

Nielsen Holdings plc  
Form 10-Q  
October 25, 2017

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2017

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 001-35042

Nielsen Holdings plc

(Exact name of registrant as specified in its charter)

England and Wales 98-1225347  
(State or other jurisdiction of (I.R.S. Employer

incorporation or organization) Identification No.)

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New York, New York 10004 London Road

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Oxford

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(Address of principal executive offices) (Zip Code)

(Registrant's telephone numbers including area code)

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 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 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.

Large accelerated filer

Accelerated filer

Non-accelerated filer

(Do not check if a small reporting company) Small reporting company

Emerging growth company

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

There were 356,168,000 shares of the registrant's Common Stock outstanding as of September 30, 2017.

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## PART I. FINANCIAL INFORMATION

## Item 1. Condensed Consolidated Financial Statements

Nielsen Holdings plc

## Condensed Consolidated Statements of Operations (Unaudited)

|   | Three Months Ended<br>September 30, |             | Nine Months Ended<br>September 30, |             |
|---|-------------------------------------|-------------|------------------------------------|-------------|
| (IN MILLIONS, EXCEPT SHARE AND PER<br>SHARE DATA)   | 2017                                | 2016        | 2017                               | 2016        |
| Revenues  | \$1,641                             | \$1,570     | \$4,811                            | \$4,653     |
| Cost of revenues, exclusive of depreciation and<br>amortization shown separately below                                | 692                                 | 642         | 2,031                              | 1,937       |
| Selling, general and administrative expenses,<br>exclusive of depreciation and amortization shown<br>separately below | 445                                 | 452         | 1,387                              | 1,391       |
| Depreciation and amortization   | 160                                 | 151         | 477                                | 450         |
| Restructuring charges   | 7                                   | 29          | 48                                 | 73          |
| Operating income  | 337                                 | 296         | 868                                | 802         |
| Interest income   | 1                                   | 1           | 3                                  | 3           |
| Interest expense  | (95)                                | (85)        | (277)                              | (247)       |
| Foreign currency exchange transaction gains/(losses),<br>net  | —                                   | 2           | (9)                                | (3)         |
| Other expense, net  | (1)                                 | —           | (3)                                | —           |
| Income from continuing operations before income<br>taxes  | 242                                 | 214         | 582                                | 555         |
| Provision for income taxes  | (92)                                | (82)        | (226)                              | (208)       |
| Net income  | 150                                 | 132         | 356                                | 347         |
| Net income attributable to noncontrolling interests   | 4                                   | 2           | 8                                  | 4           |
| Net income attributable to Nielsen stockholders   | \$146                               | \$130       | \$348                              | \$343       |
| Net income per share of common stock, basic   |                                     |             |                                    |             |
| Net income attributable to Nielsen stockholders   | \$0.41                              | \$0.36      | \$0.98                             | \$0.95      |
| Net income per share of common stock, diluted   |                                     |             |                                    |             |
| Net income attributable to Nielsen stockholders   | \$0.41                              | \$0.36      | \$0.97                             | \$0.94      |
| Weighted-average shares of common stock<br>outstanding, basic   | 356,426,891                         | 357,088,498 | 356,881,905                        | 359,303,099 |
| Dilutive shares of common stock   | 1,265,224                           | 3,486,309   | 1,391,915                          | 3,686,397   |
| Weighted-average shares of common stock<br>outstanding, diluted   | 357,692,115                         | 360,574,807 | 358,273,820                        | 362,989,496 |
| Dividends declared per common share   | \$0.34                              | \$0.31      | \$0.99                             | \$0.90      |

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

Nielsen Holdings plc

Condensed Consolidated Statements of Comprehensive Income (Unaudited)

| (IN MILLIONS)   | Three Months<br>Ended<br>September 30, |        | Nine Months<br>Ended<br>September 30, |        |
|---|--|--------|---------------------------------------|--------|
|   | 2017                                   | 2016   | 2017                                  | 2016   |
| Net income  | \$ 150                                 | \$ 132 | \$ 356                                | \$ 347 |
| Other comprehensive income/(loss), net of tax                       |  |        |                                       |        |
| Foreign currency translation adjustments <sup>(1)</sup>             | 66                                     | (15 )  | 224                                   | 35     |
| Changes in the fair value of cash flow hedges <sup>(2)</sup>        | 2                                      | 4      | 3                                     | (6 )   |
| Defined benefit pension plan adjustments <sup>(3)</sup>             | 4                                      | —      | 10                                    | 7      |
| Total other comprehensive income/(loss)                             | 72                                     | (11 )  | 237                                   | 36     |
| Total comprehensive income  | 222                                    | 121    | 593                                   | 383    |
| Less: comprehensive income attributable to noncontrolling interests | 4                                      | 1      | 13                                    | 2      |
| Total comprehensive income attributable to Nielsen stockholders     | \$ 218                                 | \$ 120 | \$ 580                                | \$ 381 |

(1) Net of tax of \$6 million and \$1 million for the three months ended September 30, 2017 and 2016, respectively, and \$20 million and \$4 million for the nine months ended September 30, 2017 and 2016, respectively

(2) Net of tax of \$(2) million for each of the three months ended September 30, 2017 and 2016, respectively, and \$(2) million and zero for the nine months ended September 30, 2017 and 2016, respectively

(3) Net of tax of \$(1) million for each of the three months ended September 30, 2017 and 2016, respectively, and \$(3) million and \$1 million for the nine months ended September 30, 2017 and 2016, respectively

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

## Nielsen Holdings plc

## Condensed Consolidated Balance Sheets

| (IN MILLIONS, EXCEPT SHARE AND PER SHARE DATA)   |  | September 30,<br>2017<br>(Unaudited) | December 31,<br>2016 |
|--|--|--------------------------------------|----------------------|
| Assets:  |  |                                      |                      |
| Current assets   |  |                                      |                      |
| Cash and cash equivalents  |  | \$ 662                               | \$ 754               |
| Trade and other receivables, net of allowances for doubtful accounts and sales         |  |                                      |                      |
| returns of \$24 and \$25 as of September 30, 2017 and December 31, 2016,               |  |                                      |                      |
| respectively   |  | 1,282                                | 1,171                |
| Prepaid expenses and other current assets  |  | 328                                  | 297                  |
| Total current assets   |  | 2,272                                | 2,222                |
| Non-current assets   |  |                                      |                      |
| Property, plant and equipment, net   |  | 458                                  | 471                  |
| Goodwill   |  | 8,352                                | 7,845                |
| Other intangible assets, net   |  | 5,042                                | 4,736                |
| Deferred tax assets  |  | 131                                  | 127                  |
| Other non-current assets   |  | 330                                  | 329                  |
| Total assets   |  | \$ 16,585                            | \$ 15,730            |
| Liabilities and equity:  |  |                                      |                      |
| Current liabilities  |  |                                      |                      |
| Accounts payable and other current liabilities   |  | \$ 1,015                             | \$ 1,012             |
| Deferred revenues  |  | 328                                  | 297                  |
| Income tax liabilities   |  | 198                                  | 97                   |
| Current portion of long-term debt, capital lease obligations and short-term borrowings |  | 67                                   | 188                  |
| Total current liabilities  |  | 1,608                                | 1,594                |
| Non-current liabilities  |  |                                      |                      |
| Long-term debt and capital lease obligations   |  | 8,377                                | 7,738                |
| Deferred tax liabilities   |  | 1,219                                | 1,175                |
| Other non-current liabilities  |  | 921                                  | 930                  |
| Total liabilities  |  | 12,125                               | 11,437               |
| Commitments and contingencies (Note 11)  |  |                                      |                      |
| Equity:  |  |                                      |                      |
| Nielsen stockholders' equity   |  |                                      |                      |
| Common stock, €0.07 par value, 1,185,800,000 and 1,185,800,000 shares                  |  |                                      |                      |
| authorized; 356,217,848 and 357,745,953 shares issued and 356,168,000 and              |  |                                      |                      |
| 357,465,614 shares outstanding at September 30, 2017 and December 31, 2016,            |  |                                      |                      |
| respectively   |  | 32                                   | 32                   |
| Additional paid-in capital   |  | 4,755                                | 4,825                |
| Retained earnings  |  | 451                                  | 456                  |
| Accumulated other comprehensive loss, net of income taxes                              |  | (979)                                | (1,211)              |
| Total Nielsen stockholders' equity   |  | 4,259                                | 4,102                |
| Noncontrolling interests   |  | 201                                  | 191                  |



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|                              |           |           |
|------------------------------|-----------|-----------|
| Total equity                 | 4,460     | 4,293     |
| Total liabilities and equity | \$ 16,585 | \$ 15,730 |

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

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## Nielsen Holdings plc

## Condensed Consolidated Statements of Cash Flows (Unaudited)

|   | Nine Months<br>Ended<br>September 30, |        |
|---|---------------------------------------|--------|
| (IN MILLIONS)   | 2017                                  | 2016   |
| <b>Operating Activities</b>   |                                       |        |
| Net income  | \$356                                 | \$347  |
| Adjustments to reconcile net income to net cash provided by operating activities:     |                                       |        |
| Stock-based compensation expense  | 35                                    | 37     |
| Currency exchange rate differences on financial transactions and other (gains)/losses | (17 )                                 | 4      |
| Equity in net income of affiliates, net of dividends received                         | 2                                     | 2      |
| Depreciation and amortization   | 477                                   | 450    |
| Changes in operating assets and liabilities, net of effect of businesses acquired     |                                       |        |
| and divested:   |                                       |        |
| Trade and other receivables, net  | (15 )                                 | 8      |
| Prepaid expenses and other assets   | (8 )                                  | (22 )  |
| Accounts payable and other current liabilities and deferred revenues                  | (131 )                                | (219 ) |
| Other non-current liabilities   | (9 )                                  | (11 )  |
| Interest payable  | 63                                    | 56     |
| Income taxes  | 51                                    | 101    |
| Net cash provided by operating activities   | 804                                   | 753    |
| <b>Investing Activities</b>   |                                       |        |
| Acquisition of subsidiaries and affiliates, net of cash acquired                      | (595 )                                | (263 ) |
| Additions to property, plant and equipment and other assets                           | (55 )                                 | (83 )  |
| Additions to intangible assets  | (264 )                                | (241 ) |
| Proceeds from the sale of property, plant and equipment and other assets              | 28                                    | —      |
| Other investing activities  | (2 )                                  | (4 )   |
| Net cash used in investing activities   | (888 )                                | (591 ) |
| <b>Financing Activities</b>   |                                       |        |
| Net borrowings under revolving credit facility  | —                                     | 193    |
| Proceeds from issuances of debt, net of issuance costs                                | 2,745                                 | 496    |
| Repayment of debt   | (2,289)                               | (101)  |
| Decrease in other short-term borrowings   | (5 )                                  | —      |
| Cash dividends paid to stockholders   | (353 )                                | (323 ) |
| Repurchase of common stock  | (117 )                                | (394)  |
| Proceeds from exercise of stock options   | 21                                    | 72     |
| Proceeds from employee stock purchase plan  | 5                                     | —      |
| Capital leases  | (42 )                                 | (26 )  |
| Other financing activities  | (13 )                                 | (7 )   |
| Net cash used in financing activities   | (48 )                                 | (90 )  |
| Effect of exchange-rate changes on cash and cash equivalents                          | 40                                    | 17     |
| Net (decrease)/increase in cash and cash equivalents                                  | (92 )                                 | 89     |
| Cash and cash equivalents at beginning of period                                      | 754                                   | 357    |

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|  |         |         |
|--|---------|---------|
| Cash and cash equivalents at end of period         | \$662   | \$446   |
| Supplemental Cash Flow Information                 |         |         |
| Cash paid for income taxes                         | \$(175) | \$(107) |
| Cash paid for interest, net of amounts capitalized | \$(214) | \$(191) |

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

Nielsen Holdings plc

Notes to Condensed Consolidated Financial Statements

## 1. Background and Basis of Presentation

### Background

Nielsen Holdings plc (“Nielsen” or the “Company”), together with its subsidiaries, is a leading global performance management company that provides clients with a comprehensive understanding of consumers and consumer behavior. Nielsen is aligned into two reporting segments: what consumers buy (“Buy”) and what consumers watch and listen to (“Watch”). Nielsen has a presence in more than 100 countries, with its registered office located in Oxford, the United Kingdom and headquarters located in New York, USA.

### Basis of Presentation

The accompanying condensed consolidated financial statements are unaudited but, in the opinion of management, contain all the adjustments (consisting of those of a normal recurring nature) considered necessary to present fairly the Company’s financial position and the results of operations and cash flows for the periods presented in conformity with accounting principles generally accepted in the U.S. (“U.S. GAAP”) applicable to interim periods. For a more complete discussion of significant accounting policies, commitments and contingencies and certain other information, refer to the consolidated financial statements included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2016. All amounts are presented in U.S. Dollars (“\$”), except for share data or where expressly stated as being in other currencies, e.g., Euros (“€”). The condensed consolidated financial statements include the accounts of Nielsen and all subsidiaries and other controlled entities. The Company has evaluated events occurring subsequent to September 30, 2017 for potential recognition or disclosure in the condensed consolidated financial statements and concluded there were no subsequent events that required recognition or disclosure other than those provided.

### Earnings per Share

Basic net income per share is computed using the weighted-average number of shares of common stock outstanding during the period. Diluted net income per share is computed using the weighted-average number of shares of common stock and dilutive potential shares of common stock outstanding during the period. Dilutive potential shares of common stock consist of employee stock options, restricted stock units and deferred stock units.

The effect of 4,141,427 and 472,433 shares of common stock equivalents under stock compensation plans were excluded from the calculation of diluted earnings per share for the three months ended September 30, 2017 and 2016, respectively, as such shares would have been anti-dilutive.

The effect of 4,349,803 and 1,176,950 shares of common stock equivalents under stock compensation plans were excluded from the calculation of diluted earnings per share for the nine months ended September 30, 2017 and 2016, respectively, as such shares would have been anti-dilutive.

### Accounts Receivable

During the nine months ended September 30, 2017, Nielsen sold \$67 million of accounts receivable to a third party and recorded an immaterial loss on the sale to interest expense, net in the condensed consolidated statement of

operations. As of September 30, 2017, \$56 million remained outstanding. The sale was accounted for as a true sale, without recourse. Nielsen maintains servicing responsibilities of the receivables, for which the related costs are not significant. The proceeds of \$67 million from the sale were reported as a component of the changes in trade receivables, net within operating activities in the condensed consolidated statement of cash flows.

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## 2. Summary of Recent Accounting Pronouncements

### Intangibles- Goodwill and Other

In January 2017, the FASB issued an Accounting Standards Update (“ASU”), “Intangibles—Goodwill and Other” to simplify the subsequent measurement of goodwill. The update requires only a single-step quantitative test to identify and measure impairment based on the excess of a reporting unit's carrying amount over its fair value. A qualitative assessment may still be completed first for an entity to determine if a quantitative impairment test is necessary. The update is effective for fiscal year 2021 and is to be adopted on a prospective basis. Early adoption is permitted for interim or annual goodwill impairment tests performed on testing dates after January 1, 2017. Nielsen elected to early adopt this ASU effective January 1, 2017. There was no impact on the Company’s condensed consolidated financial statements.

### Other Income—Gains and Losses from the Derecognition of Nonfinancial Assets

In February 2017, the FASB issued an ASU, “Other Income—Gains and Losses from the Derecognition of Nonfinancial Assets”, which clarifies the scope and application of ASC 610-20 on the sale or transfer of nonfinancial assets and in substance nonfinancial assets to noncustomers, including partial sales. It requires the application of certain recognition and measurement principles in ASC 606 when derecognizing nonfinancial assets and in substance nonfinancial assets, and the counterparty is not a customer. This ASU is effective for fiscal years (and interim reporting periods within those years) beginning after December 15, 2017. The Company is currently assessing the impact of the adoption of this ASU will have on the Company’s condensed consolidated financial statements.

### Retirement Benefits: Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost

In March 2017, the FASB issued an ASU, “Compensation — Retirement Benefits: Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost”, which will change the presentation of net periodic benefit cost related to employer sponsored defined benefit plans and other postretirement benefits. Service cost will be included within the same income statement line item as other compensation costs arising from services rendered during the period, while other components of net periodic benefit pension cost will be presented separately outside of operating income. Additionally, only service costs may be capitalized in assets. This ASU is effective for fiscal years (and interim reporting periods within those years) beginning after December 15, 2017. The Company is currently assessing the impact of the adoption of this ASU will have on the Company’s condensed consolidated financial statements.

### Compensation- Stock Compensation

In May 2017, the FASB issued an Accounting Standards Update (“ASU”), Compensation- Stock Compensation (Topic 718), “Scope of Modification Accounting”, which amends the scope of modification accounting for share-based payment arrangements. The standard provides guidance on the types of changes to the terms or conditions of share-based payment awards to which an entity would be required to apply modification accounting under ASC 718. Specifically, 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 new standard is effective for annual periods beginning after December 15, 2017 and interim periods within those years. Early adoption is permitted. Nielsen does not expect the adoption of this ASU to have a material impact on the Company’s condensed consolidated financial statements.

### Derivatives and Hedging

In August 2017, the FASB issued Accounting Standards Update (“ASU”) “Derivatives and Hedging-Targeted Improvements to Accounting for Hedging Activities” (“ASU 2017-12”). The amendments expand an entity’s ability to apply hedge accounting for nonfinancial and financial risk components and allow for a simplified approach for fair value hedging of interest rate risk. ASU 2017-12 eliminates the need to separately measure and report hedge ineffectiveness and generally requires the entire change in fair value of a hedging instrument to be presented in the same income statement line as the hedged item. Additionally, the standard simplifies the hedge documentation and effectiveness assessment requirements under the previous guidance. The amendments of this ASU are effective for reporting periods beginning after December 15, 2018, with early adoption permitted. Nielsen elected to early adopt this ASU during the third quarter 2017. See footnote 8 “Fair Value Measurement”, for the additional disclosures related to this ASU. The adoption of this ASU did not have a material impact on the Company’s condensed consolidated financial statements.

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## Revenue Recognition

In May 2014, the FASB issued an Accounting Standards Update (“ASU”), “Revenue from Contracts with Customers”. The new revenue recognition standard provides a five step analysis of transactions to determine when and how revenue is recognized. The new model will require revenue recognition to depict the transfer of promised goods or services to customers in an amount that reflects the consideration a company expects to receive in exchange for those goods or services and shall be applied retrospectively to each period presented or as a cumulative-effect adjustment as of the date of adoption. In addition, the new standard requires disclosure of the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. This standard is effective for annual periods beginning after December 15, 2017.

In 2014, the Company established a cross-functional implementation team consisting of representatives from across all of its business segments. Management utilized a bottoms-up approach to analyze the impact of the standard on our contract portfolio by reviewing the current accounting policies and practices to identify potential differences that would result from applying the requirements of the new standard to our revenue contracts. In addition, management identified, and are in the process of implementing appropriate changes to our business processes, systems and controls to support the recognition and disclosure under the new standard. Based on management’s preliminary assessment, it believes the most significant impact the adoption of the new standard will have on its condensed consolidated financial statements are the required financial statement disclosures. The Company is continuing to assess the impact this ASU will have on recent acquisitions as well as which transition method it will use to adopt this ASU.

## 3. Business Acquisitions

### Gracenote

On February 1, 2017, Nielsen completed the acquisition of Gracenote, through the purchase of 100% of Gracenote’s outstanding common stock for a total purchase price of \$585 million. Nielsen acquired the data and technology that underpins the programming guides and personnel user experience for major video, music, audio and sports content. This acquisition expands Nielsen’s footprint with major clients including Gracenote’s global content database which spans across platforms including multichannel video programing distributors (MVPD’s), smart television, streaming music services, connected devices, media players and in-car infotainment systems.

The acquisition of Gracenote was accounted for using the acquisition method of accounting which requires, among other things, the assets acquired and the liabilities assumed be recognized at their fair values as of the acquisition date. Effective February 1, 2017, the financial results of Gracenote were included within the Watch segment of Nielsen’s condensed consolidated financial statements. For the nine months ended September 30, 2017, the Company’s condensed consolidated statement of operations includes \$148 million of revenues related to the Gracenote acquisition.

The purchase price was preliminarily allocated based upon the fair value of the assets acquired and liabilities assumed at the date of acquisition using available information and certain assumptions management believed reasonable. The following table summarizes the preliminary purchase price allocation:



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(IN MILLIONS)

Identifiable assets acquired and liabilities assumed:

|                               |       |
|-------------------------------|-------|
| Cash                          | \$ 11 |
| Other current assets          | 56    |
| Property and equipment        | 12    |
| Goodwill                      | 314   |
| Amortizable intangible assets | 341   |
| Other long-term assets        | 11    |
| Deferred revenue              | (22 ) |
| Other current liabilities     | (21 ) |
| Deferred tax liabilities      | (110) |
| Other long-term liabilities   | (7 )  |
| Total                         | \$585 |

As of the acquisition date, the fair value of accounts receivable approximated historical cost. The gross contractual receivable was \$37 million, of which \$1 million was deemed uncollectible. The estimated fair values assigned to amortizable intangible assets, goodwill and uncertain tax positions are provisional and subject to adjustment primarily based upon additional information the Company is in process of obtaining.

