PARTICIPANTS

Corporate Participants

Kate White Vanek – Senior Vice President-Investor Relations, Nielsen Holdings NV
David L. Calhoun – Chief Executive Officer & Executive Director, Nielsen Holdings NV
Brian J. West – Chief Financial Officer, Nielsen Holdings NV

Other Participants

Suzanne Stein – Analyst, Morgan Stanley & Co. LLC
Matt T. Chesler – Analyst, Deutsche Bank Securities, Inc.
David Bank – Analyst, RBC Capital Markets LLC
Douglas M. Arthur – Analyst, Evercore Partners (Securities)
Bill G. Bird – Analyst, Lazard Capital Markets LLC
Brian T. Davis – Analyst, Merrill Lynch, Pierce, Fenner & Smith, Inc.
Andrew C. Steinerman – Analyst, JPMorgan Securities LLC
Dan Salmon – Analyst, BMO Capital Markets (United States)
Tim W. Nollen – Analyst, Macquarie Capital (USA), Inc.
Brian W. Wieser – Analyst, Pivotal Research Group LLC
Mark J. Zgutowicz – Analyst, Northland Securities, Inc.

MANAGEMENT DISCUSSION SECTION

Operator: Ladies and gentlemen, thank you for holding and welcome to this Conference Call on Second Quarter 2013 Results for Nielsen Holdings NV. Please note, all lines are in listen-only mode at this time and the call is being recorded. I will now turn the call over to the host, Kate Vanek, Senior Vice President of Investor Relations. Ms. Vanek, please proceed.

Kate White Vanek, Senior Vice President-Investor Relations

Thanks Amy and good morning, everybody. Thanks so much for joining us today to discuss Nielsen's second quarter 2013 financial performance. Joining me on today's call from Nielsen is David Calhoun, Chief Executive Officer; and Brian West, Chief Financial Officer.

Before we begin our prepared remarks, I'd like to remind you all that the following discussion contains forward-looking statements within the meaning of the Safe Harbor provisions of the Private Securities Litigation Reform Act of 1995. These forward-looking statements may include comments about Nielsen's outlook, expectations and prospects.

These and other statements that relate to future financial results and events are based on Nielsen's view as of today, July 30, 2013. Our actual results in future periods may differ materially from those currently expected because of a number of risks and uncertainties. The risks and uncertainties that we believe are material are outlined in Nielsen's 2012 Form 10-K and other filings and materials that you can find on our Investor Relations website or at sec.gov. We encourage you to consult these documents for a more complete understanding of these risks and uncertainties. We disclaim any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by securities law. And a slide presentation that we'll use on this call is available under the Event section on our Investor Relations website at nielsen.com/investors.

And lastly, we do use certain non-GAAP measures to evaluate the results of our operations. We believe these non-GAAP measures provide useful information to investors regarding financial and business trends when viewed in conjunction with our GAAP results of operations. Future definition and a reconciliation of these non-GAAP measures to our results under GAAP is available at the end of our press release, it is also in the appendix of the webcast slide presentation we're using on today's call and on our IR website.

And so, for our agenda, for today's call, Dave will start with some comments on our results for the quarter and an overview of some key highlights. He will then provide a business update and then close with an update on our capital allocation plan. Then Brian will discuss financials for the quarter and will provide updates on our full-year guidance. And then, we'll be happy to take our questions. As always, in order to fit everyone in, we'll do one question and one follow-up.

And to start the call now, I'd like to turn it over to our CEO, David Calhoun.

David L. Calhoun, Chief Executive Officer & Executive Director

Yeah. Hi. Good morning, everyone. I'm going to run through these highlights briefly quickly so that we can get to our Q&A. We had a very solid second quarter performance. Our revenue grew 3% on a reported basis, 4% on a constant currency basis.

Our Watch business grew on a constant currency basis 5% and our Buy business grew 3%, again in constant currency. We had a 3% constant currency growth in Insights and we've clearly seen the shift in momentum with respect to positive of these going forward.

Adjusted EBITDA grew 6%, 6% on a constant currency basis as well as reported. Adjusted net income grew 25%, 23% on a constant currency basis. Our free cash flow generation of $106 million, more than doubled versus the prior year. And as you know, our cash balance stands tall at almost $1.2 billion, largely as a result of the successful Expositions sale for $935 million.

Our management team remains in what we call a full investment mode and we're focused on, I think, the things you are aware of; innovative solutions for advertisers and coverage expansion, particularly in the emerging markets around the world. On the M&A front, our Arbitron regulatory process is ongoing. We remain confident. Our second – our request for information has been fulfilled. FTC is working in a very workman-like process to get to their conclusions and we believe by the end of August, we'll have an indication of where things are.

Updating our capital allocation plan will come in the next couple of pages. We have a real focus on shareowner return and we continue to get increasing visibility on the excess cash that we intend to return to shareowners.

Key milestones over the quarter, 58% of our share ownings now are in the hands of institutional equity owners and Nielsen, as everyone knows, is now included in the S&P 500 index. We will update our guidance. Brian will take you through a chart specifically for the Expositions disposition, otherwise guidance remains intact.

