (Decrease) in Deferred Revenue	37.2	(37.9)	75.1
Increase (Decrease) in Accounts Payable	(8.7)	(2.6)	(6.1)
Increase (Decrease) in Accrued Liabilities	(65.9)	(66.0)	0.1
(Increase) Decrease in Other Long-Term Assets	1.9	3.2	(1.3)
Net Increase (Decrease) in Long-Term Liabilities	(29.9)	(28.6)	(1.3)
Net, Other Non-Cash Adjustments	1.5	1.7	(0.2)
Net Cash Provided by Operating Activities	173.3	173.3	—

None of the adjustments described above affected net cash from operating, investing or financing activities.
Recently Issued Accounting Pronouncements
In June 2016, the FASB issued ASU No. 2016-13, “Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments.” The standard changes the impairment model for most financial assets and certain other instruments. For trade and other receivables, held-to-maturity debt securities, loans and other instruments, entities will be required to use a new forward-looking “expected loss” model that generally will result in the earlier recognition of allowances for losses. For available-for-sale debt securities with unrealized losses, entities will measure credit losses in a manner similar to what they do today, except that the losses will be recognized as allowances rather than reductions in the amortized cost of the securities. Entities will have to disclose significantly more information, including information they use to track credit quality by year of origination for most financing receivables. The standard is effective for fiscal years and interim periods within those fiscal years beginning after December 15, 2019. The guidance requires entities to apply the amendments through a cumulative-effect adjustment to retained earnings as of the beginning of the first reporting period in which the guidance is effective (that is, a modified-retrospective approach). For certain assets (such as debt securities for which an other-than-temporary impairment has been recognized before the effective date), a prospective transition approach is required. We do not expect the adoption of this authoritative guidance will have a material impact on our consolidated financial statements.
New Lease Standard:
In February 2016, the FASB issued ASU No. 2016-02, “Leases (Topic 842).” This standard requires entities that lease assets to recognize on the balance sheet, subject to certain exceptions, the assets and liabilities for the rights and obligations created by those leases. The standard is effective for fiscal years and the interim periods within those fiscal years beginning after December 15, 2018. The guidance is required to be applied by the modified retrospective transition approach. Early adoption is permitted.
In July 2018, the FASB issued ASU No. 2018-10, “Codification Improvements to Topic 842 - Leases.” The standard provides narrow amendments and technical corrections to clarify certain aspects of the new leases standard. The standard has the same effective date as ASU No. 2016-02.
In July 2018, the FASB issued ASU No. 2018-11, “Leases (Topic 842) - Targeted Improvements.” The standard adds a transition option to the new leases standard that allows entities to not apply the new guidance in the comparative

periods they present in their financial statements in the year of adoption. The standard also provides a practical expedient that gives lessors an option to combine non-lease and associated lease components when certain criteria are met and requires a lessor to account for the combined component in accordance with the new revenue standard if the associated non-lease components are the predominant component. The standard has the same effective date as ASU No. 2016-02.

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We are currently assessing the impact of the adoption of this authoritative guidance on our consolidated financial statements. However, we anticipate that the adoption of this standard will have a material impact on our consolidated balance sheet. We are planning on electing the package of practical expedients which permits us to not reassess prior conclusions related to contracts containing leases, lease classification and initial direct costs. We are also evaluating other practical expedients available under the guidance.

Note 3 -- Revenue

We generate revenue from licensing our data and providing related data services to our customers. Our data is integrated into our hosted or on-premise software applications. Data is also delivered directly into customer third-party applications (or our on-premise applications) using our application programming interfaces ("API") or as computer files. Some of our data and reports can be purchased through our websites individually or in packages. Most of our revenue comes from customers we contract with directly. We also license data, trademarks and related technology and support services to our Worldwide Network partners for exclusive distribution of our products to customers in their territories. We also license our data to our alliance partners who use the data to enhance their own products or enable it to be seamlessly delivered to their customers.

Revenue is net of any sales or indirect taxes collected from customers, which are subsequently remitted to government authorities.

Performance Obligations and Revenue Recognition

All our customers license our data and/or software applications. The license term is generally a minimum of 12 months and non-cancelable. If the customer can benefit from the license only in conjunction with a related service, the license is not distinct and is combined with the other services as a single performance obligation.

We recognize revenue when (or as) we satisfy a performance obligation by transferring promised licenses and or services underlying the performance obligation to the customer. Some of our performance obligations are satisfied over time as the product is transferred to the customer. Performance obligations which are not satisfied over time are satisfied at a point in time.

Determining whether the products and services in a contract are distinct and identifying the performance obligations requires significant judgment. When we assess contracts with customers we determine if the data we promise to transfer to the customer is individually distinct or is combined with other licenses or services which together form a distinct product or service and a performance obligation. We also consider if we promise to transfer a specific quantity of data or provide unlimited access to data.

We determined that when customers can purchase a specified quantity of data based on their selection criteria and data layout, each data record is distinct and a performance obligation, satisfied on delivery. If we promise to update the initial data set at specified intervals, each update is a performance obligation, which we satisfy when the update data is delivered.

When we provide customers continuous access to the latest data using our API-based and online products, the customer can consume and benefit from this content daily as we provide access to the data. We determined that for this type of offering our overall promise is a service of daily access to data which represents a single performance obligation satisfied over time. We recognize revenue ratably for this type of performance obligation.

Customers can purchase unlimited access to data in many of our products for the non-cancelable contract term. These contracts are priced based on their anticipated usage volume of the product and we have the right to increase the transaction price in the following contract year if usage in the current contract year exceeds certain prescribed limits. The limits are set at a level that the customer is unlikely to exceed so in general, we fully constrain any variable consideration until it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty is resolved. For these contracts the performance obligation is satisfied over time as we provide continuous access to the data. We recognize revenue ratably over the contract term.

For products sold under our annual and monthly discount plans the customer receives a discount based on the amount they commit to spend annually, or the actual amount spent at the end of each monthly billing cycle. Each report or

data packet purchased is a separate performance obligation which is satisfied when the report or data packet is delivered. The customer can also purchase a monitoring service on the report or data packet which is a performance obligation satisfied over time because the customer benefits from the service as we monitor the data and provide alerts when the data changes. We recognize revenue ratably over the monitoring period.

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

In some contracts, including annual discount plans, the customer commits to spend a fixed amount on the products. Breakage occurs if the customer does not exercise all their purchasing rights under the contract. We recognize breakage at the end of the contract when the likelihood of the customer exercising their remaining rights becomes remote.

Many of our contracts provide the customer an option to purchase additional products. If the option provides the customer a discount which is incremental to discounts typically given for those products, the contract provides the customer a material right that it would not receive without entering into the contract. An amount of the transaction price is allocated to the material right performance obligation and is recognized when the customer exercises the option or when the option expires.