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The provisional allocation of the purchase price to goodwill and identified intangible assets was \$314 million and \$341 million, respectively. All of the Gracenote related goodwill and intangible assets are attributable to Nielsen's Watch segment. As of September 30, 2017, \$23 million of goodwill is expected to be deductible for income tax purposes.

Intangible assets and their estimated useful lives consist of the following:

| (IN MILLIONS)                |        |               |
|------------------------------|--------|---------------|
| Description                  | Amount | Useful Life   |
| Customer-related intangibles | \$ 109 | 10 - 15 years |
| Content database             | 168    | 12 - 16 years |
| Trade names and trademarks   | 7      | 5 years       |
| Computer software            | 57     | 7-8 years     |
| Total                        | \$ 341 |               |

Goodwill is calculated as the excess of the consideration transferred over the net assets recognized and represents expected synergies and the going concern nature of Gracenote.

The Company incurred acquisition-related expenses of \$6 million for the nine months ended September 30, 2017, which primarily consisted of transaction fees, legal, accounting and other professional services that are included in selling, general and administrative expense in the condensed consolidated statement of operations.

The following unaudited pro forma information presents the consolidated results of operations of the Company and Gracenote for the three and nine months ended September 30, 2017, as if the acquisition had occurred on January 1, 2016, with pro forma adjustments to give effect to amortization of intangible assets, an increase in interest expense from acquisition financing, and certain other adjustments:

| (IN MILLIONS)                     | Three Months  |               | Nine months   |               |
|-----------------------------------|---------------|---------------|---------------|---------------|
|                                   | Ended         | Ended         | Ended         | Ended         |
|                                   | September 30, | September 30, | September 30, | September 30, |
|                                   | 2017          | 2016          | 2017          | 2016          |
| Revenues                          | \$1,641       | \$1,618       | \$ 4,829      | \$4,799       |
| Income from continuing operations | \$150         | \$124         | \$ 356        | \$327         |

The unaudited pro forma results do not reflect any synergies and are not necessarily indicative of the results that the Company would have attained had the acquisition of Gracenote been completed as of the beginning of the reporting period.

#### Other Acquisitions

For the nine months ended September 30, 2017, excluding Gracenote, Nielsen paid cash consideration of \$28 million associated with both current period and previously executed acquisitions, net of cash acquired. Had these current period acquisitions occurred as of January 1, 2017, the impact on Nielsen's consolidated results of operations would

not have been material.

For the nine months ended September 30, 2016, Nielsen paid cash consideration of \$263 million associated with both current period and previously executed acquisitions, net of cash acquired. Had these current period acquisitions occurred as of January 1, 2016, the impact on Nielsen's consolidated results of operations would not have been material.

#### 4. Goodwill and Other Intangible Assets

##### Goodwill

The table below summarizes the changes in the carrying amount of goodwill by reportable segment for the nine months ended September 30, 2017.

| (IN MILLIONS)                                    | Buy     | Watch   | Total   |
|--|---------|---------|---------|
| Balance, December 31, 2016                       | \$2,696 | \$5,149 | \$7,845 |
| Acquisitions, divestitures and other adjustments | 2       | 326     | 328     |
| Effect of foreign currency translation           | 154     | 25      | 179     |
| Balance, September 30, 2017                      | \$2,852 | \$5,500 | \$8,352 |

At September 30, 2017, \$64 million of the goodwill is expected to be deductible for income tax purposes.

# Other Intangible Assets

| (IN MILLIONS)                    | Gross Amounts      |                   | Accumulated Amortization |                   |
|----------------------------------|--------------------|-------------------|--------------------------|-------------------|
|                                  | September 30, 2017 | December 31, 2016 | September 30, 2017       | December 31, 2016 |
| Indefinite-lived intangibles:    |                    |                   |                          |                   |
| Trade names and trademarks       | \$ 1,921           | \$ 1,921          | \$—                      | \$ —              |
| Amortized intangibles:           |                    |                   |                          |                   |
| Trade names and trademarks       | 147                | 140               | (98 )                    | (88 )             |
| Customer-related intangibles     | 3,161              | 3,035             | (1,427)                  | (1,312 )          |
| Covenants-not-to-compete         | 39                 | 39                | (37 )                    | (36 )             |
| Content databases <sup>(1)</sup> | 168                | —                 | (9 )                     | —                 |
| Computer software                | 2,564              | 2,223             | (1,448)                  | (1,258 )          |
| Patents and other                | 172                | 173               | (111 )                   | (101 )            |
| Total                            | \$6,251            | \$ 5,610          | \$(3,130)                | \$(2,795 )        |

(1)The content databases were acquired as part of the Gracenote acquisition on February 1, 2017. These databases represent metadata used in Gracenote's Video, Music/Auto and Sports product offerings that is not easily replicated due to its quantity and the relationships needed to acquire the data. The estimated remaining useful life of these content databases is 12 to 16 years.

Amortization expense associated with the above intangible assets was \$114 million and \$107 million for the three months ended September 30, 2017 and 2016, respectively. These amounts included amortization expense associated with computer software of \$64 million and \$59 million for the three months ended September 30, 2017 and 2016, respectively.

Amortization expense associated with the above intangible assets was \$341 million and \$317 million for the nine months ended September 30, 2017 and 2016, respectively. These amounts included amortization expense associated with computer software of \$190 million and \$172 million for the nine months ended September 30, 2017 and 2016, respectively.

## 5. Changes in and Reclassification out of Accumulated Other Comprehensive Loss by Component

The table below summarizes the changes in accumulated other comprehensive loss, net of tax, by component for the nine months ended September 30, 2017 and 2016.

| (IN MILLIONS) | Foreign Currency Translation Adjustments | Cash Flow Hedges | Post Employment Benefits | Total |
|---------------|--|------------------|--------------------------|-------|
|               |  |                  |                          |       |

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|   |    |       |    |     |   |    |       |   |            |
|---|----|-------|----|-----|---|----|-------|---|------------|
| Balance December 31, 2016                                     | \$ | (856) | \$ | (1) | ) | \$ | (354) | ) | \$ (1,211) |
| Other comprehensive income before reclassifications           |    | 224   |    | 1   |   |    | —     |   | 225        |
| Amounts reclassified from accumulated other comprehensive     |    |       |    |     |   |    |       |   |            |
| loss  |    | —     |    | 2   |   |    | 10    |   | 12         |
| Net current period other comprehensive income                 |    | 224   |    | 3   |   |    | 10    |   | 237        |
| Net current period other comprehensive income attributable to |    |       |    |     |   |    |       |   |            |
| noncontrolling interest                                       |    | 5     |    | —   |   |    | —     |   | 5          |
| Net current period other comprehensive income attributable to |    |       |    |     |   |    |       |   |            |
| Nielsen stockholders  |    | 219   |    | 3   |   |    | 10    |   | 232        |
| Balance September 30, 2017                                    | \$ | (637) | \$ | 2   |   | \$ | (344) | ) | \$ (979)   |
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|   | Foreign<br>Currency<br>Translation<br>Adjustments | Cash Flow<br>Hedges | Post Employment<br>Benefits | Total       |
|---|---|---------------------|-----------------------------|-------------|
| (IN MILLIONS)   |   |                     |                             |             |
| Balance December 31, 2015   | \$ (767 )   | \$ (3 )             | \$ (289 )                   | \$ (1,059 ) |
| Other comprehensive income/(loss) before reclassifications                                | 35  | (9 )                | 1                           | 27          |
| Amounts reclassified from accumulated other comprehensive loss                            | —   | 3                   | 6                           | 9           |
| Net current period other comprehensive income/(loss)                                      | 35  | (6 )                | 7                           | 36          |
| Net current period other comprehensive loss attributable to noncontrolling interest       | (2 )  | —                   | —                           | (2 )        |
| Net current period other comprehensive income/(loss) attributable to Nielsen stockholders | 37  | (6 )                | 7                           | 38          |
| Balance September 30, 2016  | \$ (730 )   | \$ (9 )             | \$ (282 )                   | \$ (1,021 ) |

The table below summarizes the reclassification of accumulated other comprehensive loss by component for the three months ended September 30, 2017 and 2016, respectively.

| (IN MILLIONS)                            | Amount Reclassified from<br>Accumulated Other<br>Comprehensive Loss |   | Affected Line Item in the                         |
|--|---|---|---|
| Details about Accumulated                | Three<br>Months<br>Ended<br>September<br>30, 2017                   | Three<br>Months<br>Ended<br>September<br>30, 2016 | Condensed Consolidated<br>Statement of Operations |
| Other Comprehensive                      |   |   |   |
| Income components                        |   |   |   |
| Cash flow hedges                         |   |   |   |
| Interest rate contracts                  | \$ 2  | \$ 2  | Interest expense                                  |
|  | 1   | 1   | Benefit for income taxes                          |
|  | \$ 1  | \$ 1  | Total, net of tax                                 |
| Amortization of Post-Employment Benefits |   |   |   |
| Actuarial loss                           | \$ 4  | \$ —  | (a)   |
|  | 1   | —   | Benefit for income taxes                          |
|  | \$ 3  | \$ —  | Total, net of tax                                 |
| Total reclassification for the period    | \$ 4  | \$ 1  | Net of tax  |

(a) This accumulated other comprehensive loss component is included in the computation of net periodic pension cost. The table below summarizes the reclassification of accumulated other comprehensive loss by component for the nine months ended September 30, 2017 and 2016, respectively.

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| (IN MILLIONS)<br>Details about Accumulated | Amount Reclassified from<br>Accumulated Other<br>Comprehensive Loss |  | Affected Line Item in the<br>Condensed Consolidated<br>Statement of Operations |
|--|---|--|--|
|  | Nine<br>Months<br>Ended<br>September<br>30, 2017                    | Nine<br>Months<br>Ended<br>September<br>30, 2016 |  |
| Other Comprehensive                        |   |  |  |
| Income components                          |   |  |  |
| Cash flow hedges                           |   |  |  |
| Interest rate contracts                    | \$ 4  | \$ 5   | Interest expense   |
|  | 2   | 2  | Benefit for income taxes   |
|  | \$ 2  | \$ 3   | Total, net of tax  |
| Amortization of Post-Employment Benefits   |   |  |  |
| Actuarial loss                             | \$ 13   | \$ 9   | (a)  |
|  | 3   | 3  | Benefit for income taxes   |
|  | \$ 10   | \$ 6   | Total, net of tax  |
| Total reclassification for the period      | \$ 12   | \$ 9   | Net of tax   |

(a) This accumulated other comprehensive loss component is included in the computation of net periodic pension cost.

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## 6. Restructuring Activities

A summary of the changes in the liabilities for restructuring activities is provided below:

| (IN MILLIONS)   | Total<br>Initiatives |
|---|----------------------|
| Balance at December 31, 2016  | \$ 73                |
| Charges   | 48                   |
| Payments  | (72 )                |
| Effect of foreign currency translation and reclassification adjustments | 3                    |
| Balance at September 30, 2017   | \$ 52                |

Nielsen recorded \$7 million and \$48 million in restructuring charges for the three and nine months ended September 30, 2017, respectively, primarily relating to severance costs.

Nielsen recorded \$29 million and \$73 million in restructuring charges for the three and nine months ended September 30, 2016, respectively, primarily relating to severance and contract termination costs.

Of the \$52 million in remaining liabilities for restructuring actions, \$42 million is expected to be paid within one year and is classified as a current liability within the condensed consolidated balance sheet as of September 30, 2017.

## 7. Fair Value Measurements

Fair value is defined as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining fair value, the Company considers the principal or most advantageous market in which the Company would transact, and also considers assumptions that market participants would use when pricing the asset or liability, such as inherent risk, transfer restrictions, and risk of non-performance.

There are three levels of inputs that may be used to measure fair value:

Level 1: Quoted market prices available in active markets for identical assets or liabilities as of the reporting date.

Level 2: Pricing inputs other than quoted prices in active markets included in Level 1, which are either directly or indirectly observable as of the reporting date.

Level 3: Pricing inputs that are generally unobservable and may not be corroborated by market data.

Financial Assets and Liabilities Measured on a Recurring Basis



The Company's financial assets and liabilities are measured and recorded at fair value, except for equity method investments, cost method investments, and long-term debt. Financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurements. The Company's assessment of the significance of a particular input to the fair value measurements requires judgment, and may affect the valuation of the assets and liabilities being measured and their placement within the fair value hierarchy.

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The following table summarizes the valuation of the Company's material financial assets and liabilities measured at fair value on a recurring basis as of September 30, 2017 and December 31, 2016:

| (IN MILLIONS)  | September<br>30, |         |         |         |
|--|------------------|---------|---------|---------|
|  | 2017             | Level 1 | Level 2 | Level 3 |
| Assets:  |                  |         |         |         |
| Plan assets for deferred compensation <sup>(1)</sup> | \$ 32            | 32      | —       | —       |
| Investment in mutual funds <sup>(2)</sup>            | 2                | 2       | —       | —       |
| Interest rate swap arrangements <sup>(3)</sup>       | 7                | —       | 7       | —       |
| Total  | \$ 41            | \$ 34   | \$ 7    | —       |
| Liabilities:   |                  |         |         |         |
| Interest rate swap arrangements <sup>(3)</sup>       | \$ 3             | —       | \$ 3    | —       |
| Deferred compensation liabilities <sup>(4)</sup>     | 32               | 32      | —       | —       |
| Total  | \$ 35            | \$ 32   | \$ 3    | —       |

  

| (IN MILLIONS)  | December<br>31, |         |         |         |
|--|-----------------|---------|---------|---------|
|  | 2016            | Level 1 | Level 2 | Level 3 |
| Assets:  |                 |         |         |         |
| Plan assets for deferred compensation <sup>(1)</sup> | \$ 32           | 32      | —       | —       |
| Investment in mutual funds <sup>(2)</sup>            | 2               | 2       | —       | —       |
| Interest rate swap arrangements <sup>(3)</sup>       | 3               | —       | 3       | —       |
| Total  | \$ 37           | \$ 34   | 3       | —       |
| Liabilities:   |                 |         |         |         |
| Interest rate swap arrangements <sup>(3)</sup>       | \$ 5            | —       | \$ 5    | —       |
| Deferred compensation liabilities <sup>(4)</sup>     | 32              | 32      | —       | —       |
| Total  | \$ 37           | \$ 32   | \$ 5    | —       |

- (1) Plan assets are comprised of investments in mutual funds, which are intended to fund liabilities arising from deferred compensation plans. These investments are carried at fair value, which is based on quoted market prices at period end in active markets. These investments are classified as trading securities with any gains or losses resulting from changes in fair value recorded in other expense, net.
- (2) Investments in mutual funds are money-market accounts held with the intention of funding certain specific retirement plans.
- (3) Derivative financial instruments include interest rate swap arrangements recorded at fair value based on externally-developed valuation models that use readily observable market parameters and the consideration of counterparty risk.
- (4) The Company offers certain employees the opportunity to participate in a deferred compensation plan. A participant's deferrals are invested in a variety of participant directed stock and bond mutual funds and are classified as trading securities. Changes in the fair value of these securities are measured using quoted prices in active markets based on the market price per unit multiplied by the number of units held exclusive of any transaction costs. A corresponding adjustment for changes in fair value of the trading securities is also reflected in the changes in fair value of the deferred compensation obligation.

Derivative Financial Instruments

Nielsen primarily uses interest rate swap derivative instruments to manage risk that changes in interest rates will affect the cash flows of its underlying debt obligations.

To qualify for hedge accounting, the hedging relationship must meet several conditions with respect to documentation, probability of occurrence, hedge effectiveness and reliability of measurement. Nielsen documents the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions as well as the hedge effectiveness assessment, both at the hedge inception and on an ongoing basis. Nielsen recognizes all derivatives at fair value either as assets or liabilities in the consolidated balance sheets and changes in the fair values of such instruments are recognized currently in earnings unless specific hedge accounting criteria are met. If specific cash flow hedge accounting criteria are met, Nielsen recognizes the changes in fair value of these instruments in accumulated other comprehensive income/(loss).

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Nielsen manages exposure to possible defaults on derivative financial instruments by monitoring the concentration of risk that Nielsen has with any individual bank and through the use of minimum credit quality standards for all counterparties. Nielsen does not require collateral or other security in relation to derivative financial instruments. A derivative contract entered into between Nielsen or certain of its subsidiaries and a counterparty that was also a lender under Nielsen's senior secured credit facilities at the time the derivative contract was entered into is guaranteed under the senior secured credit facilities by Nielsen and certain of its subsidiaries (see Note 8 - Long-term Debt and Other Financing Arrangements for more information). Since it is Nielsen's policy to only enter into derivative contracts with banks of internationally acknowledged standing, Nielsen considers the counterparty risk to be remote.

It is Nielsen's policy to have an International Swaps and Derivatives Association ("ISDA") Master Agreement established with every bank with which it has entered into any derivative contract. Under each of these ISDA Master Agreements, Nielsen agrees to settle only the net amount of the combined market values of all derivative contracts outstanding with any one counterparty should that counterparty default. Certain of the ISDA Master Agreements contain cross-default provisions where if the Company either defaults in payment obligations under its credit facility or if such obligations are accelerated by the lenders, then the Company could also be declared in default on its derivative obligations. At September 30, 2017, Nielsen had no material exposure to potential economic losses due to counterparty credit default risk or cross-default risk on its derivative financial instruments.

#### Foreign Currency Exchange Risk

During the nine months ended September 30, 2017 and 2016, Nielsen recorded a net loss of zero and \$3 million, respectively, associated with foreign currency derivative financial instruments within foreign currency exchange transactions gains/(losses), net in our condensed consolidated statements of operations. As of September 30, 2017 and December 31, 2016 the notional amount of the outstanding foreign currency derivative financial instruments were \$79 million and \$77 million, respectively.

#### Interest Rate Risk

Nielsen is exposed to cash flow interest rate risk on the floating-rate U.S. Dollar and Euro Term Loans, and uses floating-to-fixed interest rate swaps to hedge this exposure. For these derivatives, Nielsen reports the after-tax gain or loss as a component of accumulated other comprehensive income/(loss) and reclassifies it into earnings in the same period or periods in which the hedged transaction affects earnings, and within the same income statement line item as the impact of the hedged transaction.

In February 2017, the Company entered into \$250 million in aggregate notional amount of a three-year forward interest rate swap agreement with a starting date of July 10, 2017. This agreement fixes the LIBOR-related portion of interest rates of a corresponding amount of the Company's variable-rate debt at an average rate of 1.73%. This derivative has been designated as an interest rate cash flow hedge.

In March 2017, the Company entered into \$250 million in aggregate notional amount of a five-year forward interest rate swap agreement with a starting date of July 10, 2017. This agreement fixes the LIBOR-related portion of interest rates of a corresponding amount of the Company's variable-rate debt at an average rate of 2.00%. This derivative has been designated as an interest rate cash flow hedge.

In April 2017, the Company entered into \$250 million in aggregate notional amount of a three-year forward interest rate swap agreement with a starting date of July 10, 2017. This agreement fixes the LIBOR-related portion of interest rates of a corresponding amount of the Company's variable-rate debt at an average rate of 1.63%. This derivative has been designated as an interest rate cash flow hedge.

In July 2017, the Company entered into \$250 million in aggregate notional amount of a three-year forward interest rate swap agreement with a starting date of October 10, 2017. This agreement fixes the LIBOR-related portion of interest rates of a corresponding amount of the Company's variable-rate debt at an average rate of 1.66%. This derivative has been designated as an interest rate cash flow hedge.

In August 2017, the Company entered into \$250 million in aggregate notional amount of a four-year forward interest rate swap agreement with a starting date of October 10, 2017. This agreement fixes the LIBOR-related portion of interest rates of a corresponding amount of the Company's variable-rate debt at an average rate of 1.60%. This derivative has been designated as an interest rate cash flow hedge.

