Nielsen Holdings plc
Form 10-Q
October 21, 2015

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-Q

(Mark One)

x QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended September 30, 2015

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 (State or other jurisdiction of	98-1225347 (I.R.S. Employer
incorporation or organization)	Identification No.)
85 Broad Street	AC Nielsen House
New York, New York 10004	London Road

+1 (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 x 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 x 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	x	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 x

There were 364,057,942 shares of the registrant's Common Stock outstanding as of September 30, 2015.

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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 September 30, 2015	Three Months Ended September 30, 2014	Nine Months Ended September 30, 2015	Nine Months Ended September 30, 2014
Revenues	$1,531	$1,572	$4,548	$4,655
Cost of revenues, exclusive of depreciation and amortization shown separately below	615	648	1,885	1,967
Selling, general and administrative expenses, exclusive of depreciation and amortization shown separately below	459	468	1,405	1,439
Depreciation and amortization	144	139	432	425
Restructuring charges	15	6	43	43
Operating income	298	$311	783	$781
Interest income	1	1	3	3
Interest expense	(79)	(74)	(231)	(229)
Foreign currency exchange transaction gains/(losses), net	5	1	(27)	(32)
Other expense, net	—	(52)	—	(100)
Income from continuing operations before income taxes and equity in net (loss)/income of affiliates	225	187	528	423
Provision for income taxes	(82)	(95)	(206)	(202)
Equity in net (loss)/income of affiliates	(1)	—	(1)	2
Net income	142	92	321	223
Net income attributable to noncontrolling interests	—	1	2	—
Net income attributable to Nielsen stockholders	$142	$91	$319	$223
Net income per share of common stock, basic				
Income from continuing operations	$0.39	$0.24	$0.87	$0.59
Net income attributable to Nielsen stockholders	$0.39	$0.24	$0.87	$0.59
Net income per share of common stock, diluted				
Income from continuing operations	$0.38	$0.24	$0.86	$0.58
Net income attributable to Nielsen stockholders	$0.38	$0.24	$0.86	$0.58
Weighted-average shares of common stock outstanding, basic	365,498,696	380,884,561	368,323,542	379,891,241
Dilutive shares of common stock	3,999,243	5,006,830	4,135,995	5,283,261
Weighted-average shares of common stock outstanding, diluted	369,497,939	385,891,391	372,459,537	385,174,502
Dividends declared per common share	$0.28	$0.25	$0.81	$0.70

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

Nielsen Holdings plc

Condensed Consolidated Statements of Comprehensive Income (Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
(IN MILLIONS)	2015	2014	2015	2014
Net income	$ 142	$ 92	$ 321	$ 223
Other comprehensive (loss)/income, net of tax				
Foreign currency translation adjustments [1]	(148)	(169)	(285)	(136)
Available for sale securities [2]	(4)	—	—	4
Changes in the fair value of cash flow hedges [3]	(4)	4	(6)	3
Defined benefit pension plan adjustments [4]	5	3	15	5
Total other comprehensive loss	(151)	(162)	(276)	(124)
Total comprehensive (loss)/income	(9)	(70)	45	99
Less: comprehensive loss attributable to noncontrolling interests	(3)	(1)	(5)	(2)
Total comprehensive (loss)/income attributable to Nielsen stockholders	$ (6)	$ (69)	$ 50	$ 101

(1) Net of tax of (2) million and $(4) million for the three months ended September 30, 2015 and 2014, respectively, and $(14) million and $(5) million for the nine months ended September 30, 2015 and 2014, respectively

(2) Net of tax of $3 million and zero for the three months ended September 30, 2015 and 2014, and zero and $(3) million for the nine months ended September 30, 2015 and 2014

(3) Net of tax of $3 million and $(2) for the three months ended September 30, 2015 and 2014, respectively, and $4 million and $(2) for the nine months ended September 30, 2015 and 2014, respectively

(4) Net of tax of $(2) million and $(1) million for the three months ended September 30, 2015 and 2014, respectively, and $(4) million and zero for the nine months ended September 30, 2015 and 2014, respectively

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

Nielsen Holdings plc

Condensed Consolidated Balance Sheets

(IN MILLIONS, EXCEPT SHARE AND PER SHARE DATA)	September 30, 2015 (Unaudited)	December 31, 2014
Assets:		
Current assets		
Cash and cash equivalents	$ 358	$ 273
Trade and other receivables, net of allowances for doubtful accounts and sales returns of $27 and $29 as of September 30, 2015 and December 31, 2014, respectively	1,163	1,241
Prepaid expenses and other current assets	585	505
Total current assets	2,106	2,019
Non-current assets		
Property, plant and equipment, net	486	533
Goodwill	7,588	7,671
Other intangible assets, net	4,655	4,715
Deferred tax assets	73	83
Other non-current assets	369	355
Total assets	$ 15,277	$ 15,376
Liabilities and equity:		
Current liabilities		
Accounts payable and other current liabilities	$ 918	$ 1,035
Deferred revenues	299	304
Income tax liabilities	199	62
Current portion of long-term debt, capital lease obligations and short-term borrowings	339	397
Total current liabilities	1,755	1,798
Non-current liabilities		
Long-term debt and capital lease obligations	7,114	6,465
Deferred tax liabilities	993	1,025
Other non-current liabilities	917	955
Total liabilities	10,779	10,243
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; 364,057,942 and 382,622,922 shares issued and 364,057,942 and 372,757,598 shares outstanding at September 30, 2015 and December 31, 2014, respectively	32	32
Additional paid-in capital	5,249	6,344
Treasury stock, at cost	—	(415)
Retained earnings/(accumulated deficit)	191	(128)
Accumulated other comprehensive loss, net of income taxes	(1,046)	(777)
Total Nielsen stockholders' equity	4,426	5,056
Noncontrolling interests	72	77
Total equity	4,498	5,133
Total liabilities and equity	$ 15,277	$ 15,376

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

Nielsen Holdings plc

Condensed Consolidated Statements of Cash Flows (Unaudited)

