

Nielsen Holdings plc  
Form 10-Q  
April 20, 2016

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 March 31, 2016

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.)
85 Broad Street	A C Nielsen House
New York, New York 10004	London Road

Edgar Filing: Nielsen Holdings plc - Form 10-Q

(646) 654-5000

Oxford

Oxfordshire, OX3 9RX

United Kingdom

+1 (646) 654-5000

(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, or a smaller reporting company. See definition of "accelerated filer", "large accelerated filer", and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer  (do not check if a smaller reporting company) Smaller reporting company

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 361,110,603 shares of the registrant's Common Stock outstanding as of March 31, 2016.

Table of Contents

Contents

	PAGE
PART I. <u>FINANCIAL INFORMATION</u>	- 3 -
Item 1. <u>Condensed Consolidated Financial Statements</u>	- 3 -
Item 2. <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	- 24 -
Item 3. <u>Quantitative and Qualitative Disclosures About Market Risk</u>	- 35 -
Item 4. <u>Controls and Procedures</u>	- 36 -
PART II. <u>OTHER INFORMATION</u>	- 37 -
Item 1. <u>Legal Proceedings</u>	- 37 -
Item 1A. <u>Risk Factors</u>	- 37 -
Item 2. <u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	- 37 -
Item 3. <u>Defaults Upon Senior Securities</u>	- 37 -
Item 4. <u>Mine Safety Disclosures</u>	- 37 -
Item 5. <u>Other Information</u>	- 38 -
Item 6. <u>Exhibits</u>	- 38 -
<u>Signatures</u>	- 39 -

---

## PART I. FINANCIAL INFORMATION

## Item 1. Condensed Consolidated Financial Statements

Nielsen Holdings plc

## Condensed Consolidated Statements of Operations (Unaudited)

(IN MILLIONS, EXCEPT SHARE AND PER SHARE DATA)	Three Months Ended	
	March 31,	
	2016	2015
Revenues	\$1,487	\$1,458
Cost of revenues, exclusive of depreciation and amortization shown separately below	641	622
Selling, general and administrative expenses, exclusive of depreciation and amortization shown		
separately below	465	481
Depreciation and amortization	147	142
Restructuring charges	10	14
Operating income	224	199
Interest income	1	1
Interest expense	(79)	(73)
Foreign currency exchange transaction losses, net	(1)	(26)
Income from continuing operations before income taxes	145	101
Provision for income taxes	(44)	(38)
Net income	101	63
Net income attributable to noncontrolling interests	1	—
Net income attributable to Nielsen stockholders	\$100	\$63
Net income per share of common stock, basic		
Income from continuing operations	\$0.28	\$0.17
Net income attributable to Nielsen stockholders	\$0.28	\$0.17
Net income per share of common stock, diluted		
Income from continuing operations	\$0.27	\$0.17
Net income attributable to Nielsen stockholders	\$0.27	\$0.17
Weighted-average shares of common stock outstanding, basic	361,580,670	371,169,651
Dilutive shares of common stock	3,620,469	4,192,306
Weighted-average shares of common stock outstanding, diluted	365,201,139	375,361,957
Dividends declared per common share	\$0.28	\$0.25

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 Ended March 31,	
	2016	2015
Net income	\$ 101	\$ 63
Other comprehensive income/(loss), net of tax		
Foreign currency translation adjustments	91	(172 )
Available for sale securities <sup>(1)</sup>	—	3
Changes in the fair value of cash flow hedges <sup>(2)</sup>	(7 )	(3 )
Defined benefit pension plan adjustments <sup>(3)</sup>	7	6
Total other comprehensive income/(loss)	91	(166 )
Total comprehensive income/(loss)	192	(103 )
Less: comprehensive income/(loss) attributable to noncontrolling interests	2	(3 )
Total comprehensive income/(loss) attributable to Nielsen stockholders	\$ 190	\$ (100 )

(1) Net of tax of zero and \$(2) million for the three months ended March 31, 2016 and 2015, respectively

(2) Net of tax of \$1 million and \$2 million for the three months ended March 31, 2016 and 2015, respectively

(3) Net of tax of \$1 million and \$(1) million for the three months ended March 31, 2016 and 2015, 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)	March 31, 2016 (Unaudited)	December 31, 2015
Assets:		
Current assets		
Cash and cash equivalents	\$ 432	\$ 357
Trade and other receivables, net of allowances for doubtful accounts and sales		
returns of \$27 and \$26 as of March 31, 2016 and December 31, 2015, respectively	1,239	1,235
Prepaid expenses and other current assets	383	316
Total current assets	2,054	1,908
Non-current assets		
Property, plant and equipment, net	482	490
Goodwill	7,887	7,783
Other intangible assets, net	4,799	4,772
Deferred tax assets	93	78
Other non-current assets	273	272
Total assets	\$ 15,588	\$ 15,303
Liabilities and equity:		
Current liabilities		
Accounts payable and other current liabilities	\$ 915	\$ 1,013
Deferred revenues	316	322
Income tax liabilities	84	42
Current portion of long-term debt, capital lease obligations and short-term borrowings	189	310
Total current liabilities	1,504	1,687
Non-current liabilities		
Long-term debt and capital lease obligations	7,471	7,028
Deferred tax liabilities	1,024	1,074
Other non-current liabilities	877	887
Total liabilities	10,876	10,676
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;		
361,738,715 and 362,338,369 shares issued and 361,110,603 and 362,338,369 shares		
outstanding at March 31, 2016 and December 31, 2015, respectively	32	32
Additional paid-in capital	5,066	5,119
Retained earnings	387	341
Accumulated other comprehensive loss, net of income taxes	(969 )	(1,059 )
Total Nielsen stockholders' equity	4,516	4,433
Noncontrolling interests	196	194
Total equity	4,712	4,627
Total liabilities and equity	\$ 15,588	\$ 15,303



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

Nielsen Holdings plc

## Condensed Consolidated Statements of Cash Flows (Unaudited)

Three Months  
Ended  
March 31,  
2016 2015

(IN MILLIONS)

## Operating Activities

Net income	\$101	\$63
Adjustments to reconcile net income to net cash provided by operating activities:		
Stock-based compensation expense	13	14
Currency exchange rate differences on financial transactions and other losses	1	26
Depreciation and amortization	147	142
Changes in operating assets and liabilities, net of effect of businesses acquired and divested:		
Trade and other receivables, net	3	47
Prepaid expenses and other current assets	(45 )	(56 )
Accounts payable and other current liabilities and deferred revenues	(191)	(200)
Other non-current liabilities	(7 )	(1 )
Interest payable	50	57
Income taxes	15	9
Net cash provided by operating activities	87	101
Investing Activities		
Acquisition of subsidiaries and affiliates, net of cash acquired	(47 )	(191)
Additions to property, plant and equipment and other assets	(28 )	(33 )
Additions to intangible assets	(81 )	(69 )
Other investing activities	—	2
Net cash used in investing activities	(156)	(291)
Financing Activities		
Net payments under revolving credit facility	(164)	(205)
Proceeds from issuances of debt, net of issuance costs	496	746
Repayment of debt	(25 )	(25 )
Cash dividends paid to stockholders	(101)	(90 )
Repurchase of common stock	(83 )	(141)
Proceeds from exercise of stock options	18	6
Other financing activities	(11 )	(3 )
Net cash provided by financing activities	130	288
Effect of exchange-rate changes on cash and cash equivalents	14	(28 )
Net increase in cash and cash equivalents	75	70
Cash and cash equivalents at beginning of period	357	273
Cash and cash equivalents at end of period	\$432	\$343
Supplemental Cash Flow Information		
Cash paid for income taxes	\$(29 )	\$(29 )
Cash paid for interest, net of amounts capitalized	\$(29 )	\$(16 )

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 information and measurement 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, 2015. 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 March 31, 2016 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 and restricted stock.

The effect of 1,609,503 and 2,418,103 shares of common stock equivalents under stock compensation plans were excluded from the calculation of diluted earnings per share for the three months ended March 31, 2016 and 2015, respectively, as such shares would have been anti-dilutive.

### Devaluation of Venezuelan Currency

Nielsen has operations in both the Buy and Watch segments in Venezuela and the functional currency for these operations was the Venezuelan Bolivares Fuertes. Venezuela’s currency has been considered hyperinflationary since January 1, 2010 and, accordingly, the local currency transactions have been denominated in U.S. dollars since January 1, 2010 and will continue to be until Venezuela’s currency is deemed to be non-hyperinflationary.

Edgar Filing: Nielsen Holdings plc - Form 10-Q

The Company currently expects to be able to access U.S. dollars through the DICOM market. DICOM has significantly higher foreign exchange rates than those available through the other foreign exchange mechanisms. At March 31, 2016, the DICOM exchange rate was 270.5 bolivars to the U.S. dollar.

The Company will continue to assess the appropriate conversion rate based on events in Venezuela and our specific facts and circumstances and whether to continue consolidation. Total net monetary assets in U.S. dollars at the March 31, 2016 DICOM rate were \$2 million.