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As of September 30, 2017, the Company had the following outstanding interest rate swaps utilized in the management of its interest rate risk:

|   | Notional<br>Amount | Maturity Date | Currency  |
|---|--------------------|---------------|-----------|
| Interest rate swaps designated as hedging instruments |                    |               |           |
| US Dollar term loan floating-to-fixed rate swaps      | \$ 250,000,000     | May 2018      | US Dollar |
| US Dollar term loan floating-to-fixed rate swaps      | \$ 150,000,000     | April 2019    | US Dollar |
| US Dollar term loan floating-to-fixed rate swaps      | \$ 250,000,000     | June 2019     | US Dollar |
| US Dollar term loan floating-to-fixed rate swaps      | \$ 150,000,000     | July 2019     | US Dollar |
| US Dollar term loan floating-to-fixed rate swaps      | \$ 250,000,000     | July 2020     | US Dollar |
| US Dollar term loan floating-to-fixed rate swaps      | \$ 250,000,000     | July 2020     | US Dollar |
| US Dollar term loan floating-to-fixed rate swaps      | \$ 250,000,000     | October 2020  | US Dollar |
| US Dollar term loan floating-to-fixed rate swaps      | \$ 250,000,000     | October 2021  | US Dollar |
| US Dollar term loan floating-to-fixed rate swaps      | \$ 250,000,000     | July 2022     | US Dollar |

The effect of cash flow hedge accounting on the condensed consolidated statement of operations for the three and nine months ended September 30, 2017 and 2016:

| (IN MILLIONS)  | Interest Expense                            |   |  |  |
|--|---|---|--|--|
|  | Three Months Ended<br>September 30,<br>2017 | Three Months Ended<br>September 30,<br>2016 | Nine Months Ended<br>September 30,<br>2017 | Nine Months Ended<br>September 30,<br>2016 |
| Interest expense- (Location in the condensed consolidated statement of operations in which the effects of cash flow hedges are recorded)                                     | \$ 95                                       | \$ 85                                       | \$ 277                                     | \$ 247                                     |
| Amount of loss reclassified from accumulated other comprehensive income into income, net of tax  | \$ 1  | \$ 1  | \$ 2                                       | \$ 3                                       |
| Amount of loss reclassified from accumulated other comprehensive income into income as a result that a forecasted transaction is no longer probable of occurring, net of tax | \$ —  | \$ —  | \$ —                                       | \$ —                                       |

Nielsen expects to recognize approximately \$3 million of net pre-tax losses from accumulated other comprehensive loss to interest expense in the next 12 months associated with its interest-related derivative financial instruments.

#### Fair Values of Derivative Instruments in the Consolidated Balance Sheets

The fair values of the Company's derivative instruments as of September 30, 2017 and December 31, 2016 were as follows:

September 30, 2017

December 31, 2016

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Derivatives Designated as Hedging  
Instruments

| (IN MILLIONS)       | Accounts Payable |         |             |             | Accounts Payable |             |
|---------------------|------------------|---------|-------------|-------------|------------------|-------------|
|                     | Other            | Current | Other       | Non-Current | Current          | Non-Current |
|                     | Non-current      | Assets  | Liabilities | Liabilities | Liabilities      | Liabilities |
| Interest rate swaps |                  | \$7     | \$ 1        | \$ 2        | \$ 1             | \$ 4        |

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# Derivatives in Cash Flow Hedging Relationships

The pre-tax effect of derivative instruments in cash flow hedging relationships for the three months ended September 30, 2017 and 2016 was as follows:

| Derivatives in Cash Flow<br>Hedging Relationships<br>(IN MILLIONS) | Amount of Gain<br>Recognized in OCI<br>(Effective Portion) |      | Location of Loss<br>Reclassified from AOCI<br>into Income (Effective<br>Portion) | Amount of Loss<br>Reclassified from AOCI<br>into Income<br>(Effective Portion) |      |
|--|--|------|--|--|------|
|  | Three Months Ended<br>September 30,                        |      |  | Three Months Ended<br>September 30,  |      |
|  | 2017   | 2016 |  | 2017   | 2016 |
| Interest rate swaps  | \$ 3   | \$ 4 | Interest expense   | \$ 2   | \$ 2 |

The pre-tax effect of derivative instruments in cash flow hedging relationships for the nine months ended September 30, 2017 and 2016 was as follows:

| Derivatives in Cash Flow Hedging Relationships<br>(IN MILLIONS) | Amount of<br>(Gain)/Loss<br>Recognized in OCI<br>(Effective Portion) |       | Location of Loss<br>Reclassified from AOCI<br>into Income (Effective<br>Portion) | Amount of Loss<br>Reclassified from AOCI<br>into Income<br>(Effective Portion) |      |
|---|--|-------|--|--|------|
|   | Nine<br>months Ended<br>September 30,                                |       |  | Nine months Ended<br>September 30,   |      |
|   | 2017   | 2016  |  | 2017   | 2016 |
| Interest rate swaps   | \$ (2 )  | \$ 11 | Interest expense   | \$ 4   | \$ 5 |

# Assets and Liabilities Measured at Fair Value on a Nonrecurring Basis

The Company is required, on a nonrecurring basis, to adjust the carrying value or provide valuation allowances for certain assets using fair value measurements. The Company's equity method investments, cost method investments, and non-financial assets, such as goodwill, intangible assets, and property, plant and equipment, are measured at fair value when there is an indicator of impairment and recorded at fair value only when an impairment charge is recognized.

The Company did not measure any material non-financial assets or liabilities at fair value during the nine months ended September 30, 2017.



## 8. Long-term Debt and Other Financing Arrangements

Unless otherwise stated, interest rates are as of September 30, 2017.

| (IN MILLIONS)  | September 30, 2017           |                    |               | December 31, 2016            |                    |               |
|--|------------------------------|--------------------|---------------|------------------------------|--------------------|---------------|
|  | Weighted<br>Interest<br>Rate | Carrying<br>Amount | Fair<br>Value | Weighted<br>Interest<br>Rate | Carrying<br>Amount | Fair<br>Value |
| \$2,080 million Senior secured term loan (LIBOR based variable rate of 3.24%) due 2019                                 |                              | \$ 1,391           | 1,398         |                              | \$ 1,768           | 1,785         |
| \$1,900 million Senior secured term loan (LIBOR based variable rate of 3.15%) due 2023                                 |                              | —                  | —             |                              | 1,892              | 1,922         |
| \$2,250 million Senior secured term loan (LIBOR based variable rate of 3.24%) due 2023                                 |                              | 2,237              | 2,247         |                              | —                  | —             |
| €380 million Senior secured term loan (Euro LIBOR based variable rate of 2.10%) due 2021                               |                              | 445                | 449           |                              | 399                | 402           |
| Total senior secured credit facilities (with weighted-average interest rate)   | 3.21 %                       | 4,073              | 4,094         | 2.95 %                       | 4,059              | 4,109         |
| \$800 million 4.50% senior debenture loan due 2020   |                              | 795                | 809           |                              | 794                | 813           |
| \$625 million 5.50% senior debenture loan due 2021   |                              | 619                | 643           |                              | 618                | 649           |
| \$2,300 million 5.00% senior debenture loan due 2022   |                              | 2,288              | 2,382         |                              | 2,285              | 2,340         |
| \$500 million 5.00% senior debenture loan due 2025   |                              | 495                | 520           |                              | —                  | —             |
| Total debenture loans (with weighted-average interest rate)  | 5.22 %                       | 4,197              | 4,354         | 5.22 %                       | 3,697              | 3,802         |
| Other loans  |                              | 1                  | 1             |                              | 7                  | 7             |
| Total long-term debt   | 4.24 %                       | 8,271              | 8,449         | 4.04 %                       | 7,763              | 7,918         |
| Capital lease and other financing obligations  |                              | 173                |               |                              | 158                |               |
| Bank overdrafts  |                              | —                  |               |                              | 5                  |               |
| Total debt and other financing arrangements  |                              | 8,444              |               |                              | 7,926              |               |
| Less: Current portion of long-term debt, capital lease and other financing obligations and other short-term borrowings |                              | 67                 |               |                              | 188                |               |
| Non-current portion of long-term debt and capital lease and other financing obligations                                |                              | \$ 8,377           |               |                              | \$ 7,738           |               |

The fair value of the Company's long-term debt instruments was based on the yield on public debt where available or current borrowing rates available for financings with similar terms and maturities and such fair value measurements are considered Level 1 or Level 2 in nature, respectively.

Annual maturities of Nielsen's long-term debt are as follows:

| (IN MILLIONS)                            |       |
|--|-------|
| For October 1, 2017 to December 31, 2017 | \$3   |
| 2018                                     | 28    |
| 2019                                     | 1,401 |
| 2020                                     | 818   |

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|            |         |
|------------|---------|
| 2021       | 1,071   |
| 2022       | 2,325   |
| Thereafter | 2,625   |
|            | \$8,271 |

In January 2017, Nielsen issued \$500 million aggregate principal amount of 5.00% Senior Notes due 2025 at par, with cash proceeds of approximately \$495 million, net of fees and expenses.

In April 2017, Nielsen entered into a third amendment to Nielsen's Fourth Amended and Restated Credit Agreement (as amended prior to April 2017, the "Existing Credit Agreement," and as amended in April 2017 by the third amendment, the "Amended Credit Agreement"), providing for a new class of Class B-4 Term Loans in an aggregate principal amount of \$2,250,000,000, the proceeds of which were used to replace or refinance the entire outstanding principal of existing Class B-3 Term Loans and a portion of existing Class A Term Loans.

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The Class B-4 Term Loans will mature in full on October 4, 2023, and are required to be repaid in equal quarterly installments in an aggregate annual amount equal to 1.00% of the original principal amount of the Class B-4 Term Loans, with the balance payable on October 4, 2023. The Class B-4 Term Loans bear interest equal to, at the election of Nielsen (i) a base rate or LIBOR rate, plus (ii) an applicable margin, which is equal to 2.00% (in the case of LIBOR loans) or 1.00% (in the case of base rate loans).

The Amended Credit Agreement contains the same affirmative and negative covenants as those of the Existing Credit Agreement.

## 9. Stockholders' Equity

Common stock activity is as follows:

|  | Nine<br>months Ended<br>September 30,<br>2017 |
|--|---|
| Actual number of shares of common stock outstanding      |   |
| Beginning of period                                      | 357,465,614                                   |
| Shares of common stock issued through compensation plans | 1,222,481                                     |
| Employee benefit trust activity                          | 230,491                                       |
| Repurchases of common stock                              | (2,750,586 )                                  |
| End of period  | 356,168,000                                   |

On January 31, 2013, the Company's Board of Directors adopted a cash dividend policy to pay quarterly cash dividends on its outstanding common stock. The below table summarizes the dividends declared on Nielsen's common stock during 2016 and the nine months ended September 30, 2017.

| Declaration Date  | Record Date       | Payment Date      | Dividend<br>Per<br>Share |
|-------------------|-------------------|-------------------|--------------------------|
| February 18, 2016 | March 3, 2016     | March 17, 2016    | \$ 0.28                  |
| April 19, 2016    | June 2, 2016      | June 16, 2016     | \$ 0.31                  |
| July 21, 2016     | August 25, 2016   | September 8, 2016 | \$ 0.31                  |
| October 20, 2016  | November 22, 2016 | December 6, 2016  | \$ 0.31                  |
| February 16, 2017 | March 2, 2017     | March 16, 2017    | \$ 0.31                  |
| April 24, 2017    | June 2, 2017      | June 16, 2017     | \$ 0.34                  |
| July 20, 2017     | August 24, 2017   | September 7, 2017 | \$ 0.34                  |

On October 19, 2017, the Company's Board of Directors declared a cash dividend of \$0.34 per share on our common stock. The dividend is payable on December 5, 2017 to stockholders of record at the close of business on November

21, 2017.

The dividend policy and the payment of future cash dividends are subject to the discretion of the Company's Board of Directors.

Nielsen's Board approved a share repurchase program, as included in the below table, for up to \$2 billion in the aggregate of our outstanding common stock. The primary purposes of the program are to return value to shareholders and to mitigate dilution associated with our equity compensation plans.

|                                      | Share         |
|--------------------------------------|---------------|
|                                      | Repurchase    |
|                                      | Authorization |
|                                      | (\$ in        |
|                                      | millions)     |
| Board Approval                       |               |
| July 25, 2013                        | \$ 500        |
| October 23, 2014                     | \$ 1,000      |
| December 11, 2015                    | \$ 500        |
| Total Share Repurchase Authorization | \$ 2,000      |

Repurchases under these plans will be made in accordance with applicable securities laws from time to time in the open market or otherwise depending on our evaluation of market conditions and other factors. This program has been executed within the limitations of the authority granted by Nielsen's shareholders.

As of September 30, 2017, there have been 36,588,112 shares of our common stock purchased at an average price of \$45.88 per share (total consideration of approximately \$1,679 million) under this program.

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The activity for the nine months ended September 30, 2017 consisted of open market share repurchases and is summarized in the following table:

| Period                  | Total<br>Number<br>of Shares<br>Purchased | Average<br>Price<br>Paid<br>per<br>Share | Total<br>Number of<br>Shares<br>Purchased<br>as<br>Part of<br>Publicly<br>Announced<br>Plans<br>or Programs | Dollar Value<br>of Shares<br>that may yet<br>be<br>Purchased<br>under the<br>Plans or<br>Programs |
|-------------------------|---|--|---|---|
| As of December 31, 2016 | 33,837,526                                | \$ 46.16                                 | 33,837,526  | \$437,970,016   |
| 2017 Activity           |   |  |   |   |
| January 1- 31           | —   | \$ —                                     | —   | \$437,970,016   |
| February 1- 28          | 564,623                                   | \$ 45.30                                 | 564,623   | \$412,392,848   |
| March 1- 31             | 365,228                                   | \$ 45.15                                 | 365,228   | \$395,903,537   |
| April 1-30              | —   | \$ —                                     | —   | \$395,903,537   |
| May 1-31                | 1,020,212                                 | \$ 40.65                                 | 1,020,212   | \$354,426,944   |
| June 1-30               | —   | \$ —                                     | —   | \$354,426,944   |
| July 1-31               | —   | \$ —                                     | —   | \$354,426,944   |
| August 1-31             | 698,062                                   | \$ 41.77                                 | 698,062   | \$325,268,111   |
| September 1-30          | 102,461                                   | \$ 39.25                                 | 102,461   | \$321,246,116   |
| Total                   | 36,588,112                                | \$ 45.88                                 | 36,588,112  |   |

## 10. Income Taxes

The effective tax rate for each of the three months ended September 30, 2017 and 2016 was 38%, respectively. The tax rate for the three months ended September 30, 2017 was higher than the statutory rate as a result of the impact of tax rate differences in other jurisdictions where the Company files tax returns, and the effect of global licensing activities and foreign distributions, offset by the favorable impact of certain financing activities. The tax rate for the three months ended September 30, 2016 was higher than the statutory rate as a result of the impact of tax rate differences in other jurisdictions where the Company files tax returns, and the effect of global licensing activities and foreign distributions, offset by the favorable impact of certain financing activities.

The effective tax rates for the nine months ended September 30, 2017 and 2016 were 39% and 37%, respectively. The tax rate for the nine months ended September 30, 2017 was higher than the statutory rate as a result of the impact of tax rate differences in other jurisdictions where the Company files tax returns, and the effect of global licensing activities and foreign distributions, offset by the favorable impact of certain financing activities and the impact of share-based compensation excess tax benefit. The tax rate for the nine months ended September 30, 2016 was higher than the statutory rate as a result of the impact of tax rate differences in other jurisdictions where the Company files tax returns, and the effect of global licensing activities and foreign distributions, offset by the favorable impact of certain financing activities, the impact of share-based compensation excess tax benefit, and release of certain tax contingencies.

The estimated liability for unrecognized income tax benefits as of December 31, 2017 is \$436 million and was \$432 million as of December 31, 2016. If the Company's tax positions are favorably sustained by the taxing authorities, the reversal of the underlying liabilities would reduce the Company's effective tax rate in future periods.

The Company files numerous consolidated and separate income tax returns in the U.S. and in many state and foreign jurisdictions. With few exceptions the Company is no longer subject to U.S. Federal income tax examination for 2006 and prior periods. In addition, the Company has subsidiaries in various states, provinces and countries that are currently under audit for years ranging from 1998 through 2015.

To date, the Company is not aware of any material adjustments not already accrued related to any of the current Federal, state or foreign audits under examination.

## 11. Commitments and Contingencies

### Legal Proceedings and Contingencies

Nielsen is subject to litigation and other claims in the ordinary course of business, some of which include claims for substantial sums. Accruals have been recorded when the outcome is probable and can be reasonably estimated. While the ultimate results of claims and litigation cannot be determined, the Company does expect that the ultimate disposition of these matters will not have a material adverse effect on its operations or financial condition. However, depending on the amount and the timing, an unfavorable resolution of some or all of these matters could materially affect the Company's future results of operations or cash flows in a particular period.

### Subsequent Event

### Outsourced Services Agreements

In October 2017, Nielsen amended and restated in its entirety, its Amended and Restated Master Services Agreement, dated as of October 1, 2007 with Tata America International Corporation and Tata Consultancy Services Limited (jointly, "TCS") (as amended prior to the Second Amendment and Restatement, the "Prior Agreement") by entering into a Second Amended and Restated Master Services Agreement (the "Agreement"), dated as of October 1, 2017 and effective as of January 1, 2017 (the "Effective Date"), with TCS. The term of the Agreement has been extended for an additional five years, so as to expire on December 31, 2025, with three one-year renewal options granted to Nielsen. Nielsen has committed to purchase services from TCS from the Effective Date through the remaining term of the Agreement (the "Minimum Commitment") in the amount of \$2.25 billion, including a commitment to purchase at least \$320 million in services per year from 2017 through 2020, \$186 million in services per year from 2021 through 2024, and \$139.5 million in services in 2025 (in each of the foregoing cases, the "Annual Commitment"). In connection with the entry into the Agreement, the parties have agreed to terminate the separate Global Infrastructure Services Agreement between them as of the Effective Date and include the services provided thereunder in one or more Statements of Work ("SOWs") arising under the Agreement. TCS's charges under such SOWs will continue to be credited against the Minimum Commitment and the Annual Commitment. TCS will globally provide Nielsen with professional services relating to information technology (including application development and maintenance), business process outsourcing, client service knowledge process outsourcing, management sciences, analytics, and financial planning. As Nielsen orders specific services under the Agreement, the parties will execute SOWs describing the specific scope of the services to be performed by TCS. The amount of the Minimum Commitment and the Annual Commitment may be reduced on the occurrence of certain events, some of which also provide Nielsen with the right to terminate the Agreement or SOWs, as applicable.

## 12. Segments

The Company aligns its operating segments in order to conform to management's internal reporting structure, which is reflective of service offerings by industry. Management aggregates such operating segments into two reporting segments: what consumers buy ("Buy"), consisting principally of market research information and analytical services; and what consumers watch ("Watch"), consisting principally of television, radio, online and mobile audience and advertising measurement and corresponding analytics.

Corporate consists principally of unallocated items such as certain facilities and infrastructure costs as well as intersegment eliminations. Certain corporate costs, other than those described above, including those related to selling, finance, legal, human resources, and information technology systems, are considered operating costs and are allocated

to the Company's segments based on either the actual amount of costs incurred or on a basis consistent with the operations of the underlying segment. Information with respect to the operations of each of Nielsen's business segments is set forth below based on the nature of the services offered and geographic areas of operations.

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## Business Segment Information

| (IN MILLIONS)                                 | Buy     | Watch   | Corporate | Total    |
|---|---------|---------|-----------|----------|
| Three Months Ended September 30, 2017         |         |         |           |          |
| Revenues                                      | \$803   | \$838   | \$ —      | \$1,641  |
| Depreciation and amortization                 | \$53    | \$106   | \$ 1      | \$160    |
| Restructuring charges                         | \$4     | \$2     | \$ 1      | \$7      |
| Stock-based compensation expense              | \$3     | \$2     | \$ 3      | \$8      |
| Other items <sup>(1)</sup>                    | \$—     | \$—     | \$ 10     | \$10     |
| Operating income/(loss)                       | \$85    | \$280   | \$ (28)   | \$337    |
| Business segment income/(loss) <sup>(2)</sup> | \$145   | \$390   | \$ (13)   | \$522    |
| Total assets as of September 30, 2017         | \$6,925 | \$9,706 | \$ (46)   | \$16,585 |

|   |         |         |        |          |
|---|---------|---------|--------|----------|
| (IN MILLIONS)                                 |         |         |        |          |
| Three Months Ended September 30, 2016         |         |         |        |          |
| Revenues                                      | \$809   | \$761   | \$—    | \$1,570  |
| Depreciation and amortization                 | \$53    | \$97    | \$1    | \$151    |
| Restructuring charges                         | \$15    | \$2     | \$12   | \$29     |
| Stock-based compensation expense              | \$3     | \$2     | \$6    | \$11     |
| Other items <sup>(1)</sup>                    | \$—     | \$—     | \$11   | \$11     |
| Operating income/(loss)                       | \$79    | \$259   | \$(42) | \$296    |
| Business segment income/(loss) <sup>(2)</sup> | \$150   | \$360   | \$(12) | \$498    |
| Total assets as of December 31, 2016          | \$6,697 | \$8,905 | \$128  | \$15,730 |

| (IN MILLIONS)                                 | Buy     | Watch   | Corporate | Total   |
|---|---------|---------|-----------|---------|
| Nine months Ended September 30, 2017          |         |         |           |         |
| Revenues                                      | \$2,383 | \$2,428 | \$ —      | \$4,811 |
| Depreciation and amortization                 | \$156   | \$318   | \$ 3      | \$477   |
| Restructuring charges                         | \$31    | \$9     | \$ 8      | \$48    |
| Stock-based compensation expense              | \$10    | \$9     | \$ 16     | \$35    |
| Other items <sup>(1)</sup>                    | \$—     | \$—     | \$ 28     | \$28    |
| Operating income/(loss)                       | \$219   | \$734   | \$ (85)   | \$868   |
| Business segment income/(loss) <sup>(2)</sup> | \$416   | \$1,070 | \$ (30)   | \$1,456 |

|                                      |         |         |        |         |
|--------------------------------------|---------|---------|--------|---------|
| (IN MILLIONS)                        |         |         |        |         |
| Nine months Ended September 30, 2016 |         |         |        |         |
| Revenues                             | \$2,454 | \$2,199 | \$—    | \$4,653 |
| Depreciation and amortization        | \$158   | \$289   | \$3    | \$450   |
| Restructuring charges                | \$42    | \$7     | \$24   | \$73    |
| Stock-based compensation expense     | \$12    | \$7     | \$18   | \$37    |
| Other items <sup>(1)</sup>           | \$2     | \$2     | \$24   | \$28    |
| Operating income/(loss)              | \$216   | \$684   | \$(98) | \$802   |

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|   |       |       |        |         |
|---|-------|-------|--------|---------|
| Business segment income/(loss) <sup>(2)</sup> | \$430 | \$989 | \$(29) | \$1,390 |
|---|-------|-------|--------|---------|

- (1) Other items primarily consist of transaction related costs and business optimization costs for the three and nine months ended September 30, 2017. Other items primarily consist of business optimization costs for the three and nine months ended September 30, 2016.
- (2) The Company's chief operating decision maker uses business segment income/(loss) to measure performance from period to period both at the consolidated level as well as within its operating segments.

