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**UNITED STATES HOUSE OF REPRESENTATIVES
COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM**

DECEMBER 2, 2009

Thank you, Chairman Towns, Ranking Member Issa, and Members of the Committee for inviting me to speak with you today about our company, Arbitron Inc., and the Portable People Meter™, or PPM™, service. PPM is an innovative audience measurement service that we are introducing in the top 48 radio markets in the United States.

Executive Summary

In the highly-competitive marketplace for media advertising dollars, in which radio competes with television, the Internet, and other entertainment and information platforms, advertisers are demanding the most reliable, granular, and timely data available. Television and the Internet have responded to that demand with near-passive electronic measurement of their respective audiences, using Twenty-First-Century technologies. Radio cannot afford to fall behind. Arbitron's PPM service represents one of radio's best hopes for retaining its share of advertising expenditures over the next several years.

The PPM technology, developed over 17 years, requires virtually no human intervention, beyond requiring the panelist to carry his or her meter during the day, so that the meter can capture the panelist's exposure to radio stations that are identified to the meter by inaudible codes embedded in the stations' signal transmissions. This differs from the decades-old pen-and-paper diary service, which requires the diarykeepers to accurately remember and faithfully record the stations that they listened to over a seven-day span; that, of course, introduces the possibility of faulty memory, faulty recordation, diarykeepers' "voting" for preferred stations to which they did not listen, and other forms of human error.

Many radio stations and their advertisers have welcomed the fact that the PPM service produces very specific data on panelist exposure to radio stations, such as precise tune-in and tune-out times, which can be correlated to the station's programming on a minute-by-minute basis, and therefore can be used as a proxy for determining the attractiveness of particular program content. The audience estimates can be generated in a matter of days, rather than waiting for the quarterly diary reports.

We have observed that certain kinds of radio station formats have experienced initial drops in their audience ratings and market rankings in the transition from the diary to PPM service, especially formats that involve high levels of listener engagement. These include, for example, formats that target minority listeners, as well as those that target non-minority listeners, such as "talk" radio or Christian radio. Arbitron is working with its customers to make continuing improvements and refinements to the PPM service, including new and enhanced

features that were not a part of the diary service (and whose absence from the diary service was not considered controversial). They include, for example, more cell-phone-only households in the samples, and country-of-origin information for Hispanic panelists. We have also worked with our clients, especially our clients whose stations target Hispanic and Black audiences, to assist them in understanding the new insights into radio consumer behavior that the PPM data have uncovered. As a result, a number of minority-oriented stations have seen their audience ratings and market rankings return to where they were, or even improve upon their positions, in the final diary-based reports.

Arbitron welcomes the opportunity to acquaint the Committee with the innovative PPM service and to discuss the variety of factors that are working in the opposite direction to impact the radio industry negatively, in particular minority-oriented radio, including most significantly the current economic recession.

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Arbitron is a leading provider of radio station audience measurement data in the United States. We have been providing audience research services since 1949, and we employ approximately 1,300 persons in 27 states. Our headquarters are in Columbia, Maryland.

Seventeen years ago we began development of the PPM service, a new technology for measuring radio listeners' exposure to stations. Advertisers requested a more accountable and granular measurement system than the pen-and-paper diary that was exclusively in use at that time. Arbitron created the PPM service in order for radio to remain competitive with other media for advertising dollars.

The system that has been in place for over four decades for measuring radio audiences is the diary system. It has served the radio industry, as well as radio advertisers and their agencies, quite well over the years. In fact, we offer the diary service in the markets where we do not presently plan to introduce the new PPM service.

The diary service relies upon self-reporting by persons whom Arbitron selects to participate in its surveys. We randomly select participants in order to represent the demographic make-up of the marketplace, including characteristics such as gender, race and ethnicity, age, geographic location, and English- or Spanish-language dominance for Hispanic participants, in order to reflect, as closely as possible, the make-up of the local community.

