Nielsen Holdings plc
Form 10-Q
July 26, 2018

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 June 30, 2018

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _______ to _______

Commission file number 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	Nielsen House
New York, New York 10004	John Smith Drive
(646) 654-5000	Oxford

Oxfordshire, OX4 2WB

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, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer		Accelerated filer
Non-accelerated filer	(Do not check if a smaller reporting company)	Smaller reporting company
		Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

There were 355,207,609 shares of the registrant's common stock outstanding as of June 30, 2018.

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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 June 30, 2018	Three Months Ended June 30, 2017	Six Months Ended June 30, 2018	Six Months Ended June 30, 2017
Revenues	$1,647	$1,644	$3,257	$3,170
Cost of revenues, exclusive of depreciation and amortization shown separately below	698	678	1,417	1,339
Selling, general and administrative expenses, exclusive of depreciation and amortization shown separately below	494	474	987	947
Depreciation and amortization	162	162	329	317
Restructuring charges	65	9	89	41
Operating income	228	321	435	526
Interest income	2	1	4	2
Interest expense	(100)	(92)	(196)	(182)
Foreign currency exchange transaction losses, net	(4)	(7)	(4)	(9)
Other (expense)/income, net	(5)	1	(4)	3
Income from continuing operations before income taxes and equity in net loss of affiliates	121	224	235	340
Provision for income taxes	(44)	(91)	(83)	(134)
Equity in net loss of affiliates	(1)	—	(1)	—
Net income	76	133	151	206
Net income attributable to noncontrolling interests	4	2	7	4
Net income attributable to Nielsen stockholders	$72	$131	$144	$202
Net income per share of common stock, basic				
Net income attributable to Nielsen stockholders	$0.20	$0.37	$0.40	$0.57
Net income per share of common stock, diluted				
Net income attributable to Nielsen stockholders	$0.20	$0.37	$0.40	$0.56
Weighted-average shares of common stock outstanding, basic	355,773,490	356,829,766	356,115,127	357,113,183
Dilutive shares of common stock	602,670	1,255,301	707,962	1,455,260

Weighted-average shares of common stock outstanding,				
diluted	356,376,160	358,085,067	356,823,089	358,568,443
Dividends declared per common share	$0.35	$0.34	$0.69	$0.65

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 June 30,		Six Months Ended June 30,	
(IN MILLIONS)	2018	2017	2018	2017
Net income	$76	$133	$151	$206
Other comprehensive (loss)/income, net of tax				
Foreign currency translation adjustments [1]	(141)	83	(100)	158
Changes in the fair value of cash flow hedges [2]	3	(1)	14	1
Defined benefit pension plan adjustments [3]	5	3	9	6
Total other comprehensive (loss)/income	(133)	85	(77)	165
Total comprehensive (loss)/income	(57)	218	74	371
Less: comprehensive income attributable to noncontrolling interests	—	4	5	9
Total comprehensive (loss)/income attributable to Nielsen stockholders	$(57)	$214	$69	$362

(1) Net of tax of $(6) million and $12 million for the three months ended June 30, 2018 and 2017, respectively, and $(3) million and $14 million for the six months ended June 30, 2018 and 2017, respectively

(2) Net of tax of $(1) million and $2 million for the three months ended June 30, 2018 and 2017, respectively, and $(5) million and zero for the six months ended June 30, 2018 and 2017, respectively

(3) Net of tax of $(1) million for each of the three months ended June 30, 2018 and 2017, and$(2) million for each of the six months ended June 30, 2018 and 2017.

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)	June 30, 2018 (Unaudited)	December 31, 2017
Assets:		
Current assets		
Cash and cash equivalents	$ 394	$ 656
Trade and other receivables, net of allowances for doubtful accounts and sales returns of $30 and $29 as of June 30, 2018 and December 31, 2017, respectively	1,320	1,280
Prepaid expenses and other current assets	406	346
Total current assets	2,120	2,282
Non-current assets		
Property, plant and equipment, net	471	482
Goodwill	8,441	8,495
Other intangible assets, net	5,068	5,077
Deferred tax assets	169	170
Other non-current assets	429	360
Total assets	$ 16,698	$ 16,866
Liabilities and equity:		
Current liabilities		
Accounts payable and other current liabilities	$ 977	$ 1,141
Deferred revenues	361	361
Income tax liabilities	108	111
Current portion of long-term debt, capital lease obligations and short-term borrowings	343	84
Total current liabilities	1,789	1,697
Non-current liabilities		
Long-term debt and capital lease obligations	8,321	8,357
Deferred tax liabilities	1,416	1,435
Other non-current liabilities	927	934
Total liabilities	12,453	12,423
Commitments and contingencies (Note 12)		
Equity:		
Nielsen stockholders’ equity		
Common stock, €0.07 par value, 1,185,800,000 and 1,185,800,000 shares authorized, 355,212,022 and 355,956,031 shares issued and 355,207,609 and 355,944,976 shares outstanding at June 30, 2018 and December 31, 2017, respectively	32	32
Additional paid-in capital	4,723	4,742
Retained earnings	309	411
Accumulated other comprehensive loss, net of income taxes	(1,015)	(940)
Total Nielsen stockholders’ equity	4,049	4,245
Noncontrolling interests	196	198

Total equity	4,245	4,443
Total liabilities and equity	$ 16,698	$ 16,866

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

Nielsen Holdings plc

Condensed Consolidated Statements of Cash Flows (Unaudited)

	Six Months Ended June 30,	
(IN MILLIONS)	2018	2017
Operating Activities		
Net income	$151	$206
Adjustments to reconcile net income to net cash provided by operating activities:		
Stock-based compensation expense	20	27
Currency exchange rate differences on financial transactions and other losses/(gains)	7	(22)
Equity in net loss of affiliates, net of dividends received	1	2
Depreciation and amortization	329	317
Changes in operating assets and liabilities, net of effect of businesses acquired and divested:		
Trade and other receivables, net	(109)	(119)
Prepaid expenses and other assets	(108)	(41)
Accounts payable and other current liabilities and deferred revenues	(129)	(129)
Other non-current liabilities	1	(5)
Interest payable	—	18
Income taxes	(38)	12
Net cash provided by operating activities	125	266
Investing Activities		
Acquisition of subsidiaries and affiliates, net of cash acquired	(30)	(581)
Additions to property, plant and equipment and other assets	(44)	(31)
Additions to intangible assets	(202)	(175)
Proceeds from the sale of property, plant and equipment and other assets	—	28
Other investing activities	—	(1)
Net cash used in investing activities	(276)	(760)
Financing Activities		
Net borrowings under revolving credit facility	246	101
Proceeds from issuances of debt, net of issuance costs	781	2,745
Repayment of debt	(799)	(2,282)
Decrease in other short-term borrowings	—	(5)
Cash dividends paid to stockholders	(246)	(232)
Repurchase of common stock	(60)	(84)
Proceeds from issuance of common stock	18	16
Proceeds from employee stock purchase plan	3	3
Capital leases	(40)	(31)
Other financing activities	(11)	(8)
Net cash (used in)/provided by financing activities	(108)	223
Effect of exchange-rate changes on cash and cash equivalents	(3)	27
Net decrease in cash and cash equivalents	(262)	(244)
Cash and cash equivalents at beginning of period	656	754
Cash and cash equivalents at end of period	$394	$510
Supplemental Cash Flow Information		

Cash paid for income taxes	$(121)	$(122)
Cash paid for interest, net of amounts capitalized	$(196)	$(164)

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 measurement and data analytics 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, United States.

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, 2017. 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 June 30, 2018 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 units.

The effect of 3,987,794 and 4,326,766 shares of common stock equivalents under Nielsen’s stock compensation plans were excluded from the calculation of diluted earnings per share for the three months ended June 30, 2018 and 2017, respectively, as such shares would have been anti-dilutive.

The effect of 4,102,565 and 4,453,991 shares of common stock equivalents under Nielsen’s stock compensation plans were excluded from the calculation of diluted earnings per share for the six months ended June 30, 2018 and 2017, respectively, as such shares would have been anti-dilutive.

Accounts Receivable

During the six months ended June 30, 2018, Nielsen sold $81 million of accounts receivable to third parties and recorded an immaterial loss on the sales to interest expense, net in the condensed consolidated statement of operations.

As of June 30, 2018 and December 31, 2017, $50 million and $110 million, respectively, remained outstanding. The sales were accounted for as a true sales, without recourse. Nielsen maintains servicing responsibilities of the receivables, for which the related costs are not significant. The proceeds of $81 million from the sales were reported as a component of the changes in trade receivables, net within operating activities in the condensed consolidated statement of cash flows.

2. Summary of Recent Accounting Pronouncements

Revenue Recognition

In May 2014, the FASB issued an Accounting Standards Update (“ASU”), “Revenue from Contracts with Customers.” The new revenue recognition standard provides a five step analysis of transactions to determine when and how revenue is recognized. The new model requires 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 if using the modified retrospective transition method. In addition, the new standard requires disclosure of the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. The Company adopted this ASU effective January 1, 2018 using the modified retrospective transition method. Except for the required financial statement disclosures included in Note 3 to the condensed consolidated financial statements, there was no impact to the Company’s condensed consolidated financial statements.