So, we love the strategic positioning that will occur as a result of the two transactions that are one done and one in front of us. And we think it spells good things for future growth and profitability, ultimately shareowner value.

Page six, with respect to key growth catalysts, initiatives, again, as I mentioned, we continue to drive investment and growth in Africa, China, India and we've begun to step up plans for Mexico as we get more bullish on the – on that. We're enhancing value to our clients largely through our advertising solutions business. As you will recall, this is where our syndicated data in Watch meets the syndicated data in Buy. We create solutions that in effect answer the question: what is my return on investment in advertising [ph] dollars (6:02). This is again a very strong initiative for us and it's growing at a very fast pace.

We'll continue to activate our Buy data: Global Track, which is a tool that large multinationals can use to in effect make global resource allocation decisions faster, Total Store Read which is basically capturing all of that – all of the data that exists in our big retail clients, Catalina, as we've talked before and Buyer Insights, which is the business we have with credit card data marrying our Watch data, largely for the benefit of retail clients.

We've continued to increase the reach of Online Ratings. We are moving from campaign to program ratings, which largely fulfills the needs of media clients and ad agency planners to help bridge the digital world. We're developing social TV ratings. We now have 50 clients for our Social Guide product and of course, our Twitter – our – Nielsen TV Twitter ratings will be introduced here in the fall upfront.

We're expanding our core video measurement internationally. We've had some wins out there and we continue to capture more audiences across more devices. So, all of these growth initiatives continue to be funded and we feel good about the progress we're making in each case.

Page seven, just again an update to our capital allocation plans: as I said before, as every quarter goes by, we get more and more visibility to the excess cash that our business continues to generate and sort of the forward momentum that we have increasingly more confidence in.

So, with respect to updating our plan first and foremost, we will continue to fully fund all of our organic growth programs as well as our M&A, which as many know, is largely built around tuck-in acquisitions. We are on course to achieve our net debt to adjusted EBITDA ratio of 2.75 to 3 ahead of our 2016 refinancing and that continues to be an objective we mean to fulfill.

Third, we're committed to dividend growth. We will increase our quarterly cash dividend to $0.20, and we'll continue to have an intent to grow this with earnings over time. We will also announce a share repurchase program, largely to mitigate dilution associated with the equity compensation programs that we introduced back in 2006. This is a $500 million share repurchase program as we look forward to the implementation of that program over the next several years.

Again, the framework here, our commitment is to return excess free cash flow to our shareowners and to continue to do it in a very deliberate fashion as our confidence continues to grow.

With that, I will turn it over to Brian West.

Brian J. West, Chief Financial Officer

Thanks, Dave, and good morning everyone. I'm on page nine of the webcast slides. I'd first like to just describe the table in front of you. What we chose to do is, take the key indicators of our business down the left-hand side. And the first column represents our results including Expositions, since Expositions transaction closed so late in the quarter, as just a benchmark point.

The middle column is what the Expos impact would be since now it's been eliminated and it's put into discontinued operations. So, it's $43 million lower on the revenue line, $20 million lower on the adjusted EBITDA line, $17 million for ANI and then $0.04 per share. Then to get to a net total reported number, these are the total reported numbers that are on our filings and that we will discuss going forward.

I will say that the Expos disc-ops treatment is well covered in exhibits in both the press release as well as the filing in order to help everyone understand and to update their models and to be as transparent as we possibly can. So, it's all in there.

So, moving on with the reported results: second quarter revenue was $1.39 billion, that's up 4% constant currency. Adjusted EBITDA was $396 million, that's up 6% constant currency and margins expanded a very healthy 67 basis points to 28.6%. We did see the impact of foreign exchange rates in the quarter and there was a 40 basis point drag on revenue and a 30 point basis drag on EBITDA.

Adjusted net income came in at $187 million, up a strong 23% driven by the underlying operating performance as well as the interest benefits from capital structure actions and our ongoing favorable tax attributes. Adjusted net income per share was $0.49.

And finally, we generated $106 million of free cash flow in the quarter, that's more – more than double last year, driven by the operations, working capital favorability and the interest benefit. So, in summary, solid top and bottom line growth coupled with terrific free cash flow generation.

Moving on to page 10: 2Q had another consecutive quarter of top line growth. Total Buy was $867 million, that's up 3% constant currency. The Information Services business was $652 million, also up 3% constant currency with growth across major regions with the exception of Western Europe, which I'll get to in a moment, Insights was $215 million, returning to growth of 3% in constant currency. And as Dave mentioned, we're seeing good momentum across the board for Insights.

Developing markets were up 6%, and in some markets, we continue to see strong double-digit growth driven by rapidly expanding local client revenue. So, we still feel very optimistic about our developing market prospects.

And finally Watch revenue, $519 million, up 5%. Very solid results in the core U.S. measurement business complemented by stronger performance in international measurement, digital and Advertiser Solutions, [ph] that last business (12:16) which contributed strong double-digit growth in the quarter.

