

ARBITRON INC  
Form DEF 14A  
April 15, 2009

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
SCHEDULE 14A**

**Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to § 240.14a-12

ARBITRON INC.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11:

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount previously paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

Dear Stockholder:

On behalf of the Board of Directors of Arbitron Inc. ( Arbitron ), I am pleased to invite you to attend the annual meeting of stockholders. The meeting will be held at the Mandarin Oriental Hotel, 80 Columbus Circle at 60th Street, Time Warner Center, New York, New York 10023, on Tuesday, May 26, 2009, at 9:00 AM local time.

The Notice of Annual Meeting of Stockholders and the proxy statement that follow include information about the proposals recommended by Arbitron s Board of Directors to elect eight (8) individuals to serve as directors of Arbitron, and to ratify the appointment of KPMG LLP as the independent registered public accounting firm of Arbitron for the fiscal year ending December 31, 2009.

Our Board of Directors believes that a favorable vote for each of these proposals at the annual meeting is in the best interests of Arbitron and its stockholders, and unanimously recommends a vote FOR the proposals. Accordingly, we urge you to review the accompanying materials carefully and to vote your shares promptly.

It is important that your shares be represented at the meeting. I encourage you to vote your shares promptly using Internet or telephone voting, or by following the instructions on the accompanying proxy card to ensure that your vote is counted at the meeting.

We look forward to seeing you at the meeting.

Sincerely,

Michael P. Skarzynski  
*President and Chief Executive Officer*

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NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

May 26, 2009

- Date:** Tuesday, May 26, 2009
- Time:** 9:00 AM local time
- Place:** Mandarin Oriental Hotel, 80 Columbus Circle at 60th Street, Time Warner Center, New York, New York 10023
- Purposes:**
1. To elect eight (8) members of the Board of Directors to serve until the next annual meeting and until their successors have been elected and qualified.
  2. To ratify the appointment of KPMG LLP as the independent registered public accounting firm of Arbitron for the fiscal year ending December 31, 2009.
  3. To transact such other business as may properly come before the meeting or any adjournment or postponement thereof.
- Record Date:** April 3, 2009

The matters listed above are fully discussed in the proxy statement accompanying this notice. A copy of our 2008 Annual Report also accompanies this notice.

Stockholders are entitled to one vote for each share of common stock held of record on the record date listed above. A Notice of Internet Availability of Proxy Materials or the proxy statement and the accompanying proxy card will be first mailed to stockholders on or about April 15, 2009.

It is important that your shares be represented and voted at the meeting. You can vote your shares by completing and returning the accompanying proxy card. Most stockholders can also vote their shares over the Internet or by telephone. If Internet or telephone voting is available to you, voting instructions are printed on the accompanying proxy card. You can revoke a proxy at any time prior to its exercise at the meeting by following the instructions in the accompanying proxy statement. We appreciate your cooperation.

By Order of the Board of Directors

Timothy T. Smith  
*Executive Vice President and Chief Legal Officer,  
Legal and Business Affairs, and Secretary*

April 15, 2009

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**ARBITRON INC.**  
**9705 Patuxent Woods Drive**  
**Columbia, Maryland 21046**  
**April 15, 2009**

**PROXY STATEMENT**  
**FOR ANNUAL MEETING OF STOCKHOLDERS**  
**TO BE HELD MAY 26, 2009**

*We will begin mailing our Notice of Internet Availability of Proxy Materials to our stockholders on or about April 15, 2009.*

We are furnishing this proxy statement to our stockholders in connection with a solicitation of proxies by our Board of Directors for use at our 2009 annual meeting of stockholders to be held on Tuesday, May 26, 2009, at 9:00 AM local time at the Mandarin Oriental Hotel, 80 Columbus Circle at 60th Street, Time Warner Center, New York, New York 10023 (the Annual Meeting ).

**Information About the Notice of Internet Availability of Proxy Materials**

The Notice of Annual Meeting and proxy statement are available at [http://www.arbitron.com/downloads/proxy\\_2009.pdf](http://www.arbitron.com/downloads/proxy_2009.pdf), and our Annual Report on Form 10-K for the fiscal year ended December 31, 2008 and our 2009 Shareholder letter are available at [http://www.arbitron.com/downloads/annual\\_2008.pdf](http://www.arbitron.com/downloads/annual_2008.pdf).