Once we have recruited persons to serve as diarykeepers in our surveys, we provide them with a paper diary and ask them to fill in the radio stations that they listen to over the course of a seven-day span. In general, we have found that we achieve satisfactory results from our diarykeepers.

However, because the diary method depends so heavily upon the behavior of the persons who serve as our diarykeepers, the method is only as reliable and effective as human nature permits it to be. Of course there are diarykeepers who, because of daily circumstances, are unable to fill out the diary on an hourly or even daily basis. Some diarykeepers find themselves at the end of the one-week diary period attempting to reconstruct their station listening experiences from several days beforehand. Some diarykeepers record that they listened to

stations on a given day based upon their normal listening habits, or based upon their preferences for certain stations, irrespective of whether they actually listened to those stations on those days. In the end, these distortions from actual listening experience are really reflecting something entirely different: they are reflecting the extent of the diarykeeper's loyalty towards the stations that are his or her favorites, a characteristic that we refer to as "engagement," "affinity," or "top of the mind." Engagement is certainly important. But a diarykeeper who writes down stations that he or she would like to have listened to, but in fact did not listen to, is not telling us what he or she actually heard.

In the 1980s, the National Association of Broadcasters' Committee on Local Radio Audience Measurement – known by its acronym, "COLRAM" – worked with Arbitron to develop a uniform standard for what the industry desired in the way of audience measurement. The diary design and instructions that were developed at the time emphasized that, and I quote: "Listening' means any time you can hear a radio – whether you chose the station or not." This definition of listening is important to advertisers, because it captures the essence of what the advertiser is purchasing when that advertiser buys commercial time on a radio station – namely, that the listener was exposed the advertiser's message.

Arbitron began developing the PPM device in 1992 to serve as a more precise tool for measuring listener exposure. After a long period of intensive research and development that incorporated technological advancement, consumer behavioral research, and other factors, we introduced the PPM service in Houston, Texas. Let me first describe how the PPM service works, and then I will return to our experience in Houston.

The PPM methodology operates differently from the diary service. We first recruit a panel of PPM participants, again with a mixture of males and females, members of various ethnic and racial groups, and persons representing a variety of defined age brackets, English- or Spanish-language dominance for Hispanic panelists, in addition to other demographic characteristics, in order to reflect the market in question. We ask the panelists to participate for a period of up to two years.

At the outset, we provide the panelists with training and equip them with a small electronic meter, similar in size to a cell phone, which they are asked to wear on their persons or otherwise carry with them during their waking hours. The meter captures radio station signals to which the panelist is exposed during the course of his or her day, based upon inaudible digital identifiers that are encoded into participating radio stations' broadcast signals. When the panelist goes to bed at the end of the day and places the meter in its docking station, the meter downloads all of the relevant information that it has recorded that day, and that information is sent to our central processing facility in Columbia.

The PPM meter, in addition to capturing data related to radio station exposure, also records "motion data," which allows us to determine which panelists carried their PPM meters for the required amount of time during that day. Follow-up coaching and contacts are scheduled for panelists who did not comply with our minimum meter carriage requirements, while data from compliant panelists is compiled on a daily basis into reports on the listening exposures of our panelists. Based upon those compilations, we then publish and license our copyrighted audience estimates for that market for that week. Robust statistical procedures balancing the

complying sample to U.S. Census-based population estimates are employed in the production of the audience estimates. This process, sometimes known as “weighting,” is a standard, conventional tool used in various forms of population surveys to account for any underrepresented or overrepresented demographic groups.

One of the advantages of the PPM service is that it requires almost no human intervention and hence is not susceptible to human errors of recall, such as we have experienced with some of our diarykeepers. So long as our PPM panelist wears the meter throughout his or her day (the average panelist wears the meter between 14 and 15 hours per day), his or her listening exposure is automatically captured by the meter, and we have an objective and reliable record of the stations to which that panelist was exposed.