(IN MILLIONS)	Nine Months Ended September 30, 2015	2014
Operating Activities		
Net income	$321	$223
Adjustments to reconcile net income to net cash provided by operating activities:		
Stock-based compensation expense	39	36
Excess tax benefits from stock-based compensation	(30)	—
Currency exchange rate differences on financial transactions and other losses	29	134
Equity in net income of affiliates, net of dividends received	2	(2)
Depreciation and amortization	432	425
Changes in operating assets and liabilities, net of effect of businesses acquired and divested:		
Trade and other receivables, net	32	(9)
Prepaid expenses and other current assets	(65)	(81)
Accounts payable and other current liabilities and deferred revenues	(140)	(159)
Other non-current liabilities	(4)	(6)
Interest payable	61	46
Income taxes	101	85
Net cash provided by operating activities	778	692
Investing Activities		
Acquisition of subsidiaries and affiliates, net of cash acquired	(198)	(203)
Additions to property, plant and equipment and other assets	(100)	(96)
Additions to intangible assets	(206)	(178)
Net cash used in investing activities	(504)	(477)
Financing Activities		
Net payments under revolving credit facility	(70)	—
Proceeds from issuances of debt, net of issuance costs	746	4,544
Repayment of debt	(74)	(4,573)
Cash dividends paid to stockholders	(307)	(261)
Repurchase of common stock	(493)	(75)
Proceeds from exercise of stock options	40	80
Excess tax benefits from stock-based compensation	30	—
Other financing activities	(16)	(91)
Net cash used in financing activities	(144)	(376)
Effect of exchange-rate changes on cash and cash equivalents	(45)	(34)
Net decrease in cash and cash equivalents	85	(195)
Cash and cash equivalents at beginning of period	273	564
Cash and cash equivalents at end of period	$358	$369
Supplemental Cash Flow Information		
Cash paid for income taxes	$(105)	$(117)
Cash paid for interest, net of amounts capitalized	$(170)	$(183)

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 (the successor issuer to Nielsen N.V.) ("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 its headquarters in New York, USA.

The Company was formed by several private equity groups through Valcon Acquisition Holding (Luxembourg) S.à r.l. ("Luxco"). As of December 31, 2014, Luxco owned approximately 15% of the Company's common stock. During the nine months ended September 30, 2015, Luxco sold its remaining shares of the Company's common stock. As a result, the private equity group that held equity interests in Nielsen at the time of the January 2011 initial public offering has disposed of such interests.

On August 31, 2015, Nielsen N.V., a Dutch public company listed on the New York Stock Exchange, merged with Nielsen Holdings plc, by way of a cross-border merger under the European Cross-Border Merger Directive, with Nielsen Holdings plc being the surviving company (the "Merger"). The Merger effectively changed the place of incorporation of Nielsen's publically traded parent holding company from the Netherlands to England and Wales, with no changes made to the business being conducted by Nielsen prior to the Merger. Due to the fact that the Merger was a business combination between entities under common control, the exchange of assets and liabilities were made at carrying value. Therefore, there were no direct accounting implications in the Company's condensed consolidated financial statements.

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, 2014. All amounts are presented in U.S. Dollars ("$"), except for share data or where expressly stated as being in other currencies, e.g., Euros ("€"). The condensed consolidated financial statements include the accounts of Nielsen and all subsidiaries and other controlled entities. The Company has evaluated events occurring subsequent to September 30, 2015 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 57,600 and 92,800 shares of common stock equivalents under stock compensation plans were excluded from the calculation of diluted earnings per share for the three months ended September 30, 2015 and 2014, respectively, as such shares would have been anti-dilutive.

The effect of 1,608,433 and 92,800 shares of common stock equivalents under stock compensation plans were excluded from the calculation of diluted earnings per share for the nine months ended September 30, 2015 and 2014, 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.

During the period between the first quarter of 2013 through the third quarter of 2015, there have been a number of changes in the foreign exchange regime in Venezuela that have impacted the conversion rates used by the Company for the conversion of Venezuelan Bolivares Fuertes into U.S. Dollars in its financial statements, resulting in foreign currency exchange transaction losses in the condensed consolidated statement of operations, reflecting the write-down of monetary assets and liabilities in our Venezuelan operations.

In February 2013, the official exchange rate was moved from 4.30 to 6.30 and the regulated System of Transactions with Securities in Foreign Currency market was suspended.

Based on facts and circumstances present at March 31, 2014, Nielsen began using the exchange rate determined by periodic auctions for U.S. dollars conducted under Venezuela's Complementary System of Foreign Currency Administration ("SICAD I") as the SICAD I exchange rate represented what was the most realistic official exchange rate at which to remeasure the U.S. dollar value of the bolivar-denominated monetary assets and liabilities of Nielsen's Venezuelan operations at that time. At March 31, 2014, the SICAD I exchange rate was 10.8 bolivars to the U.S. dollar. As a result of this change, Nielsen recorded a pre-tax charge of $20 million during the first quarter of 2014.

Due to the lack of access to the SICAD I auction system throughout the remainder of 2014, as of December 31, 2014 the Company decided it was more likely that it would be able to gain access to U.S. dollars through the SICAD II mechanism to settle transactions conducted by the Company in Venezuela as SICAD II was created to provide a more open mechanism that was designed to permit any company to request U.S. dollars for any purpose. At December 31, 2014, the SICAD II exchange rate was 50.0 bolivars to the U.S. dollar. As a result of the changes in exchange rate assumptions in the fourth quarter 2014, Nielsen recorded a pre-tax charge of $32 million, for a total of $52 million for the year ended December 31, 2014.

On February 12, 2015, the Venezuelan government replaced SICAD II with a new foreign exchange market mechanism ("SIMADI"). Nielsen currently expects to be able to access U.S. dollars through the SIMADI market. SIMADI has significantly higher foreign exchange rates than those available through the other foreign exchange mechanisms. At September 30, 2015, the SIMADI exchange rate was 199.4 bolivars to the U.S. dollar. As a result of this change, Nielsen has recorded a pre-tax charge of $1 million and $9 million during the three and nine months ended September 30, 2015, respectively.

The Company will continue to assess the appropriate conversion rate based on events in Venezuela and the Company's specific facts and circumstances. Total net monetary assets in U.S. dollars at the September 30, 2015 SIMADI rate totaled $3 million.