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

In March 2017, the FASB issued an ASU, “Compensation — Retirement Benefits: Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost,” which will change the presentation of net periodic benefit cost related to employer sponsored defined benefit plans and other postretirement benefits. Service cost will be included within the same income statement line item as other compensation costs arising from services rendered during the period, while other components of net periodic benefit pension cost will be presented separately outside of operating income. Additionally, only service costs may be capitalized in assets. This ASU is required to be applied retrospectively. As a result of the adoption of this ASU, the Company reclassified $2 million and $5 million from selling, general and administrative expenses to other income, net in its condensed consolidated statement of operations for the three and six months ended June 30, 2017, respectively.

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

In February 2017, the FASB issued an ASU, “Other Income—Gains and Losses from the Derecognition of Nonfinancial Assets," which clarifies the scope and application of ASC 610-20 on the sale or transfer of nonfinancial assets and in substance nonfinancial assets to noncustomers, including partial sales. It requires the application of certain recognition and measurement principles in ASC 606 when derecognizing nonfinancial assets and in substance nonfinancial assets, and the counterparty is not a customer. The Company adopted this ASU in the first quarter of 2018 and it did not have a material impact on the Company’s condensed consolidated financial statements.

Compensation- Stock Compensation

In May 2017, the FASB issued an ASU, Compensation- Stock Compensation (Topic 718), “Scope of Modification Accounting,” which amends the scope of modification accounting for share-based payment arrangements. The standard provides guidance on the types of changes to the terms or conditions of share-based payment awards to which an entity would be required to apply modification accounting under ASC 718. Specifically, an entity would not apply modification accounting if the fair value, vesting conditions, and classification of the awards are the same immediately before and after the modification. The Company adopted this ASU in the first quarter of 2018 and it did not have a material impact 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 method, and provides for certain practical expedients. Transition will require application of the new guidance at the beginning of the earliest comparative period presented.

In 2016, the Company established a cross-functional implementation team consisting of representatives from across all of its business segments. Management utilized a bottoms-up approach to analyze the impact of the standard on our leasing portfolio by reviewing the current accounting policies and practices to identify potential differences that would result from applying the requirements of the new standard. In addition, management identified, and is in the process of implementing appropriate changes to our business processes, systems and controls to support the recognition and disclosure under the new standard.

While the Company continues to assess the impact the adoption of this ASU will have on the Company's condensed consolidated financial statements, the Company expects it will increase assets and liabilities on the condensed consolidated balance sheet.

Income taxes

In February 2018, the FASB issued an ASU, "Reclassification of Certain Tax Effects From Accumulated Comprehensive Income". The new standard will give companies the option to reclassify stranded tax effects caused by the newly-enacted US Tax Cuts and Jobs Act (TCJA) from accumulated other comprehensive income (AOCI) to retained earnings. The new standard will take effect for all companies for the fiscal years beginning after December 15, 2018, and interim periods within those fiscal years. Nielsen is assessing the impact of adoption of this ASU will have on the Company's condensed consolidated financial statements.

3. Revenue Recognition

On January 1, 2018, the Company adopted Accounting Standards Codification ("ASC") 606, Revenue from Contracts with Customers, using the modified retrospective method. The ASC has been applied to all contracts as of the date of adoption. There was no financial statement impact as a result of this adoption.

Revenue is measured based on the consideration specified in a contract with a customer. A significant portion of the Company's revenue is generated from information (primarily retail measurement and consumer panel services) and measurement (primarily from television, radio, internet and mobile audiences) services. The Company recognizes revenue when it satisfies a performance obligation by transferring control of a product or service to a customer, which generally occurs over time. Substantially all of the Company's customer contracts are non-cancelable and non-refundable.

The following is a description of principal activities, by reportable segment, from which the Company generates its revenues.

Revenue from the Buy segment consists primarily of retail measurement services, which provide market share, competitive sales volumes and insights into such activities as distribution, pricing, merchandising and promotion, and consumer panel services, which provide clients with insights into shopper behavior such as trial and repeat purchase for new products and likely substitutes as well as customer segmentation. Revenues for these services are recognized over the period during which the performance obligations are satisfied as the customer receives and consumes the benefits provided by the Company and control of the services are transferred to the customer.

The Company also provides consumer intelligence and analytical services that help clients make smarter business decisions throughout their product development and marketing cycles. The Company's performance under these arrangements do not create an asset with an alternative use to the company and generally include an enforceable right to payment for performance completed to date, as such, revenue for these services is typically recognized over time. Revenue for contracts that do not include an enforceable right to payment for performance completed to date is recognized at a point in time when the performance obligation is satisfied, generally upon delivery of the services, and when control of the service is transferred to the customer.

Revenue from our Watch segment is primarily generated from television, radio, digital and mobile measurement services which are used by the Company's clients to establish the value of airtime and more effectively schedule and promote their programming. As the customer simultaneously receives and consumes the benefits provided by the Company's performance, revenues for these services are recognized over the period during which the performance obligations are satisfied and control of the service are transferred to the customer.

The Company enters into cooperation arrangements primarily with its customers, under which the customer provides Nielsen with its data in exchange for Nielsen's services. Nielsen records these transactions at fair value, which is determined based on the fair value of goods or services received, if reasonably estimable. If not reasonably estimable, the Company considers the fair value of the goods or services surrendered.

The table below sets forth the Company's revenue disaggregated within each segment, including primary geographic markets for Buy and by major product offerings for Watch.

(IN MILLIONS) (UNAUDITED)	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Buy Segment (primary geographical markets)				
Developed Markets	$488	$510	$959	$ 981
Emerging Markets	293	296	587	563
Core Buy	$781	$806	$1,546	$ 1,544
Corporate	$8	$17	$19	$ 36
Buy	$789	$823	$1,565	$ 1,580
Watch Segment (major product/service lines)				
Audience Measurement (Video and Text)	$609	$567	$1,208	$ 1,102
Audio	123	123	244	243
Marketing Effectiveness	89	83	170	148
Core Watch	$821	$773	$1,622	$ 1,493
Corporate/Other Watch	37	48	70	97
Watch	$858	$821	$1,692	$ 1,590
Total Core Buy and Watch	$1,602	$1,579	$3,168	$ 3,037
Total	$1,647	$1,644	$3,257	$ 3,170
Timing of revenue recognition				
Products transferred at a point in time	$157	$139	$275	$ 246
Products and services transferred over time	1,490	1,505	2,982	2,924
Total	$1,647	$1,644	$3,257	$ 3,170

Contract Assets and Liabilities

Contract assets represent the Company's rights to consideration in exchange for services transferred to a customer that have not been billed as of the reporting date. The Company's rights to consideration are generally unconditional at the time its performance obligations are satisfied, however, under certain circumstances the related billing occurs in arrears, generally within one month of the services being rendered.

At the inception of a contract, the Company expects the period between when it transfers its services to its customers and when the customer pays for the services will be one year or less. As such, the Company has elected to apply the practical expedient to not adjust the promised amount of consideration for the effects of a significant financing component.

The contract liabilities relate to the advance consideration received or the right to consideration that is unconditional from customers for which revenue is recognized when the performance obligation is satisfied and control transferred to the customer.

The table below sets forth the Company's contract assets and contract liabilities from contracts with customers.

(IN MILLIONS)	June 30, 2018	December 31, 2017
Contract assets	$314	$ 259
Contract liabilities	$361	$ 361

The increase in the contract assets balance during the period was primarily due to $263 million of revenue recognized that was not billed, in accordance with the terms of the contracts, as of June 30, 2018, offset by $204 million of contract assets included in the December 31, 2017 balance that were invoiced to our clients and therefore transferred to trade receivables.

The movement in the contract liability balance during the period was primarily due to $279 million of advance consideration received or the right to consideration that is unconditional from customers for which revenue was not recognized during the period, offset by $277 million of revenue recognized that was included in the December 31, 2017 contract liability balance for the six months ended June 30, 2018. For the three months ended June 30, 2018, Nielsen recognized $49 million of revenue that was included in the December 31, 2017 contract liability balance.

Transaction Price Allocated to the Remaining Performance Obligations

As of June 30, 2018, approximately $8.3 billion of revenue is expected to be recognized from remaining performance obligations that are unsatisfied (or partially unsatisfied) for our services. This amount excludes variable consideration allocated to performance obligations related to sales and usage based royalties on licenses of intellectual property.

The Company expects to recognize revenue on approximately 70% of these remaining performance obligations through December 31, 2019, with the balance recognized thereafter.

Deferred Costs

Incremental direct costs incurred to build the infrastructure to service new contracts are capitalized as a contract cost. As of June 30, 2018 and December 31, 2017, the balances of such capitalized costs were $32 million and $37 million, respectively. These costs are typically amortized through cost of revenues over the original contract period beginning when the infrastructure to service new clients is ready for its intended use. The amortization of these costs for the three and six months ended June 30, 2018 was $3 million and $7 million, respectively. There was no impairment loss recorded in any of the periods presented.