The PPM service therefore allows us to track a panelist’s listening experiences at an extremely precise level – we can tell when, for example, a given panelist (whether a Black female or a Hispanic male in the 18-to-34 age group) tuned in and tuned out to a given station. The behavior can then be correlated to the exact program content of that station at those times, so that it can be determined what changes in the programming may have coincided with the tune-in and the tune-out. In addition, we can produce these data within a matter of days, which enables stations and advertisers in the fast-moving environment in which media advertising is bought and sold to keep current with programming events of special significance, trends, and other factors that influence that buying and selling activity.

How important is this to the radio industry? In a word, it is vital. Electronic measurement of media audiences has already taken hold in other platforms, most notably television, the Internet, and even outdoor advertising. With advertisers increasingly insistent on ensuring that their limited media advertising budgets are spent in the most effective manner possible, radio – the oldest of the electronic media – simply cannot afford to be left behind with the diary method while its younger electronic siblings in television and on-line are moving to a Twenty-First-Century technology that gives advertisers the level of detail, granularity, precision, accountability, confidence, and timeliness that those advertisers and their agencies are demanding.

You do not need to take our word for that. Consider observations made by Radio One, Inc., which owns or operates 53 radio stations in 16 urban markets in the United States and is the nation’s largest radio broadcasting company that primarily targets African-American and urban listeners. In comments filed with the Federal Communications Commission this summer, Radio One noted that:

Arbitron’s . . . PPM service represents a necessary advancement in radio audience measurement. The PPM service provides radio broadcasters with the type of granular and timely data that the diary system cannot provide. For the first time, we can evaluate on a minute-by-minute basis the listening habits of our audience – when they tune in, how long they listen, and when they switch to another radio station. This level of specificity allows us to modify station programming in a manner that reflects the reality of how radio is consumed.

Or consider the comments of the Ackerman McQueen advertising agency in Oklahoma City, which were also filed with the FCC earlier this year:

Using the Arbitron PPM data, our agency has found that we have been able to: gain much more insight as to when to run ads, which stations are more appropriate for our clients and in general to be more cost effective with their funds. The higher level of data accuracy has also encouraged clients to invest at more robust levels than they have in the past.

In the current economic recession, with some of radio's strongest traditional advertiser categories failing – like automotive, financial services, and retail – the radio industry needs every bit of help that it can get. We at Arbitron, like our clients and customers who own and operate radio stations and our clients and customers who buy commercials on radio stations, believe that the PPM service is an absolute necessity for radio to keep pace with competing media whose audiences are measured electronically.

So what has been our experience in introducing the PPM service in markets where the diary system has been the currency for radio station ratings for decades? As you might expect, and as is frequently the case with technological innovations, there has been a period of change and adjustment. Stations that featured programming formats characterized by high levels of listener loyalty and engagement – recall that the diary method tends to reward that characteristic over precise recordation of exposure – have initially seen drops in their audience ratings and market rankings. That has been experienced by some (though not all) stations that target Blacks and Hispanics, and also by stations that target what we at Arbitron call “Other” (meaning persons who are not Blacks or Hispanics). For example, in the transition from the diary service to the PPM service, WABC, a “talk” radio station in New York, dropped almost sixty percent in its audience ratings among adults in the 25-to-54 age category for the Sean Hannity radio program – which has a heavily non-minority audience.

But that is not the end of the story. Let me return to our experience in Houston. In the Winter, 2008 survey – which produced the last diary report released in that market – two stations owned by Radio One (the company that I mentioned earlier) that feature “urban” formats targeting Black listeners were ranked Numbers One and Three in the market. The first report that was based on the PPM service showed those two stations falling to Numbers Six and Eight, respectively. In response, the station's management decided to take a closer look at the information-rich data produced by the PPM report and was able to fine-tune the stations' on-air sound including coordinating the programming of the two stations. As a result, without changing the stations' formats, the stations rebounded by June, 2008 to take the Number One and Number Two spots.