Let me just speak to Europe for a moment. Page 11 attempts to describe our Europe exposure. So, the bar chart is the first half revenue in 2013 for the total company, at $2.7 billion. Split on the bottom segment, which is Nielsen Rest of World with the exception of Western Europe, which is $2.2 billion and then Western Europe at about $0.5 billion, which is less than 20% of the total.

So, in total, in the first half, the first V% column, that's a year-over-year growth constant currency, company grew 4%, but there's really two things happening here. The Nielsen Rest of World, the bigger part grew 5% and Western Europe was down 1%, and that's primarily driven by the discretionary business of Insights.

And we also have a three year CAGR on there. The total business has done 5% CAGR, but again, Nielson Rest of World 6%, Europe's flat. So, we just want to point this out to remind everyone that it's the fourth year of broad market headwinds, but it's a manageable exposure for us, we'd still grow. We've taken the next necessary cost actions, we've also made the right readjustments with clients to get through this. We're delivering growth in certain countries including UK and Italy, and we're winning business.

So, we feel like we're well-positioned on the actions we've taken and we have a responsible outlook and that we don't expect this picture to get any better and all things considered, we think we're weathering this one very well.

Moving on to page 12 profitability: adjusted EBITDA for the second quarter was $396 million, that's up 6% constant currency. Again margins expanded by 67 basis points. Buy EBITDA was $171 million, up 2% as we continue to make discretionary investments to fund long-term growth. Watch EBITDA was $233 million, up 9%, reflective of the scalability of the business model as we grow services such as Ad Solutions. They have very attractive market rates. And overall, we continue to deliver on cost management and productivity programs as we fund long-term growth investments.

Page 13, a remainder on foreign exchange. The bar chart reflects our quarterly actual and projected impact from FX rates on reported results. We do see the impact of fluctuation in rates as we translate for reporting purposes since over 50% of our revenues are outside the U.S. In 2Q, as I mentioned, a drag of 40 bps on the top and 30 bps on EBITDA and if rates – all rates stayed the same as of last Friday, the total year revenue drag projected would be 90 basis points for the year on revenue and EBITDA drag would be about 80 basis points. And this is a little bit worse than last time we updated, but we watch this closely. And I remind everyone that we report on a constant currency basis, because that is the true reflection of our operating performance.

Moving onto cash in the balance sheet, page 14: free cash flow in the quarter was $106 million, double last year. And for the first half, we have generated $90 million of free cash flow and that's up $130 million versus the first half of last year. CapEx came in at $100 million. It's a higher based on both – some timing, but also higher investment levels as we prepare for key commercial wins, two additional TV measure markets as well as a big global multinational that came our way. So, we're excited about fulfilling all that.

Cash taxes $37 million, driven by our favorable long-term tax attributes and restructuring came in at $22 million on the cash line. The restructuring charge on the P&L for the second quarter was $8 million.

On the balance sheet, gross debt came at $6.25 billion; cash, as Dave mentioned, healthy at $1.16 billion based on the Expos sale proceeds to get you to a net debt of just over $5 billion. On the capital table, fairly quiet on the capital table this quarter, net debt was down to 3.3 times, in large part due to the Expos cash and our weighted average interest rate was essentially flat at 4.5%. We continue to focus on de-risking the debt profile. And as we stand here today, we've increased our fixed debt portion of our cap structure to 80%. And we continue to closely manage the portfolio over time.

Finally, page 15 on guidance. As Dave mentioned, we're going to update for Expos, but starting with elements on the left hand side: no change to revenue growth at 4% to 5%, no change to adjusted EBITDA margin growth of 40 bps to 60 bps and no change to adjusted net income growth of 15% to 19%, all of that on a constant currency basis. Deleveraging, we haven't changed [indiscernible] (17:22) better update post the Arbitron close. CapEx, took that up a bit, $10 million to $15 million based on the commercial wins I mentioned. Depreciation and amortization, that is $20 million lower based on Expositions largely the acquisition D&A.

Net book interest is $15 million lower, $10 million related to Expos and $5 million based on better rates and there's no changes to cash taxes or cash restructuring and we updated our share count.

On the right hand side just a reminder that our previous net income per share, including Expos was $2.13 to $2.19. We take out the annual impact of Expositions now that it's been disposed of and characterized in disc-ops of $0.24, to get to a net income per share at current rates of $1.89 to $1.95. And I'll also remind you that the annualized accretion from the pending – acquisition of Arbitron is $0.26, that's $0.13 that we've always talked about when we closed the deal, largely driven by cost synergies as well as $0.13 benefit because of [ph] raising less (18:24) debt to do the transaction. Net-net, it's going to have an accretive annual impact once we close it and we feel confident in the synergies we have lined up for that transaction. So, operational guidance is reiterated and the solely adjustment has been for Expos disposition.

With that, I will turn it back over to Kate.

Kate White Vanek, Senior Vice President-Investor Relations

Thanks Brian. And Amy, we'd like to turn it to the first question now.