4. Business Acquisitions

Gracenote

On February 1, 2017, Nielsen completed the acquisition of Gracenote Inc., Gracenote Canada, Inc., Gracenote Netherlands Holdings B.V., Tribune Digital Ventures, LLC, and Tribune International Holdco, LLC (each, a "Gracenote Company" and together "Gracenote") through the purchase of 100% of Gracenote's outstanding common stock for a total purchase price of $585 million. Nielsen acquired the data and technology that underpins the programming guides and personnel user experience for major video, music, audio and sports content. This acquisition expands Nielsen's footprint with major clients including Gracenote's global content database which spans across platforms including multichannel video programing distributors (MVPD's), smart television, streaming music services, connected devices, media players and in-car infotainment systems.

The Company incurred acquisition-related expenses of $2 million and $6 million for the three and six months ended June 30, 2017, respectively, which primarily consisted of transaction fees, legal, accounting and other professional services that are included in selling, general and administrative expense in the condensed consolidated statement of operations.

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

(IN MILLIONS)	Three Months Ended June 30, 2017	Six Months Ended June 30, 2017
Revenues	$1,644	$ 3,188
Income from continuing operations	$134	$ 206

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

Other Acquisitions

For the six months ended June 30, 2018, Nielsen paid cash consideration of $30 million associated with current period acquisitions, net of cash acquired. Had these 2018 acquisitions occurred as of January 1, 2018, the impact on Nielsen's consolidated results of operations would not have been material.

For the six months ended June 30, 2017, excluding Gracenote, Nielsen paid cash consideration of $15 million associated with both current period and previously executed acquisitions, net of cash acquired. Had these 2017 acquisitions occurred as of January 1, 2017, the impact on Nielsen's consolidated results of operations would not have been material.

5. Goodwill and Other Intangible Assets

Goodwill

The table below summarizes the changes in the carrying amount of goodwill by reportable segment for the six months ended June 30, 2018.

(IN MILLIONS)	Buy	Watch	Total
Balance, December 31, 2017	$2,844	$5,651	$8,495
Acquisitions, divestitures and other adjustments	2	15	17
Effect of foreign currency translation	(63)	(8)	(71)
Balance, June 30, 2018	$2,783	$5,658	$8,441

At June 30, 2018, $55 million of the goodwill is expected to be deductible for income tax purposes.

Other Intangible Assets

	Gross Amounts		Accumulated Amortization	
(IN MILLIONS)	June 30, 2018	December 31, 2017	June 30, 2018	December 31, 2017
Indefinite-lived intangibles:				
Trade names and trademarks	$1,921	$ 1,921	$—	$ —
Amortized intangibles:				
Trade names and trademarks	139	139	(98)	(92)
Customer-related intangibles	3,177	3,174	(1,550)	(1,463)
Covenants-not-to-compete	39	39	(37)	(37)
Content databases	168	168	(19)	(12)
Computer software	2,907	2,681	(1,631)	(1,498)
Patents and other	173	171	(121)	(114)
Total	$6,603	$ 6,372	$(3,456)	$ (3,216)

Amortization expense associated with the above intangible assets was $117 million and $116 million for the three months ended June 30, 2018 and 2017, respectively. These amounts included amortization expense associated with computer software of $65 million and $64 million for the three months ended June 30, 2018 and 2017, respectively.

Amortization expense associated with the above intangible assets was $237 million and $227 million for the six months ended June 30, 2018 and 2017, respectively. These amounts included amortization expense associated with computer software of $133 million and $126 million for the six months ended June 30, 2018 and 2017, respectively.

Nielsen assesses indicators of impairment during interim periods. During the second quarter of 2018, in connection with its quarterly forecasting cycle, the Company updated the forecasted operating results for each of its businesses based on the most recent financial results and best estimates of future operations. The updated forecasts reflected a decline in near-term revenue growth and profitability, primarily in its Buy business. Accordingly, in connection with the preparation of the Condensed Consolidated Financial Statements for the period ended June 30, 2018, the Company performed an updated impairment analysis. Based on this analysis, Nielsen concluded that the fair value of our reporting units was in excess of carrying value as of such date. Therefore, management concluded it was not more-likely-than-not that an impairment had occurred. However, the fair value of one of Nielsen's reporting units exceeded its carrying value by less than 10%, compared to greater than 20% during our last annual impairment assessment performed as of October 1, 2017. Nielsen also concluded that the fair value of other indefinite-lived assets exceeded carrying value. The Company will continue to monitor and assess indicators of impairment.

Nielsen performs sensitivity analyses on its assumptions, primarily around both the long-term growth rate and discount rate assumptions. Nielsen's sensitivity analyses include several combinations of reasonably possible scenarios with regard to these assumptions. However, Nielsen consistently tests a one percent movement in both its long-term growth rate and discount rate assumptions. When applying these sensitivity analyses, the Company noted that the fair value was less than the underlying book value for one of its reporting units. Even though Nielsen's sensitivity analyses, based upon reasonably possible adverse changes in assumptions, showed a potential shortfall in one of its reporting units, Nielsen believes that management has the ability to execute certain productivity and other actions in order to increase the results of operations and cash flows of its reporting units. While management believes that these sensitivity analyses provide a reasonable basis on which to evaluate the recovery of Nielsen's goodwill, other facts or circumstances may arise that could impact the impairment assessment and therefore these analyses should not be used as a sole predictor of impairment.

6. 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 six months ended June 30, 2018 and 2017.

(IN MILLIONS)	Foreign Currency Translation Adjustments	Cash Flow Hedges	Post Employment Benefits	Total
Balance December 31, 2017	$ (610)	$ 10	$ (340)	$ (940)
Other comprehensive (loss)/income before reclassifications	(100)	15	2	(83)
Amounts reclassified from accumulated other comprehensive (loss)/income	—	(1)	7	6
Net current period other comprehensive (loss)/income	(100)	14	9	(77)
Net current period other comprehensive loss attributable to noncontrolling interest	(2)	—	—	(2)
Net current period other comprehensive (loss)/income attributable to Nielsen stockholders	(98)	14	9	(75)
Balance June 30, 2018	$ (708)	$ 24	$ (331)	$ (1,015)

(IN MILLIONS)	Foreign Currency Translation Adjustments	Cash Flow Hedges	Post Employment Benefits	Total
Balance December 31, 2016	$ (856)	$ (1)	$ (354)	$ (1,211)
Other comprehensive income/(loss) before	158	—	(1)	157

reclassifications							
Amounts reclassified from accumulated other comprehensive loss		—		1		7	8
Net current period other comprehensive income		158		1		6	165
Net current period other comprehensive income attributable to noncontrolling interest		5		—		—	5
Net current period other comprehensive income attributable to Nielsen stockholders		153		1		6	160
Balance June 30, 2017	$	(703)	$	—	$	(348)	$ (1,051)

The table below summarizes the reclassification of accumulated other comprehensive loss by component for the three months ended June 30, 2018 and 2017, respectively.

(IN MILLIONS) Details about Accumulated Other Comprehensive Income components	Amount Reclassified from Accumulated Other Comprehensive Loss: Three Months Ended June 30, 2018	Three Months Ended June 30, 2017	Affected Line Item in the Condensed Consolidated Statement of Operations
Cash flow hedges			
Interest rate contracts	$ (1)	$ —	Interest (income)/expense
	—	—	Benefit for income taxes
	$ (1)	$ —	Total, net of tax
Amortization of Post-Employment Benefits			
Actuarial loss	$ 5	$ 5	(a)
	1	1	Benefit for income taxes
	$ 4	$ 4	Total, net of tax
Total reclassification for the period	$ 3	$ 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 six months ended June 30, 2018 and 2017, respectively.

(IN MILLIONS) Details about Accumulated Other Comprehensive Income components	Amount Reclassified from Accumulated Other Comprehensive Loss: Six Months Ended June 30, 2018	Six Months Ended June 30, 2017	Affected Line Item in the Condensed Consolidated Statement of Operations
Cash flow hedges			
Interest rate contracts	$ (1)	$ 2	Interest (income)/expense
	—	1	Benefit for income taxes
	$ (1)	$ 1	Total, net of tax
Amortization of Post-Employment Benefits			
Actuarial loss	$ 9	$ 9	(a)

		2		2	Benefit for income taxes
	$	7	$	7	Total, net of tax
Total reclassification for the period	$	6	$	8	Net of tax

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

7. Restructuring Activities

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

(IN MILLIONS)	Total Initiatives
Balance at December 31, 2017	$ 58
Charges	89
Payments	(54)
Balance at June 30, 2018	$ 93

Nielsen recorded $65 million and $9 million in restructuring charges for the three months ended June 30, 2018 and June 30, 2017, respectively, primarily relating to severance costs. These charges are primarily related to programs associated with Nielsen's plans to reduce selling, general and administrative expenses and consolidate operations centers, as well as automation initiatives.

