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MANAGEMENT DISCUSSION SECTION

Brian Karimzad
Analyst, Goldman Sachs & Co.

All right, good afternoon, everybody, it is 15 past the hour and I'm Brian Karimzad from Goldman Sachs Research. Our next guests are from the Nielsen Company. Seated next to me is Brian West, Chief Financial Officer, and next to him is Steve Hasker, President of Global Media Products and Advertising Solutions. This afternoon Brian and Steve will each walk through presentations and they will have an opportunity to go through some Q&A.

Gentlemen, welcome and Brian go ahead and get us started.

Brian J. West
Chief Financial Officer, Nielsen Holdings NV

Thanks, Brian and thank you everyone for this opportunity to tell the Nielsen story. For us, we've got some core investment highlights that we think are very attractive. First of all, we wrap ourselves around two fundamental engagements of the consumer, what they watch and what they buy. And those two things, believe it or not, are very well linked together. And we're the only company that does that.

We also do it all around the world. We have a big global footprint and presence over 100 markets, again, very unique. No one else has quite that span, that breadth, that platform across the globe. And, we do things that are important to our clients, call it must have, call it mission critical. The important thing is it's embedded with how they do their business, how they make decisions, how they go and compete, how they go and grow. Our information is fundamental.

We also like things that are syndicated, scalable products. We don't like things that are custom. We like things that can become standards and be attractive financial expressions. We also have big trends we're following. We'll talk about them in a moment.

And the other part that's important about the model is that it holds up when markets are good and not so good. It's very resilient given some of the fundamental factors of our long-term nature of our contracts. And we think that in front of us has some great earnings power through our de-leveraging goal.

Just to remind everyone how our business works, there is two businesses I mentioned. There is the Buy side, the left-hand side of the chart. This is where we help consumer product goods companies figure how they're doing around the world and a good example is our relationship such as Nestlé.

Nestlé is a very important client where we measure on behalf of them 80 markets where they do business and we've been having success with them for 50 plus years. Typically, 70% of this kind of relationship is around our retail measurement business. That's where we are selling them data that shows how they're doing with their products versus their competitor. That's long-term in nature. Typical contracts range three to eight years, average around five and they needed to run their business and we do it all around the world.

The other part of the business, the other 30% is what we call insights. Not under long-term contracts, but that is where we are helping clients answer questions about, how to grow? How to do pricing better more effectively? What different distribution strategy should they follow? How do you defend existing brands? How do you bring new products to market? That's our Buy business. About two-thirds of the revenue to total company very steady, very resilient and what's driving that and I'll talk about is the developing world.

On the right-hand side is the other part of our business, the Watch side. Again, a good example is reflected in our relationship with CBS. We've been doing business with them for 70 plus years and for that is typically is around measuring TV audiences in this market. About 80% of our Watch business is under long-term contract. Again, three to seven years average is just over a 5% and that's where we help them, media clients and ultimately advertisers reach audiences effectively. The other 20% of that revenue stream is where we help get more value for their inventory or where we help draw more insights around how they could more effectively compete.

Two big trends we follow across our company, one is related to the Buy side, one on the Watch side. The big Watch macro – big buyer macro trend is around the growth of the middle class in the emerging world. It's no doubt that middle class population would grow around the world. They would carry with them quite a bit of spending and consumption and that's exactly where big global CPG companies are going to find their growth.

The good part for us is that it's not just global multinationals go, but also local clients like to do business and grow their products and that's where we come in to help both measure those – measure that retail activity and grow. And, not only is the middle class emerging but also the change of demographic shifts is quite profound all around the world, big changes that's what helps us measure more effectively on behalf of our clients to help them grow. And, it's really a big part of our company where we're investing behind and we think for us is a very long-term trend and one that's very attractive in terms of what the revenue growth rates that will accrue to Nielsen.

On the Watch side, the big trend is as audiences move and they have more choices and more options for video consumption, the better it is for Nielsen. We help effectively measure all of that change across all sorts of devices, no matter how you get it, we are a consumption-based model. We are not based on how things get distributed to you in terms of video content but what you consume and no matter if it's over-the-air, over-the-top, set-top box, cable box, satellite box, we measure that entire picture and more importantly, we represent that entire picture of how you consume video. We're doing it for a long time and the fact that there is more technological changes, more fragmentation actually is an opportunity for us and then we think a lot about to follow those audiences to again represent on behalf of media clients and ultimately to advertisers. And this is a big deal for us whether it's mobile, online or television, big audiences, big opportunities. We measure it all and ultimately it's helped to get more effectiveness for advertisers as they look for their audiences.