2. Summary of Recent Accounting Pronouncements

Consolidation

In February 2015, the FASB issued Accounting Standards Update ("ASU") 2015-02, "Consolidation (Topic 810): Amendments to the Consolidation Analysis". The new standard is intended to improve targeted areas of the consolidation guidance for legal entities such as limited partnerships, limited liability corporations, and securitization structures. The amendments in the ASU affect the consolidation evaluation for reporting organizations. In addition, the amendments in this ASU simplify and improve current GAAP by reducing the number of consolidation models. This guidance is effective for fiscal years and interim periods within those fiscal years beginning after December 15, 2015; however, early adoption is permitted. Nielsen is currently assessing the impact of the adoption of this ASU will have on the Company's condensed consolidated financial statements.

Debt Issuance Costs

In April 2015, the FASB issued an ASU, "Simplifying the Presentation of Debt Issuance Costs". The new standard changes the presentation of debt issuance costs in financial statements. Under the ASU, an entity will present such costs in the balance sheet as a direct deduction from the related debt liability rather than as an asset. Amortization of the costs is reported as interest expense. This guidance will be effective for fiscal years and interim periods within those fiscal years beginning after December 15, 2015; however, early adoption is permitted. Nielsen is currently assessing the impact of the adoption of this ASU will have on the Company's condensed consolidated financial statements.

Revenue Recognition

In May 2014, the FASB issued an ASU, "Revenue from Contracts with Customers". The new revenue recognition standard provides a five step analysis of transactions to determine when and how revenue is recognized. The new model will require revenue recognition to depict the transfer of promised goods or services to customers in an amount that reflects the consideration a company expects to receive in exchange for those goods or services and shall be applied retrospectively to each period presented or as a cumulative-effect adjustment as of the date of adoption. The FASB has approved a one year deferral of this standard and is now effective for annual periods beginning after December 15, 2017. Nielsen is currently assessing the impact of the adoption of this ASU will have on our condensed consolidated financial statements.

3. Business Acquisitions and Dispositions

For the nine months ended September 30, 2015, Nielsen paid cash consideration of $198 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 Nielsen’s consolidated results of operations would not have been material.

In the third quarter of 2015, management approved a plan to sell National Research Group, Inc. (“NRG”), a leader in providing market research to movie studios. NRG is part of the Company’s Watch segment. As of September 30, 2015, Nielsen classified the net assets of NRG as held for sale. As of September 30, 2015, the Company’s condensed consolidated balance sheet included $22 million of assets in prepaid expenses and other current assets and $6 million of liabilities in accounts payable and other current liabilities classified as held for sale related to this business. The Company expects the sale to be completed during the fourth quarter of 2015.

For the nine months ended September 30, 2014, Nielsen paid cash consideration of $203 million associated with both current period and previously executed acquisitions, net of cash acquired. Had these current period acquisitions occurred as of January 1, 2014, the impact on Nielsen’s consolidated results of operations would not have been material.

4. Goodwill and Other Intangible Assets

Goodwill

The table below summarizes the changes in the carrying amount of goodwill by reportable segment for the nine months ended September 30, 2015.

(IN MILLIONS)	Buy	Watch	Total
Balance, December 31, 2014	$3,014	$4,657	$7,671
Acquisitions, divestitures and other adjustments	3	129	132
Effect of foreign currency translation	(195)	(20)	(215)
Balance, September 30, 2015	$2,822	$4,766	$7,588

At September 30, 2015, $64 million of the goodwill is expected to be deductible for income tax purposes.

Other Intangible Assets

Gross Amounts

(IN MILLIONS)	September 30, 2015	December 31, 2014	Accumulated Amortization September 30, 2015	Accumulated Amortization December 31, 2014
Indefinite-lived intangibles:				
Trade names and trademarks	$1,921	$ 1,921	—	—
Amortized intangibles:				
Trade names and trademarks	166	166	(81)	(68)
Customer-related intangibles	2,959	2,938	(1,178)	(1,054)
Covenants-not-to-compete	38	36	(35)	(30)
Computer software	2,164	1,935	(1,319)	(1,157)
Patents and other	105	105	(85)	(77)
Total	$5,432	$ 5,180	$(2,698)	$ (2,386)

Amortization expense associated with the above intangible assets was $102 million and $99 million for the three months ended September 30, 2015 and 2014, respectively. These amounts included amortization expense associated with computer software of $56 million and $52 million for the three months ended September 30, 2015 and 2014, respectively.

Amortization expense associated with the above intangible assets was $305 million and $300 million for the nine months ended September 30, 2015 and 2014, respectively. These amounts included amortization expense associated with computer software of $165 million and $160 million for the nine months ended September 30, 2015 and 2014, respectively.

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

The table below summarizes the changes in accumulated other comprehensive loss, net of tax, by component for the nine months ended September 30, 2015 and 2014.

(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	(285)	—	(11)	2	(294)
Amounts reclassified from accumulated other comprehensive (loss)/income	—	—	5	13	18
Net current period other comprehensive (loss)/income	(285)	—	(6)	15	(276)
Net current period other comprehensive loss attributable to noncontrolling interest	(7)	—	—	—	(7)
Net current period other comprehensive (loss)/income attributable to Nielsen stockholders	(278)	—	(6)	15	(269)
Balance September 30, 2015	$ (696)	$ 19	$ (8)	$ (361)	$ (1,046)

(IN MILLIONS)	Currency Translation Adjustments	Available-for-Sale Securities	Cash Flow Hedges	Post Employment Benefits	Total
Balance December 31, 2013	$ (124)	$ 9	$ (5)	$ (267)	$ (387)
Other comprehensive (loss)/income before reclassifications	(136)	4	(4)	—	(136)
Amounts reclassified from accumulated other comprehensive (loss)/income	—	—	7	5	12
Net current period other comprehensive (loss)/income	(136)	4	3	5	(124)
Net current period other comprehensive loss attributable to noncontrolling interest	(2)	—	—	—	(2)
Net current period other comprehensive (loss)/income attributable to Nielsen stockholders	(134)	4	3	5	(122)
Balance September 30, 2014	$ (258)	$ 13	$ (2)	$ (262)	$ (509)

The table below summarizes the reclassification of accumulated other comprehensive loss by component for the three months ended September 30, 2015 and 2014, respectively.

