

Nielsen Holdings N.V.
Form 10-Q
April 28, 2011
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-Q

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

For the quarterly period ended March 31, 2011

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 N.V.

(Exact name of registrant as specified in its charter)

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| | |
|--|--|
| The Netherlands (State or other jurisdiction of incorporation or organization) | 98-0662038 (I.R.S. Employer Identification No.) |
| 770 Broadway | Diemerhof 2 |
| New York, New York 10003 | 1112 XL Diemen |
| (646) 654-5000 | The Netherlands |
| (Address of principal executive offices) (Zip Code) (Registrant's telephone numbers including area code) | +31 (0) 20 398 87 77 |

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definition of "accelerated filer", "large accelerated filer", and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer
Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company
Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

There were 358,169,645 shares of the registrant's Common Stock outstanding as of March 31, 2011.

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PART I. FINANCIAL INFORMATION

**Item 1. Condensed Consolidated Financial Statements
Nielsen Holdings N.V.****Condensed Consolidated Statements of Operations (Unaudited)**

| (IN MILLIONS EXCEPT SHARE AND PER SHARE DATA) | Three Months Ended March 31, | |
|---|---------------------------------|-------------|
| | 2011 | 2010 |
| Revenues | \$ 1,302 | \$ 1,196 |
| Cost of revenues, exclusive of depreciation and amortization shown separately below | 549 | 520 |
| Selling, general and administrative expenses, exclusive of depreciation and amortization shown separately below | 543 | 400 |
| Depreciation and amortization | 136 | 141 |
| Restructuring charges | 23 | 3 |
| Operating income | 51 | 132 |
| Interest income | 1 | 1 |
| Interest expense | (140) | (162) |
| Loss on derivative instruments | (1) | (10) |
| Foreign currency exchange transaction gains, net | 7 | 79 |
| Other (expense)/income, net | (230) | 9 |
| (Loss)/income from continuing operations before income taxes and equity in net loss of affiliates | (312) | 49 |
| Benefit for income taxes | 134 | 1 |
| Equity in net loss of affiliates | (2) | (2) |
| (Loss)/income from continuing operations | (180) | 48 |
| Loss from discontinued operations, net of tax | (1) | (5) |
| Net (loss)/income | (181) | 43 |
| Net income attributable to noncontrolling interests | 1 | 1 |
| Net (loss)/income attributable to Nielsen stockholders | \$ (182) | \$ 42 |
| Net (loss)/income per share of common stock, basic and diluted | | |
| (Loss)/income from continuing operations | \$ (0.55) | \$ 0.17 |
| Loss from discontinued operations, net of tax | | (0.02) |
| Net (loss)/income attributable to Nielsen stockholders | \$ (0.55) | \$ 0.15 |
| Weighted-average shares of common stock outstanding, basic | 331,248,626 | 276,154,291 |
| Dilutive shares of common stock | | 2,572,384 |
| Weighted-average shares of common stock outstanding, diluted | 331,248,626 | 278,726,675 |

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

Table of Contents**Nielsen Holdings N.V.****Condensed Consolidated Balance Sheets**

| (IN MILLIONS, EXCEPT SHARE AND PER SHARE DATA) | March 31, 2011 (Unaudited) | December 31, 2010 |
|---|----------------------------------|----------------------|
| Assets: | | |
| Current assets | | |
| Cash and cash equivalents | \$ 396 | \$ 421 |
| Trade and other receivables, net of allowances for doubtful accounts and sales returns of \$36 as of March 31, 2011 and \$31 as of December 31, 2010 | 997 | 1,014 |
| Prepaid expenses and other current assets | 254 | 219 |
| Total current assets | 1,647 | 1,654 |
| Non-current assets | | |
| Property, plant and equipment, net | 586 | 599 |
| Goodwill | 7,242 | 7,096 |
| Other intangible assets, net | 4,610 | 4,607 |
| Deferred tax assets | 222 | 61 |
| Other non-current assets | 383 | 412 |
| Total assets | \$ 14,690 | \$ 14,429 |
| Liabilities and equity: | | |
| Current liabilities | | |
| Accounts payable and other current liabilities | \$ 889 | \$ 962 |
| Deferred revenues | 447 | 452 |
| Income tax liabilities | 105 | 99 |
| Current portion of long-term debt, capital lease obligations and short-term borrowings | 149 | 94 |
| Total current liabilities | 1,590 | 1,607 |
| Non-current liabilities | | |
| Long-term debt and capital lease obligations | 7,050 | 8,464 |
| Deferred tax liabilities | 934 | 942 |
| Other non-current liabilities | 550 | 520 |
| Total liabilities | 10,124 | 11,533 |
| Commitments and contingencies (Note 13) | | |
| Equity: | | |
| Nielsen stockholders' equity | | |
| Common stock, 0.07 par value, 1,000,000,000 shares authorized; 359,174,112 and 276,997,921 shares issued and 358,169,645 and 276,059,333 shares outstanding at March 31, 2011 and December 31, 2010, respectively | 30 | 22 |
| Additional paid-in capital | 6,364 | 4,570 |
| Accumulated deficit | (1,791) | (1,609) |
| Accumulated other comprehensive loss, net of income taxes | (48) | (96) |
| Total Nielsen stockholders' equity | 4,555 | 2,887 |
| Noncontrolling interests | 11 | 9 |
| Total equity | 4,566 | 2,896 |

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| | | |
|-------------------------------------|-----------|-----------|
| Total liabilities and equity | \$ 14,690 | \$ 14,429 |
|-------------------------------------|-----------|-----------|

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

Table of Contents**Nielsen Holdings N.V.****Condensed Consolidated Statements of Cash Flows (Unaudited)**

| (IN MILLIONS) | Three Months Ended | |
|---|--------------------|--------|
| | March 31, | |
| | 2011 | 2010 |
| Operating Activities | | |
| Net (loss)/income | \$ (181) | \$ 43 |
| Adjustments to reconcile net (loss)/income to net cash used in operating activities: | | |
| Stock-based compensation expense | 4 | 5 |
| Loss on sale of discontinued operations, net of tax | | 3 |
| Currency exchange rate differences on financial transactions and other gains | (8) | (88) |
| Loss on extinguishment of debt | 231 | |
| Loss on derivative instruments | 1 | 10 |
| Equity in net loss of affiliates, net of dividends received | 6 | 5 |
| Depreciation and amortization | 136 | 141 |
| Changes in operating assets and liabilities, net of effect of businesses acquired and divested: | | |
| Trade and other receivables, net | 57 | 24 |
| Prepaid expenses and other current assets | (25) | (11) |
| Accounts payable and other current liabilities and deferred revenues | (155) | (137) |
| Other non-current liabilities | 2 | (8) |
| Interest payable | 47 | 14 |
| Income taxes | (167) | (30) |
| Net cash used in operating activities | (52) | (29) |
| Investing Activities | | |
| Acquisition of subsidiaries and affiliates, net of cash acquired | (60) | (14) |
| Proceeds from sale of subsidiaries and affiliates, net | | 29 |
| Additions to property, plant and equipment and other assets | (20) | (26) |
| Additions to intangible assets | (32) | (27) |
| Other investing activities | (1) | 6 |
| Net cash used in investing activities | (113) | (32) |
| Financing Activities | | |
| Proceeds from issuances of debt, net of issuance costs | 277 | |
| Repayment of debt | (1,751) | (28) |
| Increase/(decrease) in other short-term borrowings | 12 | (2) |
| Proceeds from the issuance of common stock, net of issuance costs | 1,801 | |
| Activity under stock plans | (2) | (1) |
| Other financing activities including debt extinguishment costs | (212) | (1) |
| Net cash provided by/(used in) financing activities | 125 | (32) |
| Effect of exchange-rate changes on cash and cash equivalents | 15 | (11) |
| Net decrease in cash and cash equivalents | (25) | (104) |
| Cash and cash equivalents at beginning of period | 421 | 514 |
| Cash and cash equivalents at end of period | \$ 396 | \$ 410 |

Supplemental Cash Flow Information

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| | | |
|--|---------|----------|
| Cash paid for income taxes | \$ (31) | \$ (27) |
| Cash paid for interest, net of amounts capitalized | \$ (93) | \$ (147) |

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

Table of Contents**Nielsen Holdings N.V.****Notes to Condensed Consolidated Financial Statements (continued)****1. Background and Basis of Presentation*****Background***

Nielsen Holdings N.V. (Nielsen or the Company), together with its subsidiaries, is a leading global information and measurement company that provides clients with a comprehensive understanding of consumers and consumer behavior. Nielsen is aligned into three reporting segments: What Consumers Buy (Buy), What Consumers Watch (Watch) and Expositions. Nielsen has a presence in approximately 100 countries, with its headquarters located in Diemen, the Netherlands and New York, USA.

Basis of Presentation

The accompanying condensed consolidated financial statements are unaudited but, in the opinion of management, contain all the adjustments (consisting of those of a normal recurring nature) considered necessary to present fairly the Company's financial position and the results of operations and cash flows for the periods presented in conformity with accounting principles generally accepted in the U.S. (U.S. GAAP) applicable to interim periods. For a more complete discussion of significant accounting policies, commitments and contingencies and certain other information, refer to the consolidated financial statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2010. All amounts are presented in U.S. Dollars (\$), except for share data or where expressly stated as being in other currencies, e.g., Euros (€). The condensed consolidated financial statements include the accounts of Nielsen and all subsidiaries and other controlled entities. The Company has evaluated events occurring subsequent to March 31, 2011 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.