Nielsen recorded $89 million and $41 million in restructuring charges for the six months ended June 30, 2018 and 2017, respectively, primarily relating to severance costs.

Of the $93 million in remaining liabilities for restructuring actions, $78 million is expected to be paid within one year and is classified as a current liability within the condensed consolidated balance sheet as of June 30, 2018.

8. 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 June 30, 2018 and December 31, 2017:

(IN MILLIONS)	June 30, 2018	Level 1	Level 2	Level 3
Assets:				
Plan assets for deferred compensation (1)	29	29	—	—
Investment in mutual funds (2)	2	2	—	—
Interest rate swap arrangements (3)	37	—	37	—

Total	$ 68	$ 31	$ 37	—
Liabilities:				
Interest rate swap arrangements (3)	$ —	—	$ —	—
Deferred compensation liabilities (4)	29	29	—	—
Total	$ 29	$ 29	$ —	—

	December 31, 2017	Level 1	Level 2	Level 3
Assets:				
Plan assets for deferred compensation (1)	33	33	—	—
Investment in mutual funds (2)	2	2	—	—
Interest rate swap arrangements (3)	17	—	17	—
Total	$ 52	$ 35	17	—
Liabilities:				
Interest rate swap arrangements (3)	$ —	—	$ —	—
Deferred compensation liabilities (4)	33	33	—	—
Total	$ 33	$ 33	$ —	—

(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 in the condensed consolidated statement of operations.

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

(3) Derivative financial instruments include interest rate swap arrangements recorded at fair value based on externally-developed valuation models that use readily observable market parameters and the consideration of counterparty risk.

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

Derivative Financial Instruments

Nielsen primarily uses interest rate swap derivative instruments to manage the 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 9 - 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 June 30, 2018, Nielsen had no material exposure to potential economic losses due to counterparty credit default risk or cross-default risk on its derivative financial instruments.

Foreign Currency Exchange Risk

During the six months ended June 30, 2018 and 2017, Nielsen recorded a net loss of $1 million and zero, respectively, associated with foreign currency derivative financial instruments within foreign currency exchange transactions losses, net in its condensed consolidated statements of operations. As of June 30, 2018 and December 31, 2017 the notional amount of the outstanding foreign currency derivative financial instruments were $79 million and $74 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.

In May 2018, the Company entered into a $250 million aggregate notional amount five-year interest rate swap agreement with a starting date of May 9, 2018. This agreement fixes the LIBOR-related portion of interest rates of a corresponding amount of the Company’s variable-rate debt at an average rate of 2.72%. This derivative has been designated as an interest rate cash flow hedge.

As of June 30, 2018, 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	$150,000,000	April 2019	US Dollar
US Dollar term loan floating-to-fixed rate swaps	$250,000,000	June 2019	US Dollar
US Dollar term loan floating-to-fixed rate swaps	$150,000,000	July 2019	US Dollar
US Dollar term loan floating-to-fixed rate swaps	$250,000,000	July 2020	US Dollar
US Dollar term loan floating-to-fixed rate swaps	$250,000,000	July 2020	US Dollar
US Dollar term loan floating-to-fixed rate swaps	$250,000,000	October 2020	US Dollar
US Dollar term loan floating-to-fixed rate swaps	$250,000,000	October 2021	US Dollar
US Dollar term loan floating-to-fixed rate swaps	$250,000,000	July 2022	US Dollar
US Dollar term loan floating-to-fixed rate swaps	$250,000,000	May 2023	US Dollar

The effect of cash flow hedge accounting on the condensed consolidated statement of operations for the three and six months ended June 30, 2018 and 2017 respectively:

	Interest Expense Three Months	Interest Expense Six Months Ended June

	Ended June 30,		30,	
(IN MILLIONS)	2018	2017	2018	2017
Interest expense (Location in the consolidated statement of operations in which the effects of cash flow hedges are recorded)	$100	$92	$196	$182
Amount of (gain)/loss reclassified from accumulated other comprehensive income into income, net of tax	$(1)	$—	$(1)	$1
Amount of loss reclassified from accumulated other comprehensive income into income as a result that a forecasted transaction is no longer probable of occurring, net of tax	$—	$—	$—	$—

Nielsen expects to recognize approximately $13 million of net pre-tax gains 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 June 30, 2018 and December 31, 2017 were as follows:

Derivatives Designated as Hedging Instruments	June 30, 2018			December 31, 2017		
(IN MILLIONS)	Other Current Assets	Other Non-Current Assets	Other Non-Current Liabilities	Other Current Assets	Other Non-Current Assets	Other Non-Current Liabilities
Interest rate swaps	$ 5	$ 32	$ —	$ —	$ 17	$ —

Derivatives in Cash Flow Hedging Relationships

The pre-tax effect of derivative instruments in cash flow hedging relationships for the three months ended June 30, 2018 and 2017 was as follows:

Derivatives in Cash Flow Hedging Relationships (IN MILLIONS)	Amount of (Gain)/Loss Recognized in OCI (Effective Portion) Three Months Ended June 30, 2018	2017	Location of Loss Reclassified from AOCI into Income (Effective Portion)	Amount of (Gain)/Loss Reclassified from AOCI into Income (Effective Portion) Three Months Ended June 30, 2018	2017
Interest rate swaps	$ (6)	$ 3	Interest expense	$ (1)	$ —

The pre-tax effect of derivative instruments in cash flow hedging relationships for the six months ended June 30, 2018 and 2017 was as follows:

Derivatives in Cash Flow Hedging Relationships (IN MILLIONS)	Amount of (Gain)/Loss Recognized in OCI (Effective Portion) Six Months Ended June 30, 2018	2017	Location of Loss Reclassified from AOCI into Income (Effective Portion)	Amount of (Gain)/Loss Reclassified from AOCI into Income (Effective Portion) Six Months Ended June 30, 2018	2017
Interest rate swaps	$ (21)	$ 1	Interest expense	$ (1)	$ 2

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 six months ended June 30, 2018.

9. Long-term Debt and Other Financing Arrangements

Unless otherwise stated, interest rates are as of June 30, 2018.

	June 30, 2018			December 31, 2017		
(IN MILLIONS)	Weighted Interest Rate	Carrying Amount	Fair Value	Weighted Interest Rate	Carrying Amount	Fair Value
$2,080 million Senior secured term loan (LIBOR based variable rate of 3.43%) due 2019		$ —	—		$ 1,392	1,397
$1,125 million Senior secured term loan (LIBOR based variable rate of 3.84%) due 2023		1,119	1,124		—	—
$2,250 million Senior secured term loan (LIBOR based variable rate of 4.05%) due 2023		2,296	2,300		2,232	2,247
€380 million Senior secured term loan (Euro LIBOR based variable rate of 2.09%) due 2021		—	—		450	452
€545 million Senior secured term loan (Euro LIBOR based variable rate of 2.50%) due 2023		637	637		—	—
$850 million senior secured revolving credit facility (Euro LIBOR or LIBOR based variable rate) due 2023		246	246		—	—
Total senior secured credit facilities (with weighted-average interest rate)	3.80%	4,298	4,307	3.39%	4,074	4,096
$800 million 4.50% senior debenture loan due 2020		796	797		795	809
$625 million 5.50% senior debenture loan due 2021		620	626		620	643
$2,300 million 5.00% senior debenture loan due 2022		2,289	2,260		2,288	2,362
$500 million 5.00% senior debenture loan due 2025		496	474		496	518
Total debenture loans (with weighted-average interest rate)	5.22%	4,201	4,157	5.22%	4,199	4,332
Other loans		1	1		1	1
Total long-term debt	4.50%	8,500	8,465	4.32%	8,274	8,429
Capital lease and other financing obligations		164			167	
Total debt and other financing arrangements		8,664			8,441	
Less: Current portion of long-term debt, capital lease and other financing obligations and other short-term borrowings		343			84	

Non-current portion of long-term debt and capital lease and other		
financing obligations	$ 8,321	$ 8,357

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 July 1, 2018 to December 31, 2018	$261
2019	45
2020	855
2021	703
2022	2,402
2023	3,735
Thereafter	499
	$8,500

In June 2018, Nielsen entered into an Amendment Agreement to amend and restate its Fourth Amended and Restated Credit Agreement (the "Prior Credit Agreement") in the form of the Fifth Amended and Restated Credit Agreement (the "Amended Credit Agreement"). Among other things, The Amendment Agreement provided for: (i) the refinancing and replacement of the prior Tranche A Revolving Credit Facility with a new Tranche A Revolving Credit Facility having commitments in an aggregate principal amount of $850,000,000; (ii) the refinancing and replacement of the prior Class A Term Loans with new Class A Term Loans in an aggregate principal amount of $1,125,000,000; (iii) the refinancing and replacement of the prior Class B-2 Euro Term Loans with new Class B-2 Euro Term Loans in an aggregate principal amount of €545,245,518; and (iv) incurring incremental term loans in the form of Class B-4 Term Loans in an aggregate principal amount of $75,000,000.