QUESTION AND ANSWER SECTION

Operator: [Operator Instructions] Please limit yourself to one question and one follow-up. You may reenter the question queue and additional questions will be addressed if time permits. Our first question comes from Suzy Stein at Morgan Stanley.

<Q – Suzy Stein – Morgan Stanley & Co. LLC>: Hi. To what extent could you be impacted by the recent merger activity in the ad space? Can you just comment on that please?

<A – Dave Calhoun – Nielsen Holdings NV>: Suzy, it's good question and we're of course looking hard at it. I honestly – it's hard to find any negative impacts for us. As you know, both of these are run as sort of a collection of agencies. Largely, the work that they want to do and talk about with respect to data tends to compliment for work that we do. And so, I view that as a positive if they can plough more resources into data, that's a good thing for us believe it or not. They will use more of our measurements within their planning tools, et cetera. So, it's not really about outcome for us. I sort of have a view. I agree with all of the environmental statements that both of the leaders made with respect to why. I also understand the need for consolidation benefits. To the extent they reinvest that in things that we do, I view it as a positive, but I don't – there is nothing with respect to our revenue profile or contractual stuff that is a negative in any way. So, net-net, I view it as a plus.

<Q – Suzy Stein – Morgan Stanley & Co. LLC>: Okay. And then can you just comment on $500 million share repurchase? Will the timing of that be impacted at all by the timing of the closing of Arbitron or do you view those as completely separate things?

<A – Brian West – Nielsen Holdings NV>: No. Suzy, we view those as completely separate.

<Q – Suzy Stein – Morgan Stanley & Co. LLC>: Okay. All right. Great. Thank you.

Operator: Next question comes from Matt Chesler, Deutsche Bank.

<Q – Matt Chesler – Deutsche Bank Securities, Inc.>: Hi. Good morning. Just continuing on the capital return, can you talk a little bit about your philosophy around dividends versus buybacks? It does sound like the buybacks is primarily to offset dilution, but I just wanted to get a better understanding of that because it had sounded in past conversations with you Brian, that you guys have a particular view about that and I just wanted to be clear.

<A – Dave Calhoun – Nielsen Holdings NV>: Yeah. Matt, you're precise, you're exactly right. Having change with respect to the philosophy I've been talking about since the first day, this is the company that should have a dividend model, it should have an aggressive dividend model. I've been leaning in to that and as I say, every step we take, every quarter we take with respect to visibility and the cash performance for the company, again gives us more confidence. That's the lever I'd prefer to pull. The buyback for us is literally just a case of wanting to cover the dilutive effects of a share repurchase program that's still reasonably in its infancy. And so, in my view, that's the right thing to do. We got enough feedback from our respective shareowners that that's something they would like to see, but I have a clear preference, as you know, for dividend model over time.

<Q – Matt Chesler – Deutsche Bank Securities, Inc.>: Yes. And I'd like to talk a little bit about the revenue momentum in the business, you've reiterated your full-year guidance. In terms of the moving parts, Watch is coming on strong, Insights is coming back to positive a quarter early, but Information Services is a bit weak and decelerated more than expected. So, just – with you guys doing 4.1% constant currency growth year-to-date and still looking for 4% to 5% for the full year, to us that implies acceleration in the back half of the year despite the Wal-Mart comp. So, I'd like to understand a little bit more about some of those moving pieces and what instills you're confidence in the outlook?

<A – Brian West – Nielsen Holdings NV>: Yes. So, I think you described perfectly, Matt, the pieces. So, we know that Wal-Mart will sunset, we expect that. We know that Western Europe is not going to get any better, but to the ones you pointed out, Insights is going to have some momentum. We've got some very nice momentum in Watch driven by a variety of fronts, both Advertiser Solutions, international measurement wins as well as our digital portfolio. So, when you take all those puts and takes together, we feel confident in the range.

<Q – Matt Chesler – Deutsche Bank Securities, Inc.>: Okay.

Operator: Our next question comes from David Bank at RBC Capital Markets.

<Q – David Bank – RBC Capital Markets LLC>: Hey. Thanks. Can you talk a little bit – in terms of Advertiser Solutions, can you talk philosophically why is that within the Watch segment of revenue as opposed to the Buy segment if it merges kind of the two products? And can you also talk about, is this a handful of big clients all of a sudden or is it more sort of broadly being adopted or what – and what exactly is the impact in terms of incremental revenue from this one product, because it seems to be a pretty big driver? I realize you are not going to tell me exactly, but can you give a little bit more color around it? Thanks.

<A – Dave Calhoun – Nielsen Holdings NV>: Yeah. Thanks. This is something we will. Listen, you're right. So, we debate this inside all the time, but the reason we tend to lean toward Watch is because when we talk about advertisers and solving for advertisers, our clients, the big consumer product companies and automotive companies, et cetera, they have this embedded in the CMOs office typically with sort of a Watch community. That's all they think about it. Whereas our Buy side business tends to be associated with the brands and the research work they do around sort of consumers and brands. So, it's really the way our clients talk about it. But all that said, as this continues to progress and as it continues to get bigger, there will be a day when we will have in my view a Watch Buy segment. And as we get our arms around that and begin to develop it that will become clearer and clearer to everybody. It's a horse for us. It continues to be a horse. It's a strategic advantage in what we do. And I know we need to put more color around it, but it's big, it's profitable and it continues to be the story between these two big segments.