Basic net income or loss per share is computed using the weighted-average number 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 as well as the amount of potential shares to be converted associated with our mandatory convertible subordinated bonds due 2013. The effect of 16,596,428 shares of common stock equivalents under stock compensation plans have been excluded from the calculation of diluted earnings per share for the three months ended March 31, 2011 due to our net loss position in this period. Of this amount and assuming dilution, 4,664,215 potential common shares would have been included in the calculation of diluted earnings per share and 1,984,085 anti-dilutive stock options would have been excluded from the calculation. The effect of 4,281,571 shares of common stock equivalents under stock compensation plans were excluded from the calculation of diluted earnings per share for the three months ended March 31, 2010 because they would have been anti-dilutive. The Company's mandatory convertible subordinated bonds due 2013 are convertible into between 10,416,700 and 12,499,925 shares of common stock, of which a weighted-average number of potential common shares of 7,563,394 were excluded from the calculation of diluted earnings per share for the three months ended March 31, 2011 due to our net loss position in this period.

2. Summary of Recent Accounting Pronouncements***Revenue Recognition***

In October 2009, the FASB issued ASU 2009-13, *Revenue Recognition (Topic 605), Multiple-Deliverable Revenue Arrangements* amending ASC 605. ASU 2009-13 requires entities to allocate revenue in an arrangement using estimated selling prices of the delivered goods and services based on a selling price hierarchy. ASU 2009-13 eliminates the residual method of revenue allocation and requires revenue to be allocated using the relative selling price method. ASU 2009-13 was effective as of January 1, 2011 for revenue arrangements entered into or materially modified in fiscal years beginning on or after June 15, 2010. The adoption of ASU 2009-13 did not have a material impact on the Company's condensed consolidated financial statements as of March 31, 2011 or for the three months then ended.

3. Business Acquisitions

For the three months ended March 31, 2011, Nielsen paid cash consideration of \$60 million associated with both current period and previously executed acquisitions, net of cash acquired. Had the current period acquisition occurred as of January 1, 2011, the impact on Nielsen's consolidated results of operations would not have been material.

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For the three months ended March 31, 2010, Nielsen paid cash consideration of \$14 million associated with both current period and previously executed acquisitions, net of cash acquired. Had that period's acquisitions occurred as of January 1, 2010, the impact on Nielsen's consolidated results of operations would not have been material.

4. Business Divestitures

Nielsen Publications

In December 2009 Nielsen substantially completed the planned exit of its Publications operating segment through the sale of its media properties, including The Hollywood Reporter and Billboard, to e5 Global Media LLC. The condensed consolidated statements of operations reflect the Publications operating segment as a discontinued operation. During the three months ended March 31, 2010, Nielsen completed the exit of the remaining properties and recorded a net loss on sale of \$3 million associated with these divestitures.

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Summarized results of operations for discontinued operations are as follows:

| (IN MILLIONS) | Three Months Ended March 31, | |
|--|---------------------------------|--------|
| | 2011 | 2010 |
| Revenues | \$ | \$ 7 |
| Operating loss | (2) | (4) |
| Loss from operations before income taxes | (2) | (4) |
| Benefit for income taxes | 1 | 2 |
| Loss from operations | (1) | (2) |
| Loss on sale, net of tax | | (3) |
| Loss from discontinued operations | \$ (1) | \$ (5) |

5. Goodwill and Other Intangible Assets**Goodwill**

The table below summarizes the changes in the carrying amount of goodwill by reportable segment for the three months ended March 31, 2011.

| (IN MILLIONS) | Buy | Watch | Expositions | Total |
|---|----------|----------|-------------|----------|
| Balance, December 31, 2010 | \$ 3,104 | \$ 3,432 | \$ 560 | \$ 7,096 |
| Acquisitions, divestitures and purchase price adjustments | 63 | | | 63 |
| Effect of foreign currency translation | 75 | 8 | | 83 |
| Balance, March 31, 2011 | \$ 3,242 | \$ 3,440 | \$ 560 | \$ 7,242 |

At March 31, 2011, \$187 million of the goodwill is expected to be deductible for income tax purposes.

Other Intangible Assets

| (IN MILLIONS) | Gross Amounts | | Accumulated Amortization | |
|--------------------------------------|-------------------|----------------------|--------------------------|----------------------|
| | March 31, 2011 | December 31, 2010 | March 31, 2011 | December 31, 2010 |
| Indefinite-lived intangibles: | | | | |
| Trade names and trademarks | \$ 1,921 | \$ 1,921 | \$ | \$ |
| Amortized intangibles: | | | | |
| Trade names and trademarks | \$ 111 | \$ 110 | \$ (31) | \$ (29) |
| Customer-related intangibles | 2,841 | 2,789 | (656) | (617) |
| Covenants-not-to-compete | 22 | 22 | (20) | (20) |
| Computer software | 988 | 952 | (592) | (551) |
| Patents and other | 64 | 64 | (38) | (34) |
| Total | \$ 4,026 | \$ 3,937 | \$ (1,337) | \$ (1,251) |

The amortization expense for the three months ended March 31, 2011 and 2010 was \$79 million and \$85 million, respectively.

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Certain of the trade names associated with Nielsen are deemed indefinite-lived intangible assets, as their associated Nielsen brand awareness and recognition has existed for over 50 years and the Company intends to continue to utilize these trade names. There are also no legal, regulatory, contractual, competitive, economic or other factors that may limit their estimated useful lives. Nielsen reconsiders the remaining estimated useful life of indefinite-lived intangible assets each reporting period.

Table of Contents**6. Restructuring Activities**

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

| (IN MILLIONS) | Total Initiatives |
|---|----------------------|
| Balance at December 31, 2010 | \$ 65 |
| Charges | 23 |
| Payments | (19) |
| Effect of foreign currency translation and reclassification adjustments | 2 |
| Balance at March 31, 2011 | \$ 71 |

Nielsen recorded \$23 million and \$3 million in restructuring charges, primarily relating to severance costs, for the three months ended March 31, 2011 and 2010, respectively.

Of the \$71 million in remaining liabilities for restructuring actions, \$61 million is expected to be paid within one year and is classified as a current liability within the consolidated financial statements as of March 31, 2011.

7. Fair Value Measurements

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

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

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

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

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

Financial Assets and Liabilities Measured on a Recurring Basis

The Company's financial assets and liabilities are measured and recorded at fair value, except for equity method investments, cost method investments, and long-term debt. Financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurements. The Company's assessment of the significance of a particular input to the fair value measurements requires judgment, and may affect the valuation of the assets and liabilities being measured and their placement within the fair value hierarchy. The following table summarizes the valuation of the Company's material financial assets and liabilities measured at fair value on a recurring basis as of March 31, 2011 and December 31, 2010:

| (IN MILLIONS) | March 31, 2011 | Level 1 | Level 2 | Level 3 |
|--|-------------------|---------|---------|---------|
| Assets: | | | | |
| Investments in mutual funds ⁽¹⁾ | \$ 2 | \$ 2 | \$ | \$ |
| Plan assets for deferred compensation ⁽²⁾ | 20 | 20 | | |
| Interest rate swap arrangements ⁽³⁾ | 19 | | 19 | |

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| | | | | | | | |
|-------|----|----|----|----|----|----|----|
| Total | \$ | 41 | \$ | 22 | \$ | 19 | \$ |
|-------|----|----|----|----|----|----|----|

Liabilities:

| | | | | | | | |
|--|----|----|----|----|----|----|----|
| Interest rate swap arrangements ⁽³⁾ | \$ | 48 | \$ | | \$ | 48 | \$ |
| Deferred compensation liabilities ⁽⁴⁾ | | 20 | | 20 | | | |

| | | | | | | | |
|-------|----|----|----|----|----|----|----|
| Total | \$ | 68 | \$ | 20 | \$ | 48 | \$ |
|-------|----|----|----|----|----|----|----|

| (IN MILLIONS) | | December 31, 2010 | Level 1 | Level 2 | Level 3 |
|--|----|----------------------|---------|---------|---------|
| Assets: | | | | | |
| Investments in mutual funds ⁽¹⁾ | \$ | 2 | \$ 2 | \$ | \$ |
| Plan assets for deferred compensation ⁽²⁾ | | 19 | 19 | | |
| Interest rate swap arrangements ⁽³⁾ | | 16 | | 16 | |
| Total | \$ | 37 | \$ 21 | \$ 16 | \$ |

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| (IN MILLIONS) | December 31, 2010 | Level 1 | Level 2 | Level 3 |
|--|----------------------|---------|---------|---------|
| Liabilities: | | | | |
| Interest rate swap arrangements ⁽³⁾ | \$ 60 | \$ | \$ 60 | \$ |
| Deferred compensation liabilities ⁽⁴⁾ | 19 | 19 | | |
| Total | \$ 79 | \$ 19 | \$ 60 | \$ |

- (1) Investments in mutual funds are money-market accounts held with the intention of funding certain specific retirement plans.
- (2) Plan assets are comprised of investments in mutual funds, which are intended to fund liabilities arising from deferred compensation plans. These investments are carried at fair value, which is based on quoted market prices at period end in active markets. These investments are classified as trading securities with any gains or losses resulting from changes in fair value recorded in other (expense)/income, net in the consolidated financial statements.
- (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 uses interest rate swap derivative instruments principally 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 8 Long-term Debt and Other Financing Arrangements for more information). Since it is Nielsen's policy to only enter into derivative contracts with banks of internationally acknowledged standing, Nielsen considers the counterparty risk to be remote.

It is Nielsen's policy to have an International Swaps and Derivatives Association (ISDA) Master Agreement established with every bank with which it has entered into any derivative contract. Under each of these ISDA Master Agreements, Nielsen agrees to settle only the net amount of the combined market values of all derivative contracts outstanding with any one counterparty should that counterparty default. Certain of the ISDA Master Agreements contain cross-default provisions where if the Company either defaults in payment obligations under its credit facility or if such obligations are accelerated by the lenders, then the Company could also be declared in default on its derivative obligations. At March 31, 2011, Nielsen had no material exposure to potential economic losses due to counterparty credit default risk or cross-default risk on its derivative financial instruments.

