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 | 98-1225347 |
| (State or other jurisdiction of incorporation or organization) | (I.R.S. Employer 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)

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| (IN MILLIONS, EXCEPT SHARE AND PER SHARE DATA) | 2018 | 2017 | 2018 | 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 | | Affected Line Item in the Condensed Consolidated Statement of Operations |
|---|---|---|---|
| | Three Months Ended June 30, 2018 | Three Months Ended June 30, 2017 | |
| 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 | | Affected Line Item in the Condensed Consolidated Statement of Operations |
|---|---|---|---|
| | Six Months Ended June 30, 2018 | Six Months Ended June 30, 2017 | |
| 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 |
|---|---|---|

| (IN MILLIONS) | Ended June 30, 2018 | 2017 | 30, 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, | | 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 | | 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, | | 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 | | 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 |