In accordance with rules and regulations recently adopted by the Securities and Exchange Commission (the SEC ), instead of mailing a printed copy of our proxy materials, including our annual report to stockholders, to each stockholder of record, we may now furnish proxy materials, including our annual report to stockholders, to our stockholders on the Internet. On or about April 15, 2009 we will send electronically a Notice of Internet Availability of Proxy Materials (the E-Proxy Notice ) to those stockholders who have previously signed up to receive their proxy materials on the Internet. Also on or about April 15, 2009, we will begin mailing the E-Proxy Notice to all other stockholders. If you received the E-Proxy Notice by mail, you will not automatically receive a printed copy of the proxy materials or the annual report to stockholders. Instead, the E-Proxy Notice instructs you as to how you may access and review all of the important information contained in the proxy materials, including our annual report to stockholders. If you have previously signed up on the Internet to receive proxy materials and other stockholder communications on the Internet instead of by mail, you will be receiving the E-Proxy Notice electronically as well. The E-Proxy Notice also instructs you as to how you may submit your proxy on the Internet. If you received the E-Proxy Notice by mail and would like to receive a printed copy of our proxy materials, including our annual report to stockholders, you should follow the instructions for requesting such materials included in the E-Proxy Notice. We may choose to mail written proxy materials, including our annual report to stockholders, to one or more stockholders.

**Who Can Vote**

If you held any of our common stock at the close of business on April 3, 2009, the record date for the Annual Meeting, you are entitled to receive notice of and to vote at our 2009 Annual Meeting. On that date, there were 26,480,190 shares of common stock outstanding. Our common stock constitutes the only class of securities entitled to



vote at the meeting. Stockholders who have not exchanged their Ceridian Corporation common stock certificates for Arbitron Inc. (the Company) common stock certificates in connection with the spin-off of Ceridian Corporation by Arbitron Inc. on March 30, 2001, will not be eligible to vote at the Annual Meeting.

**Who Can Attend the Annual Meeting**

All holders of our common stock at the close of business on April 3, 2009, the record date for the Annual Meeting, or their duly appointed proxies, are authorized to attend the Annual Meeting. If you attend the

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meeting, you may be asked to present valid picture identification, such as a driver's license or passport, before being admitted. Cameras, recording devices and other electronic devices will not be permitted at the meeting.

Please also note that if you hold your shares in street name (that is, through a bank, broker or other nominee), you will need to bring a copy of the brokerage statement reflecting your stock ownership as of April 3, 2009, the record date for the Annual Meeting.

### **Quorum**

The presence of a majority of the outstanding shares of our common stock entitled to vote, in person or by proxy, is necessary to constitute a quorum and conduct business at the Annual Meeting. Abstentions and broker nonvotes will be considered present at the meeting for purposes of determining a quorum. A broker nonvote occurs when a bank or broker holding common stock for a beneficial owner does not vote on a particular matter because the bank or broker does not have discretionary voting power with respect to that item and has not received voting instructions from the beneficial owner.

### **Voting Rights**

Each share of our common stock that you hold entitles you to one vote on all matters that come before the Annual Meeting. Inspectors of election will count votes cast at the Annual Meeting.

The affirmative vote of a plurality of all the votes cast at the Annual Meeting, assuming a quorum is present, is necessary for the election of a director. Therefore, the eight individuals with the highest number of affirmative votes will be elected to the eight directorships. Stockholders who do not wish their shares to be voted for a particular nominee may indicate that in the space provided on the proxy card or by following the telephone or Internet instructions. For purposes of the election of directors, abstentions and other shares not voted (whether by broker nonvote or otherwise) will not be counted as votes cast and will have no effect on the result of the vote.

The affirmative vote of the holders of at least a majority of the votes cast at the Annual Meeting is necessary to approve the ratification of the appointment of the Company's independent auditors. Abstentions and broker non-votes will not be counted as votes cast and will have no effect on the outcome of the vote on the ratification of the appointment of the Company's independent auditors.