(IN MILLIONS)	Amount Reclassified from Accumulated Other Comprehensive Loss

Details about Accumulated Other Comprehensive Income components	Three Months Ended September 30, 2015	Three Months Ended September 30, 2014	Affected Line Item in the Condensed Consolidated Statement of Operations
Cash flow hedges			
Interest rate contracts	$ 3	$ 4	Interest expense
	2	2	Benefit for income taxes
	$ 1	$ 2	Total, net of tax
Amortization of Post-Employment Benefits			
Actuarial loss	$ 5	$ 3	(a)
	2	1	Benefit for income taxes
	$ 3	$ 2	Total, net of tax
Total reclassification for the period	$ 4	$ 4	Net of tax

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

The table below summarizes the reclassification of accumulated other comprehensive loss by component for the nine months ended September 30, 2015 and 2014, respectively.

(IN MILLIONS) Details about Accumulated Other Comprehensive Income components	Amount Reclassified from Accumulated Other Comprehensive Loss Nine Months Ended September 30, 2015	Nine Months Ended September 30, 2014	Affected Line Item in the Condensed Consolidated Statement of Operations
Cash flow hedges			
Interest rate contracts	$ 9	$ 12	Interest expense
	4	5	Benefit for income taxes
	$ 5	$ 7	Total, net of tax
Amortization of Post-Employment Benefits			
Actuarial loss	$ 17	$ 9	(a)
	4	4	Benefit for income taxes
	$ 13	$ 5	Total, net of tax
Total reclassification for the period	$ 18	$ 12	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, 2014	$ 72
Charges	43
Payments	(63)
Effect of foreign currency translation and other adjustments	(7)
Balance at September 30, 2015	$ 45

Nielsen recorded $15 million in restructuring charges for the three months ended September 30, 2015, primarily relating to severance and contract termination costs. Nielsen recorded $6 million in restructuring charges for the three months ended September 30, 2014, primarily relating to severance costs.

Nielsen recorded $43 million in restructuring charges for the nine months ended September 30, 2015 and 2014, respectively, primarily relating to severance costs.

Of the $45 million in remaining liabilities for restructuring actions, $36 million is expected to be paid within one year and is classified as a current liability within the condensed consolidated balance sheet as of September 30, 2015.

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 September 30, 2015 and December 31, 2014:

(IN MILLIONS)	September 30, 2015	Level 1	Level 2	Level 3
Assets:				
Investments in equity securities (1)	$ 45	$ 45	—	—
Plan assets for deferred compensation (2)	29	29	—	—
Investment in mutual funds (3)	2	2	—	—
Total	$ 76	$ 76	$ —	—
Liabilities:				
Interest rate swap arrangements (4)	$ 15	—	$ 15	—
Deferred compensation liabilities (5)	29	29	—	—
Total	$ 44	$ 29	$ 15	—

	December 31, 2014	Level 1	Level 2	Level 3
Assets:				
Investments in equity securities (1)	$ 45	$ 45	—	—
Plan assets for deferred compensation (2)	28	28	—	—
Investment in mutual funds (3)	2	2	—	—
Interest rate swap arrangements (4)	1	—	1	—
Total	$ 76	$ 75	$ 1	—
Liabilities:				
Interest rate swap arrangements (4)	$ 6	—	$ 6	—
Deferred compensation liabilities (5)	28	28	—	—
Total	$ 34	$ 28	$ 6	—

(1) Investments in equity securities are carried at fair value, which is based on the quoted market price at period end in an active market. These investments are classified as available-for-sale with any unrealized gains or losses resulting from changes in fair value recorded, net of tax, as a component of accumulated other comprehensive income/(loss) until realized. Nielsen assesses declines in the value of individual investments to determine whether such decline is other than temporary and thus the investment is impaired by considering available evidence. No impairment charge was recorded for these available-for-sale securities during the nine months ended September 30, 2015 and the year ended December 31, 2014.

(2) 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.

(3) Investments in mutual funds are money-market accounts held with the intention of funding certain specific retirement plans.

(4) 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.

(5) The Company offers certain employees the opportunity to participate in a deferred compensation plan. A participant's deferrals are invested in a variety of participant directed stock and bond mutual funds and are classified as trading securities. Changes in the fair value of these securities are measured using quoted prices in active markets based on the market price per unit multiplied by the number of units held exclusive of any transaction costs. A corresponding adjustment for changes in fair value of the trading securities is also reflected in the changes in fair value of the deferred compensation obligation.

Derivative Financial Instruments

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

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

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

It is Nielsen’s policy to have an International Swaps and Derivatives Association (“ISDA”) Master Agreement established with every bank with which it has entered into any derivative contract. Under each of these ISDA Master Agreements, Nielsen agrees to settle only the net amount of the combined market values of all derivative contracts outstanding with any one counterparty should that counterparty default. Certain of the ISDA Master Agreements contain cross-default provisions where if the Company either defaults in payment obligations under its credit facility or if such obligations are accelerated by the lenders, then the Company could also be declared in default on its derivative obligations. At September 30, 2015, 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 nine months ended September 30, 2015 and 2014, Nielsen recorded a net gain of $3 million and zero, respectively, associated with foreign currency derivative financial instruments within foreign currency exchange transactions losses, net in our condensed consolidated statements of operations. Nielsen had no foreign currency derivative financial instruments outstanding as of September 30, 2015 and December 31, 2014.

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.

In April 2015, the Company entered into a $150 million in notional amount of three-year forward interest rate swap agreement with a starting date in April 2016. This agreement fixes the LIBOR-related portion of the interest rates of a corresponding amount of the Company’s variable-rate debt at an average rate of 1.40%. This derivative instrument has been designated as an interest rate cash flow hedge.

In July 2015, the Company entered into a $150 million in notional amount of three-year forward interest rate swap agreement with a starting date in July 2016. This agreement fixes the LIBOR-related portion of the interest rates of a corresponding amount of the Company’s variable-rate debt at an average rate of 1.62%. This derivative instrument has been designated as an interest rate cash flow hedge.