We have long-term contracts with our Worldwide Network partners. These contracts are typically for an initial term of up to 10 years and automatically renew for further terms unless notice is given before the end of the initial or renewal term. We grant each Partner the exclusive right to sell our products in the countries that constitute their territory. We provide them access to data, use of our brand and technology and other services and support necessary for them to sell our products and services in their territory. We determined this arrangement is a series of distinct services and represents a single performance obligation satisfied over time. These contracts contain multiple streams of consideration, some of which are fixed and some are variable. These variable amounts are allocated to the specific service period during which the sales or usage occurred if the variable amount is commensurate with the benefit to the customer of the additional service and is consistent with our customary pricing practices. Otherwise the variable amount is accounted for as a change in the transaction price for the contract. We recognize revenue ratably for this performance obligation.

We license our data to our alliance partners. Most contracts specify the number of licensed records or data sets to be delivered. If the licenses are distinct, we satisfy them on delivery of the data. Contract consideration is often a sales or usage-based royalty, sometimes accompanied by a guaranteed minimum amount. Any fixed consideration is allocated to each performance obligation based on the standalone selling price of the data. We apply the variable consideration exception for license revenue in the form of royalties when the license is the sole or predominant item to which the royalty relates. Royalty revenue is recognized when the later of the following events have occurred: (1) the subsequent sale or usage occurs or (2) the performance obligation to which some or all the royalty has been allocated has been satisfied (or partially satisfied).

Contracts with Multiple Performance Obligations

Our contracts with customers often include promises to transfer multiple performance obligations. For these contracts we allocate the transaction price to each performance obligation in the contract on a relative standalone selling price basis. The standalone selling price is the price at which we would sell the promised service separately to a customer. We use the observable price based on prices in contracts with similar customers in similar circumstances.

We allocate variable consideration to a performance obligation or a distinct product if the terms of the variable payment relate specifically to our efforts to satisfy the performance obligation or transfer the distinct product and the allocation is consistent with the allocation objective. If these conditions are not met or the transaction price changes for other reasons after contract inception, we allocate the change on the same basis as at contract inception.

Contract Combinations and Modifications

Many of our customers have multiple contracts for various products. Contracts entered into at or near the same time with the same customer are combined into a single contract when they are negotiated together with a single commercial objective or the contracts are related in other ways.

Contract modifications are accounted for as a separate contract if additional products are distinct and the transaction price increases by an amount that reflects the standalone selling prices of the additional products. Otherwise, we generally account for the modifications as if they were the termination of the existing contracts and creation of new contracts if the remaining products are distinct from the products transferred before the modification. The new transaction price is the unrecognized revenue from the existing contracts plus the new consideration. This amount is

allocated to the remaining performance obligations based on the relative standalone selling prices.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)-continued
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The total amount of the transaction price for our revenue contracts allocated to performance obligations that are unsatisfied (or partially unsatisfied) is as follows:

	Second Half of 2018	2019	2020	2021	Thereafter	Total
Future Revenue	$716.4	$688.0	$282.1	$110.9	$ 371.9	$2,169.3

The table of future revenue does not include any amount of variable consideration that is a sales or usage-based royalty in exchange for distinct data licenses or that is allocated to a distinct service period within a single performance obligation that is a series of distinct service periods.

Contract Balances

	At June 30, 2018	At January 1, 2018
Accounts Receivable	$257.4	$ 277.9
Short-Term Contract Assets	5.2	3.3
Long-Term Contract Assets	2.0	2.2
Short-Term Deferred Revenue	582.0	539.2
Long-Term Deferred Revenue	10.1	6.2

We recognize a receivable when we have an unconditional right to consideration and only the passage of time is required before payment of that consideration is due. If we recognize a receivable before we transfer products to the customer, we also recognize deferred revenue, which is also defined as a contract liability under the new revenue guidance. Deferred revenue represents our obligation to transfer products to the customer for which we have received consideration (or an amount of consideration is due) from the customer. When we transfer products or services to the customer before payment is received or is due, and our right to consideration is conditional on future performance or other factors in the contract, we recognize a contract asset. We assess each contract to determine if the net contract position is a net contract liability or net contract asset.

The increase in deferred revenues and contract assets of $46.7 million and $1.7 million, respectively, for the six months ended June 30, 2018 is primarily due to the following factors: The increase in deferred revenue is primarily due to cash payments received or due in advance of satisfying our performance obligations, offset by approximately $384.4 million of revenues recognized that were included in the deferred revenue balance at January 1, 2018. The increase in contract assets is primarily due to new contract assets recognized in the period, net of new amounts reclassified to receivables, offset by approximately $5.5 million of contract assets included in the balance at January 1, 2018 that were reclassified to receivables when they became unconditional.

Assets Recognized for the Costs to Obtain a Contract

We have annual incentive plans under which we pay commissions to our sales people for initial and renewal contracts with customers. These commissions are incremental costs of obtaining these contracts and when recoverable are capitalizable as commission assets. We capitalize the commissions paid on new business which we expect to renew when the amount paid is proportionately higher than the amount paid on renewals. Commission assets are amortized on a straight-line basis over the period of benefit which is estimated at 2 to 7 years. We elected to use the practical expedient to expense commissions paid on renewals because the expected period of benefit is 12 months or less.

At June 30, 2018, commission assets, net of accumulated amortization included in Deferred Costs were $88.9 million. Amortization of commission assets for the three month and six month periods ended June 30, 2018 were $7.2 million and $13.9 million, respectively.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)-continued
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Revenue Disaggregated by Major Product Category

	For the Three Months Ended June 30, 2018			For the Six Months Ended June 30, 2018		
	Total	Americas	Non-Americas	Total	Americas	Non-Americas
Risk Management Solutions:						
Trade Credit	$178.1	$ 137.9	$ 40.2	$348.4	265.8	$ 82.6
Other Enterprise Risk Management	82.2	66.9	15.3	156.1	126.2	29.9
Sales & Marketing Solutions:						
Sales Acceleration	82.9	76.1	6.8	162.3	149.2	13.1
Advanced Marketing Solutions	96.4	87.0	9.4	191.0	172.4	18.6
Total Revenue	$439.6	$ 367.9	$ 71.7	$857.8	$ 713.6	$ 144.2

	For the Three Months Ended June 30, 2017			For the Six Months Ended June 30, 2017		
	Total	Americas	Non-Americas	Total	Americas	Non-Americas
Risk Management Solutions:						
Trade Credit	$163.5	$ 122.0	$ 41.5	$328.6	$ 246.2	$ 82.4
Other Enterprise Risk Management	77.1	61.3	15.8	148.4	119.1	29.3
Sales & Marketing Solutions:						
Sales Acceleration	74.6	66.1	8.5	148.7	135.4	13.3
Advanced Marketing Solutions	90.5	84.2	6.3	161.5	147.4	14.1
Total Revenue	$405.7	$ 333.6	$ 72.1	$787.2	$ 648.1	$ 139.1

See Note 11 for additional information on the disaggregation of revenue by customer solution set and geographical market.

Note 4 -- Restructuring Charge

We 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 were incurred as a result of eliminating, consolidating, standardizing and/or automating our business functions.

Restructuring charges have been recorded in accordance with 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 reasonably 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 or disposal activities. In determining the charges related to the restructurings, we had to make estimates related to the expenses associated with the restructurings. These

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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.