The proceeds of loans under each replacement facility were used to replace or refinance the entire outstanding principal amount of loans under the prior facility that was replaced, and the proceeds of the incremental Class B-4 Term Loans, together with a portion of the proceeds of the Class B-2 Euro Term Loans in excess of the amount of the prior Class B-2 Euro Term Loans that were replaced, were used to prepay the amount of prior Class A Term Loans in excess of the amount of new Class A Term Loans.

The new Class A Term Loans will mature in full on July 9, 2023 and are required to be repaid in quarterly installments in an aggregate amount equal to 0.63% of the original principal amount of the Class A Term Loans for each of the first eight quarters following the effective date of the Amendment Agreement, 1.25% of the original principal amount of the Class A Term Loans for each of the subsequent eight quarters and 2.50% of the original principal amount of the Class A Term Loans for each of the subsequent three quarters, with the balance payable on July 9, 2023. The new Class B-2 Euro Term Loans will mature in full on October 4, 2023 and are required to be repaid in equal quarterly installments in an aggregate amount equal to 0.25% of the original principal amount of the Class B-2 Euro Term Loans, with the balance payable on October 4, 2023. The Class B-4 Term Loans will mature in full on October 4, 2023 and are required to be repaid in equal quarterly installments in an aggregate amount equal to 0.25% of the original principal amount of the Class B-4 Term Loans, with the balance payable on October 4, 2023. The new Tranche A Revolving Credit Facility matures on July 9, 2023.

The new Class A Term Loans and loans under the new Tranche A Revolving Credit Facility bear interest at a rate per annum equal to, at our election, (i) a base rate or eurocurrency rate, plus (ii) an applicable margin determined by reference to the Total Leverage Ratio (as defined in the Amended Credit Agreement), which varies from 0.25% to 1.00%, in the case of base rate loans, and from 1.25% to 2.00%, in the case of eurocurrency rate loans. The Class B-2 Euro Term Loans bear interest at a rate per annum equal to (i) a eurocurrency rate plus (ii) an applicable margin equal to 2.50%. The Class B-4 Term Loans bear interest at a rate per annum equal to, at our election, (i) a base rate or eurocurrency rate, plus (ii) an applicable margin, which is equal to 2.00%, in the case of eurocurrency loans, or 1.00%, in the case of base rate loans.

The Amended Credit Agreement contains substantially the same affirmative and negative covenants as those of the Prior Credit Agreement, except the exceptions to the restrictions on restricted payments and investments that are determined by reference to the Total Leverage Ratio were amended to increase the applicable limits.

Nielsen wrote-off certain previously capitalized deferred financing fees of $2 million associated with the June 2018 debt refinancing and incurred certain costs in connection with the refinancing of $5 million.

10. Stockholders' Equity

Common stock activity is as follows:

	Six Months Ended June 30, 2018
Actual number of shares of common stock outstanding	
Beginning of period	355,944,976
Shares of common stock issued through compensation plans	1,154,613
Employee benefit trust activity	6,642
Repurchases of common stock	(1,898,622)
End of period	355,207,609

On January 31, 2013, the Company's Board of Directors (the "Board") adopted a cash dividend policy to pay quarterly cash dividends on its outstanding common stock. The following table represents the cash dividends declared by the Board and paid for the years ended December 31, 2017 and the six months ended June 30, 2018, respectively.

Declaration Date	Record Date	Payment Date	Dividend Per Share

Declaration Date	Record Date	Payment Date	Dividend Per Share
February 16, 2017	March 2, 2017	March 16, 2017	$ 0.31
April 24, 2017	June 2, 2017	June 16, 2017	$ 0.34
July 20, 2017	August 24, 2017	September 7, 2017	$ 0.34
October 19, 2017	November 21, 2017	December 5, 2017	$ 0.34
February 18, 2018	March 7, 2018	March 21, 2018	$ 0.34
April 19, 2018	June 6, 2018	June 20, 2018	$ 0.35

On July 19, 2018, the Board declared a cash dividend of $0.35 per share on Nielsen's common stock. The dividend is payable on September 5, 2018 to stockholders of record at the close of business on August 22, 2018.

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

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

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

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

As of June 30, 2018, there have been 39,104,987 shares of the Company's common stock purchased at an average price of $45.06 per share (total consideration of approximately $1,762 million) under this program.

The activity for the six months ended June 30, 2018 consisted of open market share repurchases and is summarized in the following table:

	Total Number of	Dollar Value of Shares

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that may yet be Purchased under the Publicly Announced Plans or Programs
As of December 31, 2017	37,206,365	$ 45.74	37,206,365	$298,118,746
2018 Activity				
January 1- 31	—	$ —	—	$298,118,746
February 1- 28	187,048	$ 33.31	187,048	$291,887,826
March 1- 31	424,324	$ 33.04	424,324	$277,868,369
April 1-30	155,878	$ 32.24	155,878	$272,843,463
May 1-31	922,862	$ 30.79	922,862	$244,424,375
June 1-30	208,510	$ 30.85	208,510	$237,992,519
Total	39,104,987	$ 45.06	39,104,987	

11. Income Taxes

The effective tax rates for the three months ended June 30, 2018 and 2017 were 36% and 41%, respectively. The tax rate for the three months ended June 30, 2018 was higher than the statutory rate as a result of the impact of tax rate differences in other jurisdictions where the Company files tax returns, and the effect of global licensing activities and foreign distributions, offset by the favorable impact of certain financing activities. The tax rate for the three months ended June 30, 2017 was higher than the statutory rate as a result of the impact of tax rate differences in other jurisdictions where the Company files tax returns, and the effect of global licensing activities and foreign distributions, offset by the favorable impact of certain financing activities. The principal reason for the decrease in the second quarter effective tax rate in 2018 when compared to 2017 was due to tax reform enacted within the United States.

The effective tax rates for the six months ended June 30, 2018 and 2017 were 35% and 39%, respectively. The tax rate for the six months ended June 30, 2018 was higher than the statutory rate as a result of the impact of tax rate differences in other jurisdictions where the Company files tax returns, and the effect of global licensing activities and foreign distributions, offset by the favorable impact of certain financing activities. The tax rate for the six months ended June 30, 2017 was higher than the statutory rate as a result of the impact of tax rate differences in other jurisdictions where the Company files tax returns, and the effect of global licensing activities and foreign distributions, offset by the favorable impact of certain financing activities and the impact of share-based compensation excess tax benefit. The principal reason for the decrease in the first half effective tax rate in 2018 when compared to 2017 was due to tax reform enacted within the United States.

The Tax Cuts and Jobs Act (the “TCJA”) was enacted in December 2017. The TCJA reduces the U.S. federal corporate income tax rate from 35 percent to 21 percent, effective as of January 1, 2018, and creates a territorial-style taxing system. The TCJA also requires companies to pay a one-time transition tax on earnings of certain foreign subsidiaries that were previously deferred and also creates new taxes on certain types of foreign earnings. Nielsen is subject to the provisions of the Financial Accounting Standards Board ("FASB") ASC 740-10, Income Taxes, which requires that the effect on deferred tax assets and liabilities of a change in tax rates be recognized in the period the tax rate change was enacted. In December 2017, the SEC staff issued SAB 118 which provides that companies that have not completed their accounting for the effects of the TCJA can determine a reasonable estimate of those effects and should include a provisional amount based on their reasonable estimate in their financial statements. The guidance in SAB 118 also allows companies to adjust the provisional amounts during a one year measurement period which is similar to the measurement period used when accounting for business combinations.

As of June 30, 2018, Nielsen has not completed our accounting for all of the tax effects associated with the enactment of the TCJA. However, Nielsen has made a reasonable estimate of the (a) effects on our existing deferred tax balances, (b) the one-time transition tax, (c) Base Erosion and Anti-Abuse Tax (BEAT), (d) Global Intangible Low-Taxed Income (GILTI) and (e) Foreign Derived Intangible Income (FDII). Although Nielsen has estimated the current tax impact of GILTI as a component of Nielsen’s annual effective tax rate, given the complexity of the GILTI provisions, the Company is still evaluating its accounting policy in respect of recognizing associated deferred taxes.

Nielsen continues to gather additional information related to the transition tax estimates and deferred tax estimates to more precisely compute the transition tax and re-measurement of deferred taxes. Nielsen anticipates that additional IRS guidance relative to the impacts of the TCJA will be forthcoming throughout 2018.

The estimated liability for unrecognized income tax benefits as of December 31, 2018 is $456 million and was $452 million as of December 31, 2017. 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 2016.

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.

12. 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.