<A – Brian West – Nielsen Holdings NV>: The other thing I would add on that, David, is that it is one space where we get to expand to many different verticals, not just media or CPG, but advertisers across telco, retail, auto, financial services. There's lots of opportunities with lots of clients that we've never touched before and that's driving the growth.

<A – Dave Calhoun – Nielsen Holdings NV>: The short answer to the other question is it is, in fact, broad based.

<Q – David Bank – RBC Capital Markets LLC>: Thank you, guys.

<A – Brian West – Nielsen Holdings NV>: Yeah.

Operator: Our next question comes from Doug Arthur at Evercore.

<Q – Doug Arthur – Evercore Partners (Securities)>: Yeah. Just going back to the revenue momentum in the Buy segment, developing markets sounds like they accelerated in the quarter, but developed markets slowed down quite a bit. Now, obviously, you highlighted Europe or did you see a slowdown in any other major developed market besides Europe? And then I've got a follow-up on margins.

<A – Brian West – Nielsen Holdings NV>: It was – Doug, it was Western Europe for sure and developing held in nicely, it's in that 6% range it's been there and it's – basically the developed is Western Europe.

<Q – Doug Arthur – Evercore Partners (Securities)>: Okay. So, probably not going to see a change there near-term. And then, Brian, on margins, your Buy adjusted EBITDA margins were sort of flattish again. I mean, is this obviously Western Europe or is it also the investment program in there? So, when might there be some relief on that on the margin side? Thanks.

<A – Brian West – Nielsen Holdings NV>: Doug, this is driven by our investment appetite. As we look around the world and we look at markets that we want to go, increase and expand coverage in, we get excited about more opportunities not less and that's driving the very deliberate focus on reinvestment. So, Dave mentioned Mexico is the next one. So, look, we hope there's never a day we stop investing. We know over time these markets perform beautifully once we get done investing and the local client's book of business builds. So, we think this is a great situation for us and we're going to keep investing.

<A – Dave Calhoun – Nielsen Holdings NV>: Now, the only thing I would add to that, reminder, in the emerging markets, you always start with a Buy side of investment. It really is that retail measurement, finding new distribution outlooks for clients, et cetera. This is how it all starts. The Watch side of a business in the emerging markets doesn't develop until maybe decades later. So, this is – that's why the Buy side is the – it carries the burden of emerging market development.

<Q – Doug Arthur – Evercore Partners (Securities)>: Got it. Thank you.

<A – Dave Calhoun – Nielsen Holdings NV>: Yeah.

Operator: The next question comes from the William Bird of Lazard.

<Q – Bill Bird – Lazard Capital Markets LLC>: Good morning. David, I was wondering if you could just comment again on Arbitron. You mentioned that you expect to have an indication of where things stand in late August. What happens in late August?

<A – Dave Calhoun – Nielsen Holdings NV>: Well, they have a period of kind of window that they're committed to by law to get back to us with respect to the second request for information that we now have submitted. So, it is on them to come back to us. So, all I can tell you is, the process has been very workmanlike and nothing has surfaced over the course of that process that's either surprising or different than anything we thought about going into it. So, I get – I get it. It's always longer than anybody would like, but I think the dialogue has actually been pretty healthy for everybody. So, anyway that's really it. It's – the course is determined by law.

<Q – Bill Bird – Lazard Capital Markets LLC>: And can you talk about just progress report on online campaign ratings?

<A – Dave Calhoun – Nielsen Holdings NV>: Yes. I still feel very good about it, confident in it. I know there is a lot of sort of flak that gets thrown around in the marketplace about winning and losing and all that kind of stuff. But I will tell you, with respect to video, with respect to the performance attribute, we solved for, which is, the accountability around advertising campaigns, the notion that overnight reporting and guarantees are a paramount to that that measurement and that industry [ph] taking off (29:21), I feel very confident that we're winning the day and we continue to proceed forward. So, anyway I feel good about it. We continue to add campaigns. We continue to add clients, very much on course.

<Q – Bill Bird – Lazard Capital Markets LLC>: Thank you.

Operator: The next question comes from Sara Gubins at Bank of America, Merrill Lynch.

<Q – Brian Davis – Merrill Lynch, Pierce, Fenner & Smith, Inc.>: Hi. This is Brian Davis in for Sara Gubins. I was wondering regarding the Online segment. Can you give us an update as to where you think you stand on video advertising versus display? Last quarter you discussed making a lot of progress on the video front. Thank you.