Our filings with the FCC in July of this year show that in market after market where the PPM service has been introduced and commercialized – including markets as diverse as New York, Los Angeles, Chicago, San Francisco, Detroit, Atlanta, Dallas, Houston, Miami, Phoenix, and San Diego – stations that target Black and Hispanic audiences have experienced fluctuations in their audience shares and market rankings. Many of those stations that initially dropped in

their ratings and rankings later regained the positions that they had enjoyed under the final diary reports, and in numerous cases they actually improved upon their standings in the last diary reports. For example, KJLH, a California station owned by Stevie Wonder, has grown its audience in the morning drive among Black Persons 18-49 from a 6 share in June to a 17.9 share in September. KLJH experienced a 60 percent increase in one month, from September to October, 2009 after adding “The Steve Harvey Show” in August. We have additional data to demonstrate similar kinds of PPM success stories for minority-oriented radio stations, and we would be more than happy to share that information and discuss it with the Committee.

With all that said, we at Arbitron recognize that the cut-over from the pen-and-paper method for self-reporting listening experiences, with its inherent opportunities for faulty diarykeeper recall or preferences, to a near-passive, electronics-based, objective recordation by the PPM meter of panelist exposure to radio stations, has hit some stations especially hard. We have reached out to our customers, we have heard their concerns, and we have over 60 improvement initiatives underway, including improvements that address matters that were not even a subject of concern in the diary service. These include:

- accelerating the number of cell-phone-only households that are included in the PPM panels, notwithstanding the fact that prior to 2009, cell-phone-only households were not recruited to serve as participants in the diary-based surveys. We have set a target to have a national average of 15% of our samples as cell-phone-only households by the end of this year, and a national average of 20% by the end of 2010;
- introducing information on PPM panelists’ country of origin, which is of particular significance to stations that appeal to Hispanic audiences, again without regard to the fact that country-of-origin data were not featured in traditional diary-based reporting;
- creating special programs for coaching young adult PPM panelists, including in-person coaching, and providing for new and increased incentives for such panelists, in order to obtain greater levels of their participation and greater levels of compliance with the requirements for having their participation recorded in our daily compilations (which we refer to as being “in-tab”);
- implementing stratified sample selection, where prospective households are sorted based upon key demographic information, which allows us to focus our recruiting efforts and has improved young adult representation in our PPM panels; and
- redesigning landline installation box materials and utilizing cell-phone modems in cell-phone-only households to improve installation rates for recruited households.

In addition, we have a plan to increase the PPM sample size by ten percent in all markets, beginning in 2010.

In that regard, we want the Committee to understand that while we view the innovative PPM service as a substantial improvement over the diary service, we believe that it can benefit from ongoing modifications and enhancements as a result of our bringing the service to market, gleaning reactions from interested stakeholders, and going back to our researchers and technical staff to explore possible adjustments. We call it our “Continuous Improvement Program” and we believe that the dialogue that we have had and are continuing to have with our clients and customers – including some of our critics – have benefited all parties. For example, take the country-of-origin information that is now being provided in the PPM reports for certain markets that have high Hispanic populations: under the diary system, country-of-origin information was simply not provided. And those of our critics who initially faulted our PPM service for not including country-of-origin information (and who, incidentally, had never directed that criticism at our diary reports) are now equipped with additional data that may help them better understand and cater to their audiences.

Speaking of an ongoing process . . . that leads me to our status before the Media Rating Council, known as the MRC. As you probably know, the MRC is a privately-organized, privately-funded body that grew out of Congressional hearings into media audience measurement services that were conducted in the 1960s. Congress determined not to legislate a program of federal government regulation of media audience ratings companies, but rather to encourage industry self-regulation. The MRC (as it is now known) was formed in order to develop standards for awarding accreditation to media audience measurement services and to act on applications from such services seeking accreditation. While the MRC accreditation process is helpful to assist with suggestions on continuous improvement and to increase confidence in the data as a type of “good housekeeping seal of approval,” it is important to note that the MRC has not established quantitative thresholds for many of the research quality or service attributes they examine when considering accreditation. Rather it is an ongoing process of review and feedback. Some of the achievements on specific metrics in markets where accreditation has been granted do not garner accreditation in other markets. Accreditation decisions are the result of voting by industry players in the media and advertising sectors, and others, who pay for the privilege to join the MRC and vote on accreditation in their capacities as MRC members, where their companies may have an interest in the data produced by the service that is applying for accreditation.