13. 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 and listen to, ("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 June 30, 2018				
Revenues	$789	$858	$ —	$1,647
Depreciation and amortization	$55	$105	$ 2	$162
Restructuring charges	$55	$5	$ 5	$65
Stock-based compensation expense	$3	$2	$ 2	$7
Other items[1]	$—	$—	$ 6	$6
Operating (loss)/income	$(3)	$256	$ (25)	$228
Business segment income/(loss)[2]	$110	$368	$ (10)	$468
Total assets as of June 30, 2018	$6,891	$9,796	$ 11	$16,698

(IN MILLIONS)				
Three Months Ended June 30, 2017				
Revenues	$823	$821	$—	$1,644
Depreciation and amortization	$53	$108	$1	$162
Restructuring charges	$7	$—	$2	$9
Stock-based compensation expense	$3	$3	$6	$12
Other items[1]	$—	$—	$5	$5
Operating income/(loss)	$99	$246	$(24)	$321
Business segment income/(loss)[2]	$162	$357	$(10)	$509
Total assets as of December 31, 2017	$6,862	$9,911	$93	$16,866

(IN MILLIONS)	Buy	Watch	Corporate	Total
Six Months Ended June 30, 2018				
Revenues	$1,565	$1,692	$ —	$3,257
Depreciation and amortization	$109	$217	$ 3	$329
Restructuring charges	$70	$14	$ 5	$89
Stock-based compensation expense	$7	$5	$ 8	$20
Other items [1]	$—	$—	$ 18	$18
Operating income/(loss)	$8	$482	$ (55)	$435

Business segment income/(loss) (2)	$194	$718	$ (21)	$891

(IN MILLIONS)				
Six Months Ended June 30, 2017				
Revenues	$1,580	$1,590	$—	$3,170
Depreciation and amortization	$103	$212	$2	$317
Restructuring charges	$27	$7	$7	$41
Stock-based compensation expense	$7	$7	$13	$27
Other items (1)	$—	$—	$18	$18
Operating income/(loss)	$133	$454	$(61)	$526
Business segment income/(loss) (2)	$270	$680	$(21)	$929

(1) Other items primarily consist of transaction related costs and business optimization costs for the three and six months ended June 30, 2018 and 2017.

(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.

14. 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 June 30, 2018 and December 31, 2017 and consolidating statements of operations and cash flows for the periods ended June 30, 2018 and 2017. During the six months ended June 30, 2018, the Company re-designated certain subsidiaries between guarantor and non-guarantor. As a result, the Company adjusted the prior period condensed consolidated statement of comprehensive income to reflect the current year structure.

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

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

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

Nielsen Holdings plc

Condensed Consolidated Statement of Comprehensive Income (Unaudited)

For the three months ended June 30, 2018

(IN MILLIONS)	Parent	Issuers	Guarantor	Non-Guarantor	Elimination	Consolidated
Revenues	$—	$—	$ 899	$ 748	$ —	$ 1,647
Cost of revenues, exclusive of depreciation and amortization shown separately below	—	—	359	339	—	698
Selling, general and administrative expenses, exclusive of depreciation and amortization shown separately below	1	—	235	258	—	494
Depreciation and amortization	—	—	129	33	—	162
Restructuring charges	—	—	21	44	—	65
Operating (loss)/income	(1)	—	155	74	—	228
Interest income	1	165	8	3	(175)	2
Interest expense	—	(92)	(174)	(9)	175	(100)
Foreign currency exchange transaction losses, net	—	—	(1)	(3)	—	(4)
Other (expense)/income, net	—	(6)	120	(119)	—	(5)
Income/(loss) from continuing operations before income taxes and equity in net income of subsidiaries and affiliates	—	67	108	(54)	—	121
Provision for income taxes	—	(14)	(22)	(8)	—	(44)
Equity in net income/(loss) of subsidiaries	72	27	(14)	—	(85)	—
Equity in net loss of affiliates	—	—	—	(1)	—	(1)
Net income/(loss)	72	80	72	(63)	(85)	76
Less net income attributable to noncontrolling interests	—	—	—	4	—	4
Net income/(loss) attributable to controlling interest	72	80	72	(67)	(85)	72
Total other comprehensive (loss)/income	(129)	19	(129)	(151)	257	(133)
Total other comprehensive loss attributable to noncontrolling interests	—	—	—	(4)	—	(4)
Total other comprehensive (loss)/income attributable to controlling interests	(129)	19	(129)	(147)	257	(129)
Total comprehensive (loss)/income	$ (57)	$ 99	$ (57)	$ (214)	$ 172	$ (57)

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Nielsen Holdings plc

Condensed Consolidated Statement of Comprehensive Income (Unaudited)

For the three months ended June 30, 2017

(IN MILLIONS)	Parent	Issuers	Guarantor	Non-Guarantor	Elimination	Consolidated
Revenues	$ —	$ —	$ 892	$ 752	$ —	$ 1,644
Cost of revenues, exclusive of depreciation and amortization shown separately below	—	—	357	321	—	678
Selling, general and administrative expenses, exclusive of depreciation and amortization shown separately below	1	—	234	239	—	474
Depreciation and amortization	—	—	132	30	—	162
Restructuring charges	—	—	3	6	—	9
Operating (loss)/income	(1)	—	166	156	—	321
Interest income	1	227	8	2	(237)	1
Interest expense	—	(88)	(231)	(10)	237	(92)
Foreign currency exchange transaction losses, net	—	—	(2)	(5)	—	(7)
Other (expense)/income, net	—	(2)	(2)	5	—	1
Income/(loss) from continuing operations before income taxes and equity in net income/(loss) of subsidiaries and affiliates	—	137	(61)	148	—	224
(Provision)/benefit for income taxes	—	(48)	13	(56)	—	(91)
Equity in net income of subsidiaries	131	36	180	—	(347)	—
Equity in net (loss)/income of affiliates	—	—	(1)	1	—	—
Net income	131	125	131	93	(347)	133
Less net income attributable to noncontrolling interests	—	—	—	2	—	2
Net income attributable to controlling interest	131	125	131	91	(347)	131
Total other comprehensive income/(loss)	83	(19)	83	98	(160)	85
Total other comprehensive income attributable to noncontrolling interests	—	—	—	2	—	2
Total other comprehensive income/(loss) attributable to controlling interests	83	(19)	83	96	(160)	83
Total comprehensive income	214	106	214	192	(508)	218
Comprehensive income attributable to noncontrolling	—	—	—	4	—	4

interests						
Total comprehensive income attributable to controlling interest	$ 214	$ 106	$ 214	$ 188	$ (508)	$ 214

Nielsen Holdings plc

Condensed Consolidated Statement of Comprehensive Income (Unaudited)

For the six months ended June 30, 2018

(IN MILLIONS)	Parent	Issuers	Guarantor	Non-Guarantor	Elimination	Consolidated
Revenues	$ —	$ —	$ 1,769	$ 1,488	$ —	$ 3,257
Cost of revenues, exclusive of depreciation and amortization shown separately below	—	—	734	683	—	1,417
Selling, general and administrative expenses, exclusive of depreciation and amortization shown separately below	2	—	469	516	—	987
Depreciation and amortization	—	—	261	68	—	329
Restructuring charges	—	—	32	57	—	89
Operating (loss)/income	(2)	—	273	164	—	435
Interest income	1	316	18	4	(335)	4
Interest expense	—	(183)	(328)	(20)	335	(196)
Foreign currency exchange transaction losses, net	—	—	(1)	(3)	—	(4)
Other (expense)/income, net	—	(7)	120	(117)	—	(4)
(Loss)/income from continuing operations before income taxes and equity in net income/(loss) of subsidiaries and affiliates	(1)	126	82	28	—	235
Provision for income taxes	—	(26)	(20)	(37)	—	(83)
Equity in net income of subsidiaries	145	85	83	—	(313)	—
Equity in net loss of affiliates	—	—	—	(1)	—	(1)
Net income/(loss)	144	185	145	(10)	(313)	151
Less net income attributable to noncontrolling interests	—	—	—	7	—	7
Net income/(loss) attributable to controlling interest	144	185	145	(17)	(313)	144
Total other comprehensive (loss)/income	(75)	21	(75)	(92)	144	(77)
Total other comprehensive loss attributable to noncontrolling interests	—	—	—	(2)	—	(2)
Total other comprehensive (loss)/income attributable to controlling interests	(75)	21	(75)	(90)	144	(75)
Total comprehensive income/(loss)	69	206	70	(102)	(169)	74
Comprehensive income attributable to noncontrolling	—	—	—	5	—	5

interests						
Total comprehensive income/(loss) attributable to controlling interest	$ 69	$ 206	$ 70	$ (107)	$ (169)	$ 69

Nielsen Holdings plc

Condensed Consolidated Statement of Comprehensive Income (Unaudited)