### 13. Guarantor Financial Information

The following supplemental financial information is being provided for purposes of compliance with reporting covenants contained in certain debt obligations of Nielsen and its subsidiaries. The financial information sets forth for Nielsen, its subsidiaries that have issued certain debt securities (the “Issuers”) and its guarantor and non-guarantor subsidiaries, the consolidating balance sheet as of September 30, 2017 and December 31, 2016 and consolidating statements of operations and cash flows for the periods ended September 30, 2017 and 2016. During the three months ended September 30, 2017, the Company restructured certain legal entities and therefore the Company adjusted prior periods to reflect the current year structure.

The issued debt securities are jointly and severally guaranteed on a full and unconditional basis by Nielsen and subject to certain exceptions, each of the direct and indirect 100% owned subsidiaries of Nielsen, in each case to the extent that such entities provide a guarantee under the senior secured credit facilities. The issuers are also 100% owned indirect subsidiaries of Nielsen: Nielsen Finance LLC and Nielsen Finance Co. for certain series of debt obligations, and The Nielsen Company (Luxembourg) S.ar.l., for the other series of debt obligations. Each issuer is a guarantor of the debt obligations not issued by it.

Nielsen is a holding company and does not have any material assets or operations other than ownership of the capital stock of its direct and indirect subsidiaries. All of Nielsen’s operations are conducted through its subsidiaries, and, therefore, Nielsen is expected to continue to be dependent upon the cash flows of its subsidiaries to meet its obligations. The senior secured credit facilities contain certain limitations on the ability of Nielsen to receive the cash flows of its subsidiaries.

While all subsidiary guarantees of the issued debt securities are full and unconditional, these guarantees contain customary release provisions including when (i) the subsidiary is sold or sells all of its assets, (ii) the subsidiary is declared “unrestricted” for covenant purposes, (iii) the subsidiary’s guarantee under the senior secured credit facilities is released and (iv) the requirements for discharge of the indenture have been satisfied.

Nielsen Holdings plc

## Condensed Consolidated Statement of Comprehensive Income (Unaudited)

For the three months ended September 30, 2017

| (IN MILLIONS)   | Parent | Issuers | Guarantor | Non-Guarantor | Elimination | Consolidated |
|---|--------|---------|-----------|---------------|-------------|--------------|
| Revenues  | \$ —   | \$ —    | \$ 899    | \$ 742        | \$ —        | \$ 1,641     |
| Cost of revenues, exclusive of depreciation and amortization shown separately below                             | —      | —       | 356       | 336           | —           | 692          |
| Selling, general and administrative expenses, exclusive of depreciation and amortization shown separately below | 1      | —       | 197       | 247           | —           | 445          |
| Depreciation and amortization   | —      | —       | 126       | 34            | —           | 160          |
| Restructuring charges   | —      | —       | 3         | 4             | —           | 7            |
| Operating (loss)/income   | (1 )   | —       | 217       | 121           | —           | 337          |
| Interest income   | —      | 238     | 10        | —             | (247 )      | 1            |
| Interest expense  | —      | (90 )   | (241 )    | (11 )         | 247         | (95 )        |
| Other income/(expense), net   | —      | —       | 90        | (91 )         | —           | (1 )         |
| (Loss)/income from continuing operations before income taxes and equity in net income of subsidiaries           | (1 )   | 148     | 76        | 19            | —           | 242          |
| Provision for income taxes  | —      | (52 )   | (37 )     | (3 )          | —           | (92 )        |
| Equity in net income of subsidiaries  | 147    | 61      | 108       | —             | (316 )      | —            |
| Net income  | 146    | 157     | 147       | 16            | (316 )      | 150          |
| Less net income attributable to noncontrolling interests  | —      | —       | —         | 4             | —           | 4            |
| Net income attributable to controlling interest   | 146    | 157     | 147       | 12            | (316 )      | 146          |
| Total other comprehensive income/(loss)   | 72     | (6 )    | 72        | 69            | (135 )      | 72           |
| Total comprehensive income  | 218    | 151     | 219       | 85            | (451 )      | 222          |
| Comprehensive income attributable to noncontrolling interests   | —      | —       | —         | 4             | —           | 4            |
| Total comprehensive income attributable to controlling interest   | \$ 218 | \$ 151  | \$ 219    | \$ 81         | \$ (451 )   | \$ 218       |

Nielsen Holdings plc

Condensed Consolidated Statement of Comprehensive Income (Unaudited)

For the three months ended September 30, 2016

| (IN MILLIONS)   | Parent | Issuers | Guarantor | Non-Guarantor | Elimination | Consolidated |
|---|--------|---------|-----------|---------------|-------------|--------------|
| Revenues  | \$ —   | \$ —    | \$ 884    | \$ 686        | \$ —        | \$ 1,570     |
| Cost of revenues, exclusive of depreciation and amortization shown separately below                             | —      | —       | 322       | 320           | —           | 642          |
| Selling, general and administrative expenses, exclusive of depreciation and amortization shown separately below | 1      | —       | 228       | 223           | —           | 452          |
| Depreciation and amortization   | —      | —       | 123       | 28            | —           | 151          |
| Restructuring charges   | —      | —       | 22        | 7             | —           | 29           |
| Operating (loss)/income   | (1 )   | —       | 189       | 108           | —           | 296          |
| Interest income   | —      | 221     | 10        | 2             | (232 )      | 1            |
| Interest expense  | (1 )   | (79 )   | (227 )    | (10 )         | 232         | (85 )        |
| Foreign currency exchange transaction gains, net  | —      | —       | —         | 2             | —           | 2            |
| Other income/(expense), net   | —      | —       | 73        | (73 )         | —           | —            |
| (Loss)/income from continuing operations before income taxes and equity in net income of subsidiaries           | (2 )   | 142     | 45        | 29            | —           | 214          |
| Provision for income taxes  | —      | (50 )   | (19 )     | (13 )         | —           | (82 )        |
| Equity in net income of subsidiaries  | 132    | 68      | 106       | —             | (306 )      | —            |
| Net income  | 130    | 160     | 132       | 16            | (306 )      | 132          |
| Less net income attributable to noncontrolling interests  | —      | —       | —         | 2             | —           | 2            |
| Net income attributable to controlling interest   | 130    | 160     | 132       | 14            | (306 )      | 130          |
| Total other comprehensive (loss)/income   | (10 )  | 2       | (10 )     | (6 )          | 13          | (11 )        |
| Total other comprehensive loss attributable to noncontrolling interests   | —      | —       | —         | (1 )          | —           | (1 )         |
| Total other comprehensive (loss)/income attributable to controlling interests                                   | (10 )  | 2       | (10 )     | (5 )          | 13          | (10 )        |
| Total comprehensive income  | 120    | 162     | 122       | 10            | (293 )      | 121          |
| Comprehensive income attributable to noncontrolling interests   | —      | —       | —         | 1             | —           | 1            |
| Total comprehensive income attributable to controlling interest   | \$ 120 | \$ 162  | \$ 122    | \$ 9          | \$ (293 )   | \$ 120       |

## Nielsen Holdings plc

## Condensed Consolidated Statement of Comprehensive Income (Unaudited)

For the nine months ended September 30, 2017

| (IN MILLIONS)   | Parent | Issuers | Guarantor | Non-Guarantor | Elimination | Consolidated |
|---|--------|---------|-----------|---------------|-------------|--------------|
| Revenues  | \$ —   | \$ —    | \$ 2,658  | \$ 2,153      | \$ —        | \$ 4,811     |
| Cost of revenues, exclusive of depreciation and amortization shown separately below   | —      | —       | 1,052     | 979           | —           | 2,031        |
| Selling, general and administrative expenses, exclusive of depreciation and amortization shown separately below             | 3      | —       | 686       | 698           | —           | 1,387        |
| Depreciation and amortization   | —      | —       | 384       | 93            | —           | 477          |
| Restructuring charges   | —      | —       | 21        | 27            | —           | 48           |
| Operating (loss)/income   | (3 )   | —       | 515       | 356           | —           | 868          |
| Interest income   | 1      | 682     | 27        | 3             | (710 )      | 3            |
| Interest expense  | —      | (263 )  | (694 )    | (30 )         | 710         | (277 )       |
| Foreign currency exchange transaction losses, net   | —      | —       | (3 )      | (6 )          | —           | (9 )         |
| Other (expense)/income, net   | —      | (2 )    | 68        | (69 )         | —           | (3 )         |
| (Loss)/income from continuing operations before income taxes and equity in net income/(loss) of subsidiaries and affiliates | (2 )   | 417     | (87 )     | 254           | —           | 582          |
| (Provision)/benefit for income taxes  | —      | (146 )  | 20        | (100 )        | —           | (226 )       |
| Equity in net income of subsidiaries  | 350    | 149     | 418       | —             | (917 )      | —            |
| Equity in net (loss)/income of affiliates   | —      | —       | (1 )      | 1             | —           | —            |
| Net income  | 348    | 420     | 350       | 155           | (917 )      | 356          |
| Less net income attributable to noncontrolling interests  | —      | —       | —         | 8             | —           | 8            |
| Net income attributable to controlling interest   | 348    | 420     | 350       | 147           | (917 )      | 348          |
| Total other comprehensive income/(loss)   | 232    | (24 )   | 232       | 245           | (448 )      | 237          |
| Total other comprehensive income attributable to noncontrolling interests   | —      | —       | —         | 5             | —           | 5            |
| Total other comprehensive income/(loss) attributable to controlling interests   | 232    | (24 )   | 232       | 240           | (448 )      | 232          |
| Total comprehensive income  | 580    | 396     | 582       | 400           | (1,365 )    | 593          |
| Comprehensive income attributable to noncontrolling interests   | —      | —       | —         | 13            | —           | 13           |
| Total comprehensive income attributable to controlling interest   | \$ 580 | \$ 396  | \$ 582    | \$ 387        | \$ (1,365 ) | \$ 580       |

Nielsen Holdings plc

Condensed Consolidated Statement of Comprehensive Income (Unaudited)

For the nine months ended September 30, 2016

| (IN MILLIONS)   | Parent | Issuer | Guarantor | Non-Guarantor | Elimination | Consolidated |
|---|--------|--------|-----------|---------------|-------------|--------------|
| Revenues  | \$ —   | \$ —   | \$ 2,668  | \$ 1,985      | \$ —        | \$ 4,653     |
| Cost of revenues, exclusive of depreciation and amortization shown separately below   | —      | —      | 985       | 952           | —           | 1,937        |
| Selling, general and administrative expenses, exclusive of depreciation and amortization shown separately below             | 3      | —      | 735       | 653           | —           | 1,391        |
| Depreciation and amortization   | —      | —      | 364       | 86            | —           | 450          |
| Restructuring charges   | —      | —      | 40        | 33            | —           | 73           |
| Operating (loss)/income   | (3 )   | —      | 544       | 261           | —           | 802          |
| Interest income   | —      | 653    | 29        | 4             | (683 )      | 3            |
| Interest expense  | (3 )   | (230)  | (668 )    | (29 )         | 683         | (247 )       |
| Foreign currency exchange transaction losses, net   | —      | —      | (1 )      | (2 )          | —           | (3 )         |
| Other (expense)/income, net   | —      | (1 )   | 95        | (94 )         | —           | —            |
| (Loss)/income from continuing operations before income taxes and equity in net income/(loss) of subsidiaries and affiliates | (6 )   | 422    | (1 )      | 140           | —           | 555          |
| (Provision)/benefit for income taxes  | —      | (148)  | 7         | (67 )         | —           | (208 )       |
| Equity in net income of subsidiaries  | 349    | 150    | 344       | —             | (843 )      | —            |
| Equity in net (loss)/income of affiliates   | —      | —      | (1 )      | 1             | —           | —            |
| Net income  | 343    | 424    | 349       | 74            | (843 )      | 347          |
| Less net income attributable to noncontrolling interests  | —      | —      | —         | 4             | —           | 4            |
| Net income attributable to controlling interest   | 343    | 424    | 349       | 70            | (843 )      | 343          |
| Total other comprehensive income/(loss)   | 38     | (12 )  | 38        | 37            | (65 )       | 36           |
| Total other comprehensive loss attributable to noncontrolling interests   | —      | —      | —         | (2 )          | —           | (2 )         |
| Total other comprehensive income/(loss) attributable to controlling interests   | 38     | (12 )  | 38        | 39            | (65 )       | 38           |
| Total comprehensive income  | 381    | 412    | 387       | 111           | (908 )      | 383          |
| Comprehensive income attributable to noncontrolling interests   | —      | —      | —         | 2             | —           | 2            |
| Total comprehensive income attributable to controlling interests  | \$ 381 | \$ 412 | \$ 387    | \$ 109        | \$ (908 )   | \$ 381       |

Nielsen Holdings plc

Condensed Consolidated Balance Sheet (Unaudited)

September 30, 2017

| (IN MILLIONS)  | Parent   | Issuers   | Guarantor | Non-Guarantor | Elimination  | Consolidated |
|--|----------|-----------|-----------|---------------|--------------|--------------|
| Assets:  |          |           |           |               |              |              |
| Current assets   |          |           |           |               |              |              |
| Cash and cash equivalents  | \$ 1     | \$ 19     | \$ 73     | \$ 569        | \$ —         | \$ 662       |
| Trade and other receivables, net   | 1        | —         | 516       | 765           | \$ —         | 1,282        |
| Prepaid expenses and other current assets  | —        | —         | 193       | 135           | \$ —         | 328          |
| Intercompany receivables   | 2        | 1,146     | 322       | 123           | (1,593 )     | —            |
| Total current assets   | 4        | 1,165     | 1,104     | 1,592         | (1,593 )     | 2,272        |
| Non-current assets   |          |           |           |               |              | —            |
| Property, plant and equipment, net   | —        | —         | 296       | 162           | —            | 458          |
| Goodwill   | —        | —         | 6,022     | 2,330         | —            | 8,352        |
| Other intangible assets, net   | —        | —         | 4,513     | 529           | —            | 5,042        |
| Deferred tax assets  | 2        | 20        | —         | 109           | —            | 131          |
| Other non-current assets   | —        | 7         | 241       | 82            | —            | 330          |
| Equity investment in subsidiaries  | 4,230    | 1,222     | 4,190     | —             | (9,642 )     | —            |
| Intercompany loans   | 25       | 8,608     | 1,829     | 140           | (10,602 )    | —            |
| Total assets   | \$ 4,261 | \$ 11,022 | \$ 18,195 | \$ 4,944      | \$ (21,837 ) | \$ 16,585    |
| Liabilities and equity:  |          |           |           |               |              |              |
| Current liabilities  |          |           |           |               |              |              |
| Accounts payable and other current liabilities   | \$ —     | \$ 101    | \$ 422    | \$ 492        | \$ —         | \$ 1,015     |
| Deferred revenues  | —        | —         | 204       | 124           | \$ —         | 328          |
| Income tax liabilities   | —        | 2         | 47        | 149           | \$ —         | 198          |
| Current portion of long-term debt, capital lease obligations and short-term borrowings | —        | 22        | 40        | 5             | \$ —         | 67           |
| Intercompany payables  | —        | —         | 1,300     | 293           | (1,593 )     | —            |
| Total current liabilities  | —        | 125       | 2,013     | 1,063         | (1,593 )     | 1,608        |
| Non-current liabilities  |          |           |           |               |              | —            |
| Long-term debt and capital lease obligations   | —        | 8,247     | 113       | 17            | —            | 8,377        |
| Deferred tax liabilities   | —        | 71        | 1,063     | 85            | —            | 1,219        |
| Intercompany loans   | —        | 62        | 10,173    | 367           | (10,602 )    | —            |
| Other non-current liabilities  | 2        | 2         | 603       | 314           | —            | 921          |
| Total liabilities  | 2        | 8,507     | 13,965    | 1,846         | (12,195 )    | 12,125       |
| Total stockholders' equity   | 4,259    | 2,515     | 4,230     | 2,897         | (9,642 )     | 4,259        |
| Noncontrolling interests   | —        | —         | —         | 201           | —            | 201          |
| Total equity   | 4,259    | 2,515     | 4,230     | 3,098         | (9,642 )     | 4,460        |
| Total liabilities and equity   | \$ 4,261 | \$ 11,022 | \$ 18,195 | \$ 4,944      | \$ (21,837 ) | \$ 16,585    |



Nielsen Holdings plc

Condensed Consolidated Balance Sheet

December 31, 2016

| (IN MILLIONS)  | Parent  | Issuers  | Guarantor | Non-Guarantor | Elimination  | Consolidated |
|--|---------|----------|-----------|---------------|--------------|--------------|
| Assets:  |         |          |           |               |              |              |
| Current assets   |         |          |           |               |              |              |
| Cash and cash equivalents  | \$5     | \$1      | \$ 219    | \$ 529        | \$ —         | \$ 754       |
| Trade and other receivables, net   | 2       | —        | 478       | 691           | —            | 1,171        |
| Prepaid expenses and other current assets  | —       | —        | 185       | 112           | —            | 297          |
| Intercompany receivables   | —       | 862      | 312       | 167           | (1,341 )     | —            |
| Total current assets   | 7       | 863      | 1,194     | 1,499         | (1,341 )     | 2,222        |
| Non-current assets   |         |          |           |               |              |              |
| Property, plant and equipment, net   | —       | —        | 307       | 164           | —            | 471          |
| Goodwill   | —       | —        | 5,728     | 2,117         | —            | 7,845        |
| Other intangible assets, net   | —       | —        | 4,248     | 488           | —            | 4,736        |
| Deferred tax assets  | 2       | —        | (1 )      | 126           | —            | 127          |
| Other non-current assets   | —       | 3        | 245       | 81            | —            | 329          |
| Equity investment in subsidiaries  | 4,117   | 1,079    | 4,222     | —             | (9,418 )     | —            |
| Intercompany loans   | 25      | 11,533   | 3,332     | 150           | (15,040 )    | —            |
| Total assets   | \$4,151 | \$13,478 | \$ 19,275 | \$ 4,625      | \$ (25,799 ) | \$ 15,730    |
| Liabilities and equity:  |         |          |           |               |              |              |
| Current liabilities  |         |          |           |               |              |              |
| Accounts payable and other current liabilities   | \$—     | \$52     | \$ 479    | \$ 481        | \$ —         | \$ 1,012     |
| Deferred revenues  | —       | —        | 172       | 125           | —            | 297          |
| Income tax liabilities   | —       | 2        | 36        | 59            | —            | 97           |
| Current portion of long-term debt, capital lease obligations and short-term borrowings | —       | 145      | 35        | 8             | —            | 188          |
| Intercompany payables  | 47      | 2        | 988       | 304           | (1,341 )     | —            |
| Total current liabilities  | 47      | 201      | 1,710     | 977           | (1,341 )     | 1,594        |
| Non-current liabilities  |         |          |           |               |              |              |
| Long-term debt and capital lease obligations   | —       | 7,611    | 106       | 21            | —            | 7,738        |
| Deferred tax liabilities   | —       | 71       | 1,027     | 77            | —            | 1,175        |
| Intercompany loans   | —       | 2,985    | 11,708    | 347           | (15,040 )    | —            |
| Other non-current liabilities  | 2       | 4        | 609       | 315           | —            | 930          |
| Total liabilities  | 49      | 10,872   | 15,160    | 1,737         | (16,381 )    | 11,437       |
| Total stockholders' equity   | 4,102   | 2,606    | 4,117     | 2,695         | (9,418 )     | 4,102        |
| Noncontrolling interests   | —       | —        | (2 )      | 193           | —            | 191          |
| Total equity   | 4,102   | 2,606    | 4,115     | 2,888         | (9,418 )     | 4,293        |
| Total liabilities and equity   | \$4,151 | \$13,478 | \$ 19,275 | \$ 4,625      | \$ (25,799 ) | \$ 15,730    |