### **Voting by Participants in Arbitron Benefit Plans**

If you own Arbitron common stock as a participant in one or more of our employee benefit plans, you will receive a single proxy card that covers both the shares credited to your name in your plan account(s) and shares you own that are registered in your name. If any of your plan accounts are not in the same name as your shares of record, you will receive separate proxy cards for your record and plan holdings. Proxies submitted by plan participants in our 401(k) plan will serve as voting instructions to the trustees for the plan whether provided by mail, telephone or the Internet. In the absence of voting instructions from participants in the 401(k) plan, the trustees of the plan will vote the undirected shares in the same proportion as the directed shares.

### **Granting Your Proxy**

You may vote your shares as follows:

in person at the Annual Meeting; or

by telephone (see the instructions in the E-Proxy Notice); or,

by Internet (see the instructions in the E-Proxy Notice); or

if you received a printed copy of these proxy materials by mail, by signing, dating and mailing the enclosed proxy card.

If you vote by proxy, the individuals named on the proxy card (your proxies) will vote your shares in the manner you indicate. You may specify whether your shares should be voted for, against or abstain with respect to all, some or none of the nominees for director.

If your shares are not registered in your own name and you plan to attend the Annual Meeting and vote your shares in person, you should contact your broker or agent in whose name your shares are registered to obtain a proxy executed in your favor and bring it to the Annual Meeting in order to vote.

### **Other Business**

No other matters are to be presented for action at the Annual Meeting other than the items described in this proxy statement. The enclosed proxy will, however, confer discretionary authority with respect to any other matter that may properly come before the meeting. The persons named in the enclosed proxy intend to vote as recommended by the Board of Directors or, if no recommendation is given, in accordance with their judgment on any matters that may properly come before the meeting.

### **Confidential Voting**

It is our policy that the individual stockholder votes are kept confidential prior to the final tabulation of the vote at our stockholders meeting if the stockholder requests confidential treatment. The only exceptions to this policy involve applicable legal requirements and proxy solicitations in opposition to the Board. Access to proxies and individual stockholder voting records is limited to the independent election inspectors (Broadridge Financial Services, Inc.), who may inform us at any time whether or not a particular stockholder has voted.

### **Revoking Your Proxy**

If you submit a proxy, you can revoke it at any time before it is exercised by giving written notice to our Corporate Secretary prior to the Annual Meeting or by timely delivery of a properly exercised, later-dated proxy (including an Internet or telephone vote). You may also attend the Annual Meeting in person and vote by ballot, which would cancel any proxy that you previously submitted.

**You should rely only on the information provided in this proxy statement. We have not authorized anyone to provide you with different or additional information. You should not assume that the information in this proxy statement is accurate as of any date other than the date of this proxy statement or, where information relates to another date set forth in this proxy statement, then as of that date. Unless the context requires otherwise, in this proxy statement, references to the Company, we, us, our, its or similar terms are to Arbitron Inc. and its subsidiaries.**

## ELECTION OF DIRECTORS

### (Proposal 1)

Our business is managed under the direction of the Board of Directors, which is currently composed of nine directors. Effective upon the Annual Meeting, the Board of Directors will reduce the number of directors to eight. Our bylaws provide for the annual election of directors. The current terms of office of all of our directors expire at the 2009 Annual Meeting. Stephen B. Morris, the current Chairman of the Board and a director of Arbitron since March 31, 2001, informed the Board of Directors on February 25, 2009 that he did not intend to stand for reelection when his term expired in 2009. Our Board of Directors has renominated each of the other eight directors currently serving on the Board to serve as directors for a one-year term until the 2010 annual meeting of stockholders. Each of the nominees has consented to serve if elected.

**The Board of Directors recommends a vote FOR and solicits proxies in favor of each of the nominees named below.** Proxies cannot be voted for more than eight people. Our Board has no reason to believe that any of the nominees for director will be unable or unavailable to serve. However, if any nominee should for any reason become unable or unavailable to serve, proxies will be voted for another nominee selected by the Board. Alternatively, proxies, at our Board's discretion, may be voted for a fewer number of nominees as a result of a director's inability or unavailability to serve. Each person elected will hold office until the 2010 annual meeting of stockholders and until his or her successor is duly elected and qualified, or until earlier resignation or removal.