Three Months Ended June 30, 2018 vs. Three Months Ended June 30, 2017

During the three months ended June 30, 2018, we recorded a $10.5 million restructuring charge. This charge was comprised of:

- Severance costs of $10.2 million in accordance with the provisions of ASC 712-10. Approximately 165 employees were impacted. Most of the employees impacted exited the Company by the end of the second quarter of 2018. The cash payments for these employees will be substantially completed by the end of the first quarter of 2019; and

- Contract termination, lease termination obligations and other exit costs, including those to consolidate or close facilities of $0.3 million.

During the three months ended June 30, 2017, we recorded a $7.5 million restructuring charge. This charge was comprised of:

- Severance costs of $5.9 million in accordance with the provisions of ASC 712-10. Approximately 80 employees were impacted. Most of the employees impacted exited the Company by the end of the second quarter of 2017. The cash payments for these employees were substantially completed by the end of the first quarter of 2018; and

- Contract termination, lease termination obligations and other exit costs, including those to consolidate or close facilities of $1.6 million.

Six Months Ended June 30, 2018 vs. Six Months Ended June 30, 2017

During the six months ended June 30, 2018, we recorded an $21.5 million restructuring charge. This charge was comprised of:

- Severance costs of $20.6 million in accordance with the provisions of ASC 712-10. Approximately 305 employees were impacted. Most of the employees impacted exited the Company by the end of the second quarter of 2018. The cash payments for these employees will be substantially completed by the end of the first quarter of 2019; and

- Contract termination, lease termination obligations and other exit costs, including those to consolidate or close facilities of $0.9 million.

During the six months ended June 30, 2017, we recorded a $16.5 million restructuring charge. This charge was comprised of:

- Severance costs of $12.0 million and $1.6 million in accordance with the provisions of ASC 712-10 and ASC 420-10, respectively. Approximately 270 employees were impacted. Of these 270 employees, approximately 185 employees exited the Company by the end of the second quarter of 2017, with the remaining primarily having exited by the end of the third quarter of 2017. The cash payments for these employees were substantially completed by the end of the first quarter of 2018; and

- Contract termination, lease termination obligations and other exit costs, including those to consolidate or close facilities of $2.9 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:

	Severance and Termination	Contract Termination, Lease Termination Obligations and Other Exit Costs	Total
Restructuring Charges:			
Balance Remaining as of December 31, 2017	$ 12.7	$ 3.5	$ 16.2
Charge Taken during the First Quarter 2018	10.4	0.6	11.0
Payments Made during the First Quarter 2018	(9.1)	(1.3)	(10.4)
Balance Remaining as of March 31, 2018	$ 14.0	$ 2.8	$ 16.8
Charge Taken during the Second Quarter 2018	10.2	0.3	10.5
Payments Made during the Second Quarter 2018	(8.4)	(0.6)	(9.0)
Balance Remaining as of June 30, 2018	$ 15.8	$ 2.5	$ 18.3

	Severance and Termination	Contract Termination, Lease Termination Obligations and Other Exit Costs	Total
Restructuring Charges:			
Balance Remaining as of December 31, 2016	$ 8.3	$ 1.7	$ 10.0
Charge Taken during the First Quarter 2017	7.7	1.3	9.0
Payments Made during the First Quarter 2017	(4.1)	(0.4)	(4.5)
Balance Remaining as of March 31, 2017	$ 11.9	$ 2.6	$ 14.5
Charge Taken during the Second Quarter 2017	5.9	1.6	7.5
Payments Made during the Second Quarter 2017	(6.2)	(1.8)	(8.0)
Balance Remaining as of June 30, 2017	$ 11.6	$ 2.4	$ 14.0

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Note 5 -- Notes Payable and Indebtedness
Our borrowings are summarized in the following table:

	Maturity	June 30, 2018			At December 31, 2017		
		Principal Amount	Debt Issuance Costs and Discount*	Carrying Value	Principal Amount	Debt Issuance Costs and Discount*	Carrying Value
Debt Maturing Within One Year:							
2018 Term Loan Facility		$15.0	$ —	$15.0	$—	$ —	$—
2015 Term Loan Facility		—	—	—	32.5	—	32.5
2018 Revolving Credit Facility		11.3	—	11.3	—	—	—
Total Short-Term Debt		$26.3	$ —	$26.3	$32.5	$ —	$32.5
Debt Maturing After One Year:							
Ten Year 4.37% senior notes (1) (2)	December 1, 2022	300.0	2.4	297.6	300.0	2.6	297.4
Five Year 4.00% senior notes (1) (3)	June 15, 2020	300.0	1.5	298.5	300.0	2.0	298.0
2018 Term Loan Facility	June 19, 2023	285.0	0.6	284.4	—	—	—
2015 Term Loan Facility	Retired	—	—	—	320.0	0.9	319.1
2018 Revolving Credit Facility	June 19, 2023	430.0	—	430.0	—	—	—
2014 Revolving Credit Facility	Retired	—	—	—	731.1	—	731.1
Total Long-Term Debt		$1,315.0	$ 4.5	$1,310.5	$1,651.1	$ 5.5	$1,645.6

*Represents unamortized portion of debt issuance costs and discounts.

(1) The 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. We were in compliance with these non-financial covenants at June 30, 2018 and December 31, 2017. The notes do not contain any financial covenants.

(2) The interest rates are subject to an upward adjustment if our debt ratings decline three levels below the Standard & Poor's® and/or 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 rates and the rates cannot adjust below the initial interest rates (see further discussion below).

(3) The interest rate is subject to an upward adjustment if our debt ratings decline one level below the Standard & Poor's BBB- credit rating and/or two levels below the Fitch BBB credit rating 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 rate (see further discussion below).

On March 27, 2017, Standard & Poor's Ratings Services downgraded our corporate credit rating to BB+ from BBB-. As a result, and in accordance with the provisions of their indentures, the interest rates on each of our senior notes were adjusted above their initial stated coupons (shown above) by 25 basis points commencing with the interest period during which the downgrade occurred. On May 22, 2017, Fitch Ratings downgraded our corporate credit rating to BBB- from BBB. The interest rates on each of our senior notes were not impacted as a result of the downgrade. Any further downgrade in our corporate credit rating by either rating agency would result in additional increases in the interest rates of our senior notes. In addition, further downgrades may increase our overall cost of borrowing and/or may negatively impact our ability to raise additional debt capital.

In accordance with ASC 470, "Debt," a short-term obligation that will be refinanced with successive short-term obligations may be classified as non-current as long as the cumulative period covered by the financing agreement is

uninterrupted and extends beyond one year. Accordingly, the outstanding balances associated with the revolving credit facility were classified as "Long-Term Debt" as of June 30, 2018 and December 31, 2017, excluding outstanding borrowings that were subsequently repaid utilizing operating funds.