- 7 -

---

## 2. Summary of Recent Accounting Pronouncements

### Classification and Measurement of Financial Instruments

In January 2016, the FASB issued an Accounting Standards Update (“ASU”), “Recognition and Measurement of Financial Assets and Financial Liabilities”. The new standard was issued to amend the guidance on the classification and measurement of financial instruments. The new standard significantly revises an entity's accounting related to the classification and measurement of investments in equity securities and the presentation of certain fair value changes for financial liabilities measured at fair value. The new standard also amends certain disclosure requirements associated with the fair value of financial instruments. The new standard is effective for fiscal years and interim periods within those fiscal years beginning after December 15, 2017. Early adoption for most of the provisions is not allowed. Nielsen is currently assessing the impact of the adoption of this ASU will have on the Company’s condensed consolidated financial statements.

### Leases

In February 2016, the FASB issued an ASU, “Leases”. The new standard amends the recognition of lease assets and lease liabilities by lessees for those leases currently classified as operating leases and amends disclosure requirements associated with leasing arrangements. The new standard is effective for fiscal years and interim periods within those fiscal years beginning after December 15, 2018. Early adoption is permitted. The new standard must be adopted using a modified retrospective transition, and provides for certain practical expedients. Transition will require application of the new guidance at the beginning of the earliest comparative period presented. Nielsen is currently assessing the impact of the adoption of this ASU will have on the Company’s condensed consolidated financial statements.

### Investments- Equity Method and Joint Ventures

In March 2016, the FASB issued an ASU, “Investments- Equity Method and Joint Ventures: Simplifying the Transition to the Equity Method of Accounting”. This new standard eliminates the requirement to apply the equity method of accounting retrospectively when a reporting entity obtains significant influence over a previously held investment. This guidance is effective for fiscal years and interim periods within those fiscal years beginning after December 15, 2016. Under the provisions of this ASU, when circumstances dictate that an investment accounted for under the cost method should no longer be a cost method investee but be accounted for under the equity method, there will no longer be a required retrospective restatement. Nielsen 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 March 2016, the FASB issued an ASU, “Compensation - Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting”. The new standard simplifies several aspects related to the accounting for share-based payment transactions, including the accounting for income taxes, statutory tax withholding requirements, forfeitures and classification on the statement of cash flows. This guidance is effective for fiscal years and interim periods within those fiscal years beginning after December 15, 2016; however, early adoption is permitted. Nielsen elected to early adopt this ASU and as a result recorded a \$47 million cumulative-effect adjustment to retained earnings as of January 1, 2016 related to previously unrecognized excess tax benefits. Further, the Company elected to apply the retrospective transition method to the amendments related to the presentation of excess tax benefits on the statement of cash flows. This change resulted in a \$26 million increase to operating cash flow and a \$26 million decrease to cash flows from financing activities for the period ended March 31, 2015.

### 3. Business Acquisitions

For the three months ended March 31, 2016, Nielsen paid cash consideration of \$47 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.

For the three months ended March 31, 2015, Nielsen paid cash consideration of \$191 million associated with both current period and previously executed acquisitions, net of cash acquired. Had these acquisitions occurred as of January 1, 2015, 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 three months ended March 31, 2016.

(IN MILLIONS)	Buy	Watch	Total
Balance, December 31, 2015	\$2,789	\$4,994	\$7,783
Acquisitions, divestitures and other adjustments	2	32	34
Effect of foreign currency translation	63	7	70
Balance, March 31, 2016	\$2,854	\$5,033	\$7,887

At March 31, 2016, \$58 million of the goodwill is expected to be deductible for income tax purposes.

During 2016 we updated our reporting structure in a manner that changed the composition of our reporting units. As a result of this change in reporting units, we performed an interim goodwill impairment analysis during 2016 immediately prior to the change and determined the estimated fair values of the impacted reporting units exceeded their carrying value (including goodwill). As such, there was no impairment as a result of this change.

## Other Intangible Assets

(IN MILLIONS)	Gross Amounts		Accumulated Amortization	
	March 31, 2016	December 31, 2015	March 31, 2016	December 31, 2015
Indefinite-lived intangibles:				
Trade names and trademarks	\$1,921	\$ 1,921	\$—	\$ —
Amortized intangibles:				
Trade names and trademarks	167	167	(88 )	(84 )
Customer-related intangibles	3,028	3,013	(1,230)	(1,193)
Covenants-not-to-compete	38	37	(36 )	(35 )
Computer software	2,025	1,919	(1,108)	(1,055)
Patents and other	172	168	(90 )	(86 )
Total	\$5,430	\$ 5,304	\$(2,552)	\$(2,453)

Amortization expense associated with the above intangible assets was \$101 million and \$100 million for the three months ended March 31, 2016 and 2015, respectively. These amounts included amortization expense associated with computer software of \$53 million and \$54 million for the three months ended March 31, 2016 and 2015, respectively.

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



Edgar Filing: Nielsen Holdings plc - Form 10-Q

The table below summarizes the changes in accumulated other comprehensive loss, net of tax, by component for the three months ended March 31, 2016 and 2015.

(IN MILLIONS)	Currency Translation Adjustments	Cash Flow Hedges	Post Employment Benefits	Total
Balance December 31, 2015	\$ (767 )	\$ (3 )	\$ (289 )	\$ (1,059 )
Other comprehensive income/(loss) before				
reclassifications	91	(8 )	4	87
Amounts reclassified from accumulated other				
comprehensive income/(loss)	—	1	3	4
Net current period other comprehensive income/(loss)	91	(7 )	7	91
Net current period other comprehensive income				
attributable				
to noncontrolling interest	1	—	—	1
Net current period other comprehensive income/(loss)				
attributable to Nielsen stockholders	90	(7 )	7	90
Balance March 31, 2016	\$ (677 )	\$ (10 )	\$ (282 )	\$ (969 )

- 9 -

(IN MILLIONS)	Currency Translation Adjustments	Available- for-Sale Securities	Cash Flow Hedges	Post Employment Benefits	Total
Balance December 31, 2014	\$ (418 )	\$ 19	\$ (2 )	\$ (376 )	\$ (777)
Other comprehensive (loss)/income before reclassifications					
Amounts reclassified from accumulated other comprehensive (loss)/income	(172 )	3	(5 )	1	(173)
Net current period other comprehensive (loss)/income	—	—	2	5	7
Net current period other comprehensive loss attributable	(172 )	3	(3 )	6	(166)
to noncontrolling interest	(3 )	—	—	—	(3 )
Net current period other comprehensive (loss)/income attributable to Nielsen stockholders	(169 )	3	(3 )	6	(163)
Balance March 31, 2015	\$ (587 )	\$ 22	\$ (5 )	\$ (370 )	\$ (940)

The table below summarizes the reclassification of accumulated other comprehensive loss by component for the three months ended March 31, 2016 and 2015, respectively.

(IN MILLIONS)	Amount Reclassified from Accumulated Other Comprehensive Loss		Affected Line Item in the
Details about Accumulated Other Comprehensive Income components	Three Months Ended March 31, 2016	Three Months Ended March 31, 2015	Condensed Consolidated Statement of Operations
Cash flow hedges			
Interest rate contracts	\$ 1	\$ 3	Interest expense
	—	1	Benefit for income taxes
	\$ 1	\$ 2	Total, net of tax
Amortization of Post-Employment Benefits			
Actuarial loss	\$ 5	\$ 6	(a)
	2	1	Benefit for income taxes
	\$ 3	\$ 5	Total, net of tax
Total reclassification for the period	\$ 4	\$ 7	Net of tax

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

## 6. Restructuring Activities

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

(IN MILLIONS)	Total Initiatives
Balance at December 31, 2015	\$ 38
Charges	10
Payments	(15 )
Balance at March 31, 2016	\$ 33

Nielsen recorded \$10 million and \$14 million in restructuring charges for the three months ended March 31, 2016 and 2015, respectively, primarily relating to severance costs.

Of the \$33 million in remaining liabilities for restructuring actions at March 31, 2016, \$25 million is expected to be paid within one year and is classified as a current liability within the condensed consolidated balance sheet as of March 31, 2016.

## 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.

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 March 31, 2016 and December 31, 2015:

(IN MILLIONS)	March			
	31, 2016	Level 1	Level 2	Level 3
Assets:				
Plan assets for deferred compensation <sup>(1)</sup>	30	30	—	—
Investment in mutual funds <sup>(2)</sup>	2	2	—	—
Total	\$ 32	\$ 32	\$ —	—
Liabilities:				
Interest rate swap arrangements <sup>(3)</sup>	\$ 14	—	\$ 14	—
Deferred compensation liabilities <sup>(4)</sup>	30	30	—	—
Total	\$ 44	\$ 30	\$ 14	—

  

	December			
	31, 2015	Level 1	Level 2	Level 3
Assets:				
Plan assets for deferred compensation <sup>(1)</sup>	30	30	—	—
Investment in mutual funds <sup>(2)</sup>	2	2	—	—
Total	\$ 32	\$ 32	—	—
Liabilities:				

Edgar Filing: Nielsen Holdings plc - Form 10-Q

Interest rate swap arrangements <sup>(3)</sup>	\$ 6	—	\$ 6	—
Deferred compensation liabilities <sup>(4)</sup>	30	30	—	—
Total	\$ 36	\$ 30	\$ 6	—

- (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.