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

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transaction affects earnings, and within the same income statement line item as the impact of the hedged transaction.

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As of March 31, 2011 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 | \$ 500,000,000 | November 2012 | US Dollar |
| US Dollar term loan floating-to-fixed rate swaps | \$ 250,000,000 | March 2013 | US Dollar |
| US Dollar term loan floating-to-fixed rate swaps | \$ 1,000,000,000 | November 2013 | US Dollar |
| US Dollar term loan floating-to-fixed rate swaps | \$ 250,000,000 | November 2014 | US Dollar |
| Interest rate swaps not designated as hedging instruments | | | |
| US Dollar term loan floating-to-fixed rate swaps | \$ 800,000,000 | November 2011 | US Dollar |

Nielsen expects to recognize approximately \$31 million of net pre-tax losses from accumulated other comprehensive loss to interest expense in the next 12 months associated with its interest-related derivative financial instruments.

Fair Values of Derivative Instruments in the Consolidated Balance Sheets

The fair values of the Company's derivative instruments as of March 31, 2011 and December 31, 2010 were as follows:

| (IN MILLIONS) | March 31, 2011 | | | December 31, 2010 | | |
|--|------------------------------------|--|---|------------------------------------|--|---|
| | Other Non- Current Assets | Accounts Payable and Other Current Liabilities | Other Non- Current Liabilities | Other Non- Current Assets | Accounts Payable and Other Current Liabilities | Other Non- Current Liabilities |
| Derivatives designated as hedging instruments | | | | | | |
| Interest rate swaps | \$ 19 | \$ | \$ 20 | \$ 16 | \$ | \$ 23 |
| Derivatives not designated as hedging instruments | | | | | | |
| Interest rate swaps | \$ | \$ 28 | \$ | \$ | \$ 37 | \$ |

Derivatives in Cash Flow Hedging Relationships

The pre-tax effect of derivative instruments in cash flow hedging relationships for the three months ended March 31, 2011 and 2010 was as follows (amounts in millions):

| Derivatives in Cash Flow | Amount of Gain/(Loss) Recognized in OCI (Effective Portion) Three Months Ended | | Location of Gain/(Loss) Reclassified from OCI into Income (Effective Portion) | Amount of Loss Reclassified from OCI into Income (Effective Portion) Three Months Ended | | Amount of Loss Recognized in Income (Ineffective Portion and Amount Excluded from Effectiveness Testing) Three Months Ended | |
|--------------------------|--|--------|--|---|--------|---|---------|
| | 2011 | 2010 | | 2011 | 2010 | 2011 | 2010 |
| Interest Rate Swaps | \$ 1 | \$ (7) | Interest expense | \$ (5) | \$ (3) | \$ (5) | \$ (14) |

Derivatives Not Designated as Hedging Instruments

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The pre-tax effect of derivative instruments not designated as hedges for the three months ended March 31, 2011 and 2010 was as follows (amounts in millions):

| Derivatives Not Designated | Location of Loss Recognized | Three Months Ended | |
|-----------------------------------|--------------------------------------|---------------------------|-------------|
| as Hedging Instruments | in Statement of Operations on | March 31, | |
| | Derivatives | 2011 | 2010 |
| Interest rate swaps | Loss on derivative instruments | \$ 1 | \$ 10 |

Table of Contents**Assets and Liabilities Measured at Fair Value on a Nonrecurring Basis**

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

The Company did not measure any material non-financial assets or liabilities at fair value during the three months ended March 31, 2011.

8. Long-term Debt and Other Financing Arrangements

Unless otherwise stated, interest rates are as of March 31, 2011.

| (IN MILLIONS) | March 31, 2011 | | | December 31, 2010 | | |
|---|------------------------|-----------------|--------------|------------------------|-----------------|--------------|
| | Weighted Interest Rate | Carrying Amount | Fair Value | Weighted Interest Rate | Carrying Amount | Fair Value |
| Senior secured term loan (\$1,610 million at March 31, 2011 and December 31, 2010) (LIBOR based variable rate of 2.26%) due 2013 | | \$ 1,490 | \$ 1,480 | | \$ 1,490 | \$ 1,472 |
| Senior secured term loan (\$2,386 million at March 31, 2011 and December 31, 2010) (LIBOR based weighted-average variable rate of 3.86%) due 2016 | | 2,356 | 2,353 | | 2,362 | 2,348 |
| Senior secured term loan (227 million at March 31, 2011 and December 31, 2010) (EURIBOR based variable rate of 2.86%) due 2013 | | 289 | 287 | | 272 | 267 |
| Senior secured term loan (273 million at March 31, 2011 and December 31, 2010) (EURIBOR based weighted-average variable rate of 4.52%) due 2016 | | 378 | 375 | | 357 | 346 |
| \$500 million 8.50% senior secured term loan due 2017 | | 500 | 500 | | 500 | 497 |
| \$635 million senior secured revolving credit facility (EURIBOR or LIBOR based variable rate) due 2016 | | | | | | |
| Total senior secured credit facilities (with weighted-average interest rate) | 4.07% | 5,013 | 4,995 | 4.16% | 4,981 | 4,930 |
| \$1,070 million 12.50% senior subordinated discount debenture loan due 2016 | | | | | 999 | 1,049 |
| \$325 million 11.50% senior debenture loan due 2016 (\$500 million at December 31, 2010) | | 304 | 358 | | 467 | 540 |
| \$215 million 11.625% senior debenture loan due 2014 (\$330 million at December 31, 2010) | | 201 | 236 | | 307 | 355 |
| \$1,080 million 7.75% senior debenture loan due 2018 | | 1,084 | 1,160 | | 1,084 | 1,122 |
| 343 million 11.125% senior discount debenture loan due 2016 | | | | | 427 | 434 |
| 50 million private placement debenture loan (EMTN) (3-month EURIBOR based variable rate of 2.43%) due 2012 | | 70 | 70 | | 66 | 62 |
| 30 million 6.75% private placement debenture loan (EMTN) due 2012 | | 43 | 44 | | 40 | 40 |
| JPY 4,000 million 2.50% private placement debenture loan (EMTN) due 2011 | | 49 | 49 | | 49 | 47 |
| \$288 million 6.25% mandatory convertible subordinated bonds due 2013 | | 288 | 327 | | | |
| Total debenture loans (with weighted-average interest rate) | 9.49% | 2,039 | 2,244 | 11.33% | 3,439 | 3,649 |
| Other loans | | 4 | 4 | | 5 | 5 |
| Total long-term debt | 5.64% | 7,056 | 7,243 | 7.09% | 8,425 | 8,584 |

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| | | |
|--|-----------------|-----------------|
| Capital lease and other financing obligations | 124 | 125 |
| Bank overdrafts | 19 | 8 |
| Total debt and other financing arrangements | 7,199 | 8,558 |
| Less: Current portion of long-term debt, capital lease and other financing obligations and other short-term borrowings | 149 | 94 |
| Non-current portion of long-term debt and capital lease and other financing obligations | \$ 7,050 | \$ 8,464 |

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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.

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

| (IN MILLIONS) | |
|--|-----------------|
| For April 1, 2011 to December 31, 2011 | \$ 69 |
| 2012 | 143 |
| 2013 | 2,096 |
| 2014 | 229 |
| 2015 | 28 |
| 2016 | 2,907 |
| Thereafter | 1,584 |
| | \$ 7,056 |

Initial Public Offering and Use of Proceeds

On January 31, 2011, Nielsen completed an initial public offering of 82,142,858 shares of its \$0.07 par value common stock at a price of \$23.00 per share, generating proceeds of approximately \$1,801 million, net of \$88 million of underwriter discounts and other issuance costs.

Concurrent with its offering of common stock, the Company issued \$288 million in aggregate principal amount of 6.25% Mandatory Convertible Subordinated Bonds due February 1, 2013 (the "Bonds"), generating proceeds of approximately \$277 million, net of \$11 million of underwriter discounts and other issuance costs. Interest on the Bonds will be payable quarterly in arrears in February, May, August and November of each year, commencing in May 2011. The Bonds will be mandatorily converted into between 10,416,700 and 12,499,925 shares of Nielsen's common stock on February 1, 2013 at a conversion rate per \$50.00 principal amount of the bonds not more than 2.1739 shares and not less than 1.8116 shares depending on the market value of our common stock (the average of the volume weighted average price of Nielsen's common stock for a 20 consecutive trading-day period beginning on the 25th trading day immediately preceding February 1, 2013) relative to the initial price and the threshold appreciation price per share of \$23.00 and \$27.60, respectively.

The Company utilized substantially all of the combined net proceeds associated with the aforementioned transactions to redeem and retire certain issuances of the Company's long-term indebtedness as follows:

On February 9, 2011, the Company paid approximately \$201 million to redeem \$164 million of its outstanding \$467 million (\$500 million aggregate principal amount) 11.50% Senior Discount Notes Due 2016 with a redemption cost of the stated rate applied to the principal amount being redeemed plus a proportionate amount of accrued interest to the principal amount.

On February 9, 2011, the Company paid approximately \$129 million to redeem \$107 million of its outstanding \$307 million (\$330 million aggregate principal amount) 11.625% Senior Discount Notes Due 2014 with a redemption cost of the stated rate applied to the principal amount being redeemed plus a proportionate amount of accrued interest to the principal amount.

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On February 25, 2011, the Company paid approximately \$1,133 million to redeem all of its outstanding \$999 million (\$1,070 million aggregate principal amount) 12 1/2% Senior Subordinated Discount Notes Due 2016 at a price of 105.89% of the aggregate principal amount.