Nielsen Holdings plc

## Condensed Consolidated Statement of Cash Flows (Unaudited)

For the nine months ended September 30, 2017

| (IN MILLIONS)  | Parent   | Issuers  | Guarantor | Non-Guarantor | Consolidated |
|--|----------|----------|-----------|---------------|--------------|
| Net cash (used in)/provided by operating activities                      | \$ (48 ) | \$ 193   | \$ 424    | \$ 235        | \$ 804       |
| Investing activities:  |          |          |           |               |              |
| Acquisition of subsidiaries and affiliates, net of cash acquired         | —        | —        | (573 )    | (22 )         | (595 )       |
| Additions to property, plant and equipment and other assets              | —        | —        | (29 )     | (26 )         | (55 )        |
| Additions to intangible assets   | —        | —        | (218 )    | (46 )         | (264 )       |
| Proceeds from the sale of property, plant and equipment and other assets | —        | —        | 28        | —             | 28           |
| Other investing activities   | —        | —        | (1 )      | (1 )          | (2 )         |
| Net cash used in investing activities                                    | —        | —        | (793 )    | (95 )         | (888 )       |
| Financing activities:  |          |          |           |               |              |
| Repayments of debt   | —        | (2,288 ) | —         | (1 )          | (2,289 )     |
| Proceeds from the issuance of debt, net of issuance costs                | —        | 2,745    | —         | —             | 2,745        |
| Decrease in other short-term borrowings                                  | —        | —        | —         | (5 )          | (5 )         |
| Cash dividends paid to stockholders                                      | (353 )   | —        | —         | —             | (353 )       |
| Repurchase of common stock   | (117 )   | —        | —         | —             | (117 )       |
| Activity under stock plans   | 28       | —        | (7 )      | —             | 21           |
| Proceeds from employee stock purchase plan                               | 5        | —        | —         | —             | 5            |
| Capital leases   | —        | —        | (40 )     | (2 )          | (42 )        |
| Settlement of intercompany and other financing activities                | 481      | (632 )   | 273       | (135 )        | (13 )        |
| Net cash provided by/(used in) financing activities                      | 44       | (175 )   | 226       | (143 )        | (48 )        |
| Effect of exchange-rate changes on cash and cash equivalents             | —        | —        | (3 )      | 43            | 40           |
| Net decrease in cash and cash equivalents                                | (4 )     | 18       | (146 )    | 40            | (92 )        |
| Cash and cash equivalents at beginning of period                         | 5        | 1        | 219       | 529           | 754          |
| Cash and cash equivalents at end of period                               | \$ 1     | \$ 19    | \$ 73     | \$ 569        | \$ 662       |

Nielsen Holdings plc

Condensed Consolidated Statement of Cash Flows (Unaudited)

For the nine months ended September 30, 2016

| (IN MILLIONS)  | Parent | Issuers | Guarantor | Non-Guarantor | Consolidated |
|--|--------|---------|-----------|---------------|--------------|
| Net cash (used in)/provided by operating activities              | \$(4 ) | \$ 170  | \$ 412    | \$ 175        | \$ 753       |
| Investing activities:  |        |         |           |               |              |
| Acquisition of subsidiaries and affiliates, net of cash acquired | —      | —       | (239 )    | (24 )         | (263 )       |
| Additions to property, plant and equipment and other assets      | —      | —       | (41 )     | (42 )         | (83 )        |
| Additions to intangible assets                                   | —      | —       | (205 )    | (36 )         | (241 )       |
| Other investing activities                                       | —      | —       | (1 )      | (3 )          | (4 )         |
| Net cash used in investing activities                            | —      | —       | (486 )    | (105 )        | (591 )       |
| Financing activities:  |        |         |           |               |              |
| Net borrowings under revolving credit facility                   | —      | —       | 193       | —             | 193          |
| Repayments of debt   | —      | (101 )  | —         | —             | (101 )       |
| Proceeds from the issuance of debt, net of issuance costs        |        | 496     |           |               | 496          |
| Cash dividends paid to stockholders                              | (323 ) | —       | —         | —             | (323 )       |
| Repurchase of common stock                                       | (394 ) | —       | —         | —             | (394 )       |
| Activity under stock plans                                       | 91     | —       | (19 )     | —             | 72           |
| Settlement of intercompany and other financing activities        | 622    | (547 )  | (82 )     | (26 )         | (33 )        |
| Net cash (used in)/provided by financing activities              | (4 )   | (152 )  | 92        | (26 )         | (90 )        |
| Effect of exchange-rate changes on cash and cash equivalents     | —      | —       | 2         | 15            | 17           |
| Net (decrease)/increase in cash and cash equivalents             | (8 )   | 18      | 20        | 59            | 89           |
| Cash and cash equivalents at beginning of period                 | 1      | —       | 7         | 349           | 357          |
| Cash and cash equivalents at end of period                       | \$(7 ) | \$ 18   | \$ 27     | \$ 408        | \$ 446       |

## Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

### Introduction

The following discussion and analysis supplements management's discussion and analysis of Nielsen Holdings plc ("the Company" or "Nielsen") for the year ended December 31, 2016 as contained in the Annual Report on Form 10-K filed by the Company with the Securities and Exchange Commission on February 17, 2017, and presumes that readers have read or have access to such discussion and analysis. The following discussion and analysis should also be read together with the accompanying Condensed Consolidated Financial Statements and related notes thereto. Further, this report may contain material that includes forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 that reflect, when made, Nielsen's current views with respect to current events and financial performance. Statements, other than those based on historical facts, which address activities, events or developments that we expect or anticipate may occur in the future are forward-looking statements. Such forward-looking statements are subject to many risks, uncertainties and factors relating to Nielsen's operations and business environment that may cause actual results to be materially different from any future results, express or implied, by such forward-looking statements, including but not limited to, those set forth in this Item 2 and Part II, Item 1A, if any, and those noted in our 2016 Annual Report on Form 10-K under "Risk Factors." Forward-looking statements speak only as of the date of this report or as of the date they were made. We disclaim any intention to update the current expectations or forward-looking statements contained in this report, except as required by law. Unless required or indicated by context or otherwise stated, references to "we", "us", and "our" refer to Nielsen and each of its consolidated subsidiaries.

From time to time, Nielsen may use its website and social media outlets as channels of distribution of material company information. Financial and other material information regarding the company is routinely posted and accessible on our website at <http://www.nielsen.com/investors> and our Twitter account at <http://twitter.com/nielsen>.

### Background and Executive Summary

We are a leading global performance management company. The company provides to clients a comprehensive understanding of what consumers buy and what they watch and how those choices intersect. We deliver critical media and marketing information, analytics and manufacturer and retailer expertise about what and where consumers buy (referred to herein as "Buy") and what consumers read, watch and listen to (consumer interaction across the television, radio, online and mobile viewing and listening platforms referred to herein as "Watch") on a local and global basis. Our information, insights and solutions help our clients maintain and strengthen their market positions and identify opportunities for profitable growth. We have a presence in more than 100 countries, including many emerging markets, and hold leading market positions in many of our services and geographies.

We believe that important measures of our results of operations include revenue, operating income and Adjusted EBITDA (defined below). Our long-term financial objectives include consistent revenue growth and expanding operating margins. Accordingly, we are focused on geographic market and service offering expansion to drive revenue growth, and improving operating efficiencies including effective resource utilization, information technology leverage and overhead cost management.

Our business strategy is built upon a model that has traditionally yielded consistent revenue performance. Typically, before the start of each year, approximately 70% of our annual revenue has been committed under contracts in our combined Buy and Watch segments, which provides us with a high degree of stability to our revenue and allows us to effectively manage our profitability and cash flows. We continue to look for growth opportunities through global expansion, specifically within emerging markets, as well as through the expansion of our measurement and analytics services.

Our restructuring and other productivity initiatives have been focused on a combination of improving operating leverage through targeted cost-reduction programs, business process improvements and portfolio restructuring actions, while at the same time investing in key programs to enhance future growth opportunities.

Achieving our business objectives requires us to manage a number of key risk areas. Our growth objective of geographic market and service expansion requires us to maintain the consistency and integrity of our information and underlying processes on a global scale, and to invest effectively our capital in technology and infrastructure to keep pace with our clients' demands and our competitors. Our operating footprint across approximately 100 countries requires disciplined global and local resource management of internal and third party providers to ensure success. In addition, our high level of indebtedness requires active management of our debt profile, with a focus on underlying maturities, interest rate risk, liquidity and operating cash flows.

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## Business Segment Overview

We align our business into two reporting segments, Buy (consumer purchasing measurement and analytics) and Watch (media audience measurement and analytics). Our Buy and Watch segments are built on an extensive foundation of proprietary data assets designed to yield essential insights for our clients to successfully measure, analyze and grow their businesses and manage their performance. The information from our Buy and Watch segments, when brought together, can deliver powerful insights into the effectiveness of branding, advertising and consumer choice by linking media consumption trends with consumer purchasing data to better understand behavior and better manage supply and demand as well as media spend, supply chain issues, and much more. We believe these integrated insights better enable our clients to enhance the return on both long-term and short-term investments.

Our Buy segment provides measurement services, which include our core tracking and scan data (primarily transactional measurement data and consumer behavior information), and analytical services to businesses in the consumer packaged goods industry. Our services also enable our clients to better manage their brands, uncover new sources of demand, launch and grow new products, analyze their sales, improve their marketing mix and establish more effective consumer relationships. Our data is used by our clients to measure their market share, tracking billions of sales transactions per month in retail outlets around the world. Our extensive database of retail and consumer information, combined with our advanced analytical capabilities, helps generate strategic insights that influence our clients' key business decisions. Within our Buy segment, we have two primary geographic groups, developed and emerging markets. Developed markets primarily include the United States, Canada, Western Europe, Japan, Australia and South Korea while emerging markets include Africa, Latin America, Eastern Europe, Russia, China, India and Southeast Asia.

Our Watch segment provides viewership and listening data and analytics primarily to the media and advertising industries across the television, radio, online and mobile viewing and listening platforms. Our Watch data is used by our media clients to understand their audiences, establish the value of their advertising inventory and maximize the value of their content, and by our advertising clients to plan and optimize their spending.

Certain corporate costs, including those related to selling, finance, legal, human resources, and information technology systems, are considered operating costs and are allocated to our segments based on either the actual amount of costs incurred or on a basis consistent with the operations of the underlying segment.

## Factors Affecting Our Financial Results

### Acquisitions and Investments in Affiliates

On February 1, 2017, we completed the acquisition of Gracenote, through the purchase of 100% of Gracenote's outstanding common stock for a total purchase price of \$585 million. We acquired the data and technology that underpins the programming guides and personnel user experience for major video, music, audio and sports content. This acquisition expands our footprint with major clients including Gracenote's global content database which spans across platforms including multichannel video programing distributors (MVPD's), smart television, streaming music services, connected devices, media players and in-car infotainment systems.

The acquisition of Gracenote was accounted for using the acquisition method of accounting which requires, among other things, the assets acquired and the liabilities assumed be recognized at their fair values as of the acquisition date. Effective February 1, 2017, the financial results of Gracenote were included within the Watch segment of our condensed consolidated financial statements. For the nine months ended September, 30, 2017, our condensed consolidated statement of operations includes \$148 million of revenues related to the Gracenote acquisition.



The purchase price was preliminarily allocated based upon the fair value of the assets acquired and liabilities assumed at the date of acquisition using available information and certain assumptions management believed reasonable. The following table summarizes the preliminary purchase price allocation:

| (IN MILLIONS)   |       |
|---|-------|
| Identifiable assets acquired and liabilities assumed: |       |
| Cash  | \$ 11 |
| Other current assets                                  | 56    |
| Property and equipment                                | 12    |
| Goodwill  | 314   |
| Amortizable intangible assets                         | 341   |
| Other long-term assets                                | 11    |
| Deferred revenue                                      | (22 ) |
| Other current liabilities                             | (21 ) |
| Deferred tax liabilities                              | (110) |
| Other long-term liabilities                           | (7 )  |
| Total   | \$585 |

As of the acquisition date, the fair value of accounts receivable approximated historical cost. The gross contractual receivable was \$37 million, of which \$1 million was deemed uncollectible. The estimated fair values assigned to amortizable intangible assets, goodwill and uncertain tax positions are provisional and subject to adjustment primarily based upon additional information we are in the process of obtaining.

The provisional allocation of the purchase price to goodwill and identified intangible assets was \$314 million and \$341 million, respectively. All of the Gracenote related goodwill and intangible assets are attributable to our Watch segment. As of September 30, 2017, \$23 million of goodwill is expected to be deductible for income tax purposes.

Intangible assets and their estimated useful lives consist of the following:

| (IN MILLIONS)                |        |               |
|------------------------------|--------|---------------|
| Description                  | Amount | Useful Life   |
| Customer-related intangibles | \$ 109 | 10 - 15 years |
| Content database             | 168    | 12 - 16 years |
| Trade names and trademarks   | 7      | 5 years       |
| Computer software            | 57     | 7-8 years     |
| Total                        | \$ 341 |               |

Goodwill is calculated as the excess of the consideration transferred over the net assets recognized and represents expected synergies and the going concern nature of Gracenote.



We incurred acquisition-related expenses of \$6 million for the nine months ended September 30, 2017, which primarily consisted of transaction fees, legal, accounting and other professional services that are included in selling, general and administrative expenses in the condensed consolidated statement of operations.

The following unaudited pro forma information presents the consolidated results of operations of us and Gracenote for the three and nine months ended September 30, 2017, as if the acquisition had occurred on January 1, 2016, with pro forma adjustments to give effect to amortization of intangible assets, an increase in interest expense from acquisition financing, and certain other adjustments:

| (IN MILLIONS)                     | Three Months<br>Ended<br>September 30,<br>2017 |         | Nine months<br>Ended<br>September 30,<br>2017 |         |
|-----------------------------------|--|---------|---|---------|
|                                   | 2017   | 2016    | 2017  | 2016    |
| Revenues                          | \$1,641  | \$1,618 | \$ 4,829                                      | \$4,799 |
| Income from continuing operations | \$150  | \$124   | \$ 356  | \$327   |

The unaudited pro forma results do not reflect any synergies and are not necessarily indicative of the results that we would have attained had the acquisition of Gracenote been completed as of the beginning of the reporting period.

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For the nine months ended September 30, 2017, excluding Gracenote, we paid cash consideration of \$28 million associated with both current period and previously executed acquisitions, net of cash acquired. Had these current period acquisitions occurred as of January 1, 2017, the impact on our consolidated results of operations would not have been material.

For the nine months ended September 30, 2016, we paid cash consideration of \$252 million associated with both current period and previously executed acquisitions, net of cash acquired. Had these current period acquisitions occurred as of January 1, 2016, the impact on our consolidated results of operations would not have been material.

#### Foreign Currency

Our financial results are reported in U.S. dollars and are therefore subject to the impact of movements in exchange rates on the translation of the financial information of individual businesses whose functional currencies are other than U.S. dollars. Our principal foreign exchange revenue exposure is spread across several currencies, primarily the Euro. The table below sets forth the profile of our revenue by principal currency.

|                  | Nine months<br>Ended<br>September<br>30, |       |  |  |
|------------------|--|-------|--|--|
|                  | 2017                                     | 2016  |  |  |
| U.S. Dollar      | 59 %                                     | 60 %  |  |  |
| Euro             | 10 %                                     | 10 %  |  |  |
| Other Currencies | 31 %                                     | 30 %  |  |  |
| Total            | 100 %                                    | 100 % |  |  |

As a result, fluctuations in the value of foreign currencies relative to the U.S. dollar impact our operating results. Impacts associated with fluctuations in foreign currency are discussed in more detail under “Item 3.—Quantitative and Qualitative Disclosures about Market Risk.” In countries with currencies other than the U.S. dollar, assets and liabilities are translated into U.S. dollars using end-of-period exchange rates; revenues, expenses and cash flows are translated using average rates of exchange. The average U.S. dollar to Euro exchange rate was \$1.11 to €1.00 and \$1.12 to €1.00 for the nine months ended September 30, 2017 and 2016, respectively. Constant currency growth rates used in the following discussion of results of operations eliminate the impact of year-over-year foreign currency fluctuations.

We evaluate our results of operations on both an as reported and a constant currency basis. The constant currency presentation is a non-GAAP financial measure, which excludes the impact of fluctuations in foreign currency exchange rates. We believe providing constant currency information provides valuable supplemental information regarding our results of operations, facilitates period-to-period comparisons of our business performance and is consistent with how we evaluate our performance. We calculate constant currency percentages by converting our prior-period local currency financial results using the current period foreign currency exchange rates and comparing these adjusted amounts to our current period reported results. This calculation may differ from similarly-titled measures used by others. In addition, the constant currency presentation is not meant to be a substitution for recorded amounts presented in conformity with GAAP nor should such amounts be considered in isolation.

#### Accounts Receivable

During the nine months ended September 30, 2017, we sold \$67 million of accounts receivable to a third party and recorded an immaterial loss on the sale to interest expense, net in the condensed consolidated statement of operations.

As of September 30, 2017, \$56 million remained outstanding. The sale was accounted for as a true sale, without recourse. We maintain servicing responsibilities of the receivables, for which the related costs are not significant. The proceeds of \$67 million from the sale were reported as a component of the changes in trade receivables, net within operating activities in the condensed consolidated statement of cash flows.

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## Results of Operations – Three Months Ended September 30, 2017 Compared to the Three Months Ended September 30, 2016

The following table sets forth, for the periods indicated, the amounts included in our Condensed Consolidated Statements of Operations:

| (IN MILLIONS)   | Three Months Ended<br>September 30, |          |
|---|-------------------------------------|----------|
|   | 2017                                | 2016     |
| Revenues  | \$ 1,641                            | \$ 1,570 |
| Cost of revenues, exclusive of depreciation and amortization shown separately below                             | 692                                 | 642      |
| Selling, general and administrative expenses, exclusive of depreciation and amortization shown separately below | 445                                 | 452      |
| Depreciation and amortization   | 160                                 | 151      |
| Restructuring charges   | 7                                   | 29       |
| Operating income  | 337                                 | 296      |
| Interest income   | 1                                   | 1        |
| Interest expense  | (95 )                               | (85 )    |
| Foreign currency exchange transaction gains, net  | —                                   | 2        |
| Other expense, net  | (1 )                                | —        |
| Income from continuing operations before income taxes   | 242                                 | 214      |
| Provision for income taxes  | (92 )                               | (82 )    |
| Net income  | 150                                 | 132      |
| Net income attributable to noncontrolling interests   | 4                                   | 2        |
| Net income attributable to Nielsen stockholders   | \$ 146                              | \$ 130   |
| Net Income to Adjusted EBITDA Reconciliation  |                                     |          |

We define Adjusted EBITDA as net income or loss from our consolidated statements of operations before interest income and expense, income taxes, depreciation and amortization, restructuring charges, stock-based compensation expense and other non-operating items from our consolidated statements of operations as well as certain other items considered outside the ordinary course of our continuing operations specifically described below.

**Restructuring charges:** We exclude restructuring expenses, which primarily include employee severance, office consolidation and contract termination charges, from our Adjusted EBITDA to allow more accurate comparisons of the financial results to historical operations and forward-looking guidance. By excluding these expenses from our non-GAAP measures, we are better able to evaluate our ability to utilize our existing assets and estimate the long-term value these assets will generate for us. Furthermore, we believe that the adjustments of these items more closely correlate with the sustainability of our operating performance.

**Stock-based compensation expense:** We exclude the impact of costs relating to stock-based compensation. Due to the subjective assumptions and a variety of award types, we believe that the exclusion of stock-based compensation expense, which is typically non-cash, allows for more meaningful comparisons of our operating results to peer companies. Stock-based compensation expense can vary significantly based on the timing, size and nature of awards granted.

**Other non-operating income/(expense), net:** We exclude foreign currency exchange transaction gains and losses primarily related to intercompany financing arrangements as well as other non-operating income and expense items,

such as gains and losses recorded on business combinations or dispositions, sales of investments, net income attributable to noncontrolling interests and early redemption payments made in connection with debt refinancing. We believe that the adjustments of these items more closely correlate with the sustainability of our operating performance.

Other items: To measure operating performance we exclude certain expenses and gains that arise outside the ordinary course of our continuing operations. Such costs primarily include legal settlements, acquisition-related expenses, business optimization costs and other transactional costs. We believe the exclusion of such amounts allows management and the users of the financial statements to better understand our financial results.

Adjusted EBITDA is not a presentation made in accordance with GAAP, and our use of the term Adjusted EBITDA may vary from the use of similarly-titled measures by others in our industry due to the potential inconsistencies in the method of calculation and differences due to items subject to interpretation.

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We use Adjusted EBITDA to measure our performance from period to period both at the consolidated level as well as within our operating segments, to evaluate and fund incentive compensation programs and to compare our results to those of our competitors. In addition to Adjusted EBITDA being a significant measure of performance for management purposes, we also believe that this presentation provides useful information to investors regarding financial and business trends related to our results of operations and that when non-GAAP financial information is viewed with GAAP financial information, investors are provided with a more meaningful understanding of our ongoing operating performance.

Adjusted EBITDA should not be considered as an alternative to net income or loss, operating income, cash flows from operating activities or any other performance measures derived in accordance with GAAP as measures of operating performance or cash flows as measures of liquidity. Adjusted EBITDA has important limitations as an analytical tool and should not be considered in isolation or as a substitute for analysis of our results as reported under GAAP. In addition, our definition of Adjusted EBITDA may not be comparable to similarly titled measures of other companies and may, therefore, have limitations as a comparative analytical tool.