The following is biographical information concerning the eight nominees for election as directors of Arbitron:

### Nominees for Election as Directors

**Shellye L. Archambeau**, age 46

Director of Arbitron since November 2005

Chief Executive Officer of MetricStream, Inc. (formerly Zaplet, Inc.), a provider of enterprise software that allows corporations in diverse industries to manage quality processes, regulatory and industry-mandated compliance activities and corporate governance initiatives, since 2002

Chief Marketing Officer and Executive Vice President of Sales of Loudcloud, Inc. (now Opsware Inc.), a leader in Internet infrastructure services, from 2001 to 2002

Chief Marketing Officer of NorthPoint Communications, from 2000 to 2001

Member of the Information Technology Senior Management Forum; Board Chair of the Forum of Women Entrepreneurs; the Women's Council to the Board of Trustees for the University of Pennsylvania; and director of Silicon Valley Leadership Group, a nonprofit organization that addresses major public policy issues affecting the economic health and quality of life in Silicon Valley

**David W. Devonshire**, age 63

Director of Arbitron since August 2007

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Executive Vice President and Chief Financial Officer of Motorola, Inc., a telecommunications company, from March 2002 to March 2007

Executive Vice President and Chief Financial Officer of Ingersoll-Rand, a diversified industrial company, from December 1997 to March 2002

Senior Vice President and Chief Financial Officer of Owens Corning, a fiberglass manufacturing company, from July 1993 to December 1997

Director and member of the audit committee and the executive committee of Roper Industries, Inc., a New York Stock Exchange listed diversified industrial company; director and member of the audit

committee and the compensation committee of ArvinMeritor, Inc., a New York Stock Exchange listed supplier of integrated systems, modules and components to the motor vehicle industry; director and member of the audit committee and the compensation committee of Career Education Corporation, a NASDAQ listed educational services company; an advisory board member of L.E.K. Consulting; an advisory board member of CFO Magazine; a trustee of Shedd Aquarium; and an advisory board member of WMG Capital

***Philip Guarascio***, age 67

Director of Arbitron since March 2001

Chairman and Chief Executive Officer of PG Ventures LLC, a marketing consulting firm, since May 2000

Vice President, General Manager of General Motors Corporation's North America Advertising and Corporate Marketing, from July 1994 to May 2000

a consultant to William Morris Talent Agency, since January 2001; and a consultant to Tribeca Enterprises, a diversified multi-platform media company

A director of Papa John's International Inc., a NASDAQ-listed company and the third-largest pizza company in America; director of AdSpace Networks, Inc., an Internet company that provides advertising space for a variety of advertising venues

***William T. Kerr***, age 68

Director of Arbitron since May 2007

Chairman of the Board of Directors of Meredith Corporation, a New York Stock Exchange listed diversified media company that publishes magazines and special interest publications and also owns and operates local television stations, since July 2006, and a member of the Meredith Corporation Board of Directors, since 1994

Chairman and Chief Executive Officer of Meredith Corporation from January 1996 until July 2007

President and Chief Operating Officer of Meredith Corporation, from 1994 to 1996, President, Magazine Group and Executive Vice President of Meredith, from 1991 to 1994

President, Magazine Group and Vice President of the New York Times Company, a media company, from 1984 to 1991

A member of the Boards of Directors of The Interpublic Group of Companies, Inc., a New York Stock Exchange listed marketing communications and marketing services company, since November 2006; Whirlpool Corporation, a New York Stock Exchange listed appliance manufacturer, since June 2006; The Principal Financial Group, Inc., a New York Stock Exchange listed financial services company, since 2001; and a member of the Board of Penton Media, Inc., a private firm

A Trustee of Oxford University Press, Inc., a member of the Board of Harvard Business School Publishing, a Board member of The International Federation of the Periodical Press, a member of the Board of The Business Committee for the Arts, Inc.