We have received MRC accreditation in two markets, Houston and Riverside-San Bernardino, California. We have been denied in two markets, New York and Philadelphia. We are committed to achieving accreditation in every market in which the PPM service is being commercialized, and we have applications pending before the MRC for an initial decision on accreditation in 21 markets where the service is now in “currency,” which is our terminology meaning that PPM-generated data are now approved for the buying and selling of commercial advertisements on radio stations in those markets.

The MRC has a Voluntary Code of Conduct. That Code encourages, but does not require, that media audience ratings services obtain accreditation for a new audience measurement product that is replacing a previously-accredited audience measurement product, before the new product is commercialized. Because the MRC is composed of various media companies, advertisers, agencies, and other interested businesses that are frequently engaged in competition with each other, the United States Department of Justice has taken the position that

the MRC cannot lawfully forbid the commercialization of an unaccredited audience measurement product, without potentially running afoul of antitrust laws. It has been common industry practice to commercialize a new audience measurement product before obtaining accreditation from the MRC. I encourage you to look at the MRC's website to see the list of companies that have followed this industry standard. For example, earlier in this decade Nielsen Media Research repeatedly commercialized its electronics-based technology for measuring television station audiences (known as the "Local People Meter" service) in market after market, without having first obtained accreditation from the MRC. As a matter of fact, our decision to withhold commercialization of the PPM service in Houston until we had received accreditation from the MRC was one of the rare instances where a media audience measurement service has followed that course of conduct.

Permitting commercialization prior to accreditation promotes competition. The accreditation process is a lengthy and expensive endeavor. Accreditation is sought in each market in which the data will be provided to clients, and as a result, audits are conducted for each market. Those audits can be expensive and time-consuming. For example, Arbitron's costs to the independent auditors chosen by the MRC for all of its PPM markets runs on the order of seven figures. To require accreditation as a prerequisite to commercialization would create a barrier to entry for those companies that might be able to afford the research, development, and marketing of a new service, but not the costs of achieving mandatory MRC accreditation.

Radio cannot wait indefinitely for MRC accreditation in order to begin taking advantage of the benefits of electronics-based audience measurement. As I said a few minutes ago, radio is in a fierce competition with other media platforms for audiences and advertisers, and those other platforms are already well along in their migration to measuring their audiences using near-passive electronics technology that is not dependent upon participant self-reporting. We know that the MRC's processes may take a long time. Witness, for example, the experience of Scarborough, a company that provides a qualitative-type of media audience measurement service that differs from the services we provide (incidentally, we at Arbitron are part owners of Scarborough). It took Scarborough many years to receive MRC accreditation for all portions of its service.

As specified by the MRC's Voluntary Code of Conduct, we undergo an extensive audit conducted by an independent auditing firm before any market is commercialized for our PPM service. Although the MRC has not established quantitative thresholds for accreditation, the outside audit is designed to evaluate a media audience measurement service's compliance with the MRC standards for accreditation. Based upon those audits, we believe that our PPM service produces a reliable data set for the buying and selling of radio advertisements.

Some of our critics have pointed out that the MRC denied our accreditation application in Philadelphia and New York; that is correct. But we promptly re-applied, and we are now awaiting word from the MRC on our re-applications. We are currently pursuing and will continue to pursue MRC accreditation in each and every market where we commercialize our PPM offering.