On February 25, 2011, the Company paid approximately \$251 million to redeem 163 million (174 million aggregate principal amount) of its 11.125% Senior Discount Debenture Notes due 2016 at a price of 104.87% of the aggregate principal amount.

On March 2, 2011 the Company paid approximately \$244 million to redeem 159 million (169 million aggregate principal amount) of its 11.125% Senior Discount Debenture Notes due 2016 at a price of 104.87% of the aggregate principal amount.

The Company recorded a total debt extinguishment charge of approximately \$145 million (net of tax of \$86 million) in its condensed consolidated statement of operations for the three months ended March 31, 2011 associated with these redemptions. The pre-tax amount of this charge was recorded in other (expense)/income, net in the condensed consolidated statement of operations.

Amendment to Senior Secured Credit Facility

On March 23, 2011, Nielsen entered into an amendment (the Amendment Agreement) to its Amended and Restated Credit Agreement, dated August 9, 2006 and amended and restated as of June 23, 2009 (the Credit Agreement), among the Company, the other borrowers and guarantors party thereto, the lenders and other parties from time to time party thereto, and Citibank, N.A., as administrative agent. The Amendment Agreement documents the terms of new revolving credit commitments obtained by the Company in connection with a revolving credit commitment extension offer. In connection with the Amendment Agreement, the Company terminated the existing revolving credit commitments totaling \$688 million, which had a final maturity date of August 9, 2012, and replaced them with new revolving credit commitments totaling \$635 million with a final maturity date of April 1, 2016.

Revolving loans made pursuant to the new revolving credit commitments may be drawn in U.S. Dollars or Euros (at the election of the borrowers) and bear a tiered floating interest rate of LIBOR plus a margin ranging from 2.25% to 3.50% based on the Total Leverage Ratio (as defined in the Credit Agreement). Margins on base rate loans range from 1.25% to 2.50% also based on the Total Leverage Ratio. A commitment fee is payable on the unused portion of the new revolving credit commitments ranging from 0.375% to 0.75% depending on the Total Leverage Ratio.

9. Stockholders' Equity

Common stock activity is as follows:

| | Three Months Ended March 31, 2011 |
|---|--|
| Actual number of shares of common stock outstanding | |
| Beginning of period | 276,059,333 |
| Shares of common stock issued through initial public offering | 82,142,858 |
| Shares of common stock vested through compensation plans | 33,333 |
| Repurchases of common stock | (65,879) |
| End of period | 358,169,645 |

Shares of common stock repurchased described above are privately negotiated transactions. Cumulative shares of treasury stock were 1,004,467 and 938,588 as of March 31, 2011 and December 31, 2010, respectively, with a corresponding cost of \$17 million and \$15 million, respectively. No dividends were declared or paid during the three months ended March 31, 2011.

Table of Contents**10. Comprehensive Income/(Loss)**

The following table sets forth the components of comprehensive income/(loss), net of income tax expense:

| (IN MILLIONS) | Three Months Ended March 31, | |
|---|---------------------------------|-------------|
| | 2011 | 2010 |
| Net (loss)/income | \$ (181) | \$ 43 |
| Other comprehensive income/(loss), net of tax | | |
| Unrealized gains/(losses) on: | | |
| Currency translation adjustments | 43 | (48) |
| Changes in the fair value of cash flow hedges | 7 | 6 |
| Pension liability | (1) | |
| Total other comprehensive income/(loss) | 49 | (42) |
| Total comprehensive (loss)/income | (132) | 1 |
| Comprehensive income attributable to noncontrolling interests | 2 | |
| Total other comprehensive (loss)/income attributable to Nielsen stockholders. | \$ (134) | \$ 1 |

11. Income Taxes

Nielsen has a presence in approximately 100 countries around the world and its earnings are taxed at the applicable local country income tax rate in effect.

The effective tax benefit rates for the three months ended March 31, 2011 and 2010 were 43% and 2%, respectively. The tax benefit for the three months ended March 31, 2011 was higher than the statutory expense rate primarily due to the favorable impact of certain financing activities and the tax rate differences in other jurisdictions where the Company files tax returns. The tax benefit for the three months ended March 31, 2010 was significantly different from the statutory expense rate primarily due to the favorable effect of certain foreign exchange gains and financing activities.

Liabilities for unrecognized income tax benefits totaled \$114 million as of March 31, 2011 and December 31, 2010. 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. Federal jurisdiction and in many state and foreign jurisdictions. With few exceptions, the Company is no longer subject to U.S. Federal income tax examinations 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 2001 through 2008.

In 2010, the IRS concluded its audit of the 2006 and 2007 tax years. The Company is under Canadian audit for the years 2006, 2007 and 2008. It is anticipated that these examinations will be completed within the next twelve months. 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. Related Party Transactions

On January 31, 2011, each of Nielsen's subsidiaries party to the Advisory Agreements agreed, along with the Sponsors, to terminate all such agreements in exchange for a settlement of \$102 million and the Company recorded a charge of \$61 million (net of tax of \$41 million). The pre-tax amount of this charge was recorded as a component of selling, general and administrative expenses in our condensed consolidated statement of operations. The Company recorded \$3 million in selling, general and administrative expenses related to management fees, travel and consulting attributable to a number of the Sponsors for the three months ended March 31, 2010.

13. Commitments and Contingencies

Sunbeam Television Corp.

Sunbeam Television Corp. (Sunbeam) filed a lawsuit in Federal District Court in Miami, Florida on April 30, 2009. The lawsuit alleged that Nielsen Media Research, Inc. violated Federal and Florida state antitrust laws and Florida s unfair trade practices laws by attempting to maintain a monopoly and abuse its position in the market, and breached its contract with Sunbeam by producing defective ratings data through its sampling methodology. The complaint did not specify the amount of damages sought and also sought declaratory and equitable relief. On January 13, 2011 the U.S. District Court in the Southern District of Florida dismissed all federal and state antitrust claims brought against the Company by Sunbeam stating that Sunbeam failed to show that any competitor was willing and able to enter the local television ratings market in Miami and was excluded from that market by Nielsen. The Court also determined that Sunbeam could not prove that the current ratings for Sunbeam s local station WSVN are less accurate than they would be under a prospective competitor s methodology. The Court deferred ruling on the remaining ancillary claims, including breach of

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contract and violation of Florida's Deceptive and Unfair Trade Practices Act. Subsequent to the court's decision, Sunbeam voluntarily dismissed with prejudice the remaining claims in the case so that all claims have been dismissed. Sunbeam has appealed the court's dismissal of the antitrust claims.

Other 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.

14. 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 three reporting segments: What Consumers Buy (Buy), consisting principally of market research information and analytical services; What Consumers Watch (Watch), consisting principally of television, online and mobile audience and advertising measurement and corresponding analytics and Expositions, consisting principally of trade shows, events and conferences. 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 our 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 products and services offered and geographic areas of operations.

Business Segment Information

| (IN MILLIONS) | Buy | Watch | Expositions | Corporate | Total |
|---|----------|----------|-------------|-----------|-----------|
| Three Months Ended March 31, 2011 | | | | | |
| Revenues | \$ 815 | \$ 431 | \$ 56 | \$ | \$ 1,302 |
| Depreciation and amortization | \$ 51 | \$ 76 | \$ 7 | \$ 2 | \$ 136 |
| Restructuring costs | \$ 17 | \$ 4 | \$ | \$ 2 | \$ 23 |
| Stock-based compensation | \$ 2 | \$ 1 | \$ | \$ 1 | \$ 4 |
| Other items ⁽¹⁾ | \$ | \$ | \$ | \$ 106 | \$ 106 |
| Operating income/(loss) | \$ 64 | \$ 82 | \$ 26 | \$ (121) | \$ 51 |
| Business segment income/(loss) ⁽²⁾ | \$ 134 | \$ 163 | \$ 33 | \$ (10) | \$ 320 |
| Total assets as of March 31, 2011 | \$ 6,943 | \$ 6,463 | \$ 827 | \$ 457 | \$ 14,690 |

| (IN MILLIONS) | Buy | Watch | Expositions | Corporate | Total |
|---|----------|----------|-------------|-----------|-----------|
| Three Months Ended March 31, 2010 | | | | | |
| Revenues | \$ 742 | \$ 405 | \$ 49 | \$ | \$ 1,196 |
| Depreciation and amortization | \$ 57 | \$ 72 | \$ 8 | \$ 4 | \$ 141 |
| Restructuring costs | \$ 2 | \$ (1) | \$ 1 | \$ 1 | \$ 3 |
| Stock-based compensation | \$ 2 | \$ 1 | \$ | \$ 2 | \$ 5 |
| Other items ⁽¹⁾ | \$ 2 | \$ 1 | \$ (1) | \$ 7 | \$ 9 |
| Operating income/(loss) | \$ 62 | \$ 71 | \$ 18 | \$ (19) | \$ 132 |
| Business segment income/(loss) ⁽²⁾ | \$ 125 | \$ 144 | \$ 26 | \$ (5) | \$ 290 |
| Total assets as of December 31, 2010 | \$ 6,759 | \$ 6,504 | \$ 825 | \$ 341 | \$ 14,429 |

- (1) Other items include \$102 million for the termination and settlement of the Sponsor Advisory Agreements for the three months ended March 31, 2011 and sponsor management fees, travel and consulting of \$3 million for the three months ended March 31, 2010. Other items

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also include consulting and other costs of \$4 million and \$6 million for the three months ended March 31, 2011 and 2010, respectively, associated with information technology infrastructure transformation, fees associated with certain consulting arrangements and preparatory costs for our initial public offering of common stock.

- (2) The Company's chief operating decision making group uses business segment income/(loss) to consistently measure performance from period to period both at the consolidated level as well as within its operating segments.