***Larry E. Kittelberger***, age 60

Director of Arbitron since March 2001

Senior Vice President, Technology and Operations of Honeywell International, Inc., a New York Stock Exchange listed diversified technology and manufacturing company, since September 2006

Senior Vice President, Administration, and Chief Information Officer of Honeywell International Inc., from August 2001 to September 2006



Senior Vice President and Chief Information Officer of Lucent Technologies Inc., a systems, services and software company, from December 1999 to August 2001

Senior Vice President and Chief Information Officer of Allied Signal, Inc., an advanced technology and manufacturing firm, from 1995 to December 1999

***Luis G. Nogales***, age 65

Director of Arbitron since March 2001

Managing Partner, Nogales Investors LLC, a private equity investment firm, since 1989

Chairman and Chief Executive Officer of Embarcadero Media, Inc., a private company that owned and operated radio stations throughout California and Oregon, from 1992 to 1997

A director of KB Home, a New York Stock exchange listed company that is one of America's largest homebuilders; a director and member of the audit committee of Edison International, a New York Stock Exchange listed international electric power generator, distributor and structured finance provider and a member and director of the audit committee of Southern California Edison, a subsidiary of Edison International

***Richard A. Post***, age 50

Director of Arbitron since March 2001

Since April 2006 a private investor, Managing Member of PL Management LLC since October 2008

President and Chief Executive Officer of Autobytel Inc., a NASDAQ listed Internet automotive marketing services company, from April 2005 to March 2006

Private investor, from January 2003 to April 2005

Managing Partner of LoneTree Capital Partners, a venture capital firm, from July 2000 to December 2002

Executive Vice President and Chief Financial Officer of MediaOne Group, Inc., a broadband and wireless communications company, and President of MediaOne Capital Corp., a subsidiary of MediaOne Group, Inc., from June 1998 to July 2000

Chief Financial Officer of U S WEST Media, a communications company, from December 1996 to June 1998

President, Corporate Development of U S WEST, Inc., from June 1996 to December 1996

Vice President, Corporate Development of U S WEST Media, from January 1996 to June 1996

President, U S WEST Capital Assets, from July 1993 to June 1998

***Michael P. Skarzynski***, age 52

President and Chief Executive Officer of Arbitron since January 2009

Director of Arbitron, since January 2009

President and Chief Executive Officer of Iptivia, Inc., a privately held IP services company, in 2008

Managing Director and founder of Red Lion Technologies, a consulting firm, from 2007 to 2008

President and Chief Executive Officer of Performance Technologies, Inc., a NASDAQ listed telecommunications and IP networking equipment company, from 2005 to 2007

Vice President International Operations for UTStarcom, Inc., a NASDAQ listed wireline, wireless, optical and access switching developer, from 2003 to 2005

Chief Executive Officer of Xebeo Communications, a privately held company from 2002 to 2003

## **Recommendation of the Board of Directors**

**OUR BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE NOMINEES SET FORTH ABOVE.**

## **Independence of Directors**

Under the listing standards of the New York Stock Exchange, and pursuant to our corporate governance policies and guidelines, we are required to have a majority of independent directors and a nominating/corporate governance committee, compensation committee and audit committee, each composed solely of independent directors. In determining director independence, the Board broadly considers all relevant facts and circumstances, including the rules of the New York Stock Exchange. The Board considers the issue not merely from the standpoint of a director, but also from that of persons or organizations with which the director has an affiliation. An independent director is free of any relationship with Arbitron or its management that may impair the director's ability to make independent judgments.

The Board of Directors has evaluated the status of each director and affirmatively determined that Ms. Archambeau and Messrs. Guarascio, Devonshire, Kerr, Kittelberger, Nogales, and Post are independent. Messrs. Morris and Skarzynski are not independent because they are employees of the Company. Each current member of our Compensation and Human Resources Committee, our Nominating and Corporate Governance Committee, and our Audit Committee is independent.

In prior years, in evaluating the independence of Mr. Nogales, the Board of Directors has considered the fact that Mr. Nogales is the managing partner of a general partnership that had a 2% ownership interest in an investment fund that has a 96% ownership interest in two radio stations that had entered into radio ratings contracts with the Company substantially in the form and upon substantially the terms and conditions of the Company's standard radio ratings contract with third parties. The average annual fees payable to the Company under this agreement were equal to approximately \$156,000. The Board of Directors, with Mr. Nogales and Mr. Morris not participating, had reviewed and approved the terms of this transaction. Following its review of this relationship, the Board of Directors affirmatively determined that Mr. Nogales was independent. This agreement terminated during 2008 and there are currently no transactions between the radio station and the Company.