<A – Dave Calhoun – Nielsen Holdings NV>: Yeah. Well, it's really a repeat of what I just said. I feel as though, not only feel, but I believe based on sort of wins and losses that we are right where we need to be on video. And we have not yet launched officially the program ratings associated with that Online tool. So, we are in trial with all of the major media companies, certainly all the networks, basically building that program ratings so that they can push it alongside of their TV rating. So, my own view is that, even without the program rating at this stage, we are winning the war on video ads. Program ratings will just help that because it gives the agencies a planning tool alongside of the campaign tool. So, all things positive on video. I think in display, it's still a crapshoot that is, of course, in our view is a lesser value medium. It doesn't mean it's not important. It's just of lesser value. And so, it's going to take us longer to penetrate that end of it.

<Q – Brian Davis – Merrill Lynch, Pierce, Fenner & Smith, Inc.>: Thanks. That's helpful. And just one follow-up. Regarding competitive dynamics online, can you just give us an update as to your progress there?

<A – Dave Calhoun – Nielsen Holdings NV>: Yeah, well, I think again, I pretty much summarized it. But I'll remind everybody that in this space, captive metrics continue to rule the day. So, these are publishers with their own metrics and their own tools, basically getting to the marketplace and in effect trying to sell their medium based on those captive metrics. Google, of course, does its thing, and then you have these two independent metrics, which really is the comScore metric and the Nielsen metric. And so, net-net, as I've said now, probably three times, we believe we're winning particularly in our intended areas of focus. And we're going to continue to march down this path. We have a terrific partner with Facebook, and we believe a real leg up, and we're going to continue to build out the product because this product is far from complete. We've got a lot of things we can do and will do over the course of the next 12 months to 24 months.

<Q – Brian Davis – Merrill Lynch, Pierce, Fenner & Smith, Inc.>: Thank you.

<A – Dave Calhoun – Nielsen Holdings NV>: Yep.

Operator: The next question comes from Andrew Steinerman at JPMorgan.

<Q – Andrew Steinerman – JPMorgan Securities LLC>: Good morning. Brian, could you talk a little bit more about free cash flow, obviously a strong quarter. Was there anything anomalous that made this quarter in particular strong free cash flow quarter? And as you look for your operational guidance for the year, although, you don't guide for free cash flow, should free cash flow generally track the EBITDA growth?

<A – Brian West – Nielsen Holdings NV>: We're very confident with cash flow in the quarter. As I mentioned, it was a combination of the benefits that are right in front of all of us, which is the operating performance, the lower interest burden and then working capital improvements. So, it feels very good and we focus on all of that all day long. And in terms of our free cash flow outlook, I think as Dave mentioned, our decisions around capital allocation are really underwritten by our confidence in the cash flow generation of this company over time, both this year and going forward. So, we feel very good, always expected it. And now, we're happy that it's showing up in the results.

<Q – Andrew Steinerman – JPMorgan Securities LLC>: Right. And there is nothing particularly anomalous that you know about free cash flow in the second half of the year?

<A – Brian West – Nielsen Holdings NV>: No, no, no.

<Q – Andrew Steinerman – JPMorgan Securities LLC>: Okay. Very smooth. Thanks.

Operator: The next question comes from Dan Salmon at BMO Capital Markets.

<Q – Dan Salmon – BMO Capital Markets (United States)>: Hey. Good morning, guys. I'll give you my two questions at once. First, can you comment upon how much C7 ratings may have been used during the up fronts? And second, just on the social TV product, just maybe clarify a little bit with SocialGuide, how many of those 50 clients came with that company versus that have been added subsequently as you guys start digging in there and working on the product?

<A – Brian West – Nielsen Holdings NV>: So, second question first. I don't know the answer, but I would go so far as to guess, it's way over 50%, maybe, it might be 80%, 85% – I don't – so because when we bought SocialGuide, it was very small with a few very discrete clients. So, we have been signing them up very regularly. If you need a really precise answer, I'd encourage you to call Kate. But it's a – it's the large majority. On C7, I really don't know the answer to that question. As you know, we – C7 is a metric that we have and is available. It's just a question of whether buyers and sellers ultimately want to use it. So far, they've leaned heavily in favor of C3. So I don't want to project any outcomes or anything. And I don't really know the answer to just how many people discreetly used it this time around.

<Q – Dan Salmon – BMO Capital Markets (United States)>: Understood, okay. Thank you.

<A – Brian West – Nielsen Holdings NV>: Yep.

Operator: The next question comes from Tim Nollen at Macquarie.

<Q – Tim Nollen – Macquarie Capital (USA), Inc.>: Good morning. Thanks. You left I think a tantalizing hint when you mentioned that Ad Solutions was contributing to some of the margin expansion, correct me if I didn't hear that correctly. But I wonder, I know you've been reticent to give any guidance or indications of the size of both Ad Solutions and OCR, and the growth, but I wonder if there is anything you can tell us about that or give us an idea when you could tell us, because I think we are recognized there. They are enormous potential growth drivers for you?

And then the second, I'll ask my follow-up. Right now, secondly, on Europe, I'm getting the sense from some of the ad companies that a lot of their advertiser clients are really thinking about shifting some of their resources permanently out of Europe. And that's not anything new, it's been going on for some time. But how is it that you are managing to win business there? Is it new products you're bringing in? Is it some new clients you're managing to and how is it that you are able to keep Europe more or less flat? Thanks.