- 11 -

---

## 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).

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 March 31, 2016, 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

Foreign currency translation risk is the risk that exchange rate gains or losses arise from translating foreign entities' statements of earnings and balance sheets from functional currency to our reporting currency (the U.S. Dollar) for consolidation purposes. Nielsen manages translation risk exposure by creating "natural hedges" in its financing or by using derivative financial instruments aimed at offsetting certain exposures in the statement of earnings or the balance sheet. Nielsen does not trade derivative financial instruments for speculative purposes. During the quarters ended March 31, 2016 and 2015, Nielsen recorded a net gain of zero and \$2 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 March 31, 2016 and December 31, 2015 the notional amount of the outstanding foreign currency derivative financial instruments were \$132 million and \$37 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 from the effective portion of the hedge 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.

Edgar Filing: Nielsen Holdings plc - Form 10-Q

As of March 31, 2016 the Company had the following outstanding interest rate swaps utilized in the management of its interest rate risk:

	Notional Amount	Maturity Date	Currency
Interest rate swaps designated as hedging instruments			
US Dollar term loan floating-to-fixed rate swaps	\$1,575,000,000	May 2016	US Dollar
US Dollar term loan floating-to-fixed rate swaps	\$500,000,000	November 2016	US Dollar
US Dollar term loan floating-to-fixed rate swaps	\$250,000,000	September 2017	US Dollar
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	\$150,000,000	July 2019	US Dollar

- 12 -

---

Edgar Filing: Nielsen Holdings plc - Form 10-Q

Nielsen expects to recognize approximately \$7 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 March 31, 2016 and December 31, 2015 were as follows:

Derivatives Designated as Hedging Instruments (IN MILLIONS)	March 31, 2016		December 31, 2015	
	Accounts Payable and Other Liabilities	Current Other Non-Current Liabilities	Accounts Payable and Other Liabilities	Current Non-Current Liabilities
Interest rate swaps	\$ —	\$ 14	\$ 1	\$ 5

Derivatives in Cash Flow Hedging Relationships

The pre-tax effect of derivative instruments in cash flow hedging relationships for the three months ended March 31, 2016 and 2015 was as follows:

Derivatives in Cash Flow Hedging Relationships (IN MILLIONS)	Amount of Loss Recognized in OCI (Effective Portion) Three Months Ended		Location of Loss Reclassified from AOCI into Income (Effective Portion)	Amount of Loss Reclassified from AOCI into Income (Effective Portion) Three Months Ended	
	March 31, 2016	March 31, 2015		March 31, 2016	March 31, 2015
Interest rate swaps	\$ 10	\$ 8	Interest expense	\$ 1	\$ 3

Assets and Liabilities Measured at Fair Value on a Nonrecurring Basis

The Company is required, on a nonrecurring basis, to adjust the carrying value using fair value measurements or provide valuation allowances for certain assets using the more-likely-than-not criteria. 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 three months ended March 31, 2016.





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

Unless otherwise stated, interest rates are as of March 31, 2016.

(IN MILLIONS)	March 31, 2016		December 31, 2015			
	Weighted Interest Rate	Carrying Amount	Fair Value	Weighted Interest Rate	Carrying Amount	Fair Value
\$1,580 million Senior secured term loan (LIBOR based variable rate of 2.18% ) due 2019		—	—		1,455	1,454
\$2,080 million Senior secured term loan (LIBOR based variable rate of 2.44% ) due 2019		1,933	1,932		—	—
\$500 million Senior secured term loan (LIBOR based variable rate of 2.69% ) due 2017		491	490		492	492
\$1,100 million Senior secured term loan (LIBOR based variable rate of 3.44% ) due 2021		1,077	1,083		1,080	1,082
€286 million Senior secured term loan (Euro LIBOR based variable rate of 2.71% ) due 2021		319	320		305	306
\$575 million senior secured revolving credit facility (Euro LIBOR or LIBOR based variable rate) due 2019		—	—		164	163
Total senior secured credit facilities (with weighted-average interest rate)	2.90%	3,820	3,825	2.78%	3,496	3,497
\$800 million 4.50% senior debenture loan due 2020		792	818		792	808
\$625 million 5.50% senior debenture loan due 2021		617	648		617	640
\$2,300 million 5.00% senior debenture loan due 2022		2,284	2,336		2,284	2,270
Total debenture loans (with weighted-average interest rate)	5.22%	3,693	3,802	5.22%	3,693	3,718
Other loans		7	7		7	7
Total long-term debt	4.05%	7,520	7,634	4.04%	7,196	7,222
Capital lease and other financing obligations		140			142	
Total debt and other financing arrangements		7,660			7,338	
Less: Current portion of long-term debt, capital lease and other financing obligations and other short-term borrowings		189			310	
Non-current portion of long-term debt and capital lease and other financing obligations		\$ 7,471			\$ 7,028	

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 April 1, 2016 to December 31, 2016	\$117
2017	677
2018	270
2019	1,389
2020	806
2021	1,952
Thereafter	2,309
	\$7,520

On March 30, 2016, the Company entered into an amendment to its Fourth Amended and Restated Credit Agreement (the “Amended Credit Agreement”), dated as of April 22, 2014, which provides for additional Class A Term Loans in an aggregate principal amount of \$500 million, maturing in full in April 2019 (the “Additional Class A Term Loans”). The Additional Class A Term Loans are required to be repaid in quarterly installments ranging from 1.369% to 4.11% of the original principal amount (as may be reduced as a result of voluntary prepayments), with the balance payable on the maturity date. The Additional Class A Term Loans bear interest equal to, at the election of Nielsen, a base rate or eurocurrency rate, in each case plus an applicable margin which ranges

Edgar Filing: Nielsen Holdings plc - Form 10-Q

from 0.50% to 1.25% (in the case of base rate loans) or 1.50% to 2.25% (in the case of eurocurrency rate loans). The specific applicable margin is determined by the Company's total leverage ratio (as defined in the Amended Credit Agreement). This amendment was accounted for as a modification of the Amended Credit Agreement.

9. Stockholders' Equity

Common stock activity is as follows:

	Three Months Ended March 31, 2016
Actual number of shares of common stock outstanding	
Beginning of period	362,338,369
Shares of common stock issued through compensation plans	517,378
Repurchases of common stock	(1,745,144 )
End of period	361,110,603

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 2015 and the three months ended March 31, 2016.

Declaration Date	Record Date	Payment Date	Dividend Per Share
February 19, 2015	March 5, 2015	March 19, 2015	\$ 0.25
April 20, 2015	June 4, 2015	June 18, 2015	\$ 0.28
July 23, 2015	August 27, 2015	September 10, 2015	\$ 0.28
October 29, 2015	November 24, 2015	December 8, 2015	\$ 0.28
February 18, 2016	March 3, 2016	March 17, 2016	\$ 0.28

On April 19, 2016, the Company's Board of Directors declared a cash dividend of \$0.31 per share on our common stock. The dividend is payable on June 16, 2016 to stockholders of record at the close of business on June 2, 2016.

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

The Company's Board of Directors has 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 purpose of the program is to return value to shareholders and to mitigate dilution associated with our equity compensation plans.

Edgar Filing: Nielsen Holdings plc - Form 10-Q

	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 existing authority granted at Nielsen's Annual General Meeting of Shareholders held in 2015 and 2016.

As of March 31, 2016, there have been 27,507,555 shares of our common stock purchased at an average price of \$44.64 per share (total consideration of approximately \$1,228 million) under this program.

- 15 -

---

Edgar Filing: Nielsen Holdings plc - Form 10-Q

The activity for the three months ended March 31, 2016 consisted of open market share repurchases and is summarized in the following table:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Dollar Value of Shares that may yet be Purchased under the Plans or Programs
As of December 31, 2015	25,762,411	\$ 44.43	25,762,411	\$855,495,985
2016 Activity				
January 1- 31	628,054	45.62	628,054	\$826,841,315
February 1- 29	687,473	\$ 47.41	687,473	\$794,246,197
March 1- 31	429,617	\$ 51.48	429,617	\$772,128,086
Total	27,507,555	\$ 44.64	27,507,555	

## 10. Income Taxes

The effective tax rates for the three months ended March 31, 2016 and 2015 were 30% and 38%, respectively. The tax rate for the three months ended March 31, 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 the release of certain tax contingencies. The tax rate for the three months ended March 31, 2015 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, the effect of global licensing activities and foreign distributions and audit settlements, offset by the favorable impact of certain financing activities and the release of certain tax contingencies. The principal reasons for the reduction in the first quarter effective tax rate in 2016 when compared to 2015 was due to the impact of share-based compensation excess tax benefit and increases in the amount of releases of certain tax contingencies.