The financial performance of the company is we're about $5.5 billion business the last 12 months as of the second quarter. As you can see, over from the 2008 to the 2011 period, 5% constant currency CAGR, and that's in good times and bad as everyone knows. It's resilient, it's steady. 70% of that revenue is under long-term contract, which gives us that confidence to invest for the long-term and it's resilient.

On the EBITDA side, you can see, we're about $1.5 billion and growing at just under 9% from 2008 to 2011, margin expansions every year and one that we think is helpful even as we reinvest on behalf of our products and our clients. So, a very powerful model and one that we think is a result of building a scalable platform that provides for margin expansion opportunities.

In terms of the balance sheet, we have a financial policy. It's been the same policy we've had for the last six years. It's to de-risk and to de-lever the balance sheet. And, I'm happy to say that we've had a lot of success in that front.

If you notice on the debt maturity profile, the next three and half years there's no meaningful maturity and our debt leverage, if you look at the bottom left, we've gone from a leverage of over 9 times leverage to one we're at now 4 times leverage and we've been consistent with that policy.

The other part of our policy is to de-risk, extend maturities and bring down the weighted average interest rate. And I'm happy to say that yesterday we had a transaction that we were able to go out in the high-yield marketplace and raise $800 million of unsecured bonds, 8 years at 4.5%. We thought that was a very attractive rate for the company and we will use those proceeds to redeem 11.5% pay per senior unsecured notes, as well as prepay 8.5% secured notes. So, we think all that leads to a benefit for the company. The benefit in 2012 will be book and cash interest benefit about $10 million, and for 2013, the benefit is going to be $45 million to $50 million of book interest and $40 million to $45 million of cash interest, very important because those were two legacy high-coupon notes. It's behind us. We feel confident that now we have that opportunity to raise money at that kind of price and also yesterday, we were able to secure an upgrade on our senior secured debt to BBB minus. So, all good things, again, reflection of our consistent policy to de-risk and to de-lever the balance sheet.

Looking ahead, as I mentioned, the developing markets is our life [ph] bread (9:44) in terms of investment in the future. It's a big opportunity for us. It's a way for us to extend our 100-country platform all around the globe, to expand our coverage because for Nielsen it's all about continuing to expand our coverage whether it's in the developing world or whether it's in the digital world. It's important we're investing behind it. And as Steve Hasker will talk to you in a minute our ability to provide clients with Cross-Platform solutions as every bit of part of that coverage mission, and ultimately the next leg is to show where we can bring those Watch and Buy data assets together to bring innovative capabilities to our clients, so they can become more effective at what they do and how they spend their advertising budgets.

With that I'd like to turn it over to Steve Hasker, the President of Global Media. Thank you.

Steve Hasker

President-Global Media Products, Nielsen Holdings NV

Thanks, Brian. So, let me start by just outlining the framework that we use and an increasing number of our clients now use to frame out our Watch business. So, we think about whether it's a program or an ad or commercial 3 R's. What is the impact of that? The first is reach. How many people did a program or a commercial reach? How many people saw it? And who was that audience? What was their age? What was their gender? What were their characteristics? Where do they live, [ph] et cetera (11:06)? That's the first one.

The second and third resonance and reaction talk to the effectiveness of that program or that ad. So, resonance is did the brand recall, the purchase intent, the likeability of that brand or program go up as a result of that. And the third is reaction, did the audience member go and buy the product. They make a comment in social media about the product. And, this very, very simple framework has been picked up by clients like Facebook. It's been picked up by many of the major advertisers in the U.S. and across the world as the way they think about their measured media or their advertising spend, and the way they think about measuring that.

We've developed a set of solutions on IP around each of these 3 R's that, we are both proud of and I think we are seeing good traction and pickup on it. So let me just very quickly touch upon the sort of things we are doing in each of the 3 R's. So against reach, there is a couple of components to this. The first is at the bottom left hand corner, our TV ratings. This is the core reach metric used in 22 countries provided by Nielsen in 20 different countries, including the U.S. where we have the currency on which $70 billion of television advertising is traded, the age. the gender, the reach and the frequency is the basis on which that advertising is traded.