Table of Contents**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 N.V. (the Company or Nielsen) for the year ended December 31, 2010 as contained in the Annual Report on Form 10-K filed by the Company with the Securities and Exchange Commission on March 1, 2011, 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 2010 Annual Report on Form 10-K under Risk Factors. Forward-looking statements speak only as of the date of this report or as of the date they were made. We disclaim any intention to update the current expectations or forward-looking statements contained in this report. Unless required by context, references to we, us, and our refer to Nielsen and each of its consolidated subsidiaries.

Background and Executive Summary

We are a global information and measurement 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 and what consumers watch on a global and local basis (consumer interaction with television, online and mobile). Our information, insights and solutions help our clients maintain and strengthen their market positions and identify opportunities for profitable growth. We have a presence in approximately 100 countries, including many developing and emerging markets, and hold leading market positions in many of our services and geographies.

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

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

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

Achieving our business objectives requires us to manage a number of key risk areas. Our growth objective of geographic market and service expansion requires us to maintain the consistency and integrity of our information and underlying processes on a global scale, and to invest effectively our capital in technology and infrastructure to keep pace with our clients' demands and our competitors. Our geographic operating footprint requires disciplined global and local resource management of internal and third party providers to ensure success. In addition, our financial position leverage 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 three reporting segments: What Consumers Buy (consumer purchasing measurement and analytics), What Consumers Watch (media audience measurement and analytics) and Expositions. Our Buy and Watch segments, which together generate substantially all of our revenues, 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.

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Our Buy segment provides Information services, which includes our core tracking and scan data (primarily transactional measurement data and consumer behavior information) and Insights services (primarily comprised of our analytical solutions) 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 Developing markets. Developed markets primarily include the United States, Canada, Western Europe, Japan and Australia while developing markets include Latin America, Eastern Europe, Russia, China, India and Southeast Asia.

Our Watch segment provides viewership data and analytics primarily to the media and advertising industries across television, online and mobile screens. 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. We are a leader in providing measurement services across the three screens.

Our Expositions segment operates one of the largest portfolios of business-to-business trade shows in the United States. Each year, we produce approximately 40 trade shows, which in 2010 connected approximately 270,000 buyers and sellers across 20 industries.

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

Factors Affecting Nielsen's Financial Results

Acquisitions and Investments in Affiliates

For the three months ended March 31, 2011, we paid cash consideration of \$60 million associated with both current period and previously executed acquisitions, net of cash acquired. Had the current period acquisition occurred as of January 1, 2011, the impact on our consolidated results of operations would not have been material.

For the three months ended March 31, 2010, we paid cash consideration of \$14 million associated with both current period and previously executed acquisitions, net of cash acquired. Had that period's acquisitions occurred as of January 1, 2010, 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.

| | Three Months Ended | |
|------------------|---------------------------|-------------|
| | March 31, | |
| | 2011 | 2010 |
| U.S. Dollar | 52% | 53% |
| Euro | 13% | 14% |
| Other Currencies | 35% | 33% |
| Total | 100% | 100% |

As a result, fluctuations in the value of foreign currencies relative to the U.S. dollar impact our operating results. Impacts associated with fluctuations in foreign currency are discussed in more detail under Item 3. Quantitative and Qualitative Disclosures about Market Risk. In countries with currencies other than the U.S. dollar, assets and liabilities are translated into U.S. dollars using end-of-period exchange rates; revenues, expenses and cash flows are translated using average rates of exchange. The average U.S. dollar to Euro exchange rate was \$1.37 to 1.00 and \$1.39 to 1.00 for the three months ended March 31, 2011 and 2010, respectively. Constant currency growth rates used in the following discussion of results of operations eliminate the impact of year-over-year foreign currency fluctuations.

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We evaluate our results of operations on both an as reported and a constant currency basis. The constant currency presentation is a non-GAAP financial measure, which excludes the impact of fluctuations in foreign currency exchange rates. We believe providing constant currency information provides valuable supplemental information regarding our results of operations, consistent with how we

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evaluate our performance. We calculate constant currency percentages by converting our prior-period local currency financial results using the current period foreign currency exchange rates and comparing these adjusted amounts to our current period reported results. This calculation may differ from similarly-titled measures used by others and, accordingly, 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.

Results of Operations Three Months Ended March 31, 2011 Compared to Three Months Ended March 31, 2010

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

| (IN MILLIONS) | Three Months Ended March 31, | |
|---|---------------------------------|----------|
| | 2011 | 2010 |
| Revenues | \$ 1,302 | \$ 1,196 |
| Cost of revenues, exclusive of depreciation and amortization shown separately below | 549 | 520 |
| Selling, general and administrative expenses, exclusive of depreciation and amortization shown separately below | 543 | 400 |
| Depreciation and amortization | 136 | 141 |
| Restructuring charges | 23 | 3 |
| Operating income | 51 | 132 |
| Interest income | 1 | 1 |
| Interest expense | (140) | (162) |
| Loss on derivative instruments | (1) | (10) |
| Foreign currency exchange transaction gains, net | 7 | 79 |
| Other (expense)/income, net | (230) | 9 |
| (Loss)/income from continuing operations before income taxes and equity in net loss of affiliates | (312) | 49 |
| Benefit for income taxes | 134 | 1 |
| Equity in net loss of affiliates | (2) | (2) |
| (Loss)/income from continuing operations | (180) | 48 |
| Loss from discontinued operations, net of tax | (1) | (5) |
| Net (loss)/income | (181) | 43 |
| Net income attributable to noncontrolling interests | 1 | 1 |
| Net (loss)/income attributable to Nielsen stockholders | \$ (182) | \$ 42 |

Net (Loss)/Income to Adjusted EBITDA Reconciliation

We define Adjusted EBITDA as net income or loss in our consolidated statements of operations before interest income and expense, income taxes, depreciation and amortization, restructuring charges, goodwill and intangible asset impairment charges, stock compensation expense and other non-operating items in our consolidated statements of operations as well as certain other items specifically described below.

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

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

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information is viewed with GAAP financial information, investors are provided with a more meaningful understanding of our ongoing operating performance.

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

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The below table presents a reconciliation from net (loss)/income to Adjusted EBITDA for the three months ended March 31, 2011 and 2010:

| (IN MILLIONS) | Three Months Ended March 31, | |
|---|---------------------------------|--------|
| | 2011 | 2010 |
| Net (loss)/income | \$ (181) | \$ 43 |
| Loss from discontinued operations, net | 1 | 5 |
| Interest expense, net | 139 | 161 |
| Benefit for income taxes | (134) | (1) |
| Depreciation and amortization | 136 | 141 |
| | | |
| EBITDA | (39) | 349 |
| Equity in net loss of affiliates | 2 | 2 |
| Other non-operating expense/(income), net | 224 | (78) |
| Restructuring charges | 23 | 3 |
| Stock-based compensation expense | 4 | 5 |
| Other items ^(a) | 106 | 9 |
| | | |
| Adjusted EBITDA | \$ 320 | \$ 290 |

- (a) Other items include \$102 million for the termination and settlement of the Sponsor Advisory Agreements for the three months ended March 31, 2011 and sponsor management fees, travel and consulting of \$3 million for the three months ended March 31, 2010. Other items also include consulting and other costs of \$4 million and \$6 million for the three months ended March 31, 2011 and 2010, respectively, associated with information technology infrastructure transformation, fees associated with certain consulting arrangements and preparatory costs for our initial public offering of common stock.

Consolidated Results for the Three Months Ended March 31, 2011 Versus the Three Months Ended March 31, 2010

Revenues

Our revenues increased 8.9% to \$1,302 million for the three months ended March 31, 2011 from \$1,196 million for the three months ended March 31, 2010, or 7.3% on a constant currency basis, which excludes a 1.6% favorable impact of changes in foreign currency exchange rates. These increases were driven by a 9.8% increase within our Buy segment (7.9% on a constant currency basis), a 6.4% increase within our Watch segment (5.4% on a constant currency basis), and a 14.3% increase in our Expositions segment.

Cost of Revenues, Exclusive of Depreciation and Amortization

Cost of revenues increased 5.6% to \$549 million for the three months ended March 31, 2011 from \$520 million for the three months ended March 31, 2010, or 4.2% on a constant currency basis, excluding a 1.4% unfavorable impact of changes in foreign currency exchange rates. These increases resulted from a 10.1% increase within our Buy segment (8.1% on a constant currency basis) due primarily to investments in the continued global expansion of our services. Costs within our Watch segment decreased 2.2% (3.3% on a constant currency basis) due primarily to productivity savings and product portfolio management initiatives.

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

Selling, general and administrative expenses increased 35.8% to \$543 million for the three months ended March 31, 2011 from \$400 million for the three months ended March 31, 2010, or 34.1% on a constant currency basis, excluding a 1.7% unfavorable impact of changes in foreign currency exchange rates. These increases were driven by a 10.2% increase within our Buy segment (8.7% on a constant currency basis) due to increases in client service costs and other investments associated with the global expansion of our services as well as a 13.1% increase within our Watch segment (11.8% on a constant currency basis) due primarily to increased investment in three-screen measurement initiatives. Corporate costs increased by approximately \$102 million as a result of a \$102 million charge for the termination and settlement of the Sponsor Advisory Agreements.

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Depreciation and Amortization

Depreciation and amortization expense was \$136 million for the three months ended March 31, 2011 as compared to \$141 million for the three months ended March 31, 2010. Depreciation and amortization expense associated with tangible and intangible assets acquired in business combinations decreased to \$50 million for the three months ended March 31, 2011 from \$60 million for the three months ended March 31, 2010 resulting from lower amortization on purchase price adjustments for certain software assets that became fully amortized. This decline was offset by increases in depreciation and amortization expense associated with higher capital expenditures.

Restructuring Charges

We recorded \$23 million and \$3 million in restructuring charges relating to employee severance associated with productivity initiatives during the three months ended March 31, 2011 and 2010, respectively.