As of September 30, 2015 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	$125,000,000	November 2015	US Dollar
Euro term loan floating-to-fixed rate swaps	€125,000,000	November 2015	Euro
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

Nielsen expects to recognize approximately $8 million of net pre-tax losses from accumulated other comprehensive loss to interest expense in the next 12 months associated with its interest-related derivative financial instruments.

Fair Values of Derivative Instruments in the Consolidated Balance Sheets

The fair values of the Company's derivative instruments as of September 30, 2015 and December 31, 2014 were as follows:

Derivatives Designated as Hedging Instruments	September 30, 2015		December 31, 2014		
(IN MILLIONS)	Accounts Payable and Other Current Liabilities	Other Non-Current Liabilities	Other Non-Current Assets	Accounts Payable and Other Current Liabilities	Other Non-Current Liabilities
Interest rate swaps	$ 3	$ 12	$ 1	$ 4	$ 2

Derivatives in Cash Flow Hedging Relationships

The pre-tax effect of derivative instruments in cash flow hedging relationships for the three months ended September 30, 2015 and 2014 was as follows:

Derivatives in Cash Flow	Amount of Loss/(Gain) Recognized in OCI (Effective Portion) Three Months Ended	Location of Loss Reclassified from AOCI into Income (Effective	Amount of Loss Reclassified from AOCI into Income (Effective Portion) Three Months Ended

Hedging Relationships	September 30,		Portion)	September 30,	
(IN MILLIONS)	2015	2014		2015	2014
Interest rate swaps	$ 9	$ (3)	Interest expense	$ 3	$ 4

The pre-tax effect of derivative instruments in cash flow hedging relationships for the nine months ended September 30, 2015 and 2014 was as follows:

Derivatives in Cash Flow Hedging Relationships (IN MILLIONS)	Amount of Loss Recognized in OCI (Effective Portion) Nine Months Ended September 30, 2015	2014	Location of Loss Reclassified from OCI into Income (Effective Portion)	Amount of Loss Reclassified from OCI into Income (Effective Portion) Nine Months Ended September 30, 2015	2014
Interest rate swaps	$ 19	$ 6	Interest expense	$ 9	$ 12

Assets and Liabilities Measured at Fair Value on a Nonrecurring Basis

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

The Company did not measure any material non-financial assets or liabilities at fair value during the nine months ended September 30, 2015.

8. Long-term Debt and Other Financing Arrangements

Unless otherwise stated, interest rates are as of September 30, 2015.

	September 30, 2015			December 31, 2014		
(IN MILLIONS)	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 2.20%) due 2019		1,481	1,474		1,542	1,533
$500 million Senior secured term loan (LIBOR based variable rate of 2.45%) due 2017		494	493		497	493
$1,100 million Senior secured term loan (LIBOR based variable rate of 3.20%) due 2021		1,086	1,089		1,094	1,088
€286 million Senior secured term loan (Euro LIBOR based variable rate of 2.89%) due 2021		316	316		345	343
$575 million senior secured revolving credit facility (Euro LIBOR or LIBOR based variable rate) due 2019		210	206		280	274
Total senior secured credit facilities (with weighted-average interest rate)	2.69%	3,587	3,578	2.65%	3,758	3,731
$800 million 4.50% senior debenture loan due 2020		800	803		800	801
$1,550 million 5.00% senior debenture loan due 2022		-	-		1,553	1,554
$625 million 5.50% senior debenture loan due 2021		625	626		625	633
$2,300 million 5.00% senior debenture loan due 2022		2,308	2,233		-	-
Total debenture loans (with weighted-average interest rate)	5.22%	3,733	3,662	5.23%	2,978	2,988
Other loans		9	9		8	8
Total long-term debt	3.98%	7,329	7,249	3.79%	6,744	6,727
Capital lease and other financing obligations		124			118	
Total debt and other financing arrangements		7,453			6,862	
Less: Current portion of long-term debt, capital lease and other financing obligations and other short-term borrowings		339			397	
Non-current portion of long-term debt and capital lease and other financing obligations		$ 7,114			$ 6,465	

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

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

(IN MILLIONS)	
For October 1, 2015 to December 31, 2015	$ 235
2016	122

2017	641
2018	212
2019	1,041
2020	814
Thereafter	4,264
	$ 7,329

In February 2015, Nielsen completed the issuance of $750 million aggregate principal amount of their 5.0% Senior Notes due 2022. The notes are traded interchangeably with the $750 million and the $800 million aggregate principal amount of 5.00% Senior Notes due 2022 issued in April 2014 and July 2014, respectively. The proceeds from the issuances have been used to make repurchases of Nielsen's outstanding common stock from time to time, in the open market or otherwise, pursuant to Nielsen's existing share repurchase programs, to reduce outstanding amounts under its revolving credit facility, to pay related fees and expenses, and for general corporate purposes.

9. Stockholders' Equity

Common stock activity is as follows:

	Nine Months Ended September 30, 2015
Actual number of shares of common stock outstanding	
Beginning of period	372,757,598
Shares of common stock issued through compensation plans	2,132,408
Shares of common stock issued through business combinations	47,413
Repurchases of common stock	(10,879,477)
End of period	364,057,942

As a result of the Merger, the consideration paid for Nielsen shares, including any incremental directly attributable costs, is recorded as a deduction from shareholders' equity. When such shares are sold, any consideration received, net of any directly attributable costs, is recorded within shareholders' equity. Thus, all cumulative shares of Nielsen treasury stock have been cancelled and included within Nielsen's share capital.

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 2014 and the nine months ended September 30, 2015.