12 months ago, we introduced an additional offer called Online Campaign Ratings, OCR, you'll hear me talk about. OCR is the same kind of measure, a daily rating for all advertising campaigns on digital platforms, be they video or be they display advertising. It's now 12 months old. It's the only digital audience measurement product that is accredited by the Media Ratings Council. It has gotten very good uptick from agencies, from publishers, from TV clients and importantly from advertisers.

In addition to that, we are putting the two together. So, we are putting our television ratings together with our online or our digital ratings, so that any advertiser, any agency, any media company can see for a campaign, how many people saw the campaign on TV? How many people saw the campaign on a digital platform be it a tablet, be it a connected device, be it a PC, and how many people saw it in bus. And because we have underpinning this both the relationship with Facebook and access to their registration database, which of course is very large in the U.S. and across the world and also the only robust Cross-Platform panel, we are able to put this together on a daily basis and produce those metrics. So, we're very excited about that in being able to combine TV with online with mobile.

In addition to reach, as I mentioned, we measure resonance. And this is an area where both the heads of ad sales at our major media clients and the brand managers, chief marketing officers and the agencies that represent them are asking us for not only the number of people who saw our campaign, but also what was the impact of that campaign? Did the process intend to the likability? Did the brand recall go up? What was the movement as a result of that campaign? We do this for TV. Many years ago we bought a business called IAG. We've renamed that Brand Effect. It is that affect our standard in resonance for TV.

A number of months ago, we bought a business called Vizu renamed Brand Effect Online. Same thing we're developing that into the standard in online resonance, online recall. And we're the only player who works with Apple in this space to measure the effectiveness of Buy ad as a medium. So, that's our starting point for Brand Effect in the mobile environment.

We have partnered with the Advertising Research Foundation and Google on this initiative. We built the original Brand Effect with Facebook and we continue to work with them on that, and added to this mix are some of the more innovative aspects of the Nielsen Company, including NeuroFocus, and the use of neuroscience to add more granularity to these resonance metrics.

And then last but not least in terms of reaction, this is where when Brian talked about the Watch side of the business, measuring what people watch in different platforms, and the Buy side measuring what they Buy.

Logically, we put those two things together. So, you can imagine how excited the senior brand managers and the CMOs are about that being able to see not only how many people saw my ad, but did they go and buy more of the product? Did they go and buy more of the product? This is particularly powerful in the fast purchase cycle product categories like consumer packaged goods, like movies and entertainment where the ad will run on a Wednesday night and the opening night is on Friday.

And, what we do here is put together online and our digital viewing information with our own consumer purchase information with consumer purchase information from Catalina with whom we have a joint venture. Catalina has about 80 million households with a loyalty card data that downloads daily on all of the consumer package goods purchases.

And then last but not least, we have partnerships with companies like Pulp. We have automotive data and the single largest credit card processing company in the U.S. that has about 75% of debit and credit card purchases, very powerful database something that we've invested in heavily over the last year or so and we're starting to see the results of that.

So, that gives you a sense for the Watch side of the business. It's certainly not just television audience measurement, which is our legacy and something we're very proud of and we continue investing, we're branching out Cross-Platform, and then into the effectiveness of programs and of commercials as well.

Now, with that I'll hand over to Brian.

Brian Karimzad
Analyst, Goldman Sachs & Co.

Thanks, Steve. Brian, I guess just first on the deal that went through yesterday, those loans that you're paying down I think they weren't callable and so what made your next year, can you give us some color on why now?

Brian J. West
Chief Financial Officer, Nielsen Holdings NV

Some banker flashed a four handle and actually delivered it.

Brian Karimzad
Analyst, Goldman Sachs & Co.

Fair enough.

Brian J. West
Chief Financial Officer, Nielsen Holdings NV

No that's – it's important question because we've been watching the high yield market for quite some time now knowing that our ultimate objective was to replace those high coupon notes. And for us, it really came down to watching a high-yield market that behaves very differently than the general interest rate environment all right. So, this is a different market that can go up and down and it's really volatile. For instance, May of last year the high-yield index hit at that time was a historic low of 6.75%, and six months later it had moved up to 10%, right. So it has – and the general interest rate, environment really hadn't moved. So it does kind of get fickle when windows open and close.