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Term Loan Facility

On June 19, 2018, we replaced our then existing term loan with a new $300 million term loan credit agreement ("2018 Term Loan Facility"). The 2018 Term Loan Facility matures on June 19, 2023, replacing the prior term loan facility entered into on May 14, 2015, with a maturity date of November 13, 2020 ("2015 Term Loan Facility"). The transaction was accounted for as a debt extinguishment in accordance with ASC 470-50, "Debt - Modifications and Extinguishments." Unamortized debt issuance costs of $0.7 million related to the 2015 Term Loan Facility were written off as "Non-Operating Expenses." Debt issuance costs of $0.6 million related to the 2018 Term Loan Facility were recorded as a reduction of the carrying amount of the 2018 Term Loan Facility and will be amortized over the term of the 2018 Term Loan Facility. Borrowings under the 2018 Term Loan Facility bear interest at a rate of LIBOR plus a spread of 150.0 basis points. We borrowed the full $300 million available under the 2018 Term Loan Facility and utilized the proceeds, together with proceeds from a borrowing under a new revolving credit facility (described below), to pay all amounts then outstanding under our 2015 Term Loan Facility. We committed to repay the borrowings in prescribed installments over the five-year period. Repayments expected to be made within one year are classified as "Short-Term Debt" and the remaining outstanding balance is classified as "Long-Term Debt." The weighted average interest rates associated with the outstanding balances related to the 2018 and 2015 Term Loan Facilities as of June 30, 2018 and December 31, 2017 were 3.63% and 2.91%, respectively.

Both term facilities require the maintenance of interest coverage and total debt to Earnings Before Interest, Income Taxes, Depreciation and Amortization ("EBITDA") ratios, which are defined in the respective term loan facility credit agreement and which are generally identical to those contained in the $1 billion revolving credit facility in effect. We were in compliance with the term loan facility financial and non-financial covenants at June 30, 2018 and December 31, 2017.

Revolving Credit Facility

On June 19, 2018, we replaced our then existing credit facility with a new $1 billion revolving credit facility ("2018 Revolving Credit Facility"). The 2018 Revolving Credit Facility expires on June 19, 2023, replacing the prior $1 billion credit facility entered into on July 23, 2014, with a maturity date of July 23, 2019 ("2014 Revolving Credit Facility"). The transaction was accounted for as a debt modification in accordance with ASC 470-50. Debt issuance costs of $2.8 million related to the 2018 Revolving Credit Facility, together with the unamortized debt issuance costs of the 2014 Revolving Credit Facility, were included in "Other Non-Current Assets" on the consolidated balance sheet and will be amortized over the term of the 2018 Revolving Credit Facility. Borrowings under the 2018 Revolving Credit Facility bear interest at a rate of LIBOR plus a spread of 120.0 basis points. We borrowed under the 2018 Revolving Credit Facility in order to pay all amounts outstanding under our 2014 Revolving Credit Facility and a portion of our 2015 Term Loan Facility. The weighted average interest rates associated with the outstanding balances related to the 2018 and 2014 Revolving Credit Facilities as of June 30, 2018 and December 31, 2017 were 3.37% and 2.80%, respectively.

Both credit facilities require the maintenance of interest coverage and total debt to EBITDA ratios which are defined in the respective revolving credit facility agreement in effect. We were in compliance with the revolving credit facility financial and non-financial covenants at June 30, 2018 and December 31, 2017.

Other

We were contingently liable under open standby letters of credit and bank guarantees issued by our banks in favor of third parties totaling $2.7 million at June 30, 2018 and $2.9 million at December 31, 2017.

Interest paid for all outstanding debt totaled $26.7 million and $28.5 million during the six months ended June 30, 2018 and 2017, respectively.

On April 20, 2018, we entered into three-year interest rate swaps with an aggregate notional amount of $300 million in year 1, $214 million in year 2 and $129 million in year 3. The objective of the swaps is to mitigate the variation of

future cash flows from changes in the floating interest rates on our existing debt. See Note 12 to our unaudited consolidated financial statements included in this Quarterly Report on Form 10-Q.

Note 6 -- Earnings Per Share

Basic earnings (loss) per share is computed by dividing net income (loss) for the period by the weighted-average number of common shares outstanding during the period. Diluted earnings (loss) per share is computed by dividing net income (loss) for the period by the weighted-average number of common shares outstanding during the period, plus the dilutive effect of outstanding restricted stock unit awards, stock options, and contingently issuable shares using the treasury stock method.

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The following table sets forth the computation of basic and diluted earnings (loss) per share:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Income (Loss) from Continuing Operations Attributable to Dun & Bradstreet Common Shareholders – Basic and Diluted	$93.0	$45.1	$156.9	$61.4
Loss from Discontinued Operations – Net of Income Taxes	—	—	—	(0.8)
Net Income (Loss) Attributable to Dun & Bradstreet Common Shareholders – Basic and Diluted	$93.0	$45.1	$156.9	$60.6
Weighted Average Number of Shares Outstanding – Basic	37.1	36.9	37.1	36.9
Dilutive Effect of Our Stock Incentive Plans	0.1	0.2	0.2	0.2
Weighted Average Number of Shares Outstanding – Diluted	37.2	37.1	37.3	37.1
Basic Earnings (Loss) Per Share of Common Stock:				
Income (Loss) from Continuing Operations Attributable to Dun & Bradstreet Common Shareholders	$2.51	$1.22	$4.23	$1.66
Loss from Discontinued Operations Attributable to Dun & Bradstreet Common Shareholders	—	—	—	(0.02)
Net Income (Loss) Attributable to Dun & Bradstreet Common Shareholders	$2.51	$1.22	$4.23	$1.64
Diluted Earnings (Loss) Per Share of Common Stock:				
Income (Loss) from Continuing Operations Attributable to Dun & Bradstreet Common Shareholders	$2.50	$1.22	$4.21	$1.65
Loss from Discontinued Operations Attributable to Dun & Bradstreet Common Shareholders	—	—	—	(0.02)
Net Income (Loss) Attributable to Dun & Bradstreet Common Shareholders	$2.50	$1.22	$4.21	$1.63

The weighted average number of shares outstanding used in the computation of diluted earnings per share excludes the effect of outstanding common shares potentially issuable totaling 51,009 shares and 36,730 shares at the three month and six month periods ended June 30, 2018, respectively, as compared to 52,659 shares and 34,559 shares at the three month and six month periods ended June 30, 2017, respectively. These potentially issuable common shares were not included in the calculation of diluted earnings per share because their effect would be anti-dilutive.
No shares were repurchased during the three month and six month periods ended June 30, 2018 and 2017. We currently have in place a $100 million share repurchase program to mitigate the dilutive effect of shares issued under our stock incentive plans and Employee Stock Purchase Program, and to be used for discretionary share repurchases from time to time. This program was approved by our Board of Directors in August 2014 and will remain open until it has been fully utilized. There is currently no definitive timeline under which the program will be completed. As of June 30, 2018, we had not yet commenced repurchasing under this program.
See Note 2 and Note 3 to our unaudited consolidated financial statements included in this Quarterly Report on Form 10-Q for the discussion of the impact of our adoption of the new revenue recognition standard.