<A – Dave Calhoun – Nielsen Holdings NV>: Yeah, thanks. I mean this is just one of those classics, right? When, just like in 2008 and 2009, when things are tough, stronger players usually emerge stronger. That's when share shifts occur in the process. Remember, we have this big global map. We have lots of things to trade and bargain to work with our big global multinationals so that we can help them with their European situation. And that's really what happened. So, I think the strength of our global franchise along with the strength of our Europe franchise, our ability to hang in at the top during all these moments. That usually plays to some really good competitive dynamics that when you come out of it, you're advantaged. I don't think this is any different than what we've experienced historically, particularly in that 2008-2009 timeframe. So that's what I would say about Europe.

And we remain totally committed to Europe, both in terms of investment and supporting our big clients. With respect to Ad Solutions, I'll let Brian comment on sort of segment questions. But the margin rationale is pretty simple. It's a syndicated product plus a syndicated product. When you combine them creating additional value for client, ultimately that means you get a pretty reasonable deal. That's why we have this great margin performance within that business. With respect to sizing and segment, I'll let Brian comment.

<A – Brian West – Nielsen Holdings NV>: Well, as we've said before, we helped to break it out in the not too distant future, but we remain committed to investment, some of this grown fast. It's a big deal to us and stay tuned on more disclosure going forward. But we like what we've got and we particularly like the growth rate.

<Q – Tim Nollen – Macquarie Capital (USA), Inc.>: Okay. Thanks.

Operator: Our next question comes from Brian Wieser at Pivotal Research.

<Q – Brian Wieser – Pivotal Research Group LLC>: Hi. Thanks. It's Brian Wieser with Pivotal Research here. I just want to ask a couple of bigger picture questions. One of the [ph] sources of the data (37:41) we used to assess the industry suggests it's pretty tepid growth for marketing and research in general and you're growing faster than that. I'm curious a) do you generally agree with that state of the general industry and therefore, that you've been gaining share of market or budgets or I'm curious how you characterize that in general? And then, maybe relatedly, do you see an increased involvement of procurement teams in the process and I'm talking now on the marketer side? Do you see an increased involvement of marketing procurement teams and working with you to design contracts that [ph] set your (38:15) relationships with them?

<A – Dave Calhoun – Nielsen Holdings NV>: Yeah. Okay. So, first, I'll answer the first question. So, again, the term market research covers a lot of ground, mostly ground that we don't actually play in. So, what distinguishes us from what would classically be referred to as a research company is they do mostly custom kinds of stuff, projects, so forth. That's really not what we do. We have two basically big marketing information services, subscription in nature, built around the notion of how am I doing.

In the retail world, it's what's my market share every week and in the watch world, it's what's my audience every day. And so, and those two things are way different than what most people would refer to as market research. And so, I would – and so, like the market research industry, a lot of the insight work that we do, which is a little closer to that mark of custom has in fact been under pressure. We do believe we're winning more than we're losing in that regard because of the strength of our company. But you wouldn't really characterize us as that. And in fact, most of the economics that you like really have nothing to do with what most people would call research. I think that explains what you might hear and discuss.

On a subject to procurement, no, I mean, we're big enough in our clients' world. Remember, we do – you measure our ongoing relationships with our clients in the tens and hundreds of millions of dollars. They're going to have procurement people at the table every step of the way and they do. And I wouldn't suggest there is any change one way or the other. It just is what it is. We're big and we continue to work with our clients.

<Q – Brian Wieser – Pivotal Research Group LLC>: Great. And one other question. I'm curious about your current take on the state of interest among your clients with respect to set-top data as part of the overall viewing measurement solutions?

<A – Dave Calhoun – Nielsen Holdings NV>: Honestly, so, again, I'll talk with different constituencies here. Advertisers would never talk to us about set-top data unless it had some really wonderful discrete understanding of consumer behavior within that particular set-top box audience.

We do some of that work, but not a lot. There are other people who do that kind of work, including the folks who own the data at the set-top box level. So, that's a little different. We don't really get a lot of set-top box questions.

And in the media world, that crowd, all they really want to know is what's the best most robust measure of my broad audience, not necessarily my set-top box only audience. And so, if we ever thought we'd have a more accurate measure as a result of set-top box, we'd be in there, doing it all the time. We don't ever get that and we know that that's actually not something that set-top box data will help us with. So, in effect, set-top box data is around. It is used mostly for unique understandings of a unique audience base. That is just set-top box. I think that's where most of the value is, it's not in substantial. It just serves a different purpose than what Nielsen actually does for most of its clients and we view it as perfectly complementary.

So, it's just not a – I know what people like to talk about it, it is sort of threat blah, blah, blah, but I don't – we don't think about it that way. We view it as a complement and continue to march down that course.

<Q – Brian Wieser – Pivotal Research Group LLC>: Okay. Thank you very much.

<A – Dave Calhoun – Nielsen Holdings NV>: Yep.

Operator: Our next question comes from Mark Zgutowicz, Northland Capital Markets.