The below table presents a reconciliation from net income to Adjusted EBITDA for the three months ended September 30, 2017 and 2016:

| (IN MILLIONS)                                   | Three Months Ended<br>September 30, |        |
|---|-------------------------------------|--------|
|   | 2017                                | 2016   |
| Net income attributable to Nielsen stockholders | \$ 146                              | \$ 130 |
| Interest expense, net                           | 94                                  | 84     |
| Provision for income taxes                      | 92                                  | 82     |
| Depreciation and amortization                   | 160                                 | 151    |
| EBITDA  | 492                                 | 447    |
| Other non-operating expense, net                | 5                                   | —      |
| Restructuring charges                           | 7                                   | 29     |
| Stock-based compensation expense                | 8                                   | 11     |
| Other items <sup>(a)</sup>                      | 10                                  | 11     |
| Adjusted EBITDA                                 | \$ 522                              | \$ 498 |

(a) Other items primarily consist of transaction related costs and business optimization costs for the three months ended September 30, 2017. Other items primarily consist of business optimization costs for the three months ended September 30, 2016.

Consolidated Results for the Three Months Ended September 30, 2017 Compared to the Three Months Ended September 30, 2016

#### Revenues

Revenues increased 4.5% to \$1,641 million for the three months ended September 30, 2017 from \$1,570 million for the three months ended September 30, 2016, or an increase of 3.6% on a constant currency basis, excluding a 0.9% favorable impact of changes in foreign currency exchange rates. Excluding the Gracenote acquisition, revenues increased 0.8% or a decrease of 0.1% on a constant currency basis. Revenues within our Buy segment decreased 0.7% (2.1% on a constant currency basis). Revenues within our Watch segment increased 10.1% (9.7% on a constant currency basis). Revenues within our Watch segment excluding the Gracenote acquisition increased 2.4% (2.0% on a

constant currency basis). Refer to the “Business Segment Results for the Three Months Ended September 30, 2017 Compared to the Three Months Ended September 30, 2016” section for further discussion of our revenue performance.

#### Cost of Revenues, Exclusive of Depreciation and Amortization

Cost of revenues increased 7.8% to \$692 million for the three months ended September 30, 2017 from \$642 million for the three months ended September 30, 2016, or an increase of 6.8% on a constant currency basis, excluding a 1.0% unfavorable impact of changes in foreign currency exchange rates.

Costs within our Buy segment increased 3.0%, or 1.6% on a constant currency basis. Excluding a 1.4% unfavorable impact of changes in foreign currency exchange rates, the increase in cost of revenues for the three months ended September 30, 2017 as compared to the three months ended September 30, 2016 was due to continued global investments in our services partially offset by the sale of the Claritas business in December 2016.

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Costs within our Watch segment increased 14.7% on a reported and constant currency basis. Cost of revenues increased primarily due to the impact of the Gracenote acquisition and higher spending on product portfolio management initiatives, including our digital and Marketing Effectiveness product offerings.

#### Selling, General and Administrative Expenses, Exclusive of Depreciation and Amortization

Selling, general and administrative expenses decreased 1.5% to \$445 million for the three months ended September 30, 2017 from \$452 million for the three months ended September 30, 2016, or a decrease of 2.4% on a constant currency basis, excluding a 0.9% unfavorable impact of changes in foreign currency exchange rates.

Costs within our Buy segment decreased 4.3%, or 5.3% on a constant currency basis. Excluding a 1.0% unfavorable impact of changes in foreign currency exchange rates, selling, general and administrative expenses decreased due to dispositions as we continue to execute our portfolio pruning initiatives.

Costs within our Watch segment increased 5.3%, or 4.5% on a constant currency basis. Excluding a 0.8% unfavorable impact of changes in foreign currency exchange rates, selling, general and administrative expenses increased primarily due to the impact of the Gracenote acquisition.

#### Depreciation and Amortization

Depreciation and amortization expense was \$160 million for the three months ended September 30, 2017 as compared to \$151 million for the three months ended September 30, 2016. This increase was primarily due to higher depreciation and amortization expense associated with tangible and intangible assets acquired as part of the Gracenote acquisition on February 1, 2017.

Depreciation and amortization expense associated with tangible and intangible assets acquired in business combinations increased to \$54 million for the three months ended September 30, 2017 from \$53 million for the three months ended September 30, 2016.

#### Restructuring Charges

We recorded \$7 million and \$29 million in restructuring charges relating to employee severance costs associated with productivity initiatives for the three months ended September 30, 2017 and 2016, respectively.

#### Operating Income

Operating income for the three months ended September 30, 2017 was \$337 million as compared to \$296 million for the three months ended September 30, 2016. Operating income within our Buy segment was \$85 million for the three months ended September 30, 2017 as compared to \$79 million for the three months ended September 30, 2016. Operating income within our Watch segment was \$280 million for the three months ended September 30, 2017 as compared to \$259 million for the three months ended September 30, 2016. Corporate operating expenses were \$28 million for the three months ended September 30, 2017 as compared to \$42 million for the three months ended September 30, 2016.

#### Interest Expense

Interest expense was \$95 million for the three months ended September 30, 2017 as compared to \$85 million for the three months ended September 30, 2016. This increase is primarily due to higher average debt balances including the incurrence of an additional \$500 million 5.00% Senior Notes in January 2017 and higher USD LIBOR senior secured



term loan interest rates.

#### Foreign Currency Exchange Transaction Losses, Net

Foreign currency exchange transaction losses, net, primarily represent the net gain or loss on revaluation of external debt, intercompany loans and other receivables and payables denominated in currencies other than the respective entity's functional currency. Fluctuations in the value of foreign currencies relative to the U.S. Dollar have a significant effect on our operating results, primarily the Euro. The average U.S. Dollar to Euro exchange rate was \$1.18 to €1.00 for the three months ended September 30, 2017 as compared to \$1.12 to €1.00 for the three months ended September 30, 2016.

We realized net foreign currency exchange transaction gains of \$2 million for the three months ended September 30, 2016, resulting primarily from the fluctuations in certain foreign currencies associated with intercompany transactions and a gain of \$2 million from the revaluation of our U.S. denominated debt held in EURO functional currency entities, partially offset by a loss of \$4 million associated with foreign currency derivative financial instruments.

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## Income Taxes

The effective tax rate for each of the three months ended September 30, 2017 and 2016 was 38%, respectively. The tax rate for the three months ended September 30, 2017 was higher than the statutory rate as a result of the impact of tax rate differences in other jurisdictions where the Company files tax returns, and the effect of global licensing activities and foreign distributions, offset by the favorable impact of certain financing activities. The tax rate for the three months ended September 30, 2016 was higher than the statutory rate as a result of the impact of tax rate differences in other jurisdictions where the Company files tax returns, and the effect of global licensing activities and foreign distributions, offset by the favorable impact of certain financing activities.

The estimated liability for unrecognized tax benefits as of December 31, 2017 is \$436 million and was \$432 million as of December 31, 2016. If our tax positions are favorably sustained by the taxing authorities, the reversal of the underlying liabilities would reduce our effective tax rate in future periods.

## Adjusted EBITDA

Adjusted EBITDA increased 4.8% to \$522 million for the three months ended September 30, 2017 from \$498 million for the three months ended September 30, 2016, or 4.0% on a constant currency basis, excluding a 0.8% favorable impact of changes in foreign currency exchange rates. See “Results of Operations – Three Months Ended September 30, 2017 Compared to the Three Months Ended September 30, 2016” for the reconciliation of net income to Adjusted EBITDA.

## Business Segment Results for the Three Months Ended September 30, 2017 Compared to the Three Months Ended September 30, 2016

### Revenues

The table below sets forth our segment revenue performance data for the three months ended September 30, 2017 compared to the three months ended September 30, 2016, both on an as-reported and constant currency basis.

|                                       | Three<br>Months<br>Ended<br>September<br>30,<br>2017 | Three<br>Months<br>Ended<br>September<br>30,<br>2016 | % Variance<br>2017 vs. 2016<br>Reported |    | Three<br>Months<br>Ended<br>September<br>30,<br>2016<br>Constant<br>Currency | % Variance<br>2017 vs. 2016<br>Constant<br>Currency |    |
|---------------------------------------|--|--|---|----|--|---|----|
| (IN MILLIONS)                         |  |  |   |    |  |   |    |
| Emerging Markets                      | \$ 297   | \$ 267   | 11.2                                    | %  | \$ 268   | 10.8  | %  |
| Developed Markets                     | 491  | 509  | (3.5)                                   | )% | 519  | (5.4)   | )% |
| Core Buy                              | 788  | 776  | 1.5                                     | %  | 787  | 0.1   | %  |
| Corporate                             | 15   | 33   | (54.5)                                  | )% | 33   | (54.5)  | )% |
| Buy Segment                           | \$ 803   | \$ 809   | (0.7)                                   | )% | \$ 820   | (2.1)   | )% |
| Marketing Effectiveness               | \$ 89  | \$ 75  | 18.7                                    | %  | \$ 77  | 15.6  | %  |
| Audio                                 | 127  | 137  | (7.3)                                   | )% | 137  | (7.3)   | )% |
| Audience Measurement (Video and Text) | 580  | 496  | 16.9                                    | %  | 498  | 16.5  | %  |

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|                        |          |          |       |    |          |       |    |
|------------------------|----------|----------|-------|----|----------|-------|----|
| Core Watch             | 796      | 708      | 12.4  | %  | 712      | 11.8  | %  |
| Corporate/Other Watch  | 42       | 53       | (20.8 | )% | 52       | (19.2 | )% |
| Watch Segment          | \$ 838   | \$ 761   | 10.1  | %  | \$ 764   | 9.7   | %  |
| Total Core (Buy/Watch) | 1,584    | 1,484    | 6.7   | %  | 1,499    | 5.7   | %  |
| Total                  | \$ 1,641 | \$ 1,570 | 4.5   | %  | \$ 1,584 | 3.6   | %  |

Buy Segment Revenues

Revenues decreased 0.7% to \$803 million for the three months ended September 30, 2017 from \$809 million for the three months ended September 30, 2016, or 2.1% on a constant currency basis, excluding a 1.4% favorable impact of changes in foreign currency exchange rates.

Revenues from emerging markets increased 11.2% to \$297 million, or 10.8% on a constant currency basis. Excluding a 0.4% favorable impact of changes in foreign currency exchange rates, revenue growth was driven by our global footprint, coverage expansion and broad product offerings which continue to position us well with both local and multinational clients. For the three months ended September 30, 2017, these investments drove double-digit growth in India and Eastern Europe along with high single-digit growth in South East Asia and China.

Revenues from developed markets decreased 3.5% to \$491 million, or 5.4% on a constant currency basis. Excluding a 1.9% favorable impact of changes in foreign currency exchange rates, revenues decreased as a result of softness in the U.S. market.

Revenues from Corporate Buy decreased 54.5% to \$15 million on a reported and constant currency basis due to the sale of the Claritas business in December 2016. Corporate includes slow growth and non-core services that are part of portfolio pruning initiatives.

#### Watch Segment Revenues

Revenues increased 10.1% to \$838 million for the three months ended September 30, 2017 from \$761 million for the three months ended September 30, 2016, or 9.7% on a constant currency basis. Excluding the Gracenote acquisition, revenues increased 2.4% (2.0% on a constant currency basis). Excluding a 0.4% favorable impact of changes in foreign currency exchange rates, revenue growth was primarily driven by growth in Audience Measurement of Video and Text, which increased 16.9% (16.5% on a constant currency basis). Excluding the Gracenote acquisition, Audience Measurement of Video and Text revenues increased 5.0% (4.6% on a constant currency basis) due to our ongoing investments and continued client adoption of our Total Audience Measurement initiative. Audio revenues decreased 7.3% on a reported and constant currency basis for the quarter primarily due to timing of deliverables. Our Marketing Effectiveness revenue grew 18.7% (15.6% on a constant currency basis), due to the continued strength in audience-based solutions that help advertisers and publishers measure the return on investment in media spend and investments in our product portfolio. Corporate/Other Watch revenues decreased by 20.8% (19.2% on a constant currency basis) due to our continued exit of non-core media analytics products. Our Core Watch revenue grew 12.4%, or 11.8% on a constant currency basis. Excluding the Gracenote acquisition, our Core Watch revenue grew 4.1% (3.5% on a constant currency basis).

#### Business Segment Profitability

We do not allocate items below operating income/(loss) to our business segments and therefore the tables below set forth a reconciliation of operating income/(loss) at the business segment level for the three months ended September 30, 2017 and 2016, adjusting for certain items affecting operating income/(loss), such as restructuring charges, depreciation and amortization, stock-based compensation expense and certain other items described below resulting in a presentation of our non-GAAP business segment profitability. Non-GAAP business segment profitability provides useful supplemental information to management and investors regarding financial and business trends related to our results of operations. When this non-GAAP financial information is viewed with our GAAP financial information, investors are provided with a meaningful understanding of our ongoing operating performance. It is important to note that the non-GAAP business segment profitability corresponds in total to our consolidated Adjusted EBITDA described within our consolidated results of operations above, which our chief operating decision making group and other members of management use to measure our performance from period to period both at the consolidated level as well as within our operating segments, to evaluate and fund incentive compensation programs and to compare our results to those of our competitors. These non-GAAP measures should not be considered as an alternative to net income/(loss), operating income/(loss), cash flows from operating activities or any other performance measures derived in accordance with GAAP as measures of operating performance or cash flows as measures of liquidity. These non-GAAP measures have important limitations as analytical tools and should not be considered in isolation or as a substitute for analysis of our results as reported under GAAP.

|                                  |                         |                       |                               |                          |             |                           |
|----------------------------------|-------------------------|-----------------------|-------------------------------|--------------------------|-------------|---------------------------|
| THREE MONTHS ENDED SEPTEMBER 30, | Operating Income/(Loss) | Restructuring Charges | Depreciation and Amortization | Stock-Based Compensation | Other Items | Non-GAAP Business Segment |
|----------------------------------|-------------------------|-----------------------|-------------------------------|--------------------------|-------------|---------------------------|

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| 2017 (IN MILLIONS)         | Expense |      |        |      |       | Income/(Loss) |
|----------------------------|---------|------|--------|------|-------|---------------|
| Buy                        | \$ 85   | \$ 4 | \$ 53  | \$ 3 | \$ —  | \$ 145        |
| Watch                      | 280     | 2    | 106    | 2    | —     | 390           |
| Corporate and Eliminations | (28 )   | 1    | 1      | 3    | 10    | (13 )         |
| Total Nielsen              | \$ 337  | \$ 7 | \$ 160 | \$ 8 | \$ 10 | \$ 522        |

| THREE MONTHS<br>ENDED SEPTEMBER 30,<br>2016 (IN MILLIONS) | Operating<br>Income/(Loss) | Restructuring<br>Charges | Depreciation and<br>Amortization | Stock-Based<br>Compensation<br>Expense | Other Items | Non-GAAP<br>Business Segment<br>Income/(Loss) |
|---|----------------------------|--------------------------|----------------------------------|--|-------------|---|
| Buy   | \$ 79                      | \$ 15                    | \$ 53                            | \$ 3                                   | \$ —        | \$ 150  |
| Watch   | 259                        | 2                        | 97                               | 2                                      | —           | 360   |
| Corporate and Eliminations                                | (42 )                      | 12                       | 1                                | 6                                      | 11          | (12 )   |
| Total Nielsen   | \$ 296                     | \$ 29                    | \$ 151                           | \$ 11                                  | \$ 11       | \$ 498  |

(1) For the three months ended September 30, 2017, other items primarily consist of transaction related costs and business optimization costs. For the three months ended September 30, 2016, other items primarily consist of business optimization costs

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|  | Three<br>Months<br>Ended<br>September<br>30,<br>2017<br>Reported | Three<br>Months<br>Ended<br>September<br>30,<br>2016<br>Reported | % Variance<br>2017 vs. 2016<br>Reported |    | Three<br>Months<br>Ended<br>September 30,<br>2016<br>Constant Currency | % Variance<br>2017 vs. 2016<br>Constant Currency |
|--|--|--|---|----|--|--|
| (IN MILLIONS)                              |  |  |   |    |  |  |
| Non-GAAP Business Segment<br>Income/(Loss) |  |  |   |    |  |  |
| Buy  | \$ 145   | \$ 150   | (3.3 )%                                 | \$ | 153  | (5.2 )%  |
| Watch                                      | 390  | 360  | 8.3 %                                   | \$ | 362  | 7.7 %  |
| Corporate and Eliminations                 | (13 )  | (12 )  | NM                                      |    | (13 )  | NM   |
| Total Nielsen                              | \$ 522   | \$ 498   | 4.8 %                                   | \$ | 502  | 4.0 %  |
| Buy Segment Profitability                  |  |  |   |    |  |  |

Operating income was \$85 million for the three months ended September 30, 2017 as compared to \$79 million for the three months ended September 30, 2016. The increase was driven primarily by a decrease in restructuring charges for the three months ended September 30, 2017 partially offset by the revenue performance discussed above. Non-GAAP business segment income decreased 5.2% on a constant currency basis.

#### Watch Segment Profitability

Operating income was \$280 million for the three months ended September 30, 2017 as compared to \$259 million for the three months ended September 30, 2016. The increase was driven primarily by the revenue performance discussed above partially offset by an increase in depreciation and amortization expense for the three months ended September 30, 2017. Non-GAAP business segment income increased 7.7% on a constant currency basis.

#### Corporate Expenses and Eliminations

Operating expenses were \$28 million for the three months ended September 30, 2017 as compared to \$42 million for the three months ended September 30, 2016, due primarily to lower restructuring charges and stock-based compensation expense for the three months ended September 30, 2017.

#### Results of Operations – Nine months Ended September 30, 2017 Compared to the Nine months Ended September 30, 2016

The following table sets forth, for the periods indicated, the amounts included in our Condensed Consolidated Statements of Operations:

| (IN MILLIONS) | Nine<br>months Ended<br>September 30,<br>2017 | 2016 |
|---------------|---|------|
|---------------|---|------|

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|   |         |         |
|---|---------|---------|
| Revenues  | \$4,811 | \$4,653 |
| Cost of revenues, exclusive of depreciation and amortization shown separately below                             | 2,031   | 1,937   |
| Selling, general and administrative expenses, exclusive of depreciation and amortization shown separately below | 1,387   | 1,391   |
| Depreciation and amortization   | 477     | 450     |
| Restructuring charges   | 48      | 73      |
| Operating income  | 868     | 802     |
| Interest income   | 3       | 3       |
| Interest expense  | (277 )  | (247 )  |
| Foreign currency exchange transaction losses, net   | (9 )    | (3 )    |
| Other expense, net  | (3 )    | —       |
| Income from continuing operations before income taxes   | 582     | 555     |
| Provision for income taxes  | (226 )  | (208 )  |
| Net income  | 356     | 347     |
| Net income attributable to noncontrolling interests   | 8       | 4       |
| Net income attributable to Nielsen stockholders   | \$348   | \$343   |

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# Net Income to Adjusted EBITDA Reconciliation

The below table presents a reconciliation from net income to Adjusted EBITDA for the nine months ended September 30, 2017 and 2016:

|   | Nine<br>months Ended<br>September 30, |         |
|---|---------------------------------------|---------|
| (IN MILLIONS)                                   | 2017                                  | 2016    |
| Net income attributable to Nielsen stockholders | \$348                                 | \$343   |
| Interest expense, net                           | 274                                   | 244     |
| Provision for income taxes                      | 226                                   | 208     |
| Depreciation and amortization                   | 477                                   | 450     |
| EBITDA  | 1,325                                 | 1,245   |
| Other non-operating expense, net                | 20                                    | 7       |
| Restructuring charges                           | 48                                    | 73      |
| Stock-based compensation expense                | 35                                    | 37      |
| Other items <sup>(a)</sup>                      | 28                                    | 28      |
| Adjusted EBITDA                                 | \$1,456                               | \$1,390 |

(a) Other items primarily consist of transaction related costs and business optimization costs for the nine months ended September 30, 2017. Other items primarily consist of business optimization costs for the nine months ended September 30, 2016.

Consolidated Results for the Nine months Ended September 30, 2017 Compared to the Nine months Ended September 30, 2016

## Revenues

Revenues increased 3.4% to \$4,811 million for the nine months ended September 30, 2017 from \$4,653 million for the nine months ended September 30, 2016, or an increase of 3.6% on a constant currency basis, excluding a 0.2% unfavorable impact of changes in foreign currency exchange rates. Excluding the Gracenote acquisition, revenues increased 0.2% (0.5% on a constant currency basis). Revenues within our Buy segment decreased 2.9% (2.6% on a constant currency basis). Revenues within our Watch segment increased 10.4% (10.6% on a constant currency basis). Revenues within our Watch segment excluding the Gracenote acquisition increased 3.7% (3.8% on a constant currency basis). Refer to the “Business Segment Results for the Nine months Ended September 30, 2017 Compared to the Nine months Ended September 30, 2016” section for further discussion of our revenue performance.