Operating Income

Operating income for the three months ended March 31, 2011 was \$51 million compared to operating income of \$132 million for the three months ended March 31, 2010. Operating income of \$64 million for the three months ended March 31, 2011 within our Buy segment increased from \$62 million for the three months ended March 31, 2010. Operating income within our Watch segment was \$82 million for the three months ended March 31, 2011 compared to \$71 million for the three months ended March 31, 2010. Operating income within our Expositions segment was \$26 million for the three months ended March 31, 2011 as compared to \$18 million for the three months ended March 31, 2010. Corporate operating expenses increased to \$121 million for the three months ended March 31, 2011 from \$19 million for the three months ended March 31, 2010.

Interest Expense

Interest expense was \$140 million for the three months ended March 31, 2011 compared to \$162 million for the three months ended March 31, 2010, as decreases in interest costs associated with the impact of debt retirements during the quarter and lower interest costs on derivative instruments were only partially offset by increases in interest cost on our senior secured term loans and the mandatory convertible subordinated bonds.

Loss on Derivative Instruments

Loss on derivative instruments was \$1 million for the three months ended March 31, 2011 compared to a loss of \$10 million for the three months ended March 31, 2010. The reduction in losses resulted from the maturity of \$1.5 billion in notional amount of interest rate swaps between February 2010 and November 2010 for which hedge accounting was discontinued in February 2009.

Foreign Currency Exchange Transaction Gains, Net

Foreign currency exchange transaction gains, net, represent the net gain or loss on revaluation of external debt, intercompany loans and other receivables and payables. Fluctuations in the value of foreign currencies relative to the U.S. Dollar have a significant effect on our operating results, particularly the Euro. The average U.S. Dollar to Euro exchange rate was \$1.37 to 1.00 for the three months ended March 31, 2011 as compared to \$1.39 to 1.00 for the three months ended March 31, 2010.

Foreign currency exchange resulted in a \$7 million gain for the three months ended March 31, 2011 compared to \$79 million for the three months ended March 31, 2010. The gains in 2011 resulted primarily from the fluctuation in Japanese Yen as compared to the Euro applied to a debenture loan as well as fluctuations in certain currencies associated with a portion of our intercompany loan portfolio. The gains in 2010 resulted primarily from the fluctuation in the value of the U.S. Dollar against the Euro applied to certain of our Euro-denominated senior secured term loans and debenture loans as well as fluctuations in certain currencies including the Euro and Canadian dollar associated with a portion of our intercompany loan portfolio.

Other (Expense)/Income, Net

The \$230 million other expense amount for the three months ended March 31, 2011 includes charges of approximately \$231 million associated with the redemption and subsequent retirement of certain indebtedness through the use of proceeds generated from our initial public offering of common stock and concurrent offering of mandatory convertible subordinated bonds. The charges related to the associated redemption

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premiums and recognition of previously deferred financing costs. These charges were partially offset by \$1 million of other gains.

The \$9 million other income amount for the three months ended March 31, 2010 was comprised of gains attributable to certain business divestitures.

Table of Contents*Income Taxes*

The effective tax benefit rates for the three months ended March 31, 2011 and 2010 were 43% and 2%, respectively. The tax benefit for the three months ended March 31, 2011 was higher than the statutory expense rate primarily due to the favorable impact of certain financing activities and the tax rate differences in other jurisdictions where we file tax returns. The tax benefit for the three months ended March 31, 2010 was significantly different from the statutory expense rate primarily due to the favorable effect of certain foreign exchange gains and financing activities.

Liabilities for unrecognized income tax benefits totaled \$114 million as of March 31, 2011 and December 31, 2010. If our tax positions are favorably sustained by the taxing authorities, the reversal of the underlying liabilities would reduce our effective tax rate in future periods.

We file numerous consolidated and separate income tax returns in the U.S. Federal jurisdiction and in many state and foreign jurisdictions. With few exceptions, we are no longer subject to U.S. Federal income tax examinations for 2006 and prior periods. In addition, we have subsidiaries in various states, provinces and countries that are currently under audit for years ranging from 2001 through 2008.

In 2010, the IRS concluded its audit of the 2006 and 2007 tax years. We are under Canadian audit for the years 2006, 2007 and 2008. It is anticipated that these examinations will be completed within the next twelve months. To date, we are not aware of any material adjustments not already accrued related to any of the current Federal, state or foreign audits under examination.

Adjusted EBITDA

Our Adjusted EBITDA increased 10.3 % to \$320 million for the three months ended March 31, 2011 from \$290 million for the three months ended March 31, 2010, or 8.5% on a constant currency basis, excluding a 1.8% favorable impact of changes in foreign currency exchange rates. See Results of Operations Three Months Ended March 31, 2011 Compared to Three Months Ended March 31, 2010 for the reconciliation of net (loss)/income to Adjusted EBITDA.

Business Segment Results Three Months Ended March 31, 2011 Compared to the Three Months Ended March 31, 2010*Revenues*

The table below sets forth our segment revenue performance data three months ended March 31, 2011 compared to the three months ended March 31, 2010, both on an as-reported and constant currency basis.

| (IN MILLIONS) | Three months ended March 31, 2011 Reported | Three months ended March 31, 2010 Reported | % Variance 2011 vs. 2010 Reported | Three months ended March 31, 2010 Constant Currency | % Variance 2011 vs. 2010 Constant Currency |
|----------------------------|--|--|---|---|---|
| Revenues by segment | | | | | |
| Buy | \$ 815 | \$ 742 | 9.8% | \$ 755 | 7.9% |
| Watch | 431 | 405 | 6.4% | 409 | 5.4% |
| Expositions | 56 | 49 | 14.3% | 49 | 14.3% |
| Total | \$ 1,302 | \$ 1,196 | 8.9% | \$ 1,213 | 7.3% |

Buy Segment Revenues

Revenues increased 9.8% to \$815 million for the three months ended March 31, 2011 from \$742 million for the three months ended March 31, 2010, or 7.9% on a constant currency basis driven by a 22.7% increase in Developing markets (18.8% on a constant currency basis) and a 4.7% increase in Developed markets (3.7% on a constant currency basis), as our customers continue to expand geographically and increase their spending on analytical services.

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Revenues from Information services increased 11.9% to \$603 million for the three months ended March 31, 2011 from \$539 million for the three months ended March 31, 2010, or 9.8% on a constant currency basis. These increases were driven by 25.0% growth in Developing markets (20.3% on a constant currency basis) as a result of continued expansion of both our retail measurement and consumer panel services to both new and existing customers and new markets. Revenue from Developed markets increased 6.7% (5.6% on a constant currency basis) due to growth in retail measurement services in Western Europe and North America from new and existing customers.

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Revenues from Insights services increased 4.4% to \$212 million for the three months ended March 31, 2011 from \$203 million for the three months ended March 31, 2010, or 2.9% on a constant currency basis. These increases were primarily driven by growth in Developing markets.

Watch Segment Revenues

Revenues increased 6.4% to \$431 million for the three months ended March 31, 2011 from \$405 million for the three months ended March 31, 2010, or 5.4% on a constant currency basis. Television measurement grew 6.5% driven by increases in spending from existing customers globally and the timing of certain product deliverables.

Expositions Segment Revenues

Revenues increased 14.3% to \$56 million for the three months ended March 31, 2011 from \$49 million for the three months ended March 31, 2010. More than half of this growth was driven by the impact of acquisitions, net of certain show closures with the remaining growth driven by certain sectors of existing shows.

Business Segment Profitability

We do not allocate items below operating income/(loss) to our business segments and therefore the tables below set forth a reconciliation of operating income/(loss) at the business segment level for the three months ended March 31, 2011 and 2010, adjusting for certain items affecting operating income/(loss), such as restructuring charges, impairment charges, depreciation and amortization, stock-based compensation expense and certain other items described below resulting in a presentation of our non-GAAP business segment profitability. Non-GAAP business segment profitability provides useful supplemental information to management and investors regarding financial and business trends related to our results of operations. When this non-GAAP financial information is viewed with our GAAP financial information, investors are provided with a meaningful understanding of our ongoing operating performance. It is important to note that the non-GAAP business segment profitability corresponds in total to our consolidated Adjusted EBITDA described within our consolidated results of operations above, which our chief operating decision making group and other members of management use to consistently measure our performance from period to period both at the consolidated level as well as within our operating segments, to evaluate and fund incentive compensation programs and to compare our results to those of our competitors. These non-GAAP measures should not be considered as an alternative to net income/(loss), operating income, cash flows from operating activities or any other performance measures derived in accordance with GAAP as measures of operating performance or cash flows as measures of liquidity. These non-GAAP measures have important limitations as analytical tools and should not be considered in isolation or as a substitute for analysis of our results as reported under GAAP.

| THREE MONTHS ENDED MARCH 31, 2011 (IN MILLIONS) | Operating Income/(Loss) | Restructuring Charges | Depreciation and Amortization | Stock-based Compensation Expense | Other Items ⁽¹⁾ | Non-GAAP Business Segment Income/(Loss) |
|--|----------------------------|--------------------------|----------------------------------|--|----------------------------|---|
| Buy | \$ 64 | \$ 17 | \$ 51 | \$ 2 | \$ | \$ 134 |
| Watch | 82 | 4 | 76 | 1 | | 163 |
| Expositions | 26 | | 7 | | | 33 |
| Corporate and Eliminations | (121) | 2 | 2 | 1 | 106 | (10) |
| Total Nielsen | \$ 51 | \$ 23 | \$ 136 | \$ 4 | \$ 106 | \$ 320 |

| THREE MONTHS ENDED MARCH 31, 2010 (IN MILLIONS) | Operating Income/(Loss) | Restructuring Charges | Depreciation and Amortization | Stock-based Compensation Expense | Other Items ⁽¹⁾ | Non-GAAP Business Segment Income/(Loss) |
|--|----------------------------|--------------------------|-------------------------------------|--|----------------------------|---|
| Buy | \$ 62 | \$ 2 | \$ 57 | \$ 2 | \$ 2 | \$ 125 |
| Watch | 71 | (1) | 72 | 1 | 1 | 144 |
| Expositions | 18 | 1 | 8 | | (1) | 26 |
| Corporate and Eliminations | (19) | 1 | 4 | 2 | 7 | (5) |
| Total Nielsen | \$ 132 | \$ 3 | \$ 141 | \$ 5 | \$ 9 | \$ 290 |

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- (1) Other items include \$102 million for the termination and settlement of the Sponsor Advisory Agreements for the three months ended March 31, 2011 and sponsor management fees, travel and consulting of \$3 million for the three months ended March 31, 2010. Other items also include consulting and other costs of \$4 million and \$6 million for the three months ended March 31, 2011 and 2010, respectively, associated with information technology infrastructure transformation, fees associated with certain consulting arrangements and preparatory costs for our initial public offering of common stock.