Declaration Date	Record Date	Payment Date	Dividend Per Share
February 20, 2014	March 6, 2014	March 20, 2014	$ 0.20
May 1, 2014	June 5, 2014	June 19, 2014	$ 0.25
July 24, 2014	August 28, 2014	September 11, 2014	$ 0.25
October 30, 2014	November 25, 2014	December 9, 2014	$ 0.25
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

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

On July 25, 2013, Nielsen's Board approved a share repurchase program for up to $500 million of its outstanding common stock. The primary purpose of the program is to mitigate dilution associated with Nielsen's equity compensation plans. On October 23, 2014, the Company announced that its board of directors approved a new share repurchase program for up to $1 billion of Nielsen's outstanding common stock. This is in addition to the current authorization in place since July 2013 as described above. Repurchases are made in accordance with applicable securities laws from time to time in the open market or otherwise depending on Nielsen management's 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 Meetings of Shareholders held in 2014 and 2015. As of September 30, 2015, there have been 22,062,460 shares of our common stock purchased at an average price of $43.99 per share (total consideration of $970 million) under this program. The activity during the nine months ended September 30, 2015 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, 2014	11,182,983	$ 42.67	11,182,983	$ 1,022,830,101
2015 Activity				
January 1- 31	1,611,203	44.09	1,611,203	$ 951,797,780
February 1- 28	814,753	$ 43.90	814,753	$ 916,031,448
March 1- 31	772,189	$ 43.76	772,189	$ 882,241,498
April 1-30	1,440,798	$ 45.30	1,440,798	$ 816,973,014
May 1-31	1,222,800	$ 45.37	1,222,800	$ 761,496,406
June 1-30	1,300,836	$ 45.14	1,300,836	$ 702,774,965
July 1-31	1,310,000	$ 45.37	1,310,000	$ 643,345,777
August 1-31	1,853,142	$ 47.25	1,853,142	$ 555,793,238
September 1-30	553,756	$ 47.39	553,756	$ 529,551,668
Total	22,062,460	$ 43.99	22,062,460	

10. Income Taxes

The effective tax rates for the three months ended September 30, 2015 and 2014 were 36% and 51%, respectively. The tax rate for the three months ended September 30, 2015 was higher than the United Kingdom statutory rate of 20% 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 reserves for uncertain tax positions offset by the favorable impact of certain financing activities. The tax rate for the three months ended September 30, 2014 was higher than the statutory rate in the Netherlands of 25% as a result of the impact of tax rate differences in other jurisdictions where the Company files tax returns, residual tax expense on foreign source income, reserves for uncertain tax positions, and state and local income taxes offset by the favorable impact of certain financing activities.

The effective tax rates for the nine months ended September 30, 2015 and 2014 were 39% and 48%, respectively. The tax rate for the nine months ended September 30, 2015 was higher than the United Kingdom 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, audit settlements, and reserves for uncertain tax positions offset by the favorable impact of certain financing activities and release of tax contingencies. The tax rate for the nine months ended September 30, 2014 was higher than the statutory rate in the Netherlands as a result of the impact of tax rate differences in other jurisdictions where the Company files tax returns, residual tax expense on foreign source income, reserves for uncertain tax positions, and state and local income taxes offset by the favorable impact of certain financing activities.

The estimated liability for unrecognized income tax benefits as of December 31, 2015 is $463 million and was $452 million as of December 31, 2014. 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 2014.

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 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 September 30, 2015				
Revenues	$816	$715	$ —	$1,531
Depreciation and amortization	$51	$92	$ 1	$144
Restructuring charges	$11	$4	$ —	$15
Stock-based compensation expense	$4	$1	$ 7	$12
Other items[1]	$—	$3	$ 7	$10
Operating income/(loss)	$91	$234	$ (27)	$298
Business segment income/(loss)[2]	$157	$334	$ (12)	$479
Total assets as of September 30, 2015	$6,638	$8,417	$ 222	$15,277

(IN MILLIONS)				
Three Months Ended September 30, 2014				
Revenues	$878	$694	$—	$1,572
Depreciation and amortization	$55	$83	$1	$139
Restructuring charges	$4	$1	$1	$6
Stock-based compensation expense	$3	$2	$7	$12
Other items[1]	$—	$5	$4	$9

Operating income/(loss)	$109	$226	$(24)	$311
Business segment income/(loss)(2)	$171	$317	$(11)	$477
Total assets as of December 31, 2014	$6,869	$8,156	$351	$15,376

(IN MILLIONS)	Buy	Watch	Corporate	Total
Nine Months Ended September 30, 2015				
Revenues	$2,466	$2,082	$ —	$4,548
Depreciation and amortization	$157	$272	$ 3	$432
Restructuring charges	$28	$12	$ 3	$43
Stock-based compensation expense	$13	$5	$ 21	$39
Other items (1)	$—	$3	$ 27	$30
Operating income/(loss)	$231	$634	$ (82)	$783
Business segment income/(loss) (2)	$429	$926	$ (28)	$1,327

(IN MILLIONS)				
Nine Months Ended September 30, 2014				
Revenues	$2,615	$2,040	$—	$4,655
Depreciation and amortization	$166	$256	$3	$425
Restructuring charges	$26	$11	$6	$43
Stock-based compensation expense	$12	$8	$16	$36
Other items (1)	$—	$8	$20	$28
Operating income/(loss)	$252	$602	$(73)	$781
Business segment income/(loss) (2)	$456	$885	$(28)	$1,313

(1) Other items primarily consist of non-recurring costs for the three and nine months ended September 30, 2015 and 2014, respectively.
(2) The Company's chief operating decision making group uses business segment income/(loss) to measure performance from period to period both at the consolidated level as well as within its operating segments.

13. Guarantor Financial Information

The following supplemental financial information is being provided for purposes of compliance with reporting covenants contained in certain debt obligations of Nielsen and its subsidiaries. The financial information sets forth for Nielsen, its subsidiaries that have issued certain debt securities (the "Issuers") and its guarantor and non-guarantor subsidiaries, the consolidating balance sheet as of September 30, 2015 and December 31, 2014 and consolidating statements of operations and cash flows for the periods ended September 30, 2015 and 2014. 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.