Note 7 -- Other Liabilities

Other Accrued and Current Liabilities

	June 30, 2018	December 31, 2017
Restructuring Accruals	$ 18.3	$ 16.2

Professional Fees	34.2	30.8
Operating Expenses	31.6	38.3
Other Accrued Liabilities (1)	20.5	48.3
	$ 104.6	$ 133.6

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(1) The decrease in other accrued liabilities from December 31, 2017 to June 30, 2018 was primarily due to a payment in the first quarter of 2018 for a service-based award related to the acquisition of Dun and Bradstreet Credibility Corp ("DBCC") and a payment for settlement of China legal matters.

Other Non-Current Liabilities

	June 30, 2018	December 31, 2017
Deferred Compensation	$ 7.9	$ 10.4
U.S. Tax Liability Associated with the 2017 Act	44.7	50.4
Deferred Rent Incentive	19.8	22.0
Long-Term Deferred Revenue	10.1	—
Other	12.9	17.9
	$ 95.4	$ 100.7

Note 8 -- Contingencies

We are involved in legal proceedings, regulatory matters, 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 the 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, other than specifically stated below to the contrary, 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 June 30, 2018. 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 had 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 voluntarily contacted the Securities and Exchange Commission ("SEC") and the United States Department of Justice ("DOJ") to advise both agencies of our investigation into this matter. Our discussions with both the SEC and DOJ concluded in April 2018. The DOJ decided not to take any action on the matter and issued a written declination of prosecution. The SEC approved a final settlement, entered an administrative order resolving the investigation, and received payment of the settlement funds in May 2018. The ultimate outcome of the settlement was not material to our business, financial condition or results of operations.

Other Matters

In addition, in the normal course of business, and including without limitation, our merger and acquisition activities, strategic relationships and financing transactions, Dun & Bradstreet indemnifies other parties, including customers, lessors and parties to other transactions with Dun & Bradstreet, with respect to certain matters. Dun & Bradstreet 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. Dun & Bradstreet has also entered into indemnity obligations with its officers and directors.

Additionally, in certain circumstances, Dun & Bradstreet 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 Dun & Bradstreet under these agreements have not had a material impact on the consolidated financial statements.

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Note 9 -- Income Taxes

For the three month and six month periods ended June 30, 2018, our effective tax rate was 6.4% and 12.3%, respectively, as compared to 29.4% and 30.4% for the three month and six month periods ended June 30, 2017, respectively. Our 2018 tax provision reflects the impact of the adoption of Topic 606 which resulted in a higher pretax income of $51.2 million and $93.9 million for the three month and six month periods ended June 30, 2018, respectively. The lower effective tax rates for the three month and six month periods ended June 30, 2018, were due to the impact of the reduction of the U.S. statutory tax rate resulting from the 2017 Tax Cuts and Jobs Act ("2017 Act") enacted in the fourth quarter of 2017 and a U.S. tax accounting method change approved by the Internal Revenue Service ("IRS") in April 2018, partially offset by the impact of non-taxable income in the prior year periods, related to the legal reserve reduction associated with the SEC and DOJ investigation of our China operations.

For the three month and six month periods ended June 30, 2018, there are no known 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 June 30, 2018 was $5.9 million. The amount of unrecognized tax benefits that, if recognized, would impact the effective tax rate is $5.7 million, net of related tax benefits. 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 2014. In state and local jurisdictions, with a few exceptions, we are no longer subject to examinations by tax authorities for years prior to 2014. In foreign jurisdictions, with a few exceptions, we are no longer subject to examinations by tax authorities for years prior to 2012.

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 six month periods ended June 30, 2018 was less than $0.1 million and $0.2 million, net of tax benefits, as compared to $0.1 million, net of tax benefits, for each of the three month and six month periods ended June 30, 2017. The total amount of accrued interest was $0.4 million, net of tax benefits, as of June 30, 2018 and 2017.

On December 22, 2017, the SEC issued Staff Accounting Bulletin ("SAB") No. 118 ("SAB No. 118"), which provided guidance on accounting for the tax effects of the 2017 Act. SAB No.118 provides for a measurement period of up to one year from the enactment date for companies to complete the accounting for the income tax effects of the 2017 Act. In accordance with SAB No. 118, a registrant must reflect the income tax effects of those aspects of the 2017 Act for which the accounting is complete and provide a provisional estimate (where determinable) of the income tax effects of the 2017 Act where the accounting is incomplete. The provisional estimate is required to be updated throughout the measurement period.

In connection with the 2017 Act, we were able to determine the tax effect related to the remeasurement of deferred taxes, but we have not finalized the accounting for the tax impact on deemed repatriation related to accumulated undistributed foreign earnings through December 31, 2017. During the second quarter of 2018, we reduced the tax liability associated with the deemed repatriation by $2.3 million as a result of a revision for certain accumulated undistributed foreign earnings determined at December 31, 2017. The final impact of the 2017 Act is still being determined and may be further revised, due to, among other things, changes in our interpretations and assumptions, additional guidance that may be issued by the IRS, and additional actions we may take. We are continuing to gather additional information to determine the final impact.

During the first quarter of 2018, we repatriated approximately $295 million from our overseas operations, for which we recorded an additional $1.7 million current tax liability, included in "Accrued Income Tax," reflecting changes in foreign currency exchange rates between December 31, 2017 and the dates of the repatriations. In addition, we recorded a net deferred tax asset of $1.6 million and $0.6 million for the three and six months ended June 30, 2018, respectively, related to changes in foreign currency exchange rates during the respective periods for the undistributed foreign earnings at June 30, 2018.

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Note 10 -- 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 June 30,		For the Six Months Ended June 30,		For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2018	2017	2018	2017	2018	2017	2018	2017
Components of Net Periodic Cost (Income):								
Service Cost	$1.0	$0.7	$2.0	$1.4	$0.1	$0.2	$0.3	$0.4
Interest Cost	14.3	14.3	28.6	28.5	0.1	0.1	0.2	0.2
Expected Return on Plan Assets	(24.3)	(23.5)	(48.6)	(46.9)	—	—	—	—
Amortization of Prior Service Cost (Credit)	—	—	0.1	0.1	—	(0.2)	—	(0.6)
Recognized Actuarial Loss (Gain)	10.7	10.0	21.2	20.0	(0.3)	(0.4)	(0.7)	(0.6)
Net Periodic Cost (Income)	$1.7	$1.5	$3.3	$3.1	$(0.1)	$(0.3)	$(0.2)	$(0.6)

As a result of the adoption of ASU No. 2017-07, "Compensation - Retirement Benefits (Topic 715) - Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost," effective January 1, 2018, we have included only the service-cost component of the net pension and postretirement benefit cost in our compensation cost and reported the other components of the net pension and postretirement benefit cost within Non-Operating Income (Expense) - Net. We have also reclassified all historical results accordingly. As a result, total other components of the net pension and postretirement benefit cost of $0.3 million and $0.7 million were reclassified from compensation cost to "Non-Operating Income (Expense) - Net" for the three month and six month periods ended June 30, 2017, respectively.

We previously disclosed in our Annual Report on Form 10-K for the year ended December 31, 2017 that we expected to contribute approximately $19 million to our U.S. Non-Qualified plans and non-U.S. pension plans and approximately $2 million to our postretirement benefit plan for the year ended December 31, 2018. As of June 30, 2018, we have made contributions to our U.S. Non-Qualified plans and non-U.S. pension plans of $10.1 million and we have made contributions of $1.2 million to our postretirement benefit plan.