Some of our critics have also pointed out that the MRC's accreditation of our PPM service in Houston involved a service in which we recruited some of the panelists by in-person

contacts, whereas the PPM service that has been commercialized in other markets – which we call “Radio First” – did not involve in-person recruitment. We have demonstrated that the sample quality, compliance metrics, and ratings results from the panelists in our Radio First markets, where recruitment is via the telephone, do not materially differ from the sample quality, compliance metrics, and ratings results from the panelists recruited in Houston. In fact, in-person recruitment has its drawbacks, including accessibility challenges posed by gated communities or secured apartment buildings, and difficulties posed by the reluctance of some individuals to open the door to a stranger. Moreover, the telephone-based recruitment methodology used in the Radio First markets is largely the same as the recruitment methodology used for decades with the diary service (except for the inclusion of cell-phone-only households, which were not initially included in the diary service). We have submitted data to the FCC establishing the comparability of panel performance in Houston and the Radio First markets, and again we would be happy to share those data with the Committee and review them with you. One more point about Radio First: the MRC’s grant of accreditation earlier this year in Riverside-San Bernardino was for our Radio First service, which is the same service that we have commercialized in the other markets and for which we are currently seeking MRC accreditation in those markets.

Before leaving the subject of the MRC, I’d like to respond to concerns that we have heard expressed, to the effect that Arbitron was less than cooperative with the Committee’s request for documents from the MRC related to our applications for MRC accreditation in some markets. As is the case with all participants in the MRC accreditation process, Arbitron has standard non-disclosure agreements in place with the MRC in order to protect proprietary and competitively-sensitive information. At the time of the Committee’s request to the MRC for certain documents, our representative in New York was negotiating with the Committee’s staff in order to try to limit the scope of the documents which the Committee was requesting from Arbitron and the MRC and for which a waiver of our non-disclosure agreement with the MRC would be required in order for the MRC to release such documents; it’s obviously a good business practice to limit, as much as possible, the amount of such proprietary and competitively-sensitive information that would be released to the Committee – after all, that’s the very purpose of the non-disclosure agreement.

While those negotiations were ongoing between our representative and the Committee’s staff, we did not want to give the MRC waivers of the non-disclosure agreements. Unfortunately, these simultaneous and parallel conversations between our representative and the Committee’s staff, on the one hand, and between ourselves and the MRC, on the other hand, led to a misunderstanding or a miscommunication, where our conduct was misinterpreted as attempting to prevent the MRC from complying with the Committee’s document request. That was certainly not our intent, and we were as surprised as anyone when we learned that the Committee had subpoenaed the documents in question from the MRC. We wish to reiterate and to confirm our willingness to cooperate with the Committee’s investigation.

As a related matter, I have attached to my testimony, as Appendix I, our point-by-point response to the Committee’s September 22, 2009 Press Release, which found fault (we believe mistakenly) with our PPM samples, particularly with reference to the New York market.

I also want to address the fact that we have encountered some litigation in the process of commercializing our PPM service over the past two years. The Attorneys General in the States of New York, New Jersey, and Florida have filed actions in the state courts of those states, alleging that our Radio First service violates various state statutes dealing with unfair business practices, false advertising, consumer fraud, illegal discrimination, and the like. We have responded to the actions in New York and New Jersey by entering into settlement agreements with the Attorneys General of those two states. Pursuant to those settlement agreements, we have agreed to focus on satisfying certain quantitative benchmarks in the ongoing process of commercializing the PPM service in those states, and we believe that we are meeting our obligations in those settlement agreements, which require us in many instances to take all reasonable measures to meet the benchmarks. Likewise, we reached a similar agreement with the Attorney General of the State of Maryland, and we believe that we are in compliance with our undertakings in that agreement. We have not been enjoined from providing our service in any jurisdiction. As for the Florida matter, because the litigation is still underway, we cannot discuss that situation in any detail.

As you know, the Federal Communications Commission has also launched an inquiry into our PPM service. We have filed extensive comments and other filings with the FCC, in the aggregate running to hundreds of pages in length, in which we have explained how our PPM service works, why it represents an improvement over the diary service, and why radio needs the kind of accountability, granularity, and timeliness that the PPM technology can deliver. Our submissions to the FCC have also answered numerous very specific questions that the FCC has put to us. We have also participated in numerous private meetings with the FCC Commissioners and their staffs.