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| (IN MILLIONS) | Three months ended March 31, 2011 Reported | Three months ended March 31, 2010 Reported | % Variance 2011 vs. 2010 Reported | Three months ended March 31, 2010 Constant Currency | % Variance 2011 vs. 2010 Constant Currency |
|----------------------------------|--|--|---|--|--|
| Non-GAAP Business Segment | | | | | |
| Income/(Loss) | | | | | |
| Buy | \$ 134 | \$ 125 | 7.2% | \$ 129 | 3.9% |
| Watch | 163 | 144 | 13.2% | 145 | 12.4% |
| Expositions | 33 | 26 | 26.9% | 26 | 26.9% |
| Corporate and Eliminations | (10) | (5) | NM | (5) | NM |
| Total Nielsen | \$ 320 | \$ 290 | 10.3% | \$ 295 | 8.5% |

Buy Segment Profitability

Operating income increased to \$64 million for the three months ended March 31, 2011 from \$62 million for the three months ended March 31, 2010 due to the revenue performance mentioned above, lower depreciation and amortization as well as the impact of changes in foreign currency exchange rates, offset in part by investments in Developing markets expansion and increases in data acquisition costs. Non-GAAP business segment income increased 3.9% on a constant currency basis.

Watch Segment Profitability

Operating income was \$82 million for the three months ended March 31, 2011 as compared to \$71 million for the three months ended March 31, 2010. The increase was driven by the revenue performance discussed above and the impact of changes in foreign currency exchange rates, which was offset by increased depreciation and amortization expense associated with technology infrastructure initiatives and increased investment in three-screen measurement initiatives. Non-GAAP business segment income increased 12.4% on a constant currency basis.

Expositions Segment Profitability

Operating income was \$26 million for the three months ended March 31, 2011 as compared to \$18 million for the three months ended March 31, 2010 driven primarily by the revenue performance discussed above. Non-GAAP business segment income increased 26.9% on a constant currency basis.

Corporate and Eliminations Expenses

Operating expenses were \$121 million for the three months ended March 31, 2011 as compared to \$19 million for the three months ended March 31, 2010 due primarily to the \$102 million charge for the termination and settlement of the Sponsor Advisory Agreements.

Liquidity and Capital Resources**Overview**

Our contractual obligations, commitments and debt service requirements over the next several years are significant. Our primary source of liquidity will continue to be cash generated from operations as well as existing cash. At March 31, 2011, cash and cash equivalents were \$396 million and our total indebtedness was \$7,199 million. In addition, we also had \$611 million available for borrowing under our senior secured revolving credit facility at March 31, 2011.

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

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Financing Transactions

Initial Public Offering and Use of Proceeds

On January 31, 2011, we completed an initial public offering of 82,142,858 shares of our \$0.07 par value common stock at a price of \$23.00 per share, generating proceeds of approximately \$1,801 million, net of \$88 million of underwriter discounts and other issuance costs.

Concurrent with our offering of common stock, we issued \$288 million in aggregate principal amount of 6.25% Mandatory Convertible Subordinated Bonds due February 1, 2013 (the "Bonds"), generating proceeds of approximately \$277 million, net of \$11 million of underwriter discounts and other issuance costs. Interest on the Bonds will be payable quarterly in arrears in February, May, August and November of each year, commencing in May 2011. The Bonds will be mandatorily converted into between 10,416,700 and 12,499,925 shares of our common stock on February 1, 2013 at a conversion rate per \$50.00 principal amount of the bonds not more than 2.1739 shares and not less than 1.8116 shares depending on the market value of our common stock (the average of the volume weighted average price of our common stock for a 20 consecutive trading-day period beginning on the 25th trading day immediately preceding February 1, 2013) relative to the initial price and the threshold appreciation price per share of \$23.00 and \$27.60, respectively.

We utilized substantially all of the combined net proceeds associated with the aforementioned transactions to redeem and retire certain issuances of our long-term indebtedness as follows:

On February 9, 2011, we paid approximately \$201 million to redeem \$164 million of our outstanding \$467 million (\$500 million aggregate principal amount) 11.50% Senior Discount Notes Due 2016 with a redemption cost of the stated rate applied to the principal amount being redeemed plus a proportionate amount of accrued interest to the principal amount.

On February 9, 2011, we paid approximately \$129 million to redeem \$107 million of our outstanding \$307 million (\$330 million aggregate principal amount) 11.625% Senior Discount Notes Due 2014 with a redemption cost of the stated rate applied to the principal amount being redeemed plus a proportionate amount of accrued interest to the principal amount.

On February 25, 2011, we paid approximately \$1,133 million to redeem all of our outstanding \$999 million (\$1,070 million aggregate principal amount) 12 1/2% Senior Subordinated Discount Notes Due 2016 at a price of 105.89% of the aggregate principal amount.

On February 25, 2011, we paid approximately \$251 million to redeem \$163 million (\$174 million aggregate principal amount) of our 11.125% Senior Discount Debenture Notes due 2016 at a price of 104.87% of the aggregate principal amount.

On March 2, 2011, we paid approximately \$244 million to redeem the remaining \$159 million (\$169 million aggregate principal amount) of our 11.125% Senior Discount Debenture Notes due 2016 at a price of 104.87% of the aggregate principal amount.

We recorded a total debt extinguishment charge of approximately \$145 million (net of tax of \$86 million) in our condensed consolidated statement of operations for the three months ended March 31, 2011 associated with these redemptions. The pre-tax amount of this charge was recorded in other (expense)/income, net in the condensed consolidated statement of operations.

Amendment to Senior Secured Credit Facility

On March 23, 2011, we entered into an amendment (the "Amendment Agreement") to our Amended and Restated Credit Agreement, dated August 9, 2006 and amended and restated as of June 23, 2009 (the "Credit Agreement"), among us, the other borrowers and guarantors party thereto, the lenders and other parties from time to time party thereto, and Citibank, N.A., as administrative agent. The Amendment Agreement documents the terms of new revolving credit commitments obtained by us in connection with a revolving credit commitment extension offer. In connection with the Amendment Agreement, we terminated the existing revolving credit commitments totaling \$688 million, which had a final maturity date of August 9, 2012, and replaced them with new revolving credit commitments totaling \$635 million with a final maturity date of April 1, 2016.

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Revolving loans made pursuant to the new revolving credit commitments may be drawn in U.S. Dollars or Euros (at the election of the borrowers) and bear a tiered floating interest rate of LIBOR plus a margin ranging from 2.25% to 3.50% based on the Total Leverage Ratio (as defined in the Credit Agreement). Margins on base rate loans range from 1.25% to 2.50% also based on the Total Leverage Ratio. A commitment fee is payable on the unused portion of the new revolving credit commitments ranging from 0.375% to 0.75% depending on the Total Leverage Ratio.

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Cash Flows

Operating activities. Net cash used in operating activities was \$52 million for the three months ended March 31, 2011, compared to \$29 million for the three months ended March 31, 2010. The primary driver for the increase in cash used in operating activities was the \$102 million payment for the termination and settlement of the Sponsor Advisory Agreements. The impact of the termination payment was partially offset by growth in Adjusted EBITDA and lower interest payments. Our key collections performance measure, days billing outstanding (DBO), was 52 days for the three months ended March 31, 2011 compared to 53 days for the three months ended March 31, 2010.

Investing activities. Net cash used in investing activities was \$113 million for the three months ended March 31, 2011, compared to \$32 million for the three months ended March 31, 2010. The primary driver for the increased usage of cash from investing activities was the increase in acquisition payments combined with lower proceeds from business divestitures.

Capital expenditures for property, plant, equipment, software and other assets totaled \$52 million for the three months ended March 31, 2011 versus \$53 million for the three months ended March 31, 2010.

Financing activities. Net cash provided by financing activities was \$125 million for the three months ended March 31, 2011 as compared to net cash used in financing activities of \$32 million for the three months ended March 31, 2010. The higher source of cash was driven by the results of the 2011 transactions described under the *Financing Transactions* section above.

Covenant Compliance

Financial covenants contained in our Credit Agreement consist of a maximum leverage ratio and a minimum interest coverage ratio as related to our indirect wholly-owned subsidiary, Nielsen Holding and Finance B.V. and its restricted subsidiaries. The leverage ratio requires that we not permit the ratio of total net debt (as defined in the facility) at the end of any calendar quarter to Covenant EBITDA (as defined in the facility) for the four quarters then ended to exceed a specified threshold. Currently, the maximum permitted ratio is 7.5 to 1.0, with such maximum ratio declining over time to 6.25 to 1.0 for periods after October 1, 2012.