So, no one at that market moves when we had some confidence that we could print a four handle and replace those notes, they got very attractive economically. To get that behind us, to take away volatility risk between now and next May and June, I made all the sense in the world, because for us I'm not trying to call an interest rate at the bottom, and it's not what we do, but I do want to take the risk of our business, and this has made all the sense in the world. And I was happy that we were able to execute the deal, the way it was done. So [indiscernible] (18:34) the world of economics makes sense and we will move forward.

Brian Karimzad

Analyst, Goldman Sachs & Co.

Fair enough. I mean, more broadly on leverage. I mean given the duration of the contracts you have, the free cash flow characteristics of the business. I mean you guys are pretty – you've been pretty consistent in saying that investment grade is your goal, and certainly the vagaries high-yield market the last few years, we can understand why. But why is that the right place to be on leverage versus the alternative may be accelerating some of the equity holder returns?

Brian J. West

Chief Financial Officer, Nielsen Holdings NV

Yeah, so, we're going to think our way to that exact question. I'll remind everybody that the investment grade was no bright line because of the economics, because we're figuring – we're just learning that you can get price pretty good. It was more about our clients, our investment grade, [ph] it's probably (19:24) the right position at some point over the long term, but it wasn't a hard absolute. And when you are at 9 times, and you're trying to be aspirational, you figure, you put a target out there and you go for it. So look, we are going to sort out exactly what the right leverage target is for the company, we'll be more communicative on that front in the not too distant future, but right now we're just happy to have the legacy piece of the capital structure largely behind us with yesterday's deal, and looking forward, it's going to be interesting to see how we choose to go about the next phase of our capital structure life, looking forward to it.

Brian Karimzad

Analyst, Goldman Sachs & Co.

All right. Fair enough. Then on operating trends, not looking like for an inter-quarter update, but any sense of how client sentiment among those global CPG companies has trended over the last couple of months? Any nuances or changes in the type of conversations you're having?

Brian J. West

Chief Financial Officer, Nielsen Holdings NV

No changes. There continues to be just a general cautious sentiment in many of the markets and there is no reacceleration that we're seeing by any stretch. So, the good news is that our information business on our Buy side and obviously the ratings business on the Watch side under long-term contracts hold it beautifully and that would at least [ph] go (20:44) into the model.

Brian Karimzad

Analyst, Goldman Sachs & Co.

Okay. Now though you do have some acceleration baked into the back half kind of mathematically with the inclusion of the Walmart data. Can you give us a sense of kind of how broadly the U.S. clients adopted this upfront? And was it your new universal given their scale?

Brian J. West
Chief Financial Officer, Nielsen Holdings NV

It met with exactly what we had thought. So, the clients who we thought would take it did, and those who didn't have big exposures to that part of the retail environment didn't need it and didn't take it. So, for us, it happened exactly like we thought and more importantly, we're proud of the operating team that delivered the data at the end of June with execution that was very strong.

Brian Karimzad
Analyst, Goldman Sachs & Co.

Okay. So what do we need to know on the cost side of that, the cadence of that, as we go through this year and into next?

Brian J. West
Chief Financial Officer, Nielsen Holdings NV

So the way I would think about it is that the startup costs of being able to get ready to produce that data is behind us. And the way that we would expect and it's been consistent as recent as our last earnings call that the Buy margins are going to expand in the back half largely because of that phenomena where you don't have the startup cost and you have the revenue.

Brian Karimzad
Analyst, Goldman Sachs & Co.

Okay. And, I mean, you can't give away too much on this, but in terms of helping us think about the way you price this for clients, is it fair to say that there is some relationship to Walmart's size as a retailer in the way that you price this additional channel or...?

Brian J. West
Chief Financial Officer, Nielsen Holdings NV

It was different across the board depending on the client and the number of categories and the amount of exposure. So, it was a good thing. We'll see it in the financials as we print the third quarter and we'll move on from there. So, it was – we're very satisfied with what the result was.

Brian Karimzad
Analyst, Goldman Sachs & Co.