## Cost of Revenues, Exclusive of Depreciation and Amortization

Cost of revenues increased 4.9% to \$2,031 million for the nine months ended September 30, 2017 from \$1,937 million for the nine months ended September 30, 2016, or an increase of 5.2% on a constant currency basis, excluding a 0.3% favorable impact of changes in foreign currency exchange rates.

Costs within our Buy segment decreased 0.5%, or 0.2% on a constant currency basis. Excluding a 0.3% favorable impact of changes in foreign currency exchange rates, cost of revenues decreased primarily due to the sale of the Claritas business in December 2016 partially offset by the continued global investment in our services.



Costs within our Watch segment increased 10.5%, or 10.8% on a constant currency basis. Excluding a 0.3% favorable impact of changes in foreign currency exchange rates, cost of revenues increased primarily due to the impact of the Gracenote acquisition and higher spending on product portfolio management initiatives, including our digital and Marketing Effectiveness product offerings.

Selling, General and Administrative Expenses, Exclusive of Depreciation and Amortization

Selling, general and administrative expenses decreased 0.3% to \$1,387 million for the nine months ended September 30, 2017 from \$1,391 million for the nine months ended September 30, 2016, or an increase of 0.3% on a constant currency basis, excluding a 0.6% favorable impact of changes in foreign currency exchange rates.

Costs within our Buy segment decreased 5.9%, or 5.2% on a constant currency basis. Excluding a 0.7% favorable impact of changes in foreign currency exchange rates, selling, general and administrative expenses decreased due to productivity initiatives and dispositions as we continue to execute our portfolio pruning initiatives.

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Costs within our Watch segment increased 15.2%, or 15.5% on a constant currency basis. Excluding a 0.3% favorable impact of changes in foreign currency exchange rates, selling, general and administrative expenses increased primarily due to the impact of the Gracenote acquisition and investments in product development initiatives.

#### Depreciation and Amortization

Depreciation and amortization expense was \$477 million for the nine months ended September 30, 2017 as compared to \$450 million for the nine months ended September 30, 2016. This increase was primarily due to higher depreciation and amortization expense associated with tangible and intangible assets acquired as part of the Gracenote acquisition on February 1, 2017.

Depreciation and amortization expense associated with tangible and intangible assets acquired in business combinations increased to \$164 million for the nine months ended September 30, 2017 from \$158 million for the nine months ended September 30, 2016.

#### Restructuring Charges

We recorded \$48 million in restructuring charges relating to employee severance associated with productivity initiatives for the nine months ended September 30, 2017.

We recorded \$73 million in restructuring charges relating to employee severance associated with productivity initiatives and contract termination costs for the nine months ended September 30, 2016.

#### Operating Income

Operating income for the nine months ended September 30, 2017 was \$868 million as compared to \$802 million for the nine months ended September 30, 2016. Operating income within our Buy segment was \$219 million for the nine months ended September 30, 2017 as compared to \$216 million for the nine months ended September 30, 2016. Operating income within our Watch segment was \$734 million for the nine months ended September 30, 2017 as compared to \$684 million for the nine months ended September 30, 2016. Corporate operating expenses were \$85 million for the nine months ended September 30, 2017 as compared to \$98 million for the nine months ended September 30, 2016.

#### Interest Expense

Interest expense was \$277 million for the nine months ended September 30, 2017 as compared to \$247 million for the nine months ended September 30, 2016. This increase is primarily due to higher average debt balances including the incurrence of an additional \$500 million 5.00% Senior Notes in January 2017 and higher USD LIBOR senior secured term loan interest rates.

#### Foreign Currency Exchange Transaction Losses, Net

Foreign currency exchange transaction losses, net, primarily represent the net gain or loss on revaluation of external debt, intercompany loans and other receivables and payables denominated in currencies other than the respective entity's functional currency. Fluctuations in the value of foreign currencies relative to the U.S. Dollar have a significant effect on our operating results, primarily the Euro. The average U.S. Dollar to Euro exchange rate was \$1.11 to €1.00 for the nine months ended September 30, 2017 as compared to \$1.12 to €1.00 for the nine months ended September 30, 2016.

We realized net foreign currency transaction losses of \$9 million for the nine months ended September 30, 2017, resulting primarily from the fluctuations in certain foreign currencies associated with intercompany transactions.

We realized net foreign currency transaction losses of \$3 million for the nine months ended September 30, 2016, resulting primarily from the loss of \$3 million associated with foreign currency derivative financial instruments.

#### Income Taxes

The effective tax rates for the nine months ended September 30, 2017 and 2016 were 39% and 37%, respectively. The tax rate for the nine months ended September 30, 2017 was higher than the statutory rate as a result of the impact of tax rate differences in other jurisdictions where the Company files tax returns, and the effect of global licensing activities and foreign distributions, offset by the favorable impact of certain financing activities and the impact of share-based compensation excess tax benefit. The tax rate for the nine months ended September 30, 2016 was higher than the statutory rate as a result of the impact of tax rate differences in other jurisdictions where the Company files tax returns, and the effect of global licensing activities and foreign distributions, offset by the favorable impact of certain financing activities, the impact of share-based compensation excess tax benefit, and release of certain tax contingencies.

## Adjusted EBITDA

Adjusted EBITDA increased 4.7% to \$1,456 million for the nine months ended September 30, 2017 from \$1,390 million for the nine months ended September 30, 2016, or 4.5% on a constant currency basis, excluding a 0.2% favorable impact of changes in foreign currency exchange rates. See “Results of Operations – Nine months Ended September 30, 2017 Compared to the Nine months Ended September 30, 2016” for the reconciliation of net income to Adjusted EBITDA.

## Business Segment Results for the Nine months Ended September 30, 2017 Compared to the Nine months Ended September 30, 2016

## Revenues

The table below sets forth our segment revenue performance data for the nine months ended September 30, 2017 compared to the nine months ended September 30, 2016, both on an as-reported and constant currency basis.

|                                       | Nine months Ended September 30, 2017 | Nine months Ended September 30, 2016 | % Variance 2017 vs. 2016 Reported |    | Nine months Ended September 30, 2016 Constant Currency | % Variance 2017 vs. 2016 Constant Currency |    |
|---------------------------------------|--------------------------------------|--------------------------------------|-----------------------------------|----|--|--|----|
| (IN MILLIONS)                         |                                      |                                      |                                   |    |  |  |    |
| Emerging Markets                      | \$ 860                               | \$ 780                               | 10.3                              | %  | \$ 780   | 10.3                                       | %  |
| Developed Markets                     | 1,472                                | 1,551                                | (5.1)                             | )% | 1,543  | (4.6)                                      | )% |
| Core Buy                              | 2,332                                | 2,331                                | (0.0)                             | )% | 2,323  | 0.4  | %  |
| Corporate                             | 51                                   | 123                                  | (58.5)                            | )% | 123  | (58.5)                                     | )% |
| Buy Segment                           | \$ 2,383                             | \$ 2,454                             | (2.9)                             | )% | \$ 2,446   | (2.6)                                      | )% |
| Marketing Effectiveness               | \$ 237                               | \$ 204                               | 16.2                              | %  | \$ 204   | 16.2                                       | %  |
| Audio                                 | 370                                  | 380                                  | (2.6)                             | )% | 380  | (2.6)                                      | )% |
| Audience Measurement (Video and Text) | 1,682                                | 1,459                                | 15.3                              | %  | 1,459  | 15.3                                       | %  |
| Core Watch                            | 2,289                                | 2,043                                | 12.0                              | %  | 2,043  | 12.0                                       | %  |
| Corporate/Other Watch                 | 139                                  | 156                                  | (10.9)                            | )% | 153  | (9.2)                                      | )% |
| Watch Segment                         | \$ 2,428                             | \$ 2,199                             | 10.4                              | %  | \$ 2,196   | 10.6                                       | %  |
| Total Core (Buy/Watch)                | 4,621                                | 4,374                                | 5.6                               | %  | 4,366  | 5.8  | %  |
| Total                                 | \$ 4,811                             | \$ 4,653                             | 3.4                               | %  | \$ 4,642   | 3.6  | %  |

## Buy Segment Revenues

Revenues decreased 2.9% to \$2,383 million for the nine months ended September 30, 2017 from \$2,454 million for the nine months ended September 30, 2016, or 2.6% on a constant currency basis, excluding a 0.3% unfavorable impact of changes in foreign currency exchange rates.

Revenues from emerging markets increased 10.3% to \$860 million on a reported and constant currency basis. Revenue growth was driven by our global footprint, coverage expansion and broad product offerings which continue to position us well with both local and multinational clients. For the nine months ended September 30, 2017, these investments drove double-digit growth in South East Asia, Latin America, India and Eastern Europe along with high single-digit growth in China.

Revenues from developed markets decreased 5.1% to \$1,472 million, or 4.6% on a constant currency basis. Excluding a 0.5% unfavorable impact of changes in foreign currency exchange rates, revenues decreased as a result of softness in the U.S. partially offset by growth in our European developed markets.

Revenues from Corporate Buy decreased 58.5% to \$51 million on a reported and constant currency basis primarily due to the sale of the Claritas business in December 2016. Corporate includes slow growth and non-core services that are part of portfolio pruning initiatives.

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## Watch Segment Revenues

Revenues increased 10.4% to \$2,428 million for the nine months ended September 30, 2017 from \$2,199 million for the nine months ended September 30, 2016 or an increase of 10.6% on a constant currency basis. Excluding the Gracenote acquisition, revenues increased 3.7% (3.8% on a constant currency basis). Excluding a 0.1% unfavorable impact of changes in foreign currency exchange rates, revenue growth was primarily driven by growth in Audience Measurement of Video and Text, which increased 15.3% on a reported and constant currency basis. Excluding the Gracenote acquisition, Audience Measurement of Video and Text revenues increased 5.1% on a reported and constant currency basis due to our ongoing investments and continued client adoption of our Total Audience Measurement initiative. Audio revenues were decreased 2.6% on a reported and constant currency basis for the period primarily due to timing of deliverables. Our Marketing Effectiveness revenue grew 16.2% on a reported and constant currency basis, due to the continued strength in audience-based solutions that help advertisers and publishers measure the return on investment in media spend and investments in our product portfolio. Corporate/Other Watch revenues decreased by 10.9% (9.2% on a constant currency basis) due to our continued exit of non-core media analytics products. Our Core Watch revenue grew 12.0% on a reported and constant currency basis. Excluding the Gracenote acquisition, our Core Watch revenue grew 4.8% on a reported and constant currency basis.

## Business Segment Profitability

| NINE MONTHS ENDED SEPTEMBER 30, 2017 (IN MILLIONS) | Operating Income/(Loss) | Restructuring Charges | Depreciation and Amortization | Stock-Based Compensation Expense | Other Items <sup>(1)</sup> | Non-GAAP Business Segment Income/(Loss) |
|--|-------------------------|-----------------------|-------------------------------|----------------------------------|----------------------------|---|
| Buy  | \$ 219                  | \$ 31                 | \$ 156                        | \$ 10                            | \$ —                       | \$ 416                                  |
| Watch  | 734                     | 9                     | 318                           | 9                                | —                          | 1,070                                   |
| Corporate and Eliminations                         | (85 )                   | 8                     | 3                             | 16                               | 28                         | (30 )                                   |
| Total Nielsen                                      | \$ 868                  | \$ 48                 | \$ 477                        | \$ 35                            | \$ 28                      | \$ 1,456                                |

| NINE MONTHS ENDED SEPTEMBER 30, 2016 (IN MILLIONS) | Operating Income/(Loss) | Restructuring Charges | Depreciation and Amortization | Stock-Based Compensation Expense | Other Items <sup>(1)</sup> | Non-GAAP Business Segment Income/(Loss) |
|--|-------------------------|-----------------------|-------------------------------|----------------------------------|----------------------------|---|
| Buy  | \$ 216                  | \$ 42                 | \$ 158                        | \$ 12                            | \$ 2                       | \$ 430                                  |
| Watch  | 684                     | 7                     | 289                           | 7                                | 2                          | 989                                     |
| Corporate and Eliminations                         | (98 )                   | 24                    | 3                             | 18                               | 24                         | (29 )                                   |
| Total Nielsen                                      | \$ 802                  | \$ 73                 | \$ 450                        | \$ 37                            | \$ 28                      | \$ 1,390                                |

(1) Other items primarily consist of transaction related costs and business optimization costs for the nine months ended September 30, 2017. Other items primarily consist of business optimization costs for the nine months ended September 30, 2016.

| (IN MILLIONS) | Nine Months Ended | Nine Months Ended | % Variance 2017 vs. 2016 Reported | Nine Months Ended September 30, | % Variance 2017 vs. 2016 Constant Currency |
|---------------|-------------------|-------------------|-----------------------------------|---------------------------------|--|
|---------------|-------------------|-------------------|-----------------------------------|---------------------------------|--|

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|  | September<br>30,<br>2017<br>Reported | September<br>30,<br>2016<br>Reported |      |    | 2016<br>Constant Currency |      |    |
|--|--------------------------------------|--------------------------------------|------|----|---------------------------|------|----|
| Non-GAAP Business Segment<br>Income/(Loss) |                                      |                                      |      |    |                           |      |    |
| Buy  | \$ 416                               | \$ 430                               | (3.3 | )% | \$ 434                    | (4.1 | )% |
| Watch                                      | 1,070                                | 989                                  | 8.2  | %  | 989                       | 8.2  | %  |
| Corporate and Eliminations                 | (30 )                                | (29 )                                | NM   |    | (30 )                     | NM   |    |
| Total Nielsen                              | \$ 1,456                             | \$ 1,390                             | 4.7  | %  | \$ 1,393                  | 4.5  | %  |
| Buy Segment Profitability                  |                                      |                                      |      |    |                           |      |    |

Operating income was \$219 million for the nine months ended September 30, 2017 as compared to \$216 million for the nine months ended September 30, 2016 primarily due to lower restructuring charges, depreciation and amortization expense, stock-based compensation expense, transaction related costs and business optimization costs partially offset by the revenue performance mentioned above. Non-GAAP business segment income decreased 4.1% on a constant currency basis.

## Watch Segment Profitability

Operating income was \$734 million for the nine months ended September 30, 2017 as compared to \$684 million for the nine months ended September 30, 2016. The increase was driven primarily by the revenue performance discussed above, partially offset by higher depreciation and amortization expense. Non-GAAP business segment income increased 8.2% on a constant currency basis.

## Corporate Expenses and Eliminations

Operating expenses were \$85 million for the nine months ended September 30, 2017 as compared to \$98 million for the nine months ended September 30, 2016 primarily due to lower restructuring charges for the nine months ended September 30, 2017.

## Liquidity and Capital Resources

### Overview

Cash flows from operations provided a source of funds of \$804 million during the nine months ended September 30, 2017 as compared to \$753 million for the nine months ended September 30, 2016, an increase of \$51 million. This increase was primarily due to the timing of vendor and client payments, partially offset by higher tax and interest payments. We provide for additional liquidity through several sources including maintaining an adequate cash balance, access to global funding sources and a committed revolving credit facility. The following table provides a summary of the major sources of liquidity as of and for the nine months ended September 30, 2017 and 2016:

|  | Nine<br>Months<br>Ended<br>September<br>30,<br>2017 | Nine<br>Months<br>Ended<br>September<br>30,<br>2016 |
|--|---|---|
| (IN MILLIONS)                                |   |   |
| Net cash from operating activities           | \$ 804  | \$ 753  |
| Cash and cash equivalents                    | \$ 662  | \$ 446  |
| Availability under revolving credit facility | \$ 564  | \$ 212  |

Of the \$662 million in cash and cash equivalents, approximately \$550 million was held in jurisdictions outside the U.S. and as a result there may be tax consequences if such amounts were moved out of these jurisdictions or repatriated to the U.S. We regularly review the amount of cash and cash equivalents held outside of the U.S. to determine the amounts necessary to fund the current operations of our foreign operations and their growth initiatives and amounts needed to service our U.S. indebtedness and related obligations.

The below table illustrates our weighted average interest rate and cash paid for interest over the nine months ended September 30, 2017 and 2016.

| Nine<br>Months<br>Ended | Nine<br>Months<br>Ended |
|-------------------------|-------------------------|
|-------------------------|-------------------------|



|  | September<br>30,<br>2017 | September<br>30,<br>2016 |
|--|--------------------------|--------------------------|
| Weighted average interest rate                                   | 4.24 %                   | 4.02 %                   |
| Cash paid for interest, net of amounts capitalized (in millions) | \$ 214                   | \$ 191                   |

In January 2017, we issued \$500 million aggregate principal amount of 5.0% Senior Notes due 2025 at par, with cash proceeds of approximately \$495 million, net of fees and expenses.

In April 2017, we entered into a third amendment to our Fourth Amended and Restated Credit Agreement (as amended prior to April 2017, the “Existing Credit Agreement,” and as amended in April 2017 by the third amendment, the “Amended Credit Agreement”), providing for a new class of Class B-4 Term Loans in an aggregate principal amount of \$2,250,000,000, the proceeds of which were used to replace or refinance the entire outstanding principal of existing Class B-3 Term Loans and a portion of existing Class A Term Loans.

The Class B-4 Term Loans will mature in full on October 4, 2023, and are required to be repaid in equal quarterly installments in an aggregate annual amount equal to 1.00% of the original principal amount of the Class B-4 Term Loans, with the balance payable on October 4, 2023. The Class B-4 Term Loans bear interest equal to, at the election of us (i) a base rate or LIBOR rate, plus (ii) an applicable margin, which is equal to 2.00% (in the case of LIBOR loans) or 1(ii).00% (in the case of base rate loans).

The Amended Credit Agreement contains the same affirmative and negative covenants as those of the Existing Credit Agreement.

Our contractual obligations, commitments and debt service requirements over the next several years are significant. We believe we will have available resources to meet both our short-term and long-term liquidity requirements, including our senior secured debt service. We expect the cash flow from our operations, combined with existing cash and amounts available under the revolving credit facility, will provide sufficient liquidity to fund our current obligations, projected working capital requirements, restructuring obligations, dividend payments and capital spending over the next year. In addition, we may, from time to time, purchase, repay, redeem or retire any of our outstanding debt securities (including any publicly issued debt securities) in privately negotiated or open market transactions, by tender offer or otherwise.

#### Financial Debt Covenants Attributable to TNC B.V.

The Amended Credit Agreement contains a financial covenant consisting of a maximum leverage ratio applicable to our indirect wholly-owned subsidiary, Nielsen Holding and Finance B.V. and its restricted subsidiaries. The leverage ratio requires that we not permit the ratio of total net debt (as defined in the Amended Credit Agreement) at the end of any calendar quarter to Covenant EBITDA (as defined in the Amended Credit Agreement) for the four quarters then ended to exceed a specified threshold. The maximum permitted ratio is 5.50 to 1.00.

Failure to comply with this financial covenant would result in an event of default under our Amended Credit Agreement unless waived by our senior credit lenders. An event of default under our Amended Credit Agreement can result in the acceleration of our indebtedness under the facilities, which in turn would result in an event of default and possible acceleration of indebtedness under the agreements governing our debt securities as well. As our failure to comply with the financial covenant described above can cause us to go into default under the agreements governing our indebtedness, management believes that our Amended Credit Agreement and this covenant are material to us. As of September 30, 2017, we were in full compliance with the financial covenant described above.

#### Revolving Credit Facility

The Amended Credit Agreement contains a senior secured revolving credit facility with aggregate revolving credit commitments of \$575 million and a final maturity of April 2019 under which Nielsen Finance LLC, TNC (US) Holdings, Inc., and Nielsen Holding and Finance B.V. can borrow revolving loans. The revolving credit facility can also be used for letters of credit, guarantees and swingline loans.

The senior secured revolving credit facility is provided under the Amended Credit Agreement and so contains covenants and restrictions as noted above with respect to the Amended Credit Agreement. Obligations under the revolving credit facility are guaranteed by the same entities that guarantee obligations under the Amended Credit Agreement.

As of September 30, 2017 and 2016, we had zero and \$357 million borrowings outstanding and had outstanding letters of credit of \$11 million and \$6 million, respectively. As of September 30, 2017, we had \$564 million available for borrowing under the revolving credit facility.

#### Dividends and Share Repurchase Program

On January 31, 2013, our Board of Directors adopted a cash dividend policy to pay quarterly cash dividends on our outstanding common stock. Any decision to declare and pay dividends in the future will be made at the discretion of our Board of Directors and will be subject to the board's continuing determination that the dividend policy and the

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declaration of dividends thereunder are in the best interests of our shareholders, and are in compliance with all laws and agreements to which we are subject. The below table summarizes the dividends declared on our common stock during 2016 and the nine months ended September 30, 2017.

| Declaration Date  | Record Date       | Payment Date      | Dividend<br>Per<br>Share |
|-------------------|-------------------|-------------------|--------------------------|
| February 18, 2016 | March 3, 2016     | March 17, 2016    | \$ 0.28                  |
| April 19, 2016    | June 2, 2016      | June 16, 2016     | \$ 0.31                  |
| July 21, 2016     | August 25, 2016   | September 8, 2016 | \$ 0.31                  |
| October 20, 2016  | November 22, 2016 | December 6, 2016  | \$ 0.31                  |
| February 16, 2017 | March 2, 2017     | March 16, 2017    | \$ 0.31                  |
| April 24, 2017    | June 2, 2017      | June 16, 2017     | \$ 0.34                  |
| July 20, 2017     | August 24, 2017   | September 7, 2017 | \$ 0.34                  |

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On October 19, 2017, our Board declared a cash dividend of \$0.34 per share of our common stock. The dividend is payable on December 5, 2017 to stockholders of record at the close of business on November 21, 2017.