The estimated liability for unrecognized tax benefits as of December 31, 2016 is \$466 million and was \$461 million as of December 31, 2015. 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 2003 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.

## 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

- 16 -

---

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.

### Business Segment Information

(IN MILLIONS)	Buy	Watch	Corporate	Total
Three Months Ended March 31, 2016				
Revenues	\$793	\$694	—	\$1,487
Depreciation and amortization	\$51	\$95	\$ 1	\$147
Restructuring charges	\$6	\$2	\$ 2	\$10
Stock-based compensation expense	\$4	\$3	\$ 6	\$13
Other items <sup>(1)</sup>	\$1	\$—	\$ 7	\$8
Operating income/(loss)	\$52	\$197	\$ (25	) \$224
Business segment income/(loss) <sup>(2)</sup>	\$114	\$297	\$ (9	) \$402
Total assets as of March 31, 2016	\$6,613	\$8,720	\$ 255	\$15,588

(IN MILLIONS)	Buy	Watch	Corporate	Total
Three Months Ended March 31, 2015				
Revenues	\$798	\$660	—	\$1,458
Depreciation and amortization	\$53	\$88	\$1	\$142
Restructuring charges	\$7	\$4	\$3	\$14
Stock-based compensation expense	\$5	\$2	\$7	\$14
Other items <sup>(1)</sup>	\$—	\$—	\$11	\$11
Operating income/(loss)	\$45	\$184	\$(30	) \$199
Business segment income/(loss) <sup>(2)</sup>	\$110	\$278	\$(8	) \$380
Total assets as of December 31, 2015	\$6,537	\$8,650	\$116	\$15,303

(1) Other items primarily consist of non-recurring costs for the three months ended March 31, 2016 and 2015.

(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 March 31, 2016 and December 31, 2015 and consolidating statements of operations and cash flows for the periods ended March 31, 2016 and 2015. During the three months ended September 30, 2015, the Company re-designated certain subsidiaries between guarantor and non-guarantor. As a result, 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.

Edgar Filing: Nielsen Holdings plc - Form 10-Q

Nielsen Holdings plc

Condensed Consolidating Statement of Comprehensive Income (Unaudited)

For the three months ended March 31, 2016

(IN MILLIONS)	Parent	Issuers	Guarantor	Non-Guarantor	Elimination	Consolidated
Revenues	\$ —	\$ —	\$ 871	\$ 616	\$ —	\$ 1,487
Cost of revenues, exclusive of depreciation and amortization shown separately below	—	—	331	310	—	641
Selling, general and administrative expenses, exclusive of depreciation and amortization shown separately below	—	—	259	206	—	465
Depreciation and amortization	—	—	119	28	—	147
Restructuring charges	—	—	5	5	—	10
Operating income	—	—	157	67	—	224
Interest income	—	210	9	1	(219 )	1
Interest expense	(1 )	(74 )	(214 )	(9 )	219	(79 )
Foreign currency exchange transaction losses, net	—	—	(1 )	—	—	(1 )
Other (expense)/income, net	—	(1 )	8	(7 )	—	—
(Loss)/income from continuing operations before income taxes and equity in net income/(loss) of subsidiaries	(1 )	135	(41 )	52	—	145
(Provision)/benefit for income taxes	—	(47 )	28	(25 )	—	(44 )
Equity in net income/(loss) of subsidiaries	101	(10 )	114	—	(205 )	—
Net income	100	78	101	27	(205 )	101
Less: Net income attributable to noncontrolling interests	—	—	—	1	—	1
Net income attributable to controlling interests	100	78	101	26	(205 )	100
Total other comprehensive income	90	114	90	92	(295 )	91
Total other comprehensive income attributable to noncontrolling interests	—	—	—	1	—	1
Total other comprehensive income attributable to controlling interests	90	114	90	91	(295 )	90
Total comprehensive income	190	192	191	119	(500 )	192
Comprehensive income attributable to noncontrolling interests	—	—	—	2	—	2
Total comprehensive income attributable to	\$ 190	\$ 192	\$ 191	\$ 117	\$ (500 )	\$ 190

controlling interest

- 18 -

---

Edgar Filing: Nielsen Holdings plc - Form 10-Q

Nielsen Holdings plc

Condensed Consolidated Statement of Comprehensive Income (Unaudited)

For the three months ended March 31, 2015

(IN MILLIONS)	Parent	Issuers	Guarantor	Non-Guarantor	Elimination	Consolidated
Revenues	\$—	\$—	\$ 846	\$ 612	\$ —	\$ 1,458
Cost of revenues, exclusive of depreciation and amortization shown separately below	—	—	312	310	—	622
Selling, general and administrative expenses, exclusive of depreciation and amortization shown separately below	1	—	258	222	—	481
Depreciation and amortization	—	—	113	29	—	142
Restructuring charges	—	—	11	3	—	14
Operating (loss)/income	(1 )	—	152	48	—	199
Interest income	—	220	11	1	(231 )	1
Interest expense	—	(68 )	(224 )	(12 )	231	(73 )
Foreign currency exchange transaction losses, net	—	—	(11 )	(15 )	—	(26 )
Other (expense)/income, net	—	—	(17 )	17	—	—
(Loss)/income from continuing operations before income taxes and equity in net income/(loss) of subsidiaries and affiliates	(1 )	152	(89 )	39	—	101
(Provision)/benefit for income taxes	—	(53 )	39	(24 )	—	(38 )
Equity in net income/(loss) of subsidiaries	64	(15 )	114	—	(163 )	—
Net income	63	84	64	15	(163 )	63
Total other comprehensive loss	(163 )	(9 )	(163 )	(232 )	401	(166 )
Total other comprehensive loss attributable to noncontrolling interests	—	—	—	(3 )	—	(3 )
Total other comprehensive loss attributable to controlling interests	(163 )	(9 )	(163 )	(229 )	401	(163 )
Total comprehensive (loss)/income	(100 )	75	(99 )	(217 )	238	(103 )
Comprehensive loss attributable to noncontrolling interests	—	—	—	(3 )	—	(3 )
Total comprehensive (loss)/income attributable to	\$(100 )	\$ 75	\$ (99 )	\$ (214 )	\$ 238	\$ (100 )

controlling interest

- 19 -

---

Edgar Filing: Nielsen Holdings plc - Form 10-Q

Nielsen Holdings plc

Condensed Consolidating Balance Sheet (Unaudited)

March 31, 2016

(IN MILLIONS)	Parent	Issuers	Guarantor	Non-Guarantor	Elimination	Consolidated
<b>Assets:</b>						
<b>Current assets</b>						
Cash and cash equivalents	\$6	18	88	320	—	432
Trade and other receivables, net	4	—	568	667	—	1,239
Prepaid expenses and other current assets	—	—	245	138	—	383
Intercompany receivables	—	720	221	188	(1,129 )	—
Total current assets	10	738	1,122	1,313	(1,129 )	2,054
<b>Non-current assets</b>						
Property, plant and equipment, net	—	—	318	164	—	482
Goodwill	—	—	5,739	2,148	—	7,887
Other intangible assets, net	—	—	4,336	463	—	4,799
Deferred tax assets	1	—	74	18	—	93
Other non-current assets	—	—	173	100	—	273
Equity investment in subsidiaries	5,080	1,533	3,937	—	(10,550 )	—
Intercompany loans	—	11,274	3,921	161	(15,356 )	—
Total assets	\$5,091	\$13,545	\$19,620	\$4,367	\$(27,035 )	\$15,588
<b>Liabilities and equity:</b>						
<b>Current liabilities</b>						
Accounts payable and other current liabilities	\$—	\$95	\$362	\$458	\$—	\$915
Deferred revenues	—	—	193	123	—	316
Income tax liabilities	—	—	42	42	—	84
Current portion of long-term debt, capital lease obligations and short-term borrowings	—	161	27	1	—	189
Intercompany payables	24	—	889	216	(1,129 )	—
Total current liabilities	24	256	1,513	840	(1,129 )	1,504
<b>Non-current liabilities</b>						
Long-term debt and capital lease obligations	—	7,352	103	16	—	7,471
Deferred tax liabilities	—	62	874	88	—	1,024
Intercompany loans	549	2,985	11,436	386	(15,356 )	—
Other non-current liabilities	2	14	614	247	—	877
Total liabilities	575	10,669	14,540	1,577	(16,485 )	10,876
Total stockholders' equity	4,516	2,876	5,080	2,594	(10,550 )	4,516
Noncontrolling interests	—	—	—	196	—	196
Total equity	4,516	2,876	5,080	2,790	(10,550 )	4,712
Total liabilities and equity	\$5,091	\$13,545	\$19,620	\$4,367	\$(27,035 )	\$15,588