Okay. Then moving over to Watch for a bit and Steve or Brian can take it as you please. But, you talked a lot about a lot of initiatives. Can you help us understand and frame which maybe are the larger revenue opportunities over the next one to three years?

Steve Hasker
President-Global Media Products, Nielsen Holdings NV

Yeah, I mean, we're not sort of depending on any one big bet to drive our revenue growth in the Watch business. As Brian said, 70% of the business is under contract both here in the U.S. and internationally. Most of that is in the television audience measurement space. We've made the bets I described, so we made a bet around Online Campaign Ratings and Cross-Platform Campaign Ratings, which is a very natural place for us to go. We've made a bet around getting into effectiveness and we're seeing some very good results of that, particularly bringing our Watch and Buy together. And you'll see us take Online Campaign Ratings from Cross-Platform component and take it to select international markets that we think are ready for that in terms of the sophistication of those markets around their digital advertising and their Cross-Platform advertising.

So, for us, it's not so much we can't control it. It's a measured number of bets that we're making, but we're not overly exposed to anyone of them, as we go forward.

Brian Karimzad
Analyst, Goldman Sachs & Co.

Fair enough. And then on the Online Campaign product, can you help us understand the philosophy and the framework that you're using when you set the pricing for a given client and kind of how that shakes out?

Steve Hasker
President-Global Media Products, Nielsen Holdings NV

Yeah. So, we launched it a year ago and celebrated its first birthday two weeks ago. And as I mentioned, it's the only product that's MRC accredited and what we're doing in the marketplace is everything we can to establish it as a standard. So, as we think about pricing it, it's sort of indexed to volume, it's indexed to value that the clients see. And we have paying clients who are our traditional TV clients who we're going Cross-Platform. We have a largely new set of clients who are digital publishers and today we announced lot of ad networks, video ad networks coming onboard and we're selling it direct to advertisers represented by their agencies or not. And in every case, we price it to value, what is the impact they are seeing in terms of better effectiveness or efficiency of their campaign? What is the impact they see in terms of ad sales opportunities and greater confidence in their new and digital media?

Brian Karimzad
Analyst, Goldman Sachs & Co.

Fair enough. And I mean, your U.S. TV business today, I mean, I think it's what something what your revenue there is some low single-digit percentage of what's trends acted in that marketplace. Is that kind of a general frame of how you're thinking about this very long-term if we were to become in actual currency?

Steve Hasker
President-Global Media Products, Nielsen Holdings NV

Yeah. I mean, it's one way to think about it. When Arthur C. Nielsen set out to extend from market research into media research, I don't think he said, I'm going to create a standard and extract a certain amount of value from the ecosystem. I think he said, I'm going to put metrics in the marketplace that are of great value to clients and drive confidence and that's really what we're trying to do and we figure the other stuff will follow once we get there.

Brian Karimzad
Analyst, Goldman Sachs & Co.

Okay. And then on the margin profile for watching, the highest in the company, how do you see that evolving as more of the viewing and frankly more of your products and initiatives shift to non-linear type of areas, non-traditional, any ramifications when you think about as you manage through that?

Steve Hasker
President-Global Media Products, Nielsen Holdings NV

So the investment is behind us, but we've built one global sort of platform to handle all of our screens. So as content goes from or expands beyond the television set to all sorts of different devices that goes to more channels that becomes app-driven versus linear and so forth. The costs of us to process that information do not go up exponentially, firstly.

Secondly, we view a more complex environment as a positive to us and the reason is as follows, when it comes to that reach metric, marketers, agencies and multi-platform media companies want one metric. They want one metric. They want a simple way to look at how many people saw a program or saw an ad, and we think that plays to our strength. And we view fragmentation and increasing complexity as a real friend to us because of our size and scale, geographic footprint and the financial muscle of the company that it does enable us to do more R&D and to get out in front of some of our competitors.

Brian Karimzad

Analyst, Goldman Sachs & Co.

All right. And then on Online Campaign, as you worked through it over the last year, what have we found the big push backs are with clients in either – even just trying to test it or has a conversation?

Steve Hasker

President-Global Media Products, Nielsen Holdings NV

Well, the first thing is that it's a very different way of buying and selling digital media. So prior to Online Campaign Ratings, it's a very different to TV. So if you're going looking for males 18 to 24 for your campaign, you'd go to Nielsen, you'd go to one of our competitors and you get an estimate of which websites to go to and then you'd run the campaign. And at the end of the campaign, you may get some server log data from the publisher or from DoubleClick, but you had no real means to settle them.