The interest coverage ratio requires that we not permit the ratio of Covenant EBITDA at the end of any calendar quarter to Consolidated Interest Expense (as defined in the Credit Agreement) for the four quarters then ended to be less than a specified threshold. Currently, the minimum permitted ratio is 1.75 to 1.0, with such minimum ratio varying between 1.75 and 1.0 to 1.50 to 1.0 for subsequent periods.

Failure to comply with either of these covenants would result in an event of default under our Credit Agreement unless waived by our senior credit lenders. An event of default under our Credit Agreement can result in the acceleration of our indebtedness under the facility, which in turn would result in an event of default and possible acceleration of indebtedness under the agreements governing our debt securities as well. As our failure to comply with the covenants described above can cause us to go into default under the agreements governing our indebtedness, management believes that our Credit Agreement and these covenants are material to us. As of March 31, 2011, we were in full compliance with the covenants described above.

Pursuant to our Credit Agreement, we are subject to making mandatory prepayments on the term loans within our Credit Agreement to the extent in any full calendar year we generate Excess Cash Flow (ECF), as defined in the Credit Agreement. The percentage of ECF that must be applied as a repayment is a function of several factors, including our ratio of total net debt to Covenant EBITDA (as defined below), as well other adjustments, including any voluntary term loan repayments made in the course of the calendar year. To the extent any mandatory repayment is required pursuant to this ECF clause, such payment must generally occur on or around the time of the delivery of the annual consolidated financial statements to the lenders. In 2010 our operations realized ECF, but no mandatory repayment was required due to our making voluntary repayments in the course of the year and our year-end total net debt to Covenant EBITDA ratio. Our next ECF measurement date will occur upon completion of the 2011 results, and therefore it is uncertain at this time if we will be required to make any corresponding mandatory prepayments in early 2012.

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Transactions with Sponsors and Other Related Parties

On January 31, 2011, each of our subsidiaries party to the Advisory Agreements agreed, along with the Sponsors, to terminate all such agreements in exchange for a settlement of \$102 million and we recorded a charge of \$61 million (net of tax of \$41 million). The pre-tax amount of this charge was recorded as a component of selling, general and administrative expenses in our condensed consolidated statement of operations. We recorded \$3 million in selling, general and administrative expenses related to management fees, travel and consulting attributable to a number of the Sponsors for the three months ended March 31, 2010.

Commitments and Contingencies

Sunbeam Television Corp.

Sunbeam Television Corp. (Sunbeam) filed a lawsuit in Federal District Court in Miami, Florida on April 30, 2009. The lawsuit alleged that Nielsen Media Research, Inc. violated Federal and Florida state antitrust laws and Florida s unfair trade practices laws by attempting to maintain a monopoly and abuse its position in the market, and breached its contract with Sunbeam by producing defective ratings data through its sampling methodology. The complaint did not specify the amount of damages sought and also sought declaratory and equitable relief. On January 13, 2011 the U.S. District Court in the Southern District of Florida dismissed all federal and state antitrust claims brought against us by Sunbeam stating that Sunbeam failed to show that any competitor was willing and able to enter the local television ratings market in Miami and was excluded from that market by us. The Court also determined that Sunbeam could not prove that the current ratings for Sunbeam s local station WSVN are less accurate than they would be under a prospective competitor s methodology. The Court deferred ruling on the remaining ancillary claims, including breach of contract and violation of Florida s Deceptive and Unfair Trade Practices Act. Subsequent to the court s decision, Sunbeam voluntarily dismissed with prejudice the remaining claims in the case so that all claims have been dismissed. Sunbeam has appealed the court s dismissal of the antitrust claims.

Other Legal Proceedings and Contingencies

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

Off-Balance Sheet Arrangements

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

Summary of Recent Accounting Pronouncements

Revenue Recognition

In October 2009, the FASB issued ASU 2009-13, *Revenue Recognition (Topic 605), Multiple-Deliverable Revenue Arrangements* amending ASC 605. ASU 2009-13 requires entities to allocate revenue in an arrangement using estimated selling prices of the delivered goods and services based on a selling price hierarchy. ASU 2009-13 eliminates the residual method of revenue allocation and requires revenue to be allocated using the relative selling price method. ASU 2009-13 was effective as of January 1, 2011 for revenue arrangements entered into or materially modified in fiscal years beginning on or after June 15, 2010. The adoption of ASU 2009-13, did not have a material impact on our condensed consolidated financial statements as of March 31, 2011 or for the three months then ended.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Market risk is the potential loss arising from adverse changes in market rates and market prices such as interest rates, foreign currency exchange rates, and changes in the market value of equity instruments. We are exposed to market risk, primarily related to foreign exchange and interest rates. We actively monitor these exposures. To manage the volatility relating to these exposures, we historically entered into a variety of derivative financial instruments, mainly interest rate swaps, foreign currency swaps and forward rate agreements. Currently we only employ

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basic contracts, that is, without options, embedded or otherwise. Our objective is to reduce, where it is deemed appropriate to do so, fluctuations in earnings, cash flows and the value of our net investments in subsidiaries resulting from changes in interest rates and foreign currency rates. It is our policy not to trade in financial instruments.

Table of Contents**Foreign Currency Exchange Risk**

We operate globally and predominantly generate revenue and expenses in local currencies. Approximately 48% of our revenues and 45% of our operating costs were generated in currencies other than the U.S. Dollar for the three months ended March 31, 2011. Because of fluctuations (including possible devaluations) in currency exchange rates or the imposition of limitations on conversion of foreign currencies into our reporting currency, we are subject to currency translation exposure on the profits of our operations, in addition to transaction exposure. Typically, a one cent change in the U.S. Dollar/Euro exchange rate will impact revenues by approximately \$7 million annually, with an immaterial impact on our profitability.

Foreign currency translation risk is the risk that exchange rate gains or losses arise from translating foreign entities' statements of earnings and balance sheets from functional currency to our reporting currency (the U.S. Dollar) for consolidation purposes.

Translation risk exposure is managed by creating natural hedges in our financing or by using derivative financial instruments aimed at offsetting certain exposures in the statement of earnings or the balance sheet. We do not use derivative financial instruments for trading or speculative purposes.

The table below details the percentage of revenues and expenses by currency for the three months ended March 31, 2011:

| | U.S. Dollar | Euro | Other Currencies |
|-----------------|-------------|------|------------------|
| Revenues | 52% | 13% | 35% |
| Operating costs | 55% | 14% | 31% |

Interest Rate Risk

We continually review our fixed and variable rate debt along with related hedging opportunities in order to ensure our portfolio is appropriately balanced as part of our overall interest rate risk management strategy. At March 31, 2011, we had \$4,583 million in carrying value of floating-rate debt under our senior secured credit facilities and our EMTN floating rate notes. A one percentage point increase in these floating rates would increase our annual interest expense by approximately \$46 million.

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

Equity Price Risk

We are not exposed to material equity risk.

Item 4. Controls and Procedures**(a) Evaluation of Disclosure Controls and Procedures**

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

The Company's Chief Executive Officer and Chief Financial Officer have evaluated the effectiveness of the Company's disclosure controls and procedures as of March 31, 2011 (the Evaluation Date). Based on such evaluation and subject to the foregoing, such officers have concluded

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that, as of the Evaluation Date, the Company's disclosure controls and procedures are effective at the reasonable assurance level to ensure that information required to be disclosed by the Company in the reports that the Company files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and to ensure that information required to be disclosed by the Company in the reports that the Company files or submits under the Exchange Act is accumulated and communicated to the Company's management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

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(b) Changes in Internal Control over Financial Reporting

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

Table of Contents**PART II. OTHER INFORMATION****Item 1. Legal Proceedings**

Information in response to this Item is incorporated by reference to the information set forth in Note 13 Commitments and Contingencies in the Notes to Condensed Consolidated Financial Statements (Unaudited) included in Part I, Item 1 above.

Item 1A. Risk Factors

There have been no material changes to our Risk Factors as previously disclosed in our Annual Report on Form 10-K for the year ended December 31, 2010.

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

The following table provides information relating to the repurchase of shares of our common stock for the three months ended March 31, 2011, which are executed in privately negotiated transactions.

ISSUER PURCHASES OF EQUITY SECURITIES

| Period | Total Number of Shares Purchased | Average Price Paid per Share |
|--------------------------------------|--|------------------------------------|
| January 1, 2011 – January 31, 2011 | | \$ |
| February 1, 2011 – February 28, 2011 | | \$ |
| March 1, 2011 – March 31, 2011 | 65,879 | \$ 25.32 |
| Total | 65,879 | \$ 25.32 |

Item 3. Defaults Upon Senior Securities

Not applicable.

Item 4. (Removed and Reserved)**Item 5. Other Information**

Not applicable.

Item 6. Exhibits

The exhibit index attached hereto is incorporated herein by reference.

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SIGNATURES

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

Nielsen Holdings N.V.

(Registrant)

Date: April 28, 2011

/s/ Jeffrey R. Charlton

Jeffrey R. Charlton

Senior Vice President and Corporate Controller

Duly Authorized Officer and Principal Accounting Officer

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EXHIBIT INDEX

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

| Exhibit Number | Description of Exhibits |
|-----------------------|---|
| 10.1 | Amendment No. 2, dated as of March 23, 2011, to the Amended and Restated Credit Agreement, dated August 9, 2006 and amended and restated as of June 23, 2009, among Nielsen Finance LLC, the other borrowers and guarantors party thereto, the lenders and other parties from time to time party thereto, and Citibank, N.A., as administrative agent filed herein. |
| 31.1 | CEO 302 Certification pursuant to Rule 13a-15(e)/15d-15(e) |
| 31.2 | CFO 302 Certification pursuant to Rule 13a-15(e)/15d-15(e) |
| 32.1 | Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (Subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code) |