Nielsen Holdings plc

## Condensed Consolidating Balance Sheet

December 31, 2015

(IN MILLIONS)	Parent	Issuers	Guarantor	Non-Guarantor	Elimination	Consolidated
Assets:						
Current assets						
Cash and cash equivalents	\$1	\$—	\$7	\$ 349	\$—	\$ 357
Trade and other receivables, net	3	—	550	682	—	1,235
Prepaid expenses and other current assets	—	—	195	121	—	316
Intercompany receivables	—	595	224	178	(997 )	—
Total current assets	4	595	976	1,330	(997 )	1,908
Non-current assets						
Property, plant and equipment, net	—	—	324	166	—	490
Goodwill	—	—	5,774	2,009	—	7,783
Other intangible assets, net	—	—	4,314	458	—	4,772
Deferred tax assets	1	—	51	26	—	78
Other non-current assets	—	—	175	97	—	272
Equity investment in subsidiaries	4,793	1,441	3,696	—	(9,930 )	—
Intercompany receivables	—	10,763	3,692	158	(14,613 )	—
Total assets	\$4,798	\$12,799	\$19,002	\$ 4,244	\$ (25,540 )	\$ 15,303
Liabilities and equity						
Current liabilities						
Accounts payable and other current liabilities	\$1	\$48	\$450	\$ 514	\$—	\$ 1,013
Deferred revenues	—	—	182	140	—	322
Income tax liabilities	—	—	—	42	—	42
Current portion of long-term debt, capital lease obligations and short-term borrowings	—	114	195	1	—	310
Intercompany payables	21	3	753	220	(997 )	—
Total current liabilities	22	165	1,580	917	(997 )	1,687
Non-current liabilities						
Long-term debt and capital lease obligations	—	6,911	102	15	—	7,028
Deferred tax liabilities	—	74	977	23	—	1,074
Intercompany loans	341	2,985	10,921	366	(14,613 )	—
Other non-current liabilities	2	6	629	250	—	887
Total liabilities	365	10,141	14,209	1,571	(15,610 )	10,676
Total stockholders' equity	4,433	2,658	4,793	2,479	(9,930 )	4,433
Noncontrolling interests	—	—	—	194	—	194
Total equity	4,433	2,658	4,793	2,673	(9,930 )	4,627
Total liabilities and equity	\$4,798	\$12,799	\$19,002	\$ 4,244	\$ (25,540 )	\$ 15,303





Nielsen Holdings plc

## Condensed Consolidating Statement of Cash Flows (Unaudited)

For the three months ended March 31, 2016

(IN MILLIONS)	Parent	Issuers	Guarantor	Non-Guarantor	Consolidated
Net cash (used in)/provided by operating activities	\$(2 )	\$ 60	\$ 36	\$ (7 )	\$ 87
Investing activities:					
Acquisition of subsidiaries and affiliates, net of cash acquired	—	—	(37 )	(10 )	(47 )
Additions to property, plant and equipment and other assets	—	—	(20 )	(8 )	(28 )
Additions to intangible assets	—	—	(72 )	(9 )	(81 )
Net cash used in investing activities	—	—	(129 )	(27 )	(156 )
Financing activities:					
Net repayments under revolving credit facility	—	—	(164 )	—	(164 )
Repayments of debt	—	(25 )	—	—	(25 )
Proceeds from the issuance of debt, net of issuance costs	—	496	—	—	496
Cash dividends paid to stockholders	(101 )	—	—	—	(101 )
Repurchase of common stock	(83 )	—	—	—	(83 )
Activity under stock plans	32	—	(14 )	—	18
Other financing activities	159	(513 )	352	(9 )	(11 )
Net cash provided by/(used in) financing activities	7	(42 )	174	(9 )	130
Effect of exchange-rate changes on cash and cash equivalents	—	—	—	14	14
Net increase/(decrease) in cash and cash equivalents	5	18	81	(29 )	75
Cash and cash equivalents at beginning of period	1	—	7	349	357
Cash and cash equivalents at end of period	\$ 6	\$ 18	\$ 88	\$ 320	\$ 432

Nielsen Holdings plc

Condensed Consolidated Statement of Cash Flows (Unaudited)

For the three months ended March 31, 2015

(IN MILLIONS)	Parent	Issuers	Guarantor	Non-Guarantor	Consolidated
	\$ 1	\$ 10	\$ 111	\$ (21 )	\$ 101
Net cash provided by/(used in) operating activities					
Investing activities:					
Acquisition of subsidiaries and affiliates, net of cash acquired	—	—	(190 )	(1 )	(191 )
Additions to property, plant and equipment and other assets	—	—	(29 )	(4 )	(33 )
Additions to intangible assets	—	—	(63 )	(6 )	(69 )
Other investing activities	—	—	2	—	2
Net cash used in investing activities	—	—	(280 )	(11 )	(291 )
Financing activities:					
Net repayments under revolving credit facility	—	—	(205 )	—	(205 )
Repayments of debt	—	(25 )	—	—	(25 )
Proceeds from the issuance of debt, net of issuance costs	—	746	—	—	746
Cash dividends paid to stockholders	(90 )	—	—	—	(90 )
Repurchase of common stock	(141)	—	—	—	(141)
Activity under stock plans	7	—	(1 )	—	6
Other financing activities	204	(732 )	508	17	(3 )
Net cash (used in)/provided by financing activities	(20 )	(11 )	302	17	288
Effect of exchange-rate changes on cash and cash equivalents	—	—	(4 )	(24 )	(28 )
Net (decrease)/increase in cash and cash equivalents	(19 )	(1 )	129	(39 )	70
Cash and cash equivalents at beginning of period	49	1	(51 )	274	273
Cash and cash equivalents at end of period	\$ 30	\$ —	\$ 78	\$ 235	\$ 343

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, 2015 as contained in the Annual Report on Form 10-K filed by the Company with the Securities and Exchange Commission on February 19, 2016, 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 2015 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. Unless required by context, 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.

#### 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

- 24 -

---

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 retail transactional measurement data, consumer behavior information and analytics primarily to businesses in the consumer packaged goods industry. 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. We track billions of sales transactions per month in retail outlets globally and our data is used to measure their sales and market share. Our Buy services also enable our clients to better manage their brands, uncover new sources of demand, manage their supply chain issues, launch and grow new services, analyze their sales, improve their marketing mix and establish more effective consumer relationships. 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, South Korea and Australia 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

For the three months ended March 31, 2016, we paid cash consideration of \$47 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.

For the three months ended March 31, 2015, we paid cash consideration of \$191 million associated with both current period and previously executed acquisitions, net of cash acquired. Had these current period acquisitions occurred as of January 1, 2015, the impact on our consolidated results of operations would not have been material.

##### Adoption of New Accounting standard

In March 2016, the FASB issued an ASU, "Compensation - Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting". The new standard simplifies several aspects related to the accounting for share-based payment transactions, including the accounting for income taxes, statutory tax withholding requirements, forfeitures and classification on the statement of cash flows. This guidance is effective for fiscal years and interim periods within those fiscal years beginning after December 15, 2016; however, early adoption is permitted. We elected to early adopt this ASU and as a result recorded a \$47 million cumulative-effect adjustment to retained earnings as of January 1, 2016 related to previously unrecognized excess tax benefits. Further, we elected to apply the retrospective transition method to the amendments related to the presentation of excess tax benefits on the statement of cash flows. This change resulted in a \$26 million increase to operating cash flow and a \$26 million decrease to cash flows from financing activities for the period ended March 31, 2015.

##### Foreign Currency

Edgar Filing: Nielsen Holdings plc - Form 10-Q

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.

	Three Months Ended	
	March 31,	
	2016	2015
U.S. Dollar	61 %	60 %
Euro	10 %	9 %
Other Currencies	29 %	31 %
Total	100%	100 %

- 25 -

---

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 \$1.10 to €1.00 and \$1.13 to €1.00 for the three months ended March 31, 2016 and 2015, 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, 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.

#### Operations in Venezuela

We have operations in both the Buy and Watch segments in Venezuela and the functional currency for these operations was the Venezuelan Bolivares Fuertes. Venezuela’s currency has been considered hyperinflationary since January 1, 2010 and, accordingly, the local currency transactions have been denominated in U.S. dollars since January 1, 2010 and will continue to be until Venezuela’s currency is deemed to be non-hyperinflationary.

We currently expect to be able to access U.S. dollars through the DICOM market. DICOM has significantly higher foreign exchange rates than those available through the other foreign exchange mechanisms. At March 31, 2016, the DICOM exchange rate was 270.5 bolivars to the U.S. dollar.

We will continue to assess the appropriate conversion rate based on events in Venezuela and our specific facts and circumstances and whether to continue consolidation. Total net monetary assets in U.S. dollars at the March 31, 2016 DICOM rate were \$2 million.