For the six months ended June 30, 2017

(IN MILLIONS)	Parent	Issuers	Guarantor	Non-Guarantor	Elimination	Consolidated
Revenues	$ —	$ —	$ 1,748	$ 1,422	$ —	$ 3,170
Cost of revenues, exclusive of depreciation and amortization shown separately below	—	—	695	644	—	1,339
Selling, general and administrative expenses, exclusive of depreciation and amortization shown separately below	2	—	489	456	—	947
Depreciation and amortization	—	—	258	59	—	317
Restructuring charges	—	—	18	23	—	41
Operating (loss)/income	(2)	—	288	240	—	526
Interest income	1	444	17	3	(463)	2
Interest expense	—	(173)	(453)	(19)	463	(182)
Foreign currency exchange transaction losses, net	—	—	(3)	(6)	—	(9)
Other (expense)/income, net	—	(2)	(16)	21	—	3
(Loss)/income from continuing operations before income taxes and equity in net income/(loss) of subsidiaries and affiliates	(1)	269	(167)	239	—	340
(Provision)/benefit for income taxes	—	(94)	57	(97)	—	(134)
Equity in net income of subsidiaries	203	88	314	—	(605)	—
Equity in net (loss)/income of affiliates	—	—	(1)	1	—	—
Net income	202	263	203	143	(605)	206
Less net income attributable to noncontrolling interests	—	—	—	4	—	4
Net income attributable to controlling interest	202	263	203	139	(605)	202
Total other comprehensive income/(loss)	160	(18)	160	176	(313)	165
Total other comprehensive income attributable to noncontrolling interests	—	—	—	5	—	5
Total other comprehensive income/(loss) attributable to controlling interests	160	(18)	160	171	(313)	160
Total comprehensive income	362	245	363	319	(918)	371
Comprehensive income attributable to noncontrolling	—	—	—	9	—	9

interests						
Total comprehensive income attributable to controlling interest	$ 362	$ 245	$ 363	$ 310	$ (918)	$ 362

Nielsen Holdings plc

Condensed Consolidated Balance Sheet (Unaudited)

June 30, 2018

(IN MILLIONS)	Parent	Issuers	Guarantor	Non-Guarantor	Elimination	Consolidated
Assets:						
Current assets						
Cash and cash equivalents	$2	$1	$ 13	$ 378	$ —	$ 394
Trade and other receivables, net	—	—	501	819	$ —	1,320
Prepaid expenses and other current assets	1	5	252	148	$ —	406
Intercompany receivables	2	1,324	309	80	(1,715)	—
Total current assets	5	1,330	1,075	1,425	(1,715)	2,120
Non-current assets						—
Property, plant and equipment, net	—	—	312	159	—	471
Goodwill	—	—	6,100	2,341	—	8,441
Other intangible assets, net	—	—	4,557	511	—	5,068
Deferred tax assets	1	—	9	159	—	169
Other non-current assets	—	32	314	83	—	429
Equity investment in subsidiaries	4,019	1,236	4,554	—	(9,809)	—
Intercompany loans	25	8,608	352	138	(9,123)	—
Total assets	$4,050	$11,206	$ 17,273	$ 4,816	$ (20,647)	$ 16,698
Liabilities and equity:						
Current liabilities						
Accounts payable and other current liabilities	$—	$52	$ 443	$ 482	$ —	$ 977
Deferred revenues	—	—	231	130	$ —	361
Income tax liabilities	—	—	26	82	$ —	108
Current portion of long-term debt, capital lease obligations and short-term borrowings	—	47	290	6	$ —	343
Intercompany payables	1	2	1,405	307	(1,715)	—
Total current liabilities	1	101	2,395	1,007	(1,715)	1,789
Non-current liabilities						—
Long-term debt and capital lease obligations	—	8,206	99	16	—	8,321
Deferred tax liabilities	—	71	1,318	27	—	1,416
Intercompany loans	—	—	8,771	352	(9,123)	—
Other non-current liabilities	—	—	671	256	—	927
Total liabilities	1	8,378	13,254	1,658	(10,838)	12,453
Total stockholders' equity	4,049	2,828	4,019	2,962	(9,809)	4,049
Noncontrolling interests	—	—	—	196	—	196
Total equity	4,049	2,828	4,019	3,158	(9,809)	4,245
Total liabilities and equity	$4,050	$11,206	$ 17,273	$ 4,816	$ (20,647)	$ 16,698

Nielsen Holdings plc

Condensed Consolidated Balance Sheet

December 31, 2017

(IN MILLIONS)	Parent	Issuers	Guarantor	Non-Guarantor	Elimination	Consolidated
Assets:						
Current assets						
Cash and cash equivalents	$2	$1	$ 69	$ 584	$ —	$ 656
Trade and other receivables, net	—	—	464	816	—	1,280
Prepaid expenses and other current assets	—	—	211	135	—	346
Intercompany receivables	4	1,187	325	155	(1,671)	—
Total current assets	6	1,188	1,069	1,690	(1,671)	2,282
Non-current assets						-
Property, plant and equipment, net	—	—	309	173	—	482
Goodwill	—	—	6,100	2,395	—	8,495
Other intangible assets, net	—	—	4,545	532	—	5,077
Deferred tax assets	1	—	—	169	—	170
Other non-current assets	—	17	263	80	—	360
Equity investment in subsidiaries	4,213	1,210	4,583	—	(10,006)	—
Intercompany loans	25	8,608	424	140	(9,197)	—
Total assets	$4,245	$11,023	$ 17,293	$ 5,179	$ (20,874)	$ 16,866
Liabilities and equity:						
Current liabilities						
Accounts payable and other current liabilities	$—	$61	$ 560	$ 520	$ —	$ 1,141
Deferred revenues	—	—	231	130	—	361
Income tax liabilities	—	—	62	49	—	111
Current portion of long-term debt, capital lease obligations and short-term borrowings	—	35	44	5	—	84
Intercompany payables	—	2	1,345	324	(1,671)	—
Total current liabilities	—	98	2,242	1,028	(1,671)	1,697
Non-current liabilities						—
Long-term debt and capital lease obligations	—	8,237	101	19	—	8,357
Deferred tax liabilities	—	71	1,296	68	—	1,435
Intercompany loans	—	62	8,774	361	(9,197)	—
Other non-current liabilities	—	—	667	267	—	934
Total liabilities	—	8,468	13,080	1,743	(10,868)	12,423
Total stockholders’ equity	4,245	2,555	4,213	3,238	(10,006)	4,245
Noncontrolling interests	—	—	—	198	—	198
Total equity	4,245	2,555	4,213	3,436	(10,006)	4,443
Total liabilities and equity	$4,245	$11,023	$ 17,293	$ 5,179	$ (20,874)	$ 16,866

Nielsen Holdings plc

Condensed Consolidated Statement of Cash Flows (Unaudited)

For the six months ended June 30, 2018

(IN MILLIONS)	Parent	Issuers	Guarantor	Non-Guarantor	Consolidated
Net cash (used in)/provided by operating activities	$(1)	$26	$ (16)	$ 116	$ 125
Investing activities:					-
Acquisition of subsidiaries and affiliates, net of cash acquired	—	—	(3)	(27)	(30)
Additions to property, plant and equipment and other assets	—	—	(27)	(17)	(44)
Additions to intangible assets	—	—	(171)	(31)	(202)
Proceeds from the sale of property, plant and equipment and other assets	—	—	—	—	—
Other investing activities	—	—	5	(5)	—
Net cash used in investing activities	—	—	(196)	(80)	(276)
Financing activities:					
Net borrowings under revolving credit facility	—	—	246	—	246
Repayments of debt	—	(798)	—	(1)	(799)
Proceeds from the issuance of debt, net of issuance costs	—	781	—	—	781
Decrease in other short-term borrowings	—	—	—	—	—
Cash dividends paid to stockholders	(246)	—	—	—	(246)
Repurchase of common stock	(60)	—	—	—	(60)
Activity under stock plans	23	—	(5)	—	18
Proceeds from employee stock purchase plan	3	—	—	—	3
Capital leases	—	—	(37)	(3)	(40)
Settlement of intercompany and other financing activities	281	(9)	(48)	(235)	(11)
Net cash provided by/(used in) financing activities	1	(26)	156	(239)	(108)
Effect of exchange-rate changes on cash and cash equivalents	—	—	—	(3)	(3)
Net decrease in cash and cash equivalents	—	—	(56)	(206)	(262)
Cash and cash equivalents at beginning of period	2	1	69	584	656
Cash and cash equivalents at end of period	$2	$1	$ 13	$ 378	$ 394

Nielsen Holdings plc

Condensed Consolidated Statement of Cash Flows (Unaudited)

For the six months ended June 30, 2017

(IN MILLIONS)	Parent	Issuers	Guarantor	Non-Guarantor	Consolidated
Net cash (used in)/provided by operating activities	$(45)	$110	$ 93	$ 108	$ 266
Investing activities:					
Acquisition of subsidiaries and affiliates, net of cash acquired	—	—	(563)	(18)	(581)
Additions to property, plant and equipment and other assets	—	—	(17)	(14)	(31)
Additions to intangible assets	—	—	(146)	(29)	(175)
Proceeds from the sale of property, plant and equipment and other assets	—	—	28	—	28
Other investing activities	—	—	(1)	—	(1)
Net cash used in investing activities	—	—	(699)	(61)	(760)
Financing activities:					
Net borrowings under revolving credit facility	—	—	101	—	101
Repayments of debt	—	(2,281)	—	(1)	(2,282)
Proceeds from the issuance of debt, net of issuance costs	—	2,745	—	—	2,745
Decrease in other short-term borrowings	—	—	—	(5)	(5)
Cash dividends paid to stockholders	(232)	—	—	—	(232)
Repurchase of common stock	(84)	—	—	—	(84)
Activity under stock plans	21	—	(5)	—	16
Proceeds from employee stock purchase plan	3	—	—	—	3
Capital leases	—	—	(30)	(1)	(31)
Settlement of intercompany and other financing activities	335	(574)	319	(88)	(8)
Net cash provided by/(used in) financing activities	43	(110)	385	(95)	223
Effect of exchange-rate changes on cash and cash equivalents	—	—	(3)	30	27
Net decrease in cash and cash equivalents	(2)	—	(224)	(18)	(244)
Cash and cash equivalents at beginning of period	5	1	219	529	754
Cash and cash equivalents at end of period	$3	$1	$ (5)	$ 511	$ 510

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, 2017 as contained in the Annual Report on Form 10-K filed by the Company with the Securities and Exchange Commission ("SEC") on February 8, 2018, 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 2017 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 Holdings plc and each of its consolidated subsidiaries unless otherwise stated or indicated by context.