While we have been fully forthcoming with the FCC in the spirit of cooperation, we have also repeatedly emphasized that the FCC does not have jurisdiction over our company or over our PPM service. That is based upon the fact that the Congress itself has considered, but never adopted, legislation giving the FCC that jurisdiction, going as far back as the 1960s when Congress held hearings that led to the formation of the MRC, and as recently as 2005, when Congress was looking at possible federal regulation of Nielsen's Local People Meter service. That is also based upon the fact that the FCC in 1980 specifically declared that it did not have jurisdiction over audience measurement services, a view that the FCC's staff reaffirmed just a little over a year ago. And that is based upon the fact that the courts – especially the court that most commonly reviews FCC orders, namely, the U.S. Court of Appeals for the District of Columbia Circuit – have repeatedly told the FCC that when it seeks to regulate activities that are related to “communications by wire or radio,” but that are not themselves directly involved in “communications by wire or radio,” there must be a specific delegation in the Communications Act giving the FCC that authority; and there is no delegation in the Communications Act to the FCC to regulate media audience measurement services.

I want to emphasize that our company is a vendor to the radio industry; they are our clients and customers. We have every conceivable economic stake in the success and prosperity of radio. This is especially true for minority-owned and minority-oriented radio stations. We know that the industry is under great pressure at the moment from a multitude of causes, most of which are beyond our or our radio clients' ability to control. These include the recession, the fact that audiences (especially younger people) are migrating away from the traditional broadcast

media and towards more personalized and customized platforms for consuming audio information and entertainment, such as iPods and MP3 players; and the aggressive practices of some lenders in enforcing their loan covenants and default remedies against radio-station borrowers who, for a variety of reasons (including the two that I just mentioned), are not able to generate the cash flows on which those covenants were based as recently as a few years ago when the radio industry was enjoying relatively good financial health.

Our commitment as a company is to provide the most reliable audience measurement data that current technology enables, consistent with the costing and pricing realities of the contemporary radio marketplace. We believe that we achieve that goal through our development and ongoing refinement of the PPM service. We also believe that in the midst of the challenges that currently beset the radio industry, our PPM technology represents an important and positive innovation that will help radio in a time of great need.

Thank you for listening to our story and for giving us your time and attention. We look forward to working with the Committee to help advance the interests of radio, most especially including radio stations that are owned by minorities and those that serve the minority communities in our country.

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**APPENDIX I:
RESPONSE TO ISSUES RAISED IN THE COMMITTEE'S
SEPTEMBER 22, 2009 PRESS RELEASE**

On September 22, 2009, after reviewing documents related to the Media Rating Council's assessment of Arbitron's Portable People Meter™ or PPM™ service, the Committee issued a press release summarizing certain key findings. At this time, Arbitron would like to respond to the issues raised in the press release.

First, the press release reported that the Media Rating Council ("MRC") "refused to grant accreditation to PPM for use in all markets across the United States except for Houston and Riverside-San Bernardino." It is correct that the MRC denied accreditation to the PPM service in New York and Philadelphia and accredited the PPM service in Houston and Riverside-San Bernardino. In New York and Philadelphia, Arbitron promptly re-applied for accreditation, and is currently awaiting the MRC's determination. In the other 21 markets where Arbitron's PPM service has been deployed as currency, Arbitron has sought accreditation and is currently awaiting the MRC's initial determination.

The press release also noted that the "MRC found 'persistent problems' with Arbitron's minority sample audiences across the country," and cited as an example New York City 2008 Census data which indicated that "African Americans comprised 25 percent and Hispanics comprised 27

percent of the City’s population.” However, the Census data cited in the press release does not appear to reflect the New York market measured by Arbitron.

The New York metro area as measured by Arbitron is based upon radio listening patterns and is broader than just the New York City area. For 2008, the Census-based population estimates indicated that African-Americans comprised 17.7% and Hispanics comprised 21.5% of the New York metro area as measured by Arbitron. (In 2009, those numbers are 17.7% and 21.8%.)