#### Results of Operations – Three Months Ended March 31, 2016 Compared to the Three Months Ended March 31, 2015

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

(IN MILLIONS)	Three Months Ended March 31,	
	2016	2015
Revenues	\$ 1,487	\$ 1,458
Cost of revenues, exclusive of depreciation and amortization shown separately below	641	622
Selling, general and administrative expenses, exclusive of depreciation and amortization shown separately below	465	481
Depreciation and amortization	147	142
Restructuring charges	10	14
Operating income	224	199
Interest income	1	1



Edgar Filing: Nielsen Holdings plc - Form 10-Q

Interest expense	(79 )	(73 )
Foreign currency exchange transaction losses, net	(1 )	(26 )
Income from continuing operations before income taxes	145	101
Provision for income taxes	(44 )	(38 )
Net income	\$ 101	\$ 63
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, goodwill and intangible asset impairment charges, stock-based compensation expense, equity in net income of affiliates and other non-operating items from our consolidated statements of operations as well as certain other items specifically described below.

- 26 -

---

## Edgar Filing: Nielsen Holdings plc - Form 10-Q

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.

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.

The below table presents a reconciliation from net income to Adjusted EBITDA for the three months ended March 31, 2016 and 2015:

(IN MILLIONS)	Three Months Ended	
	March 31,	
	2016	2015
Net income	\$ 101	\$ 63
Interest expense, net	78	72
Provision for income taxes	44	38
Depreciation and amortization	147	142
EBITDA	370	315
Other non-operating expense, net	1	26
Restructuring charges	10	14
Stock-based compensation expense	13	14
Other items <sup>(a)</sup>	8	11
Adjusted EBITDA	\$ 402	\$ 380

(a) Other items primarily consist of non-recurring costs for the three months ended March 31, 2016 and 2015. Consolidated Results for the Three Months Ended March 31, 2016 Compared to the Three Months Ended March 31, 2015

### Revenues

Revenues increased 2.0% to \$1,487 million for the three months ended March 31, 2016 from \$1,458 million for the three months ended March 31, 2015, or 5.2% on a constant currency basis, excluding a 3.2% unfavorable impact of changes in foreign currency exchange rates. Revenues within our Buy segment decreased 0.6% (an increase of 4.3% on a constant currency basis). Revenues within our Watch segment increased 5.2% (6.3% on a constant currency basis). Refer to the “Business Segment Results for the Three Months Ended March 31, 2016 Compared to the Three Months Ended March 31, 2015” section for further discussion of our revenue performance.

Cost of Revenues, Exclusive of Depreciation and Amortization

Cost of revenues increased 3.1% to \$641 million for the three months ended March 31, 2016 from \$622 million for the three months ended March 31, 2015, or an increase of 6.8% on a constant currency basis, excluding a 3.7% favorable impact of changes in foreign currency exchange rates.

Costs within our Buy segment decreased 0.3%, or an increase of 5.1% on a constant currency basis. Excluding a 5.4% favorable impact of changes in foreign currency exchange rates, cost of revenues increased due to the continued global investments in our services.

Costs within our Watch segment increased 5.6%, or 6.9% on a constant currency basis. Excluding a 1.3% favorable impact of changes in foreign currency exchange rates, cost of revenues increased due to higher spending on product portfolio management initiatives, including our digital and Marketing Effectiveness product offerings.

- 27 -

---

## Edgar Filing: Nielsen Holdings plc - Form 10-Q

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

Selling, general and administrative expenses decreased 3.3% to \$465 million for the three months ended March 31, 2016 from \$481 million for the three months ended March 31, 2015, or an increase of 0.4% on a constant currency basis, excluding a 3.7% favorable impact of changes in foreign currency exchange rates.

Costs within our Buy segment decreased 2.2%, or an increase of 2.6% on a constant currency basis. Excluding a 4.8% favorable impact of changes in foreign currency exchange rates, selling, general and administrative increased due to continued global investments associated with our services.

Costs within our Watch segment increased 1.5%, or 3.0% on a constant currency basis. Excluding a 1.5% favorable impact of changes in foreign currency exchange rates, selling, general and administrative expenses increased due to investments in product development initiatives.

Corporate costs decreased by approximately \$9 million due primarily to lower non-recurring costs and stock-based compensation expense in the three months ended March 31, 2016.

### Depreciation and Amortization

Depreciation and amortization expense was \$147 million for the three months ended March 31, 2016 as compared to \$142 million for the three months ended March 31, 2015.

Depreciation and amortization expense associated with tangible and intangibles assets acquired in business combinations increased to \$52 million for the three months ended March 31, 2016 from \$50 million for the three months ended March 31, 2015.

### Restructuring Charges

We recorded \$10 million and \$14 million in restructuring charges relating to employee severance associated with productivity initiatives for the three months ended March 31, 2016 and 2015, respectively.

### Operating Income

Operating income for the three months ended March 31, 2016 was \$224 million as compared to \$199 million for the three months ended March 31, 2015. Operating income within our Buy segment was \$52 million for the three months ended March 31, 2016 as compared to \$45 million for the three months ended March 31, 2015. Operating income within our Watch segment was \$197 million for the three months ended March 31, 2016 as compared to \$184 million for the three months ended March 31, 2015. Corporate operating expenses were \$25 million for the three months ended March 31, 2016 as compared to \$30 million for the three months ended March 31, 2015.

### Interest Expense

Interest expense was \$79 million for the three months ended March 31, 2016 as compared to \$73 million for the three months ended March 31, 2015. This increase is primarily due to the issuance of \$750 million 5.00% Senior Notes in February 2015.

### Foreign Currency Exchange Transaction Losses, Net

Foreign currency exchange transaction losses, net, primarily represent the net 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 \$1.10 to €1.00 for the three months ended March 31, 2016 as compared to \$1.13 to €1.00 for the three months ended March 31, 2015.

We realized net foreign currency losses of \$26 million for the three months ended March 31, 2015, resulting primarily from the revaluation of our U.S. denominated debt and cash held in Euro functional currency entities of \$13 million, the devaluation of the Venezuela bolivars Fuertes of \$7 million as discussed in the “Foreign Currency” section of “Factors Affecting Nielsen’s Financial Results” as well as the fluctuations in certain foreign currencies associated with intercompany transactions, partially offset by a gain of \$2 million associated with foreign currency derivative financial instruments.

- 28 -

---

## Income Taxes

The effective tax rates for the three months ended March 31, 2016 and 2015 were 30% and 38%, respectively. The tax rate for the three months ended March 31, 2016 was higher than the statutory rate as a result of the impact of tax rate differences in other jurisdictions where we file 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 the release of certain tax contingencies. The tax rate for the three months ended March 31, 2015 was higher than the statutory rate as a result of the impact of tax rate differences in other jurisdictions where we file tax returns, the effect of global licensing activities and foreign distributions and audit settlements, offset by the favorable impact of certain financing activities and the release of certain tax contingencies. The principal reasons for the reduction in the first quarter effective tax rate in 2016 when compared to 2015 was due to the impact of share-based compensation excess tax benefit and increases in the amount of releases of certain tax contingencies.

The estimated liability for unrecognized tax benefits as of December 31, 2016 is \$466 million and was \$461 million as of December 31, 2015. 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 5.8% to \$402 million for the three months ended March 31, 2016 from \$380 million for the three months ended March 31, 2015, or 7.2% on a constant currency basis, excluding a 1.4% unfavorable impact of changes in foreign currency exchange rates. See “Results of Operations – Three Months Ended March 31, 2016 Compared to the Three Months Ended March 31, 2015” for the reconciliation of net income to Adjusted EBITDA.

## Business Segment Results for the Three Months Ended March 31, 2016 Compared to the Three Months Ended March 31, 2015

## Revenues

The table below sets forth our segment revenue performance data for the three months ended March 31, 2016 compared to the three months ended March 31, 2015, both on an as-reported and constant currency basis.

(IN MILLIONS)	Three	Three	% Variance 2016 vs. 2015 Reported		Three	% Variance 2016 vs. 2015 Constant Currency	
	Months Ended March 31, 2016	Months Ended March 31, 2015			Months Ended March 31, 2015 Constant Currency		
Developed Markets	\$ 550	\$ 549	0.2	%	\$ 539	2.0	%
Emerging Markets	243	249	(2.4)	)%	221	10.0	%
Buy Segment	\$ 793	\$ 798	(0.6)	)%	\$ 760	4.3	%
Audience Measurement (Video and Text)	\$ 472	\$ 445	6.1	%	\$ 439	7.5	%
Audio	120	120	0.0	%	119	0.8	%
Marketing Effectiveness	67	52	28.8	%	52	28.8	%
Other Watch	35	43	(18.6)	)%	43	(18.6)	)%
Watch Segment	694	660	5.2	%	653	6.3	%
Total	\$ 1,487	\$ 1,458	2.0	%	\$ 1,413	5.2	%

### Buy Segment Revenues

Revenues decreased 0.6% to \$793 million for the three months ended March 31, 2016 from \$798 million for the three months ended March 31, 2015, or an increase of 4.3% on a constant currency basis, excluding a 4.9% unfavorable impact of changes in foreign currency exchange rates.

Revenues from developed markets increased 0.2% to \$550 million, or an increase of 2.0% on a constant currency basis, excluding a 1.8% unfavorable impact of changes in foreign currency exchange rates. Excluding the impact of foreign currency exchange rates, revenue grew as a result of new client wins in our subscription-based products.