Nielsen Holdings plc

Condensed Consolidating Statement of Comprehensive Income (Unaudited)

For the three months ended September 30, 2015

(IN MILLIONS)	Parent	Issuers	Guarantor	Non-Guarantor	Elimination	Consolidated
Revenues	—	—	$ 907	$ 624	—	$ 1,531
Cost of revenues, exclusive of depreciation and amortization shown separately below	—	—	328	287	—	615
Selling, general and administrative expenses, exclusive of depreciation and amortization shown separately below	3	—	236	220	—	459
Depreciation and amortization	—	—	119	25	—	144
Restructuring charges	—	—	8	7	—	15
Operating (loss)/income	(3)	—	216	85	—	298
Interest income	—	227	9	1	(236)	1
Interest expense	—	(74)	(231)	(10)	236	(79)
Foreign currency exchange transaction gains, net	—	—	4	1	—	5
Other income/(expense), net	—	—	106	(106)	—	—
(Loss)/income from continuing operations before income taxes and equity in net income/(loss) of subsidiaries and affiliates	(3)	153	104	(29)	—	225
(Provision)/benefit for income taxes	—	(53)	(38)	9	—	(82)
Equity in net income of subsidiaries	145	—	79	—	(224)	—
Equity in net loss of affiliates	—	—	—	(1)	—	(1)
Net income/(loss)	142	100	145	(21)	(224)	142
Total other comprehensive loss	(148)	(147)	(148)	(125)	417	(151)
Total other comprehensive loss attributable to noncontrolling interests	—	—	—	(3)	—	(3)
Total other comprehensive loss attributable to controlling interests	(148)	(147)	(148)	(122)	417	(148)
Total comprehensive loss	(6)	(47)	(3)	(146)	193	(9)
Comprehensive loss attributable to noncontrolling interests	—	—	—	(3)	—	(3)
Total comprehensive loss attributable to controlling interest	$ (6)	$ (47)	$ (3)	$ (143)	193	$ (6)

Nielsen Holdings plc

Condensed Consolidating Statement of Comprehensive Income (Unaudited)

For the three months ended September 30, 2014

(IN MILLIONS)	Parent	Issuers	Guarantor	Non-Guarantor	Elimination	Consolidated
Revenues	—	—	$ 851	$ 721	—	$ 1,572
Cost of revenues, exclusive of depreciation and amortization shown separately below	—	—	311	337	—	648
Selling, general and administrative expenses, exclusive of depreciation and amortization shown separately below	2	—	230	236	—	468
Depreciation and amortization	—	—	108	31	—	139
Restructuring charges	—	—	5	1	—	6
Operating (loss)/income	(2)	—	197	116	—	311
Interest income	—	215	11	2	(227)	1
Interest expense	—	(70)	(219)	(12)	227	(74)
Foreign currency exchange transaction gains/(losses), net	—	—	3	(2)	—	1
Other (expense)/income, net	—	(51)	77	(78)	—	(52)
(Loss)/income from continuing operations before income taxes and equity in net income/(loss) of subsidiaries and affiliates	(2)	94	69	26	—	187
Provision for income taxes	—	(22)	(58)	(15)	—	(95)
Equity in net income/(loss) of subsidiaries	93	(74)	82	—	(101)	—
Net income/(loss)	91	(2)	93	11	(101)	92
Less net income attributable to noncontrolling interests	—	—	—	1	—	1
Net income/(loss) attributable to controlling interest	91	(2)	93	10	(101)	91
Total other comprehensive loss	(160)	(167)	(160)	(261)	586	(162)
Other comprehensive loss attributable to noncontrolling interests	—	—	—	(2)	—	(2)
Total other comprehensive loss attributable to controlling interest	(160)	(167)	(160)	(259)	586	(160)
Total comprehensive loss	(69)	(169)	(67)	(250)	485	(70)
Comprehensive loss attributable to noncontrolling interests	—	—	—	(1)	—	(1)
Total comprehensive loss attributable to controlling interest	$ (69)	$ (169)	$ (67)	$ (249)	485	$ (69)

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Nielsen Holdings plc

Condensed Consolidated Statement of Comprehensive Income (Unaudited)

For the nine months ended September 30, 2015

(IN MILLIONS)	Parent	Issuers	Guarantor	Non-Guarantor	Elimination	Consolidated
Revenues	—	—	$ 2,652	$ 1,896	—	$ 4,548
Cost of revenues, exclusive of depreciation and amortization shown separately below	—	—	960	925	—	1,885
Selling, general and administrative expenses, exclusive of depreciation and amortization shown separately below	6	—	743	656	—	1,405
Depreciation and amortization	—	—	352	80	—	432
Restructuring charges	—	—	27	16	—	43
Operating (loss)/income	(6)	—	570	219	—	783
Interest income	—	664	28	4	(693)	3
Interest expense	—	(217)	(676)	(31)	693	(231)
Foreign currency exchange transaction losses, net	—	—	(7)	(20)	—	(27)
Other income/(expense), net	—	—	135	(135)	—	—
(Loss)/income from continuing operations before income taxes and equity in net income/(loss) of subsidiaries and affiliates	(6)	447	50	37	—	528
Provision for income taxes	—	(156)	(24)	(26)	—	(206)
Equity in net income of subsidiaries	325	5	299	—	(629)	—
Equity in net loss of affiliates	—	—	—	(1)	—	(1)
Net income	319	296	325	10	(629)	321
Less net income attributable to noncontrolling interests	—	—	—	2	—	2
Net income attributable to controlling interest	319	296	325	8	(629)	319
Total other comprehensive loss	(269)	(265)	(269)	(262)	789	(276)
Other comprehensive loss attributable to noncontrolling interests	—	—	—	(7)	—	(7)
Total other comprehensive loss attributable to controlling interest	(269)	(265)	(269)	(255)	789	(269)
Total comprehensive income/(loss)	50	31	56	(252)	160	45
Comprehensive loss attributable to noncontrolling interests	—	—	—	(5)	—	(5)
Total comprehensive income/(loss) attributable to controlling interest	$ 50	$ 31	$ 56	$ (247)	160	$ 50

Nielsen Holdings plc

Condensed Consolidated Statement of Comprehensive Income (Unaudited)