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 measurement and data analytics company that provides clients with a comprehensive understanding of consumers and consumer behavior. We deliver critical media and marketing information, analytics and industry expertise about what consumers buy (referred to herein as "Buy") and what consumers watch and listen to (consumer interaction across the television, radio, digital and mobile viewing and listening platforms referred to herein as "Watch") on a global and local basis. Our measurement and analytical services 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 improve 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, more than 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 for 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 cross-platform expansion of our analytical services and measurement services.

In July 2018, we announced that our Board of Directors is conducting an in-depth strategic review of our Buy segment. The Board does not have a fixed timetable for completion of the review nor has it made any decisions at this time.

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. Core to managing these key risk areas is our commitment to data privacy and security as it drives our ability to deliver quality insights for our clients in line with evolving regulatory requirements and governing standards across all the geographies and industries in which we operate. Our operating footprint across more than 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: what consumers buy (consumer purchasing measurement and analytics), and what consumers watch and listen to (media audience measurement and analytics). Our Buy and Watch segments are built on a foundation of proprietary data assets that are designed to yield essential insights for our clients to successfully measure, analyze and grow their businesses.

Our Buy segment provides measurement services, which include our core tracking and scan data (primarily transactional measurement data and consumer behavior information), and analytical services to businesses in the consumer packaged goods industry. Our services also enable our clients to better manage their brands, uncover new sources of demand, launch and grow new products, analyze their sales, improve their marketing mix and establish more effective consumer relationships. Our data is used by our clients to measure their market share, tracking billions of sales transactions per month in retail outlets around the world. Our extensive database of retail and consumer information, combined with our advanced analytical capabilities, helps generate strategic insights that influence our clients' key business decisions. Within our Buy segment, we have two primary geographic groups, developed and emerging markets. Developed markets primarily include the United States, Canada, Western Europe, Japan, Australia and South Korea while emerging markets primarily 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 for television, radio, digital 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, 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 our segments based on either the actual amount of costs incurred or on a basis consistent with the operations of the underlying segment.

Critical Accounting Policies

Revenue Recognition

On January 1, 2018, we adopted Accounting Standards Codification ("ASC") 606, Revenue from Contracts with Customers, using the modified retrospective method. The ASC has been applied to all contracts as of the date of adoption. There was no financial statement impact as a result of this adoption.

Revenue is measured based on the consideration specified in a contract with a customer. A significant portion of our revenue is generated from information (primarily retail measurement and consumer panel services) and measurement (primarily from television, radio, internet and mobile audiences) services. We recognize revenue when a performance obligation is satisfied by transferring control of a product or service to a customer, which generally occurs over time. Substantially all of our customer contracts are non-cancelable and non-refundable.

The following is a description of principal activities, by reportable segment, from which we generate our revenues.

Revenues from the Buy segment consist primarily of retail measurement services, which provide market share, competitive sales volumes and insights into such activities as distribution, pricing, merchandising and promotion, and consumer panel services, which provide clients with insights into shopper behavior such as trial and repeat purchase for new products and likely substitutes as well as customer segmentation. As the customer simultaneously receives and consumes the benefits provided by our performance, revenues for these services are recognized over the period during which the performance obligations are satisfied and control of the service is transferred to the customer.

We also provide consumer intelligence and analytical services that help clients make smarter business decisions throughout their product development and marketing cycles. Our performance under these arrangements does not create an asset with an alternative use to us and generally includes an enforceable right to payment for performance completed to date, as such, revenue for these services is typically recognized over time. Revenue for contracts that do not include an enforceable right to payment for performance completed to date is recognized at a point in time when the performance obligation is satisfied, generally upon delivery of the service, and control of the service is transferred to the customer

Revenue from our Watch segment is primarily generated from television, radio, digital and mobile measurement services which are used by our clients to establish the value of airtime and more effectively schedule and promote their programming. As the customer simultaneously receives and consumes the benefits provided by our performance, revenues for these services are recognized over the period during which the performance obligations are satisfied and control of the services are transferred to the customer.

We enter into cooperation arrangements primarily with our customers, under which a customer provides us with its data in exchange for our services. We record these transactions at fair value, which is determined based on the fair value of goods or services received, if reasonably estimable. If not reasonably estimable we consider the fair value of the goods or services surrendered.

Goodwill and Indefinite-Lived Intangible Assets

We assess indicators of impairment during interim periods. During the second quarter of 2018, in connection with our quarterly forecasting cycle, we updated the forecasted operating results for each of our businesses based on the most recent financial results and best estimates of future operations. The updated forecasts reflected a decline in near-term revenue growth and profitability, primarily in our Buy business. Accordingly, in connection with the preparation of the Condensed Consolidated Financial Statements for the period ended June 30, 2018, we performed an updated impairment analysis. Based on this analysis, we concluded that the fair value of our reporting units was in excess of carrying value as of such date. Therefore, we concluded it was not more-likely-than-not that an impairment had occurred. However, the fair value of one of our reporting units exceeded its carrying value by less than 10%, compared to greater than 20% during our last annual impairment assessment performed as of October 1, 2017. We also concluded that the fair value of other indefinite-lived assets exceeded carrying value. We will continue to monitor and assess indicators of impairment.

We perform sensitivity analyses on our assumptions, primarily around both the long-term growth rate and discount rate assumptions. Our sensitivity analyses include several combinations of reasonably possible scenarios with regard to these assumptions. However, we consistently test a one percent movement in both our long-term growth rate and discount rate assumptions. When applying these sensitivity analyses, we noted that the fair value was less than the underlying book value for one of our reporting units. Even though our sensitivity analyses, based upon reasonably possible adverse changes in assumptions, showed a potential shortfall in one of our reporting units, we believe that we have the ability to execute certain productivity and other actions in order to increase the results of operations and cash flows of our reporting units. While we believe that these sensitivity analyses provide a reasonable basis on which to evaluate the recovery of our goodwill, other facts or circumstances may arise that could impact the impairment assessment and therefore these analyses should not be used as a sole predictor of impairment.

Factors Affecting Our Financial Results

Acquisitions and Investments in Affiliates

Gracenote

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

We incurred acquisition-related expenses of $2 million and $6 million for the three and six months ended June 30, 2017, respectively, which primarily consisted of transaction fees, legal, accounting and other professional services that are included in selling, general and administrative expense in the condensed consolidated statement of operations.

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

(IN MILLIONS)	Three Months Ended June 30, 2017	Six Months Ended June 30, 2017
Revenues	$ 1,644	$ 3,188
Income from continuing operations	$ 134	$ 206

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

Other Acquisitions

For the six months ended June 30, 2018, we paid cash consideration of $30 million associated with current period acquisitions, net of cash acquired. Had these 2018 acquisitions occurred as of January 1, 2018, the impact on our consolidated results of operations would not have been material.

For the six months ended June 30, 2017, excluding Gracenote, we paid cash consideration of $15 million associated with both current period and previously executed acquisitions, net of cash acquired. Had these 2017 acquisitions occurred as of January 1, 2017, the impact on our consolidated results of operations would not have been material.

Foreign Currency

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

	Six Months Ended June 30, 2018	2017
U.S. Dollar	57 %	60 %
Euro	11 %	10 %
Other Currencies	32 %	30 %
Total	100 %	100 %

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 $1.21 to €1.00 and $1.08 to €1.00 for the six months ended June 30, 2018 and 2017, 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 period-over-period fluctuations in foreign currency exchange rates. We believe providing constant currency information provides valuable supplemental information regarding our results of operations, thereby facilitating period-to-period comparisons of our business performance and is consistent with how management evaluates our performance. We calculate constant currency percentages by converting our prior-period local currency financial results using the current period foreign currency exchange rates and comparing these adjusted amounts to our current period reported results. This calculation may differ from similarly-titled measures used by others. In addition, the constant currency presentation is not meant to be a substitution for recorded amounts presented in conformity with GAAP nor should such amounts be considered in isolation.

Accounts Receivable

During the six months ended June 30, 2018, we sold $81 million of accounts receivable to a third party and recorded an immaterial loss on the sale to interest expense, net in the condensed consolidated statement of operations. As of June 30, 2018