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Note 11 -- Segment Information

Below are our segments for which separate financial information is available and for which operating results are evaluated by management on a timely basis to assess performance and to allocate resources.

- Americas, which currently consists of our operations in the U.S., Canada, and our Latin America Worldwide Network; and
- Non-Americas, which currently consists of our operations in the U.K., Greater China, India and our European and Asia Pacific Worldwide Networks.

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, other non-core gains and charges that are not in the normal course of business and intercompany transactions, because these charges and transactions 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 June 30,		For the Six Months Ended June 30,	
	2018	2017	2018	2017
Revenue (a):				
Americas	$367.9	$333.6	$713.6	$648.1
Non-Americas	71.7	72.1	144.2	139.1
Consolidated Total	$439.6	$405.7	$857.8	$787.2
Operating Income (Loss):				
Americas	$126.3	$77.8	$232.7	$135.4
Non-Americas	18.4	20.2	38.8	38.4
Total Segments	144.7	98.0	271.5	173.8
Corporate and Other (1)	(32.5)	(21.3)	(64.6)	(55.8)
Consolidated Total	112.2	76.7	206.9	118.0
Non-Operating Income (Expense) - Net (2)	(11.7)	(13.2)	(25.5)	(29.6)
Income (Loss) Before Provision for Income Taxes and Equity in Net Income of Affiliates	$100.5	$63.5	$181.4	$88.4

(a) See Note 2 to our unaudited consolidated financial statements included in this Quarterly Report on Form 10-Q for the impact of the adoption of Topic 606.

(1) The following table summarizes "Corporate and Other:"

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2018	2017	2018	2017
Corporate Costs	$(21.0)	$(21.2)	$(41.9)	$(42.6)
Restructuring Expense	(10.5)	(7.5)	(21.5)	(16.5)
Acquisition-Related Costs (a)	(0.4)	(0.8)	(0.5)	(4.6)
Accrual for Legal Matters (b)	—	8.0	—	8.0
Legal and Other Professional Fees and Shut-Down (Costs) Recoveries Related to Matters in China	(0.6)	0.2	(0.7)	(0.1)
Total Corporate and Other	$(32.5)	$(21.3)	$(64.6)	$(55.8)

(a) The acquisition-related costs (e.g., banker's fees) for the three month and six month periods ended June 30, 2018 and 2017 were primarily related to the acquisition of Avention. See Note 14 to our unaudited consolidated financial statements included in this Quarterly Report on Form 10-Q.

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(b) The decrease in accrued expenses for legal matters for the three month and six month periods ended June 30, 2018 was related to the conclusion of the SEC and DOJ investigation of our China operations.

(2) The following table summarizes "Non-Operating Income (Expense) - Net:"

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2018	2017	2018	2017
Interest Income	$0.3	$0.4	$1.1	$0.8
Interest Expense	(13.2)	(15.1)	(27.3)	(29.7)
Other Income (Expense) - Net (a)	1.2	1.5	0.7	(0.7)
Non-Operating Income (Expense) - Net	$(11.7)	$(13.2)	$(25.5)	$(29.6)

(a) The increase in Other Income - Net for the six months ended June 30, 2018 as compared to the six months ended June 30, 2017, was primarily due to an increase in dividend income from our minority-interest investments in 2018, and higher losses in the prior year period related to divested businesses and investment, partially offset by higher bank fees related to the new term loan and credit facilities in 2018.

As a result of the adoption of ASU No. 2017-07, non-service cost components of the pension and postretirement cost ("non-service costs components") are reported in Miscellaneous Other Income (Expense) - Net within Other Income (Expense) - Net. We have also reclassified all historical results accordingly. Total non-service cost components for our pension and postretirement plans was $0.5 million and $0.8 million for the three month and six month periods ended June 30, 2018, respectively, as compared to $0.3 million and $0.7 million for the three month and six month periods ended June 30, 2017, respectively. See Note 10 to the unaudited consolidated financial statements included in Item 1. of this Quarterly Report on Form 10-Q for further detail.

Supplemental Geographic and Customer Solution Set Information:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2018	2017	2018	2017
Customer Solution Set Revenue:				
Americas:				
Risk Management Solutions	$204.8	$183.3	$392.0	$365.3
Sales & Marketing Solutions	163.1	150.3	321.6	282.8
Total Americas Revenue	$367.9	$333.6	$713.6	$648.1
Non-Americas:				
Risk Management Solutions	$55.5	$57.3	$112.5	$111.7
Sales & Marketing Solutions	16.2	14.8	31.7	27.4
Total Non-Americas Revenue	$71.7	$72.1	$144.2	$139.1
Consolidated Total:				
Risk Management Solutions	$260.3	$240.6	$504.5	$477.0
Sales & Marketing Solutions	179.3	165.1	353.3	310.2

Consolidated Total Revenue	$439.6	$405.7	$857.8	$787.2

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	At June 30, 2018	At December 31, 2017
Assets:		
Americas (3)	$1,372.6	$ 1,585.7
Non-Americas (4)	453.0	735.0
Total Segments	1,825.6	2,320.7
Corporate and Other (5)	136.3	160.2
Consolidated Total	$1,961.9	$ 2,480.9
Goodwill:		
Americas	$634.7	$ 635.7
Non-Americas	143.4	143.9
Consolidated Total (6)	$778.1	$ 779.6

(3) Total assets in the Americas segment at June 30, 2018 decreased by $213.1 million compared to December 31, 2017, primarily driven by the impact of the adoption of Topic 606 (See Note 2 and Note 3 to the unaudited consolidated financial statements in this Quarterly Report on Form 10-Q for further details), a decrease in accounts receivable due to the cyclical sales pattern of our Americas business, and a decrease in other intangible assets due to normal amortization partially offset by a net increase in operating cash.

(4) Total assets in the Non-Americas segment at June 30, 2018 decreased by $282.0 million compared to December 31, 2017, primarily driven by a net decrease in cash due to repatriations of overseas cash back to the U.S. in the first quarter of 2018, the adoption of Topic 606 (See Note 2 and Note 3 to the unaudited consolidated financial statements in this Quarterly Report on Form 10-Q for further details), and the negative impact of foreign currency translation.

(5) Total assets in Corporate and Other at June 30, 2018 decreased by $23.9 million compared to December 31, 2017, primarily due to a net decrease in deferred tax assets resulting from both the impact of the adoption of Topic 606 and a U.S. tax accounting method change approved by the IRS in April 2018 and a net decrease in cash driven by net payments of borrowing on our credit facility and term loan facility, partially offset by cash remitted from our foreign operations during the first quarter of 2018.

(6) Goodwill decreased by $1.5 million at June 30, 2018 compared to December 31, 2017, primarily due to the negative impact of foreign currency translation.

