

June 20, 2008

Mr. Steve Morris  
Mr. Pierre Bouvard  
Mr. Owen Charlebois  
The Arbitron Company  
142 West 57<sup>th</sup> Street  
New York, NY 10019

Gentlemen,

On November 26<sup>th</sup> of last year you decided to delay commercialization of the PPM radio ratings service in nine markets. Steve Morris' comment at the time was "We remain confident in the audience estimates that the Portable People Meter <sup>™</sup> service is producing. However, over the past three weeks, **feedback from our customers**, the Media Rating Council and other constituencies has led us to conclude that the radio industry would be better served if we were to delay further commercialization of the PPM in order to address their issues."

Last week you announced the PPM currency rollout will resume as of the September 2008 - along with a strategy of continuous improvement. As paying customers and those who rely upon the credibility of the information to transact billions of dollars worth of business we feel an obligation to provide you this industry confidence update. Speaking as the vast majority of the industry our confidence in the system has not been fully restored as of this writing. This letter provides detail on what is required for us to move towards having the same confidence in the data that you expressed in November.

We understand the need for and remain ardent supporters of having a *high quality* electronic ratings measurement tool for the radio industry. But, what Arbitron has produced to date does not meet our expectations of a high quality measurement tool. Therefore, we anticipate your expedient resolution of the items outlined on the following pages.

Clear Channel Radio

Cox Radio

Cumulus Media

Inner City Broadcast Holdings

Radio One Inc.

Saga Communications Inc.

## 1. 18-54 sample size /sample size guarantee

### Status:

Your providing a “sample guarantee” at 80% of the markets sample target effective with the third month of currency, backed by a financial rebate. There’s also a plan to move some of the current 55+ sample into 18-54 – no hard date for implementation.

### Industry expectation:

100% delivery of 18-54 target beginning with the first month of currency, including the sample guarantee with a financial rebate.

### Justification:

18-54 age cells are used for the vast majority of radio’s buy/sell transactions. We expected to get 100% of the sample size when we bought PPM; as more markets roll-out this issue will become even more critical in smaller markets since Arbitron’s starting sample targets decrease.

## 2. 18-34 sample sizes (All demos including ethnic)

### Status:

You’ve set benchmarks (not financially backed guarantees) for sample target delivery. These include 70% in a market’s first year of measurement and 80% in year two. Adults, Men and Women are covered – as well as Black and Hispanics in markets where they exceed 10% of the population. “Other” 18-34 is also covered if Black or Hispanic exceeds 10%.

### Industry expectation:

A much steeper improvement ramp; leading to 100% delivery in the form of sample guarantees backed by financial rebates, not benchmarks. This would include all demographic groups as described above. The following sample target guarantees make more sense to the industry:

6 months	80%
1 year	85%
18 months	90%
2 years	100%

### Justification:

We expected full sample size delivery when we signed up for PPM – and had a right to. Getting 80% of that number two years into the deal is unacceptable. Failure to fully meet these targets makes it difficult, if not impossible to evaluate a stations success or use the data to transact business.

### **3. Childrens (age 6-11) measurement**

#### Status:

Children 6-11 comprise approximately 10% of the meters in the PPM sample. We have repeatedly requested these meters be re-allocated to persons over the age of 12. Arbitron has been steadfast in its reluctance to do so citing “cost considerations, IT issues, and interest from a number of customers in 6-11 year old data.”

#### Industry expectation:

All PPM markets that commercialize (ie first month of currency) after January 1, 2009 will have panels that 1) consist only of Persons 12+ 2) are no smaller than the currently scheduled sample target. In addition beginning January 1, 2009 6-11 year old measurement will be phased out in existing PPM markets through panel turnover. As households leave the panel in these markets they will be replaced by those that provide meters only to persons 12+.

#### Justification:

When PPM sample size targets were calculated at approximately 33% of the markets diary level, you converted a 12+ diary figure to a 6+ base in PPM – meaning we didn’t get a full 33% conversion into 12+ PPM meters. Adding the 6-11 year old meters back into a 12+ base will correct this, and expedite the building of 18-34 and 18-54 sample sizes. Children 6-11 measurement is a remnant of your proposed joint venture with Nielsen; the vast majority of the radio industry never asked for, never wanted and still has no need for it.

#### 4. MRC Accreditation for Radio First methodology prior to commercialization

Current status:

You've been consistent and resolute; no waiting for accreditation before making PPM currency in all markets beyond Houston. We recognize this aligns with the MRC's Voluntary Code of Conduct.

Industry expectation:

Our expectation is that you will achieve MRC accreditation for the Radio First PPM methodology on or before June 30, 2009. If accreditation is not received by the deadline, the Houston "best practices" methodology will be installed in all markets rolled out going forward. In addition, Arbitron will take the steps necessary to put the current Houston methodology in all existing PPM markets **at no additional cost to all existing PPM subscribers.**

Justification:

The industry is not asking for every market to gain accreditation prior to currency – only that the Radio First PPM system gains accreditation ONE TIME before currency implementation. Also, the diary and Houston PPM methodologies have accreditation; all radio markets should be using an accredited product. This is a reasonable expectation given the critical importance of the data to our underlying business and the substantial increases in rates that accompanied the rollout of PPM. Finally, the MRC code of conduct doesn't require accreditation prior to currency, but does prefer it - *"The MRC prefers that a Participating Measurement Service seeking to replace an accredited currency measurement product with a new currency measurement product (both products provided by the same Participating Measurement Service) uses best efforts to obtain accreditation of the new product prior to its commercialization."*

*cc: Ed Christian  
Lew Dickey  
John Hogan  
Alfred Liggins  
Bob Neil  
Charles Warfield*