Revenues from emerging markets decreased 2.4% to \$243 million, or an increase of 10.0% on a constant currency basis, excluding a 12.4% unfavorable impact of changes in foreign currency exchange rates. Excluding the impact of foreign currency exchange rates, revenue growth was driven by our continued commitment to invest in coverage and analytics capabilities, which

- 29 -

---

resulted in broad based demand for our services within both our multinational and local client bases. For the three months ended March 31, 2016, these investments drove double-digit growth in Latin America, South East Asia and China, along with mid to high single digit growth in Africa and Eastern Europe.

### Watch Segment Revenues

Revenues increased 5.2% to \$694 million for the three months ended March 31, 2016 from \$660 million for the three months ended March 31, 2015, or an increase of 6.3% on a constant currency basis, excluding a 1.1% unfavorable impact of changes in foreign currency exchange rates. Excluding the impact of foreign currency exchange rates, revenue growth was driven by growth in Audience Measurement of Video and Text, which increased 6.1% (7.5% on a constant currency basis) due to continued client adoption of our Total Audience Measurement framework and continued investments. Audio growth was flat, an increase of 0.8% on a constant currency basis, for the three months ended March 31, 2016 as compared to the three months ended March 31, 2015. Our Marketing Effectiveness offerings had another strong quarter, growing 28.8% (28.8% on a constant currency basis), due to our investments in eXelate and Nielsen Catalina Solutions as well as client's growing demand for our Marketing ROI and precision targeting tools. Other Watch revenues decreased by 18.6% (18.6% on a constant currency basis) due to the sale of the National Research Group, Inc., which was completed in the fourth quarter of 2015.

### 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 March 31, 2016 and 2015, 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 MARCH 31, Operating	Restructuring Charges	Depreciation and Amortization	Stock-Based Compensation		Other Items	Non-GAAP
			Expense			Business Segment
2016 (IN MILLIONS)	Income/(Loss)					Income/(Loss)
Buy	\$ 52	\$ 6	\$ 51	\$ 4	\$ 1	\$ 114
Watch	197	2	95	3	—	297
Corporate and Eliminations	(25 )	2	1	6	7	(9 )
Total Nielsen	\$ 224	\$ 10	\$ 147	\$ 13	\$ 8	\$ 402



THREE MONTHS ENDED MARCH 31, 2015 (IN MILLIONS)	Stock-Based					Non-GAAP
	Operating Income/(Loss)	Restructuring Charges	Depreciation and Amortization	Compensation Expense	Other Items	Business Segment Income/(Loss)
Buy	\$ 45	\$ 7	\$ 53	\$ 5	\$ —	\$ 110
Watch	184	4	88	2	—	278
Corporate and Eliminations	(30 )	3	1	7	11	(8 )
Total Nielsen	\$ 199	\$ 14	\$ 142	\$ 14	\$ 11	\$ 380

(1) Other items primarily consist of non-recurring costs for the three months ended March 31, 2016 and 2015.

- 30 -

---

(IN MILLIONS)	Three	Three	% Variance		Three	% Variance	
	Months	Months			Months		
	Ended	Ended			Ended		
	March 31,	March 31,	2016 vs. 2015		March 31, 2015	2016 vs. 2015	
	2016	2015	Reported		Constant Currency	Constant Currency	
	Reported	Reported	Reported		Constant Currency	Constant Currency	
Non-GAAP Business Segment							
Income/(Loss)							
Buy	\$ 114	\$ 110	3.6	%	\$ 106	7.5	%
Watch	297	278	6.8	%	277	7.2	%
Corporate and Eliminations	(9 )	(8 )	NM		(8 )	NM	
Total Nielsen	\$ 402	\$ 380	5.8	%	\$ 375	7.2	%
Buy Segment Profitability							

Operating income was \$52 million for the three months ended March 31, 2016 as compared to \$45 million for the three months ended March 31, 2015, primarily due to decreases in depreciation and amortization expense, restructuring charges and stock-based compensation expense. Non-GAAP business segment income increased 7.5% on a constant currency basis.

#### Watch Segment Profitability

Operating income was \$197 million for the three months ended March 31, 2016 as compared to \$184 million for the three months ended March 31, 2015. The increase was driven primarily by the revenue performance discussed above and the impact of productivity initiatives. Non-GAAP business segment income increased 7.2% on a constant currency basis.

#### Corporate Expenses and Eliminations

Operating expenses were \$25 million for the three months ended March 31, 2016 as compared to \$30 million for the three months ended March 31, 2015 due primarily to lower non-recurring charges for the three months ended March 31, 2016.

#### Liquidity and Capital Resources

##### Overview

Cash flows from operations provided a source of funds of \$87 million during the three months ended March 31, 2016 as compared to \$101 million for the three months ended March 31, 2015, a decrease of \$14 million due to improved financial performance and working capital management more than offset by the Company's \$36 million cash contribution to the Nielsen Foundation during the three months ended March 31, 2016. 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 three months ended March 31, 2016 and 2015:

(IN MILLIONS)	Three	Three
	Months	Months
	Ended	Ended

Edgar Filing: Nielsen Holdings plc - Form 10-Q

	March 31,	March 31,
	2016	2015
Net cash from operating activities	\$ 87	\$ 101
Cash and cash equivalents	\$ 432	\$ 343
Availability under Revolving credit facility	\$ 568	\$ 495

Of the \$432 million in cash and cash equivalents, approximately \$329 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.

- 31 -

---

## Edgar Filing: Nielsen Holdings plc - Form 10-Q

The below table illustrates our weighted average interest rate and cash paid for interest over the three months ended March 31, 2016 and 2015.

	Three Months Ended March 31, 2016		Three Months Ended March 31, 2015	
Weighted average interest rate	4.05	%	4.00	%
Cash paid for interest, net of amounts capitalized (in millions)	\$ 29		\$ 16	

On March 30, 2016, we entered into an amendment to our Fourth Amended and Restated Credit Agreement (the “Amended Credit Agreement”), dated as of April 22, 2014, which provides for additional Class A Term Loans in an aggregate principal amount of \$500 million, maturing in full in April 2019 (the “Additional Class A Term Loans”). The Additional Class A Term Loans are required to be repaid in quarterly installments ranging from 1.369% to 4.11% of the original principal amount (as may be reduced as a result of voluntary prepayments), with the balance payable on the maturity date. The Additional Class A Term Loans bear interest equal to, at the election of Nielsen Finance, a base rate or eurocurrency rate, in each case plus an applicable margin which ranges from 0.50% to 1.25% (in the case of base rate loans) or 1.50% to 2.25% (in the case of eurocurrency rate loans). The specific applicable margin is determined by our total leverage ratio (as defined in the Amended 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 March 31, 2016, 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 March 31, 2016 and 2015, we had zero and \$75 million borrowings outstanding and had outstanding letters of credit of \$7 million and \$5 million, respectively. As of March 31, 2016, we had \$568 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

Edgar Filing: Nielsen Holdings plc - Form 10-Q

will be subject to the board's continuing determination that the dividend policy and the 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 2015 and the three months ended March 31, 2016.

Declaration Date	Record Date	Payment Date	Dividend Per Share
February 19, 2015	March 5, 2015	March 19, 2015	\$ 0.25
April 20, 2015	June 4, 2015	June 18, 2015	\$ 0.28
July 23, 2015	August 27, 2015	September 10, 2015	\$ 0.28
October 29, 2015	November 24, 2015	December 8, 2015	\$ 0.28
February 18, 2016	March 3, 2016	March 17, 2016	\$ 0.28

On April 19, 2016, our Board of Directors declared a cash dividend of \$0.31 per share on our common stock. The dividend is payable on June 16, 2016 to stockholders of record at the close of business on June 2, 2016.

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 purpose of the program is to return value to shareholders and to mitigate dilution associated with our equity compensation plans.

	Share Repurchase Authorization
Board Approval	(\$ in 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 existing authority granted at Nielsen's Annual General Meeting of Shareholders held in 2015 and 2016.

As of March 31, 2016, there have been 27,507,555 shares of our common stock purchased at an average price of \$44.64 per share (total consideration of approximately \$1,228 million) under this program.

The activity for the three months ended March 31, 2016 consisted of open market share repurchases and is summarized in the following table:

Edgar Filing: Nielsen Holdings plc - Form 10-Q

Period	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Dollar Value of Shares that may yet be Purchased under the Plans or Programs
As of December 31, 2015	25,762,411	\$ 44.43	25,762,411	\$ 855,495,985
2016 Activity				
January 1- 31	628,054	45.62	628,054	\$ 826,841,315
February 1- 29	687,473	\$ 47.41	687,473	\$ 794,246,197
March 1- 31	429,617	\$ 51.48	429,617	\$ 772,128,086
Total	27,507,555	\$ 44.64	27,507,555	

Cash Flows

Operating activities. Net cash provided by operating activities was \$87 million for the three months ended March 31, 2016, as compared to \$101 million for the three months ended March 31, 2015. This decrease was due to improved financial performance and working capital management more than offset by our \$36 million cash contribution to the Nielsen Foundation during the three months ended March 31, 2016. Our key collections performance measure, days billing outstanding (DBO), decreased by 1 day as compared to the same period last year.