Note 12 -- Financial Instruments

We employ established policies and procedures to manage our exposure to changes in interest rates and foreign currencies. We use foreign exchange forward and option contracts to hedge short-term foreign currency denominated loans and certain third-party and intercompany transactions. We may also use foreign exchange forward contracts to hedge our net investments in our foreign subsidiaries. In addition, we may use interest rate derivatives to hedge a portion of the interest rate exposure on our outstanding debt or in anticipation of a future debt issuance, as discussed under “Interest Rate Risk Management” below.

We do not use derivative financial instruments for trading or speculative purposes. If a hedging instrument ceases to qualify as a hedge in accordance with hedge accounting guidelines, any subsequent gains and losses are recognized currently in income. Collateral is generally not required for these types of instruments.

By their nature, all such instruments involve risk, including the credit risk of non-performance by counterparties. However, at June 30, 2018 and December 31, 2017, there was no significant risk of loss in the event of

non-performance of the counterparties to these financial instruments. We control our exposure to credit risk through monitoring procedures.
Our trade receivables do not represent a significant concentration of credit risk at June 30, 2018 and December 31, 2017, because we sell to a large number of customers in different geographical locations and industries.
Interest Rate Risk Management
Our objective in managing our exposure to interest rates is to limit the impact of interest rate changes on our earnings, cash flows and financial position, and to lower our overall borrowing costs. To achieve these objectives, we maintain a policy

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that floating-rate debt be managed within a minimum and maximum range of our total debt exposure. To manage our exposure and limit volatility, we may use fixed-rate debt, floating-rate debt and/or interest rate swaps. We recognize all derivative instruments as either assets or liabilities at fair value in the statement of financial position.
On April 20, 2018, we entered into three-year interest rate swaps with an aggregate notional amount of $300 million in year 1, $214 million in year 2 and $129 million in year 3. Under the swap agreements, we will make monthly payments based on the fixed interest rate and receive monthly payments based on the floating rate. The objective of the swaps is to mitigate the variation of future cash flows from changes in the floating interest rates on our existing debt. For further detail of our debt, see Note 5 to our unaudited consolidated financial statements included in this Quarterly Report on Form 10-Q. The swaps are designated and accounted for as cash flow hedges. We early adopted ASU No. 2017-12 in the second quarter of 2018. In accordance with the guidance, changes in the fair value of the hedging instruments are recorded in Other Comprehensive Income (Loss) and reclassified to earnings in the same line item associated with the hedged item when the hedged item impacts earnings.
Foreign Exchange Risk Management
Our objective in managing exposure to foreign currency fluctuations is to reduce the volatility caused by foreign exchange rate changes on the earnings, cash flows and financial position of our international operations. We follow a policy of hedging balance sheet positions denominated in currencies other than the functional currency applicable to each of our various subsidiaries. In addition, we are subject to foreign exchange risk associated with our international earnings and net investments in our foreign subsidiaries. We use short-term, foreign exchange forward and, from time to time, option contracts to execute our hedging strategies. Typically, these contracts have maturities of 12 months or less. These contracts are denominated primarily in the British pound sterling, the Euro, the Canadian dollar and the Hong Kong dollar. The gains and losses on the forward contracts associated with our balance sheet positions are recorded in “Other Income (Expense) – Net” in the unaudited consolidated statements of operations and comprehensive income and are essentially offset by the losses and gains on the underlying foreign currency transactions. Our foreign exchange forward contracts are not designated as hedging instruments under authoritative guidance.
As in prior years, we have hedged substantially all balance sheet positions denominated in a currency other than the functional currency applicable to each of our various subsidiaries with short-term, foreign exchange forward contracts. In addition, we may use foreign exchange forward contracts to hedge certain net investment positions. The underlying transactions and the corresponding foreign exchange forward contracts are marked to market at the end of each quarter and the fair value impacts are reflected within the unaudited consolidated financial statements.
As of June 30, 2018 and December 31, 2017, the notional amounts of our foreign exchange contracts were $183.2 million and $239.2 million, respectively.
Fair Values of Derivative Instruments in the Consolidated Balance Sheet

	Asset Derivatives				Liability Derivatives			
	June 30, 2018		December 31, 2017		June 30, 2018		December 31, 2017	
	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
Derivatives designated as hedging instruments								
Interest rate contracts	Other Current Assets	$ 0.2	Other Current Assets	$ —	Other Accrued & Current Liabilities	$ —	Other Accrued & Current Liabilities	$ —
Total Derivatives designated as hedging		$ 0.2		$ —		$ —		$ —

instruments								
Derivatives not designated as hedging instruments								
Foreign exchange forward contracts	Other Current Assets	$ 0.7	Other Current Assets	$ 1.5	Other Accrued & Current Liabilities	$ 1.1	Other Accrued & Current Liabilities	$ 2.1
Total derivatives not designated as hedging instruments		$ 0.7		$ 1.5		$ 1.1		$ 2.1
Total Derivatives		$ 0.9		$ 1.5		$ 1.1		$ 2.1

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)-continued
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The Effect of Derivative Instruments on the Consolidated Statement of Operations and Comprehensive Income (Loss)

Derivatives in Cash Flow Hedging Relationships	Amount of Gain or (Loss) Recognized in OCI on Derivative				Location of Gain or (Loss) Reclassified from Accumulated OCI Into Income	Amount of Gain or (Loss) Reclassified from Accumulated OCI Into Income				Location of Gain or (Loss) Recognized in Income on Derivative	Amount of Gain or (Loss) Recognized in Income on Derivative			
	For the Three Months Ended June 30,		For the Six Months Ended June 30,			For the Three Months Ended June 30,		For the Six Months Ended June 30,			For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2018	2017	2018	2017		2018	2017	2018	2017		2018	2017	2018	2017
Interest Contracts	$0.2	$ —	$0.2	$ —	Interest Expense	$ —	$ —	$ —	$ —	Interest Expense	$(0.3)	$ —	$(0.3)	$ —

Derivatives Not Designated as Hedging Instruments	Location of Gain or (Loss) Recognized in Income on Derivatives	Amount of Gain or (Loss) Recognized in Income on Derivatives			
		For the Three Months Ended June 30,		For the Six Months Ended June 30,	
		2018	2017	2018	2017
Foreign exchange forward contracts	Non-Operating Income (Expenses) – Net	$ (4.5)	$ 3.2	$ (2.3)	$ 4.8

Fair Value of Financial Instruments

Our financial assets and liabilities that are reflected in the consolidated financial statements include derivative financial instruments, cash and cash equivalents, accounts receivable, other receivables, accounts payable, short-term borrowings and long-term borrowings. We use short-term foreign exchange forward contracts to hedge short-term foreign currency-denominated intercompany loans and certain third-party and intercompany transactions. Fair value for derivative financial instruments is determined utilizing observable market data.

We have a process for determining fair values. Fair value is based upon quoted market prices, where available. If listed prices or quotes are not available, we use quotes from independent pricing vendors based on recent trading activity and other relevant information including market interest rate curves and referenced credit spreads.