Since Arbitron over-samples the Middlesex-Somerset-Union and Nassau-Suffolk areas of the New York market, which have smaller minority populations, in order to provide separate reports for those areas, the most direct assessment of minority representation in the New York City market is made by excluding panelists from the Nassau and Middlesex markets. Data from the past six months as shown in the table below indicate that our panels are consistently representing Black, Hispanic and Spanish-dominant Hispanics at or above their population percentages.

Table: Distribution by Race/Ethnicity/Language for New York Metro Excluding Nassau-Suffolk and Middlesex-Somerset-Union

Demographic	Distribution of Population (Oct. 2008-Sept. 2009)	Distribution of Panelists Providing Useable PPM Data*					
		May 2009	June 2009	July 2009	Aug. 2009	Sept. 2009	Oct. 2009
Black Persons 6+	19.9%**	20.0%	19.9%	20.2%	20.8%	20.8%	20.6%
Hispanic Persons 6+	23.9%	27.3%	27.2%	24.9%	24.1%	23.7%	25.0%
Other Persons 6+	56.2%**	52.8%	52.9%	54.8%	55.2%	55.5%	54.4%
Hispanic (English Dominant)	10.8%	12.9%	12.4%	11.5%	10.4%	9.8%	11.2%
Hispanic (Spanish Dominant)	13.1%	14.4%	14.9%	13.4%	13.7%	13.9%	13.8%

*Percentages are derived by dividing the number of in-tab panelists in the specified demographic group by the total number of in-tab panelists (meaning the total number of panelists supplying usable data that is included in Arbitron’s ratings reports).

**For October 2009-September 2010, the percentage of Black Persons aged six and older is 19.8%, and the percentage of Other Persons aged six and older is 56.3%.

Current minority representation for all markets is available in the PPM Monthly Client Briefing, which is available on Arbitron’s website at http://www.arbitron.com/portable_people_meters/home.htm.

The press release also noted that Arbitron’s ratings are based on an “unacceptably low percentage of [the] sample audiences.” As an example, the press release again cited to New York, stating that “there is an average of 5400 sample audience participants, [but] Arbitron uses only the data submitted by 2700 persons or 50% of the sample audience in order to create radio station ratings. Therefore, the radio listening habits of over four million ethnic minorities are represented by only 500 Arbitron recruits.”

While the source of these numbers is not clear, they do not accurately reflect PPM panelist usability rates. In the past six months (May 2009-October 2009), an average of 5,258 persons per month or 96% of installed New York panelists have provided usable data for each monthly

report, with an average of 3,841 persons or 76% providing usable data on a daily basis. (For comparison purposes, in the last diary survey in New York, 51% of the persons surveyed returned usable diaries.) For each reporting period, on average, 2,026 Black and Hispanic panelists provide data, with 1,469 providing data every day.

Finally, the press release noted that the “MRC found that Arbitron has made an insufficient effort to use bilingual interviewers to recruit Spanish dominant Hispanic sample participants.” We are unaware of any MRC finding that Arbitron’s efforts to recruit Spanish-language-dominant Hispanics are insufficient.

Currently, in high-density Hispanic residential areas, bilingual pre-alert mailings are sent to all households and the first telephone call to these phone numbers is made by a bilingual interviewer. All Hispanic households (regardless of their geographic area) are sent bilingual recruitment materials, and bilingual Panel Relations Specialists are assigned to make phone calls to panel households that have any Spanish speaking members. In fact, rather than under-representing Spanish-language-dominant households, the converse is true. The New York metro sample has consistently represented Spanish-language-dominant Hispanics at or above the total percentage in the population, and in the past six months, Arbitron has taken steps to ensure that the sample population more closely approximates the Census-reported population. As noted above, as of October 2009, 13.8% of the New York metro PPM sample was Spanish-language dominant, as compared to 13.1% of the population.