## **Corporate Governance Policies and Guidelines and Codes of Ethics**

*Corporate Governance Policies and Guidelines.* We have adopted corporate governance policies and guidelines, which serve as principles for the conduct of the Board of Directors. Our corporate governance policies and guidelines, which meet the requirements of the New York Stock Exchange listing standards, address a number of topics, including, among other things, director qualification standards, director responsibilities, the responsibilities and composition of the Board committees, director access to management and independent advisers, director compensation, management succession and evaluations of the performance of the Board.

*Codes of Ethics.* We have adopted a Code of Ethics and Conduct, which applies to all of our employees, officers and directors, and meets the requirements for such code as set forth in the New York Stock Exchange listing standards. We have also adopted a Code of Ethics for the Chief Executive Officer and Financial Managers, which applies to our Chief Executive Officer, Chief Financial Officer and all managers in our financial organization, and meets the requirements of a code of ethics as defined by the rules and regulations of the Securities and Exchange Commission (the SEC).

*Where You Can Find These Documents.* Our corporate governance policies and guidelines, Code of Ethics and Conduct and Code of Ethics for the Chief Executive Officer and Financial Managers are available on our Web site at [www.arbitron.com](http://www.arbitron.com), and are also available in print to any stockholder who sends a written request to the Treasury Manager at Arbitron Inc., 9705 Patuxent Woods Drive, Columbia, Maryland 21046.

### **Executive Sessions of Nonmanagement Directors**

Consistent with the New York Stock Exchange listing standards, our corporate governance policies and guidelines provide that, in order to promote open discussion among nonmanagement directors, the Board of Directors will devote a portion of each regularly scheduled Board meeting to executive sessions without management participation. Luis G. Nogales, our Lead Independent Director, has presided at executive sessions of our nonmanagement directors at each regularly scheduled meeting of the Board during 2008. Stephen B. Morris, the Chairman of our Board of Directors, is not standing for reelection at the Annual Meeting. Following the Annual Meeting, the Board of Directors will elect a new chair from among its duly elected members. If the person elected to serve as chair is not independent, as defined in the New York Stock Exchange listing standards, the Board of Directors will also elect a Lead Independent Director to preside at executive sessions of nonmanagement directors. Our corporate governance policies and guidelines provide that if the group of nonmanagement directors includes directors who are not independent, as defined in the New York Stock Exchange listing standards, it is the Company's policy that at least one such executive session convened per year shall include only independent directors.

### **Communicating with the Board of Directors**

Interested third parties may communicate with the Board of Directors by e-mailing correspondence directly to our Chair of the Board of Directors or Lead Independent Director, as applicable, at [nonmanagementdirectors@arbitron.com](mailto:nonmanagementdirectors@arbitron.com). Our Chair or Lead Independent Director, as applicable, will decide what action should be taken with respect to any such communication, including whether such communication will be reported to the Board of Directors.

### **Meetings of the Board of Directors**

The Board of Directors held 13 meetings in 2008, including meetings by telephone conference, and acted by unanimous written consent one time in 2008. Each director attended at least 75% of the meetings of the Board of Directors and applicable committees on which they served during the period that they served on the Board of Directors or such committees. In addition, pursuant to our corporate governance policies and guidelines, directors are expected to attend the annual meetings of stockholders. Last year, all of our then current directors attended the annual meeting of stockholders.

### **Committees of the Board of Directors**

The Board of Directors maintains the following five standing committees:

Executive  
Audit  
Compensation and Human Resources  
Nominating and Corporate Governance  
Technology Strategy

In December 2007 the Board of Directors created a special PPM Strategy Committee. Membership on the Audit Committee, the Compensation and Human Resources Committee, and the Nominating and Corporate Governance Committee is limited to directors who are independent, as defined in the New York Stock Exchange listing standards, and as affirmatively determined by our Board of Directors.

*Executive Committee*

The following directors currently serve on the Executive Committee:

Stephen B. Morris, Chair  
Luis G. Nogales  
Richard A. Post  
Michael P. Skarzynski

Mr. Skarzynski joined the Executive Committee in January 2009. The Executive Committee acts on matters that arise between Board meetings and require immediate action. All actions taken by this committee are reported to, and ratified by, the Board of Directors at its next regularly scheduled meeting. The Executive Committee did not meet during 2008. Mr. Morris is not standing for reelection at the Annual Meeting. Following the Annual Meeting, a new Chair of the Executive Committee will be elected by the Board of Directors.