For the nine months ended September 30, 2014

(IN MILLIONS)	Parent	Issuers	Guarantor	Non-Guarantor	Elimination	Consolidated
Revenues	$ -	$ -	$ 2,505	$ 2,150	$ -	$ 4,655
Cost of revenues, exclusive of depreciation and amortization shown separately below	-	-	947	1,020	-	1,967
Selling, general and administrative expenses, exclusive of depreciation and amortization shown seperately below	3	-	717	719	-	1,439
Depreciation and amortization	-	-	333	92	-	425
Restructuring charges	-	-	29	14	-	43
Operating (loss)/income	(3)	-	479	305	-	781
Interest income	-	636	34	7	(674)	3
Interest expense	-	(217)	(649)	(37)	674	(229)
Foreign currency exchange transaction gains/(losses), net	-	-	3	(35)	-	(32)
Other (expense)/income, net	-	(96)	21	(25)	-	(100)
(Loss)/income from continuing operations before income taxes and equity in net income/(loss) of subsidiaries and affiliates	(3)	323	(112)	215	-	423
Benefit/(provision) for income taxes	5	(80)	(54)	(73)	-	(202)
Equity in net income of subsidiaries	221	87	388	-	(696)	-
Equity in net (loss)/income of affiliates	-	-	(1)	3	-	2
Net income	223	330	221	145	(696)	223
Total other comprehensive loss	(122)	(145)	(122)	(235)	500	(124)
Other comprehensive loss attributable to noncontrolling interests	-	-	-	(2)	-	(2)
Total other comprehensive loss attributable to controlling interest	(122)	(145)	(122)	(233)	500	(122)
Total comprehensive income/(loss)	101	185	99	(90)	(196)	99
Comprehensive loss attributable to noncontrolling interests	-	-	-	(2)	-	(2)
Total comprehensive income/(loss) attributable to controlling interest	$ 101	$ 185	$ 99	$ (88)	$ (196)	$ 101

Nielsen Holdings plc

Condensed Consolidating Balance Sheet (Unaudited)

September 30, 2015

(IN MILLIONS)	Parent	Issuers	Guarantor	Non-Guarantor	Elimination	Consolidated
Assets:						
Current assets						
Cash and cash equivalents	$1	$(1)	$13	$345	$—	$358
Trade and other receivables, net	—	—	529	634	—	1,163
Prepaid expenses and other current assets	—	10	413	162	—	585
Intercompany receivables	—	525	364	135	(1,024)	—
Total current assets	1	534	1,319	1,276	(1,024)	2,106
Non-current assets						
Property, plant and equipment, net	—	—	319	167	—	486
Goodwill	—	—	5,709	1,879	—	7,588
Other intangible assets, net	—	—	4,331	324	—	4,655
Deferred tax assets	1	3	27	42	—	73
Other non-current assets	—	45	210	114	—	369
Equity investment in subsidiaries	4,554	1,156	3,275	—	(8,985)	—
Intercompany loans	—	10,836	3,457	165	(14,458)	—
Total assets	$4,556	$12,574	$18,647	$3,967	$(24,467)	$15,277
Liabilities and equity:						
Current liabilities						
Accounts payable and other current liabilities	$1	$97	$354	$466	$—	$918
Deferred revenues	—	—	168	131	—	299
Income tax liabilities	1	—	154	44	—	199
Current portion of long-term debt, capital lease obligations and short-term borrowings	—	108	230	1	—	339
Intercompany payables	—	63	660	301	(1,024)	—
Total current liabilities	2	268	1,566	943	(1,024)	1,755
Non-current liabilities						
Long-term debt and capital lease obligations	—	7,002	91	21	—	7,114
Deferred tax liabilities	—	74	862	57	—	993
Intercompany loans	126	2,985	11,001	346	(14,458)	—
Other non-current liabilities	2	11	573	331	—	917
Total liabilities	130	10,340	14,093	1,698	(15,482)	10,779
Total stockholders' equity	4,426	2,234	4,554	2,197	(8,985)	4,426
Noncontrolling interests	—	—	—	72	—	72
Total equity	4,426	2,234	4,554	2,269	(8,985)	4,498
Total liabilities and equity	$4,556	$12,574	$18,647	$3,967	$(24,467)	$15,277

Nielsen Holdings plc

Condensed Consolidating Balance Sheet

December 31, 2014

(IN MILLIONS)	Parent	Issuers	Guarantor	Non-Guarantor	Elimination	Consolidated
Assets:						
Current assets						
Cash and cash equivalents	$49	$1	$(51)	$ 274	—	$ 273
Trade and other receivables, net	1	—	526	714	—	1,241
Prepaid expenses and other current assets	—	8	339	158	—	505
Intercompany receivables	1	227	234	190	(652)	—
Total current assets	51	236	1,048	1,336	(652)	2,019
Non-current assets						
Property, plant and equipment, net	—	—	335	198	—	533
Goodwill	—	—	5,588	2,083	—	7,671
Other intangible assets, net	—	—	4,318	397	—	4,715
Deferred tax assets	1	—	25	57	—	83
Other non-current assets	—	44	171	140	—	355
Equity investment in subsidiaries	5,017	1,124	6,596	—	(12,737)	—
Intercompany receivables	—	10,494	492	191	(11,177)	—
Total assets	$5,069	$11,898	$ 18,573	$ 4,402	$(24,566)	$ 15,376
Liabilities and equity:						
Current liabilities						
Accounts payable and other current liabilities	$10	$44	$418	$ 563	—	$ 1,035
Deferred revenues	—	—	159	145	—	304
Income tax liabilities	1	—	18	43	—	62
Current portion of long-term debt, capital lease obligations and short-term borrowings	—	98	298	1	—	397
Intercompany payables	—	—	429	223	(652)	—
Total current liabilities	11	142	1,322	975	(652)	1,798
Non-current liabilities						
Long-term debt and capital lease obligations	—	6,358	87	20	—	6,465
Deferred tax liabilities	—	74	895	56	—	1,025
Intercompany loans	—	61	10,685	431	(11,177)	—
Other non-current liabilities	2	2	567	384	—	955
Total liabilities	13	6,637	13,556	1,866	(11,829)	10,243
Total stockholders’ equity	5,056	5,261	5,017	2,459	(12,737)	5,056
Noncontrolling interests	—	—	—	77	—	77
Total equity	5,056	5,261	5,017	2,536	(12,737)	5,133
Total liabilities and equity	$5,069	$11,898	$ 18,573	$ 4,402	$	