Our Board of Directors approved a share repurchase program, as included in the below table, for up to \$2 billion of our outstanding common stock. The primary purposes of the program are to return value to shareholders and to mitigate dilution associated with our equity compensation plans.

|                                      |               |
|--------------------------------------|---------------|
|                                      | Share         |
|                                      | Repurchase    |
|                                      | Authorization |
|                                      | (\$ in        |
| Board Approval                       | millions)     |
| July 25, 2013                        | \$ 500        |
| October 23, 2014                     | \$ 1,000      |
| December 11, 2015                    | \$ 500        |
| Total Share Repurchase Authorization | \$ 2,000      |

Repurchases under these plans will be made in accordance with applicable securities laws from time to time in the open market or otherwise depending on our evaluation of market conditions and other factors. This program has been executed within the limitations of the authority granted by our shareholders.

As of September 30, 2017, there have been 36,588,112 shares of our common stock purchased at an average price of \$45.88 per share (total consideration of approximately \$1,679 million) under this program.

The activity for the nine months ended September 30, 2017 consisted of open market share repurchases and is summarized in the following table:

| Period                  | Total<br>Number of<br>Shares<br>Purchased | Average<br>Price<br>Paid per<br>Share | Total<br>Number of<br>Shares<br>Purchased<br>as Part of<br>Publicly<br>Announced<br>Plans or<br>Programs | Dollar Value<br>of Shares that<br>may yet be<br>Purchased<br>under the<br>Plans or<br>Programs |
|-------------------------|---|---------------------------------------|--|--|
| As of December 31, 2016 | 33,837,526                                | \$ 46.16                              | 33,837,526   | \$437,970,016  |
| 2016 Activity           |   |                                       |  |  |
| January 1- 31           | —   | —                                     | —  | \$437,970,016  |
| February 1- 28          | 564,623                                   | \$ 45.30                              | 564,623  | \$412,392,848  |
| March 1- 31             | 365,228                                   | \$ 45.15                              | 365,228  | \$395,903,537  |

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|                |            |          |            |               |
|----------------|------------|----------|------------|---------------|
| April 1-30     | —          | —        | —          | \$395,903,537 |
| May 1-31       | 1,020,212  | \$ 40.65 | 1,020,212  | \$354,426,944 |
| June 1-30      | —          | —        | —          | \$354,426,944 |
| July 1-31      | —          | —        | —          | \$354,426,944 |
| August 1-31    | 698,062    | \$ 41.77 | 698,062    | \$325,268,111 |
| September 1-30 | 102,461    | \$ 39.25 | 102,461    | \$321,246,116 |
| Total          | 36,588,112 | \$ 45.88 | 36,588,112 |               |

Cash Flows

Operating activities. Net cash provided by operating activities was \$804 million for the nine months ended September 30, 2017, as compared to \$753 million for the nine months ended September 30, 2016. This increase was primarily due to the timing of vendor and client payments, partially offset by higher tax and interest payments. Our key collections performance measure, days billing outstanding (DBO), increased by 1 day as compared to the same period last year.

Investing activities. Net cash used in investing activities was \$888 million for the nine months ended September 30, 2017, as compared to \$591 million for the nine months ended September 30, 2016. The primary driver for the increase was higher acquisition payments during the nine months ended September 30, 2017 as compared to the same period for 2016.

Financing activities. Net cash used in financing activities was \$48 million for the nine months ended September 30, 2017 as compared to \$90 million for the nine months ended September 30, 2016. The decrease in net cash used in financing activities was primarily due lower share repurchasing, as described in the “Dividends and Share Repurchase Program” as compared to the same period of 2016, partially offset by lower net borrowings of the revolving credit facility and higher dividends payments during the nine months ended September 30, 2017 as compared to the same period of 2016.

#### Capital Expenditures

Investments in property, plant, equipment, software and other assets totaled \$319 million for the nine months ended September 30, 2017 as compared to \$324 million for the nine months ended September 30, 2016. In addition, we received \$28 million of proceeds from the sale of certain property, plant and equipment and other assets during the nine months ended September 30, 2017.

#### Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements that currently have or are reasonably likely to have a material effect on our consolidated financial condition, changes in financial condition, results of operations, liquidity, capital expenditures or capital resources.

#### Summary of Recent Accounting Pronouncements

##### Intangibles- Goodwill and Other

In January 2017, the FASB issued an Accounting Standards Update (“ASU”), “Intangibles—Goodwill and Other” to simplify the subsequent measurement of goodwill. The update requires only a single-step quantitative test to identify and measure impairment based on the excess of a reporting unit's carrying amount over its fair value. A qualitative assessment may still be completed first for an entity to determine if a quantitative impairment test is necessary. The update is effective for fiscal year 2021 and is to be adopted on a prospective basis. Early adoption is permitted for interim or annual goodwill impairment tests performed on testing dates after January 1, 2017. We elected to early adopt this ASU effective January 1, 2017. There was no impact on our condensed consolidated financial statements.

##### Other Income—Gains and Losses from the Derecognition of Nonfinancial Assets

In February 2017, the FASB issued an ASU, “Other Income—Gains and Losses from the Derecognition of Nonfinancial Assets”, which clarifies the scope and application of ASC 610-20 on the sale or transfer of nonfinancial assets and in substance nonfinancial assets to noncustomers, including partial sales. It requires the application of certain recognition and measurement principles in ASC 606 when derecognizing nonfinancial assets and in substance nonfinancial assets, and the counterparty is not a customer. This ASU is effective for fiscal years (and interim reporting periods within those years) beginning after December 15, 2017. We are currently assessing the impact of the adoption of this ASU will have on our condensed consolidated financial statements.

Retirement Benefits: Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost

In March 2017, the FASB issued an ASU, Compensation — Retirement Benefits: Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost, which will change the presentation of net periodic benefit cost related to employer sponsored defined benefit plans and other postretirement benefits. Service cost will be included within the same income statement line item as other compensation costs arising from services rendered during the period, while other components of net periodic benefit pension cost will be presented separately outside of operating income. Additionally, only service costs may be capitalized in assets. This ASU is effective for fiscal years (and interim reporting periods within those years) beginning after December 15, 2017. We are currently assessing the impact of the adoption of this ASU will have on our condensed consolidated financial statements.

Compensation- Stock Compensation

In May 2017, the FASB issued an Accounting Standards Update (“ASU”), Compensation- Stock Compensation (Topic 718), “Scope of Modification Accounting”, which amends the scope of modification accounting for share-based payment arrangements. The standard provides guidance on the types of changes to the terms or conditions of share-based payment awards to which an entity would be required to apply modification accounting under ASC 718. Specifically, 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 new standard is effective for annual periods beginning after December 15, 2017 and interim periods within those years. Early adoption is permitted. We do not expect the adoption of this ASU to have a material impact on our condensed consolidated financial statements.

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## Derivatives and Hedging

In August 2017, the FASB issued Accounting Standards Update (“ASU”) “Derivatives and Hedging- Targeted Improvements to Accounting for Hedging Activities)” (“ASU 2017-12”). The amendments expand an entity’s ability to apply hedge accounting for nonfinancial and financial risk components and allow for a simplified approach for fair value hedging of interest rate risk. ASU 2017-12 eliminates the need to separately measure and report hedge ineffectiveness and generally requires the entire change in fair value of a hedging instrument to be presented in the same income statement line as the hedged item. Additionally, the standard simplifies the hedge documentation and effectiveness assessment requirements under the previous guidance. The amendments of this ASU are effective for reporting periods beginning after December 15, 2018, with early adoption permitted. We elected to early adopt this ASU during the third quarter 2017. See footnote 8 “Fair Value Measurement”, for the additional disclosures related to this ASU. The adoption of this ASU did not have a material impact on our condensed consolidated financial statements.

## Revenue Recognition

In May 2014, the FASB issued an Accounting Standards Update (“ASU”), “Revenue from Contracts with Customers”. The new revenue recognition standard provides a five step analysis of transactions to determine when and how revenue is recognized. The new model will require revenue recognition to depict the transfer of promised goods or services to customers in an amount that reflects the consideration a company expects to receive in exchange for those goods or services and shall be applied retrospectively to each period presented or as a cumulative-effect adjustment as of the date of adoption. In addition, the new standard requires disclosure of the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. This standard is effective for annual periods beginning after December 15, 2017.

In 2014, we established a cross-functional implementation team consisting of representatives from across all of its business segments. Management utilized a bottoms-up approach to analyze the impact of the standard on our contract portfolio by reviewing the current accounting policies and practices to identify potential differences that would result from applying the requirements of the new standard to our revenue contracts. In addition, management identified, and are in the process of implementing appropriate changes to our business processes, systems and controls to support the recognition and disclosure under the new standard. Based on management’s preliminary assessment, it believes the most significant impact the adoption of the new standard will have on its condensed consolidated financial statements are the required financial statement disclosures. We are continuing to assess the impact this ASU will have on recent acquisitions as well as which transition method we will use to adopt this ASU.

## Commitments and Contingencies

### Legal Proceedings and Contingencies

We are subject to litigation and other claims in the ordinary course of business, some of which include claims for substantial sums. Accruals have been recorded when the outcome is probable and can be reasonably estimated. While the ultimate results of claims and litigation cannot be determined, we expect that the ultimate disposition of these matters will not have a material adverse effect on its operations or financial condition. However, depending on the amount and the timing, an unfavorable resolution of some or all of these matters could materially affect our future results of operations or cash flows in a particular period.

### Other Contractual Obligations



Our other contractual obligations include capital lease obligations (including interest portion), facility leases, leases of certain computer and other equipment, agreements to purchase data and telecommunication services, the payment of principal and interest on debt and pension fund obligations.

#### Subsequent Event

#### Outsourced Services Agreements

In October 2017, we amended and restated in its entirety, our Amended and Restated Master Services Agreement, dated as of October 1, 2007 with Tata America International Corporation and Tata Consultancy Services Limited (jointly, “TCS”) (as amended prior to the Second Amendment and Restatement, the “Prior Agreement”) by entering into a Second Amended and Restated Master Services Agreement (the “Agreement”), dated as of October 1, 2017 and effective as of January 1, 2017 (the “Effective Date”), with TCS. The term of the Agreement has been extended for an additional five years, so as to expire on December 31, 2025, with three one-year renewal options granted us. We have committed to purchase services from TCS from the Effective Date through the remaining term of the Agreement (the “Minimum Commitment”) in the amount of \$2.25 billion, including a commitment to purchase at least \$320 million in services per year from 2017 through 2020, \$186 million in services per year from 2021 through 2024, and \$139.5 million in services in 2025 (in each of the foregoing cases, the “Annual Commitment”). In connection with the entry into the Agreement, the parties have agreed to terminate the separate Global Infrastructure Services Agreement between them as of the

Effective Date and include the services provided thereunder in one or more Statements of Work (“SOWs”) arising under the Agreement. TCS’s charges under such SOWs will continue to be credited against the Minimum Commitment and the Annual Commitment. TCS will globally provide us with professional services relating to information technology (including application development and maintenance), business process outsourcing, client service knowledge process outsourcing, management sciences, analytics, and financial planning. As we order specific services under the Agreement, the parties will execute SOWs describing the specific scope of the services to be performed by TCS. The amount of the Minimum Commitment and the Annual Commitment may be reduced on the occurrence of certain events, some of which also provide us with the right to terminate the Agreement or SOWs, as applicable.

### Item 3. Quantitative and Qualitative Disclosures About Market Risk

Market risk is the potential loss arising from adverse changes in market rates and market prices such as interest rates, foreign currency exchange rates, and changes in the market value of equity instruments. We are exposed to market risk, primarily related to foreign exchange and interest rates. We actively monitor these exposures. Historically, in order to manage the volatility relating to these exposures, we entered into a variety of derivative financial instruments, mainly interest rate swaps, cross-currency swaps and forward rate agreements. Currently we only employ basic contracts, that is, without options, embedded or otherwise. Our objective is to reduce, where it is deemed appropriate to do so, fluctuations in earnings, cash flows and the value of our net investments in subsidiaries resulting from changes in interest rates and foreign currency rates. It is our policy not to trade in financial instruments for speculative purposes.

#### Foreign Currency Exchange Risk

We operate globally and predominantly generate revenue and expenses in local currencies. Approximately 41% of our revenues and 43% of our operating costs were generated in currencies other than the U.S. Dollar for the nine months ended September 30, 2017. Because of fluctuations (including possible devaluations) in currency exchange rates or the imposition of limitations on conversion of foreign currencies into our reporting currency, we are subject to currency translation exposure on the profits of our operations, in addition to transaction exposure. Typically, a one cent change in the U.S. Dollar/Euro exchange rate, holding all other currencies constant, will impact revenues by approximately \$6 million annually, with an immaterial impact on our profitability.

During the nine months ended September 30, 2017 and 2016, we recorded a net loss of zero and \$3 million, respectively, associated with foreign currency derivative financial instruments within foreign currency exchange transactions losses, net in our condensed consolidated statements of operations. As of September 30, 2017 and December 31, 2016, the notional amount of outstanding foreign currency derivative financial instruments were \$79 million and \$77 million, respectively.

The table below details the percentage of revenues and expenses by currency for the nine months ended September 30, 2017:

|                 | U.S. Dollar |   | Euro |   | Other Currencies |   |
|-----------------|-------------|---|------|---|------------------|---|
| Revenues        | 59          | % | 10   | % | 31               | % |
| Operating costs | 57          | % | 10   | % | 33               | % |

## Interest Rate Risk

We continually review our fixed and variable rate debt along with related hedging opportunities in order to ensure our portfolio is appropriately balanced as part of our overall interest rate risk management strategy. At September 30, 2017, we had \$4,073 million in carrying value of floating-rate debt under our senior secured credit facilities of which \$1,550 million was subject to effective floating-fixed interest rate swaps. A one percent increase in interest rates applied to our floating rate indebtedness would therefore increase annual interest expense by approximately \$25 million (\$41 million without giving effect to any of our interest rate swaps).

Derivative instruments involve, to varying degrees, elements of non-performance, or credit risk. We do not believe that we currently face a significant risk of loss in the event of non-performance by the counterparties associated with these instruments, as these transactions were executed with a diversified group of major financial institutions with a minimum investment-grade or better credit rating. Our credit risk exposure is managed through the continuous monitoring of our exposures to such counterparties.

## Equity Price Risk

We are not exposed to material equity risk.

Item 4. Controls and Procedures

(a) Evaluation of Disclosure Controls and Procedures

The Company maintains disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”)) that are designed to ensure that information required to be disclosed in the reports that the Company files or submits to the SEC under the Exchange Act, is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms, and that such information is accumulated and communicated to the Company’s management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate, to allow timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives.

The Company’s Chief Executive Officer and Chief Financial Officer have evaluated the effectiveness of the Company’s disclosure controls and procedures as of September 30, 2017 (the “Evaluation Date”). Based on such evaluation and subject to foregoing, such officers have concluded that, as of the Evaluation Date, the Company’s disclosure controls and procedures are effective at the reasonable assurance level.

(b) Changes in Internal Control over Financial Reporting

There have been no changes in the Company’s internal control over financial reporting that occurred during the period covered by this report that have materially affected, or are reasonably likely to materially affect, the Company’s internal control over financial reporting.

## PART II. OTHER INFORMATION

Item 1. Legal  
Proceedings

We are subject to litigation and other claims in the ordinary course of business, some of which include claims for substantial sums. Accruals have been recorded when the outcome is probable and can be reasonably estimated. While the ultimate results of claims and litigation cannot be determined, we do expect that the ultimate disposition of these matters will not have a material adverse effect on our operations or financial condition. However, depending on the amount and the timing, an unfavorable resolution of some or all of these matters could materially affect our future results of operations or cash flows in a particular period.

## Item 1A. Risk Factors

There have been no material changes to our Risk Factors as previously disclosed in our Annual Report on Form 10-K for the year ended December 31, 2016.

## Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

## Unregistered Sales of Equity Securities

There were no unregistered sales of our common stock for the nine months ended September 30, 2017.

## Issuer Purchases of Equity Securities

| Period         | Total<br>Number of<br>Shares<br>Purchased | Average<br>Price<br>Paid per<br>Share | Total<br>Number of<br>Shares<br>Purchased<br>as Part of<br>Publicly<br>Announced<br>Plans or<br>Programs<br>(1) | Dollar Value<br>of Shares that<br>may yet be<br>Purchased<br>under the<br>Plans or<br>Programs |
|----------------|---|---------------------------------------|---|--|
| July 1-31      | —   | —                                     | —   | \$354,426,944  |
| August 1-31    | 698,062                                   | \$41.77                               | 698,062   | \$325,268,111  |
| September 1-30 | 102,461                                   | 39.25                                 | 102,461   | \$321,246,116  |
| Total          | 800,523                                   | \$41.45                               | 800,523   |  |

(1) Our Board of Directors approved a share repurchase program for up to \$2 billion of our common stock on the dates indicated under Part I – Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations – Liquidity and Capital Resources – Dividends and Share Repurchase Program.

## Item 3. Defaults Upon Senior Securities

Not applicable.

## Item 4. Mine Safety Disclosures

Not applicable.

## Item 5. Other Information

None.



Item 6. Exhibits

The agreements and other documents filed as exhibits to this quarterly report on Form 10-Q are not intended to provide factual information or other disclosure other than with respect to the terms of the agreements or other documents themselves, and you should not rely on them for that purpose. In particular, any representations and warranties made by the registrant in these agreements or other documents were made solely within the specific context of the relevant agreement or document and may not describe the actual state of affairs as of the date they were made or at any other time.

Exhibit

Number Description of Exhibits

- 4.1\* Fourth Supplemental Indenture, dated September 28, 2017, between Nielsen Finance Holdings Ireland Limited and Deutsche Bank Trust Company Americas, as trustee
- 4.2\* Fifth Supplemental Indenture, dated September 28, 2017, between Nielsen Holdings Luxembourg S.a.r.l., and Deutsche Bank Trust Company Americas, as trustee
- 4.3\* Sixteenth Supplemental Indenture, dated September 28, 2017, between Nielsen Finance Holdings Ireland Limited and Delaware Trust Company, as trustee
- 4.4\* Seventeenth Supplemental Indenture, dated September 28, 2017, between Nielsen Holdings Luxembourg S.a.r.l., and Delaware Trust Company, as trustee
- 4.5\* Eighteenth Supplemental Indenture, dated September 28, 2017, between Nielsen Finance Holdings Ireland Limited and Deutsche Bank Trust Company Americas, as trustee
- 4.6\* Nineteenth Supplemental Indenture, dated September 28, 2017, between Nielsen Holdings Luxembourg S.a.r.l., and Deutsche Bank Trust Company Americas, as trustee
- 4.7\* Twentieth Supplemental Indenture, dated September 28, 2017, between Nielsen Finance Holdings Ireland Limited and Delaware Trust Company, as trustee
- 4.8\* Twenty-First Supplemental Indenture, dated September 28, 2017, between Nielsen Holdings Luxembourg S.a.r.l., and Delaware Trust Company, as trustee
- 10.1\*† Nielsen Holdings plc Severance Policy for Section 16 Officers and United-States-Based Senior Executives
- 31.1\* CEO 302 Certification Pursuant to Rule 13(a)-14(a)/15d-14(a)
- 31.2\* CFO 302 Certification Pursuant to Rule 13a-14(a)/15d-14(a)
- 32.1\* Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
- 101\* The following financial information from Nielsen Holdings plc's Quarterly Report on Form 10-Q for the quarter ended September 30, 2017, formatted in XBRL includes: (i) Condensed Consolidated Statements of Operations (Unaudited) for the three and nine months ended September 30, 2017 and 2016, (ii) Condensed Consolidated Statements of Comprehensive Income (Unaudited) for the three and nine months ended

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September 30, 2017 and 2016, (iii) Condensed Consolidated Balance Sheets at September 30, 2017 (Unaudited) and December 31, 2016, (iv) Condensed Consolidated Statements of Cash Flows (Unaudited) for the nine months ended September 30, 2017 and 2016, and (v) the Notes to Condensed Consolidated Financial Statements.

\*Filed or furnished herewith

Management contract or compensatory plan.

The agreements and other documents filed as exhibits to this report are not intended to provide factual information or other disclosure other than with respect to the terms of the agreements or other documents themselves, and you should not rely on them for that purpose. In particular, any representations and warranties made by us in these agreements or other documents were made solely within the specific context of the relevant agreement or document and may not describe the actual state of affairs as of the date they were made or at any other time.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Nielsen Holdings plc  
(Registrant)

Date: October 25, 2017 /s/ Jeffrey R. Charlton  
Jeffrey R. Charlton  
Senior Vice President and Corporate Controller  
Duly Authorized Officer and Principal Accounting Officer