*Audit Committee*

The following directors currently serve on the Audit Committee:

Richard A. Post, Chair  
Shellye L. Archambeau  
David W. Devonshire

As required by the charter of the Audit Committee, our corporate governance guidelines, and the New York Stock Exchange listing standards, all members of the Audit Committee qualify as independent directors within the meaning of the New York Stock Exchange listing standards and Rule 10A-3 under the Securities and Exchange Act of 1934, as amended (the Exchange Act ), are financially literate within the meaning of the New York Stock Exchange listing standards and meet the experience and financial expertise requirements of the New York Stock Exchange listing standards. The Board of Directors has determined that Mr. Post is an audit committee financial expert as defined by the rules and regulations of the Securities and Exchange Commission. The principal purposes of the Audit Committee are to:

possess sole authority regarding the selection, compensation and retention of Arbitron's registered independent public accounting firm;

assist the Board of Directors in the oversight of:

the integrity of Arbitron's financial statements;

Arbitron's compliance with legal and regulatory requirements; and

the qualification and independence of Arbitron's registered independent public accounting firm;

the performance of Arbitron's internal audit function and registered independent public accounting firm; and

prepare an audit committee report as required by the Securities and Exchange Commission to be included in the annual proxy statement.

The Board of Directors has adopted an amended and restated written charter for the Audit Committee, a copy of which is available on our Web site at [www.arbitron.com](http://www.arbitron.com) and is available in print, free of charge, to any stockholder who requests it. You can obtain such a print copy by contacting the Treasury Manager at Arbitron Inc., 9705 Patuxent Woods Drive, Columbia, Maryland 21046. The Audit Committee held 13 meetings in 2008, including meetings by telephone conference, and acted by unanimous written consent one time in 2008.

*Compensation and Human Resources Committee*

The following directors currently serve on the Compensation and Human Resources Committee:

William T. Kerr, Chair  
Philip Guarascio  
Larry E. Kittelberger  
Luis G. Nogales



Each member of the Compensation and Human Resources Committee qualifies as an independent director under the New York Stock Exchange listing standards. The principal responsibilities of the Compensation and Human Resources Committee are to:

review and approve Arbitron's corporate goals and objectives with respect to the compensation of the Board of Directors, Chief Executive Officer, and executive officers other than the Chief Executive Officer, evaluate the Chief Executive Officer's performance in light of those goals and objectives, and, either as a committee or together with the other independent directors (as directed by the Board of Directors), determine and approve the appropriate level and structure of the Chief Executive Officer's compensation based on this evaluation;

determine and approve non-CEO executive compensation and incentive and equity-based compensation plans;

produce a compensation committee report for inclusion in the Company's annual meeting proxy statement as required by the Securities and Exchange Commission;

review and approve for inclusion in the Company's annual meeting proxy statement or Annual Report on Form 10-K, as the case may be, the Compensation Discussion and Analysis section relating to executive compensation as required by the Securities and Exchange Commission;

review and approve non-employee director compensation; and

assist the Board of Directors in management development and succession planning.

The committee has retained the firm of Frederic W. Cook & Co., Inc. as its compensation consultant to assist in the continual development and evaluation of compensation policies and the Compensation and Human Resources Committee's determinations of compensation awards. The role of Frederic W. Cook & Co., Inc. is to provide independent, third-party advice and expertise on executive and non-employee director compensation issues, as described in the Compensation Discussion and Analysis section below. Frederic W. Cook & Co., Inc. maintains no other direct or indirect relationship with the Company.

The committee has delegated authority to the CEO under the Company's 2008 Equity Compensation Plan, 1999 Stock Incentive Plan, and 2001 Broad Based Incentive Plan to make incentive awards to non-executive employees of the Company representing not more than 6,000 shares of the Company's common stock to any individual.

The Board of Directors has adopted an amended and restated written charter for the Compensation and Human Resources Committee, a copy of which is available on our Web site at [www.arbitron.com](http://www.arbitron.com) and is available in print, free of charge, to any stockholder who requests it. You can obtain such a print copy by contacting the Treasury Manager at Arbitron Inc., 9705 Patuxent Woods Drive, Columbia, Maryland 21046. The Compensation and Human Resources Committee held six meetings in 2008, including meetings by telephone conference, and acted by unanimous written consent two times in 2008.