<Q – Mark Zgutowicz – Northland Securities, Inc.>: Good morning, thanks, guys. I just wanted to look at EBITDA margins a bit. So if you look at your sort of overall EBITDA margin unadjusted, it's been flat to down the past four quarters. And I guess the differential if you look at adjusted versus your unadjusted, it's really the other income, or I'm sorry, the other items line, which has contributed about $20 million in the second – or the first half of this year. So I'm just curious, if you look at that differential, when do you sort of see those two aligning themselves, and maybe more specifically, is there a contribution that we should expect from other items in the second half of the year or is that, should that sort of go away, post the Expositions?

<A – Brian West – Nielsen Holdings NV>: Yeah, sure. So let me take a shot at this one. So between EBITDA and adjusted EBITDA, actually the level of adjustments has come way down over time, and we're happy about that to create that clarity. The real things that stick out there, is going to be transaction cost associated with the Arbitron deal and then some restructuring. So it's fewer things, they're smaller, [ph] though be a – (43:05) couple of things will always be in there around foreign exchange and stock-based comp, which is taken out of EBITDA but put back for earnings because it is non-cash. So we actually feel pretty good about the trend, and we feel good about calling out very discrete things that are in there. And over time that noise has gotten less and less, and we'll continue to do so.

<Q – Mark Zgutowicz – Northland Securities, Inc.>: So...

<A – Dave Calhoun – Nielsen Holdings NV>: And the underlying rate, we have two things going for us in pretty big positive ways. One, we've got a mix thing that goes on regularly that helps us; Ad Solutions now is one more additive feature to that game. But the information versus insight game works for us as well as now the Ad Solution space. And then secondly, our productivity, underlying productivity is very, very healthy. We continue to switch off old legacy IT systems because of the investments we made in our early years. As I've said on this call many times that switch off rate will continue to improve over time. And so – and then, what we do is we reinvest a portion, a good size portion of what we gain from those two things in the developing market growth. And that is our productivity play; that's how we think about it, that's how we measure it, that's how we operate, so. And that will continue.

<Q – Mark Zgutowicz – Northland Securities, Inc.>: Okay. But, does that – I guess just – I mean to get something a little more tangible there. Does that mean that the EBITDA – the unadjusted EBITDA margin should be better than flat to down going forward or is there something that's inherent in that growth we see in the last four quarters that should continue?

<A – Brian West – Nielsen Holdings NV>: Again, I think when you work out all of the onetime smaller adjustments, you're going to get close to where those two get closer together. And where that heads over time, is going to be continued margin expansion, but it's going to be margin expansion that's going to reflect the reinvestment that Dave mentioned. And we expect that our proposition is always that it's going to grow. It's going to be how fast does it grow. And right now, we're very comfortable with all the reinvestments we make, growing at a pretty consistent rate and I'd have you look back to see the last couple years and several quarters about what that looks like in our company.

<Q – Mark Zgutowicz – Northland Securities, Inc.>: Okay. Just one last quick one if I could. The insight pipeline implies what kind of second half growth, and if you could just specifically, I'm kind of looking at the last couple of years, we've seen in 2011, you saw a growth of about 3% in constant currency, last year it was down about 3%. So, are you seeing something specifically in the second half that should tell you, you should see better than sort of cyclical type growth in that segment?

<A – Brian West – Nielsen Holdings NV>: Well, it's – it continues to be better. So, this is our fourth quarter of sequential quarter-over-quarter growth in the Insights business. We see order books firming up, we see clients starting to reinvest and we think that that momentum will continue into the back half of the year.

<Q – Mark Zgutowicz – Northland Securities, Inc.>: So, what type of growth does that imply though, does it imply better than sort of the...

<A – Brian West – Nielsen Holdings NV>: We don't specifically call out a number in that space, but it's going to be better for sure.

<Q – Mark Zgutowicz – Northland Securities, Inc.>: Better than what you saw in first half or just...

<A – Brian West – Nielsen Holdings NV>: Like I said, the sequential momentum has been terrific. It's gotten better and better every quarter and it'll continue to do so in our expectation in the back half. And that's all baked into our forward guidance.

<Q – Mark Zgutowicz – Northland Securities, Inc.>: Okay. Super. Thanks, Brian. Appreciate it.

<A – Brian West – Nielsen Holdings NV>: Yep.

Operator: This concludes the question-and-answer session. I would like to turn the conference back to Kate Vanek for closing remarks.

Kate White Vanek, Senior Vice President-Investor Relations

Thank you so much. We are really looking forward to interacting with everybody on the call today at our upcoming conferences and other meetings. Related to the recent SEC guidance, investors should be aware that we use multiple channels for information disclosure, including our website, nielsen.com/investors, Twitter, and our iPad app. You can follow Nielsen IR on Twitter and don't forget to download the Nielsen iPad app from the App Store. Thanks so much. Please reach out to me and the team with any further questions that you have. Have a great day.

Operator: This concludes the Nielsen Holdings NV second quarter 2013 call. A replay of this call will be available on the Nielsen Investor Relations website shortly. Thank you. You may now disconnect.