In addition to utilizing external valuations, we conduct our own internal assessment of the reasonableness of the external valuations by utilizing a variety of valuation techniques including Black-Scholes option pricing and discounted cash flow models that are consistently applied. Inputs to these models include observable market data, such as yield curves, and foreign exchange rates where applicable. Our assessments are designed to identify prices that do not accurately reflect the current market environment, those that have changed significantly from prior valuations and other anomalies that may indicate that a price may not be accurate. We also follow established routines for reviewing and reconfirming valuations with the pricing provider, if deemed appropriate. In addition, the pricing provider has an established challenge process in place for all valuations, which facilitates identification and resolution of potentially erroneous prices. Valuation adjustments may be made to ensure that financial instruments are recorded

at fair value. These adjustments include amounts to reflect counterparty credit quality and our own creditworthiness and constraints on liquidity. For inactive markets that do not have observable pricing or sufficient trading volumes, or for positions that are subject to transfer restrictions, valuations are adjusted to reflect illiquidity and/or non-transferability. Such adjustments are generally based on available market evidence. In the absence of such evidence, management's best estimate will be used.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while we believe our valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

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The following table presents information about our assets and liabilities measured at fair value on a recurring basis as of June 30, 2018 and December 31, 2017, and indicates the fair value hierarchy of the valuation techniques utilized by us to determine such fair value. Level inputs, as defined by authoritative guidance, are as follows:

Level Input:	Input Definition:
Level I	Observable inputs utilizing quoted prices (unadjusted) for identical assets or liabilities in active markets at the measurement date.
Level II	Inputs other than quoted prices included in Level I that are either directly or indirectly observable for the asset or liability through corroboration with market data at the measurement date.
Level III	Unobservable inputs for the asset or liability in which little or no market data exists therefore requiring management’s best estimate of what market participants would use in pricing the asset or liability at the measurement date.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the level in the fair value hierarchy within which the fair value measurement in its entirety falls has been determined based on the lowest level input that is significant to the fair value measurement in its entirety. Our assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the asset or liability.

The following tables summarize fair value measurements by level at June 30, 2018 and December 31, 2017 for assets and liabilities measured at fair value on a recurring basis:

	Quoted Prices in Active Markets for Identical Assets (Level I)	Significant Other Observable Inputs (Level II)	Significant Unobservable Inputs (Level III)	Balance at June 30, 2018
Assets:				
Cash Equivalents (1)	$ 20.0	$ —	$ —	$ 20.0
Other Current Assets:				
Foreign Exchange Forwards (2)	$ —	$ 0.7	$ —	$ 0.7
Swap Arrangement (3)	$ —	$ 0.2	$ —	$ 0.2
Liabilities:				
Other Accrued and Current Liabilities:				
Foreign Exchange Forwards (2)	$ —	$ 1.1	$ —	$ 1.1

	Quoted Prices in Active Markets for Identical Assets (Level I)	Significant Other Observable Inputs (Level II)	Significant Unobservable Inputs (Level III)	Balance at December 31, 2017
Assets:				
Cash Equivalents (1)	$ 216.9	$ —	$ —	$ 216.9
Other Current Assets:				
Foreign Exchange Forwards (2)	$ —	$ 1.5	$ —	$ 1.5
Liabilities:				
Other Accrued and Current Liabilities:				
Foreign Exchange Forwards (2)	$ —	$ 2.1	$ —	$ 2.1

(1)

The carrying value of cash equivalents represents fair value as they consist of highly liquid investments with an initial term from the date of purchase by the Company to maturity of three months or less.

(2) Primarily represents foreign currency forward contracts. Fair value is determined based on observable market data and considers a factor for nonperformance in the valuation.

(3) Represents interest rate swap agreements. Fair value is determined based on observable market data.

There were no transfers between Levels I and II or transfers in or transfers out of Level III in the fair value hierarchy for the six months ended June 30, 2018 and for the year ended December 31, 2017.

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At June 30, 2018 and December 31, 2017, the fair value of cash and cash equivalents, accounts receivable, other receivables and accounts payable approximated carrying value due to the short-term nature of these instruments. The estimated fair values of other financial instruments subject to fair value disclosures, determined based on valuation models using discounted cash flow methodologies with market data inputs from globally recognized data providers and third-party quotes from major financial institutions (categorized as Level II in the fair value hierarchy), are as follows:

	Balance at June 30, 2018		December 31, 2017	
	Carrying Amount (Asset) Liability	Fair Value (Asset) Liability	Carrying Amount (Asset) Liability	Fair Value (Asset) Liability
Short-term and Long-term Debt	$596.1	$ 593.8	$595.4	$ 606.4
Revolving Credit Facility	$441.3	$ 443.9	$731.1	$ 729.0
Term Loan Facility	$299.4	$ 305.9	$351.6	$ 355.3

Items Measured at Fair Value on a Nonrecurring Basis

In addition to assets and liabilities that are recorded at fair value on a recurring basis, we are required to record assets and liabilities at fair value on a nonrecurring basis as required by GAAP. Generally, assets are recorded at fair value on a nonrecurring basis as a result of impairment charges.

During the three month and six month periods ended June 30, 2018 and 2017, we did not measure any assets or liabilities at fair value on a nonrecurring basis.

Note 13 -- Accumulated Other Comprehensive Income (Loss)

The following table summarizes the changes in the accumulated balances for each component of accumulated other comprehensive income ("AOCI") as of June 30, 2018 and 2017:

	Foreign Currency Translation Adjustments	Defined Benefit Pension Plans	Derivative Financial Instruments	Total
Balance, December 31, 2016	$ (266.2)	$(683.4)	$ —	$(949.6)
Other Comprehensive Income Before Reclassifications	22.4	—	—	22.4
Amounts Reclassified From Accumulated Other Comprehensive Income, net of tax	—	12.3	—	12.3
Balance, June 30, 2017	$ (243.8)	$(671.1)	$ —	$(914.9)
Balance, December 31, 2017	$ (218.2)	$(798.7)	$ —	$(1,016.9)
Other Comprehensive Income Before Reclassifications	(0.1)	—	0.2	0.1
Amounts Reclassified From Accumulated Other Comprehensive Income, net of tax	—	15.9	—	15.9
Balance, June 30, 2018	$ (218.3)	$(782.8)	$ 0.2	$(1,000.9)

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The following table summarizes the reclassifications out of AOCI as of June 30, 2018 and 2017:

Details About Accumulated Other Comprehensive Income Components	Affected Line Item in the Statement Where Net Income is Presented	Amount Reclassified from Accumulated Other Comprehensive Income (Loss) Three Months Ended June 30,		Amount Reclassified from Accumulated Other Comprehensive Income (Loss) Six Months Ended June 30,	
		2018	2017	2018	2017
Defined Benefit Pension Plans:					
Amortization of Prior Service Costs	Selling and Administrative Expenses	$ —	$ (0.1)	$ 0.1	$ (0.3)
	Operating Expenses	—	(0.1)	—	(0.2)
Amortization of Actuarial Gain/Loss	Selling and Administrative Expenses	6.2	6.3	12.4	12.6
	Operating Expenses	4.1	3.3	8.1	6.8
Total Before Tax		10.3	9.4	20.6	18.9
Tax (Expense) or Benefit		(2.4)	(3.3)	(4.7)	(6.6)
Total After Tax		$ 7.9	$ 6.1		