Investing activities. Net cash used in investing activities was \$156 million for the three months ended March 31, 2016, as compared to \$291 million for the three months ended March 31, 2015. The primary driver for the decrease was lower acquisition costs during the three months ended March 31, 2016 as compared to the same period for 2015.

Financing activities. Net cash provided by financing activities was \$130 million for the three months ended March 31, 2016 as compared to \$288 million for the three months ended March 31, 2015. The decrease in net cash provided by financing activities is primarily due to the decrease in net proceeds from debt issuance for the three months ended March 31, 2016 as compared to the net proceeds from the debt issuance for the three months ended March 31, 2015, partially offset by lower share repurchasing, as described in the “Dividends and Share Repurchase Program” section above, during the three months ended March 31, 2016 as compared to the same period of 2015, and lower net repayments of the revolving credit facility in 2016.

#### Capital Expenditures

Investments in property, plant, equipment, software and other assets totaled \$109 million for the three months ended March 31, 2016 as compared to \$102 million for the three months ended March 31, 2015.

#### 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 expenditure or capital resources.

#### Summary of Recent Accounting Pronouncements

#### Classification and Measurement of Financial Instruments

In January 2016, the FASB issued an Accounting Standards Update (“ASU”), “Recognition and Measurement of Financial Assets and Financial Liabilities”. The new standard was issued to amend the guidance on the classification and measurement of financial instruments. The new standard significantly revises an entity's accounting related to the classification and measurement of investments in equity securities and the presentation of certain fair value changes for financial liabilities measured at fair value. The new standard also amends certain disclosure requirements associated with the fair value of financial instruments. The new standard is effective for fiscal years and interim periods within those fiscal years beginning after December 15, 2017. Early adoption for most of the provisions is not allowed. We are currently assessing the impact the adoption of this ASU will have on our condensed consolidated financial statements.

#### Leases

In February 2016, the FASB issued an ASU, “Leases”. The new standard amends the recognition of lease assets and lease liabilities by lessees for those leases currently classified as operating leases and amends disclosure requirements associated with leasing arrangements. The new standard is effective for fiscal years and interim periods within those fiscal years beginning after December 15, 2018. Early adoption is permitted. The new standard must be adopted using a modified retrospective transition, and provides for certain practical expedients. Transition will require application of the new guidance at the beginning of the earliest comparative period presented. We are currently assessing the impact the adoption of this ASU will have on our condensed consolidated financial statements.

#### Investments- Equity Method and Joint Ventures

In March 2016, the FASB issued an ASU, “Investments- Equity Method and Joint Ventures: Simplifying the Transition to the Equity Method of Accounting”. This new standard eliminates the requirement to apply the equity method of



accounting retrospectively when a reporting entity obtains significant influence over a previously held investment. This guidance is effective for fiscal years and interim periods within those fiscal years beginning after December 15, 2016. Under the provisions of this ASU, when circumstances dictate that an investment accounted for under the cost method should no longer be a cost method investee but be accounted for under the equity method, there will no longer be a required retrospective restatement. We are currently assessing the impact the adoption this ASU will have on our condensed consolidated financial statements.

#### Compensation- Stock Compensation

In March 2016, the FASB issued an ASU, "Compensation - Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting". The new standard simplifies several aspects related to the accounting for share-based payment transactions, including the accounting for income taxes, statutory tax withholding requirements, forfeitures and classification on the statement of cash flows. This guidance is effective for fiscal years and interim periods within those fiscal years beginning after December 15, 2016; however, early adoption is permitted. We elected to early adopt this ASU and as a result recorded a \$47 million cumulative-effect adjustment to retained earnings as of January 1, 2016 related to previously unrecognized excess tax benefits. Further, we elected to apply the retrospective transition method to the amendments related to the presentation of excess tax benefits on the statement of cash flows. This change resulted in a \$26 million increase to operating cash flow and a \$26 million decrease to cash flows from financing activities for the period ended March 31, 2015

## 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.

## 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 39% of our revenues and 42% of our operating costs were generated in currencies other than the U.S. Dollar for the three months ended March 31, 2016. 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 \$5 million annually, with an immaterial impact on our profitability.

Foreign currency translation risk is the risk that exchange rate gains or losses arise from translating foreign entities' statements of earnings and balance sheets from functional currency to our reporting currency (the U.S. Dollar) for consolidation purposes. Translation risk exposure is managed by creating "natural hedges" in our financing. It is our policy not to trade derivative financial instruments for speculative purposes. During the quarters ended March 31, 2016 and 2015, we recorded a net gain of zero and \$2 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 March 31, 2016 and December 31, 2015, the notional amount of outstanding foreign currency derivative financial instruments were \$132 million and \$37 million, respectively.

Edgar Filing: Nielsen Holdings plc - Form 10-Q

The table below details the percentage of revenues and expenses by currency for the three months ended March 31, 2016:

	U.S. Dollar		Euro		Other Currencies	
Revenues	61	%	10	%	29	%
Operating costs	58	%	10	%	32	%

We have operations in both the Buy and Watch segments in Venezuela and the functional currency for these operations was the Venezuelan Bolivares Fuertes. Venezuela's currency has been considered hyperinflationary since January 1, 2010 and, accordingly, the local currency transactions have been denominated in U.S. dollars since January 1, 2010 and will continue to be until Venezuela's currency is deemed to be non-hyperinflationary.

We currently expect to be able to access U.S. dollars through the DICOM market. DICOM has significantly higher foreign exchange rates than those available through the other foreign exchange mechanisms. At March 31, 2016, the DICOM exchange rate was 270.5 bolivars to the U.S. dollar.

- 35 -

---

We will continue to assess the appropriate conversion rate based on events in Venezuela and our specific facts and circumstances and whether to continue consolidation. Total net monetary assets in U.S. dollars at the March 31, 2016 DICOM rate totaled \$2 million.

#### 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 March 31, 2016, we had \$3,820 million in carrying value of floating-rate debt under our senior secured credit facilities of which \$2,325 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 \$15 million (\$38 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 March 31, 2016 (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, 2015.

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

There were no unregistered sales of our common stock for the three months ended March 31, 2016.

Nielsen's Board approved a share repurchase program, as included in the below table, for up to \$2 billion of our outstanding common stock. The primary purpose of the program is 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 existing authority granted at Nielsen's Annual General Meeting of Shareholders held in 2014 and 2015.

As of March 31, 2016, there have been 27,507,555 shares of our common stock purchased at an average price of \$44.64 per share (total consideration of approximately \$1,228 million) under this program.

The activity during the three months ended March 31, 2016 consisted of open market share repurchases and is summarized in the following table:

Edgar Filing: Nielsen Holdings plc - Form 10-Q

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Dollar Value of Shares that may yet be Purchased under the Plans or Programs
January 1-31	628,054	\$ 45.62	628,054	\$826,841,315
February 1-29	687,473	\$ 47.41	687,473	\$794,246,197
March 1-31	429,617	\$ 51.48	429,617	\$772,128,086
Total	1,745,144	\$ 47.77	1,745,144	

Item 3. Defaults Upon Senior Securities  
Not applicable.

Item 4. Mine Safety Disclosures  
Not applicable.

- 37 -

---

Item 5. Other Information

None.

Item 6. Exhibits

The exhibit index attached hereto is incorporated herein by reference.

- 38 -

---



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: April 20, 2016 /s/ Jeffrey R. Charlton  
Jeffrey R. Charlton

Senior Vice President and Corporate Controller

Duly Authorized Officer and Principal Accounting Officer

EXHIBIT INDEX

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 Amendment No. 1, dated as of March 30, 2016, to the Fourth Amended and Restated Credit Agreement dated April 22, 2014 (incorporated herein by reference to the Current Report on Form 8-K filed on March 30, 2016 (File No. 001-35042))
- 10.1\* Form of Nielsen Holdings plc Performance Restricted Stock Unit Award Agreement
- 31.1\* CEO 302 Certification Pursuant to Rule 13a-15(e)/15d-15(e)
- 31.2\* CFO 302 Certification Pursuant to Rule 13a-15(e)/15d-15(e)
- 32.1\* Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (Subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code)
- 101\* The following financial information from Nielsen Holdings plc's Quarterly Report on Form 10-Q for the quarter ended March 31, 2016, formatted in XBRL includes: (i) Condensed Consolidated Statements of Operations (Unaudited) for the three months ended March 31, 2016 and 2015, (ii) Condensed Consolidated Statements of Comprehensive Income (Unaudited) for the three months ended March 31, 2016 and 2015, (iii) Condensed Consolidated Balance Sheets at March 31, 2016 (Unaudited) and December 31, 2015, (iv) Condensed Consolidated Statements of Cash Flows (Unaudited) for the three months ended March 31, 2016 and 2015, and (v) the Notes to Condensed Consolidated Financial Statements.

\* Filed or furnished herewith