So the first thing is, it drives a level of accountability to the publisher and it gives the advertiser and the agency a stick, right to say, okay you delivered or you didn't. And if you didn't I want to make good. I want some accountability. Now, ultimately that is a great benefit to the publisher, because the confidence that an advertiser has in a new digital medium goes way up when it is measured in a way that it's consistent with TV and measured by Nielsen. But there are some moments along the way that are not so fun. So there are publishers out there who have been selling a particular audience and lo and behold Online Campaign Ratings says they're delivering 30% or 40% or 50% or 60% of that which they've been suggesting. There are agencies who have been recommending buys. And again, having always been on target and this shows that. And so, all of our clients are learning along the way as we are and we haven't had any really difficult moments, but there is a process of educating people as to what the reality is, this is what the perception was, and that always creates some interesting times.

Brian Karimzad

Analyst, Goldman Sachs & Co.

Okay. We have about 10 minutes left. So I'm going to actually open up to questions before I move further, just raise your hand and we'll get one of the mic folks to come over and bring it. And there we go right here on the front.

QUESTION AND ANSWER SECTION

Q

Thank you. Can you tell us how do the recent – you said most of your business is under contracts that are fairly likely? How do the recent renewal rates or the part of your sales that are ad hoc services, how are the bookings of such services trending as compared with what you experienced in the recent past.

Brian J. West
Chief Financial Officer, Nielsen Holdings NV

A

So renewal rates both on the Watch side of the business and the Buy side of the business has been consistent and high, but by the nature of what we provide to both media clients as well as CBG clients, so there has been no change.

On the Buy side that which is not under contract more discretionary, we call it Insights business and that's an area that is getting a lot of discretion, a lot of deliberation by clients who are trying to figure out a way to better invest, save a nickel, et cetera, as they navigate these market conditions. So that's the piece that you kind of play for because you've got everything else. Basically you've got a great visibility, the line of sight to on high renewal rates. It's the ad hoc piece that can move around.

Q

Hi. I have two questions. The first one is you've been making some changes to your local measurement system. So after these changes, how will your own measurement system compare to that of your major competitor? And if a local TV station [ph] moves (30:54) to a competitor, is there a reason for them to buy both services or are they going to choose only one of you? And the second question is, can you give us an update on India?

Steve Hasker
President-Global Media Products, Nielsen Holdings NV

A

Yeah, sure. So in terms of the local, so we announced a number of months ago that we would overhaul our local measurement audience measurement system. And basically what we're going to do is instead of – we're going to supplement Local People Meter and Set Meter system with a new measurement device called Code Reader that we developed and tested and we're very happy with, that is lighter than our fully fledged meter and we're also going to introduce some set-top box data.

We're going to put those three sources together to increase the fidelity of our local measurement in all 210 markets. We're happy with that. Our clients are happy with that, and we'll start rolling out Code Readers in the fourth quarter. So, you'll see us go in a measured way through our markets, make sure our clients are happy, and then go as fast as our clients will allow us to in terms of ratcheting the whole thing up. So that's in terms of the system that we've designed and are now rolling out.

In terms of how that compares to our competitors, our competitors in local television audience measurement rely entirely on set-top box data and we don't feel comfortable doing that for a couple of reasons, one of which – I'll just give you a sort of sense for them. Around about 15% of set-top boxes in this country today provide return path data, firstly. Secondly, when we'll go to bed at night, we typically turn the TV set off, but not the set-top box.

Certainly those systems do not include demographics. So, the cable companies have to buy third-party data sets in order to get the demographics associated with the household.

Fourthly, no one system is representative. Fifthly, there are broadcast-only households, believe it or not, and it's actually a growing number in the U.S. given the economic conditions and the rise of services like Hulu and so forth. So, there is a whole set of reasons why we do not feel comfortable with a set-top box only solution. However, we do think set-top box has some value when combined with our panels. So in other words, when used to increase fidelity, reduce the variability filling some of the gaps, we think set-top box has the value, so that's the path we are pursuing.

I think there is room for a client to both use our data as the currency for ratings and other data sources including set-top box data direct from the MVPDs or from some of the other players for the purpose of analytics around program optimization and so forth. We'll see how that plays out, but I would think there is room for that.

And then in terms of India, the question you asked, we have a joint venture, 50/50 joint venture with WPP around that. And I won't comment on the specific sort of litigation that's come out, other than that to say that we've done a lot of work around the quality of our service there and we're happy with where it's at.

Brian Karimzad
Analyst, Goldman Sachs & Co.

Q

Question?

Q

My next actually is again around the Online Campaign, you have Facebook very large user registration data, but there are other large data sets out there, what are some reasons that you may want to diversify that and what are the opportunities to do that?

Steve Hasker
President-Global Media Products, Nielsen Holdings NV

A

Yeah. So in terms of the robustness of the product, we started with Facebook as a data provider for a very simple reason and that is their registration database is very big, it's very deep and broad, it's global, and it's accurate. I mean, people tend not to lie about who they are on Facebook because if you do that, you don't have as many friends as if you don't, so the service sort of lends itself to accurate data, and we've been able to test that over time.

We have a reasonably long list of applicants who would like to come in as data providers, in the – some of whom are PC-centric, some of whom are more tablet and smartphone-centric, and we're working our way through that. We want to make sure that whenever we add a data provider that the integrity of the output and the data, so our end product is perfect, and that we don't have any sort of on-boarding issues, and that's why you're seeing us being reasonably measured.

And the other thing I would say is that, as you think about other players in Silicon Valley, other owners of large data repositories, that data has been created and stored at different points in time through the development of the Internet, the web, and it's not all in the same format as Facebook. So there is some other challenges. And again, we are just being very measured about working our way through those. You'll see us add other data providers, but we are not in a particular hurry.

Brian Karimzad
Analyst, Goldman Sachs & Co.
Q

Okay. And on the idea of a Cross-Platform measurement including the smartphone and tablet viewing on a television rating. You are working on it. What are the next steps and what are the hurdles to actually getting it implemented in life?

Steve Hasker
President-Global Media Products, Nielsen Holdings NV
A

Yeah. So in terms of extending the C3, the national currency metric into the tablet environment, right, which is obviously an area of interest to us and our clients, we've developed the meter, we are very happy with that meter, it's now fully tested. We will roll it into our test panel over the next couple of months, we'll then roll panel and in due course our local panel. And one of the things we'd like to do is actually supplement the panel with a broader set of panelists. And so we're going down that path in a measured way. And I think the impediment to this will be, if you like, will be how fast will the industry accept the integration of those ratings into the core national and then local television ratings, and we will – as I said, we will go as fast as we can on that.

Brian Karimzad
Analyst, Goldman Sachs & Co.
Q

. And then, Brian, you speak a lot about the flux you have in the expense-based control margins in any given year, whether you're going to grow 4% or 6%, you generally have a pretty consistent EBITDA growth number. When you get within a year though, let's say, you get towards like the back half of the year and things come in below plan on the revenue side, how quickly can you respond with those expense leverage or are these things that have kind of a 6, 12 months advance window on them?

Brian J. West
Chief Financial Officer, Nielsen Holdings NV
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Yeah. You got a piece of that in your control, but the one deliberate thing that we have done consistently in the last couple of years is to take a portion of the margin expansion that otherwise would have flowed through and reinvest it and to build out our coverage in developing markets. And it's anywhere from 50 to 70 basis points of reinvestment and the vast majority of that is going right for that developing market build out. And for us, we are committed to that long-term view of the developing market opportunity. So, it's one where we're going to really continue to invest.

If for some reason, we lost confidence in the growth potential for the Emerging Markets, sure we could dial that down just as fast as we dial it up. That's not hard. But right now, our commitment and enthusiasm is strong and we're going to continue to invest, even if the macro environment at a moment in time might take a breath. That's okay, because we invest for the long-term and that's the way we think about it. So, we tend not to want to get too focused on making those decisions at a point in time, but more take the long view, the way we think about it.

Brian Karimzad
Analyst, Goldman Sachs & Co.

All right. Well, we're actually just about out of time here and we'll leave it at that. Thank you, gentlemen.

Brian J. West
Chief Financial Officer, Nielsen Holdings NV

Thanks.