#### *Nominating and Corporate Governance Committee*

The following directors currently serve on the Nominating and Corporate Governance Committee:

Philip Guarascio, Chair  
William T. Kerr  
Luis G. Nogales  
Richard A. Post

Each member of the Nominating and Corporate Governance Committee qualifies as an independent director under the New York Stock Exchange listing standards. The principal purposes of the Nominating and Corporate Governance Committee are to:

identify, in accordance with policies and procedures adopted by the Nominating and Corporate Governance Committee from time to time, individuals who are qualified to serve as directors;

recommend such individuals to the Board of Directors, either to fill vacancies that occur on the Board of Directors from time to time or in connection with the selection of director nominees for each annual meeting of stockholders;

develop, recommend, implement and monitor a set of corporate governance guidelines, a code of business conduct and ethics, and a code of ethics for senior financial officers adopted by the Board of Directors;

oversee the evaluation of the Board of Directors and management; and

ensure that Arbitron is in compliance with all New York Stock Exchange listing requirements.

The Nominating and Corporate Governance Committee has approved, and the Board of Directors has adopted, policies and procedures to be used for considering potential director candidates to continue to ensure that our Board of Directors consists of a diversified group of qualified individuals who function effectively as a group. These policies and procedures provide that qualifications and credentials for consideration as a director nominee may vary according to the particular areas of expertise being sought as a complement to the existing composition of the Board of Directors. However, at a minimum, candidates for director must possess: (1) strength of character; (2) an ability to exercise independent thought, practical wisdom and mature judgment; (3) an ability to make independent analytical inquiries; (4) a willingness and ability to devote adequate time and resources to diligently perform Board of Director duties; and (5) a reputation, both personal and professional, consistent with the image and reputation of Arbitron. In addition to the aforementioned minimum qualifications, the Nominating and Corporate Governance Committee also believes that there are other factors that, while not prerequisites for nomination, should be taken into account when considering whether to recommend a particular person. These factors include: (1) whether the person possesses specific media and marketing expertise and familiarity with general issues affecting Arbitron's business; (2) whether the person's nomination and election would enable the Board of Directors to have a member that qualifies as an audit committee financial expert as such term is defined by the Securities and Exchange Commission; (3) whether the person would qualify as an independent director under the New York Stock Exchange listing standards and the Company's corporate governance policies and guidelines; (4) the importance of continuity of the existing composition of the Board of Directors; and (5) the importance of a diversified Board membership, in terms of both the individuals involved and their various experiences and areas of expertise. The Nominating and Corporate Governance Committee retains a third-party executive search firm to identify and review candidates upon request of the Nominating and Corporate Governance Committee from time to time.

The Nominating and Corporate Governance Committee seeks to identify director candidates based on input provided by a number of sources, including (i) Nominating and Corporate Governance Committee members, (ii) other directors of the Company, and (iii) stockholders of the Company. The Nominating and Corporate Governance Committee also has the authority to consult with or retain advisers or search firms to assist in the identification of qualified director candidates.

As part of the identification process, the Nominating and Corporate Governance Committee takes into account the number of expected director vacancies and whether existing directors have indicated a willingness to continue to serve as directors if renominated. Once a director candidate has been identified, the Nominating and Corporate Governance Committee then evaluates this candidate in light of his or her qualifications and credentials, and any additional factors that it deems necessary or appropriate. Existing directors who are being considered for renomination will be reevaluated as part of the Nominating and Corporate Governance Committee's process of recommending director candidates.

The Nominating and Corporate Governance Committee considers candidates recommended by stockholders in the same manner as all other director candidates. Stockholders who wish to suggest qualified candidates must comply with the advance notice provisions and other requirements of Article II, Section 13 of our bylaws. These notice provisions require that recommendations for directors must be received not less than 90 days nor more than 120 days prior to the date of the annual meeting of stockholders for the preceding year. The notice must follow the guidelines set forth in this proxy statement under the heading, Other Matters Director Nominations.

After completing the identification and evaluation process described above, the Nominating and Corporate Governance Committee recommends to the Board of Directors the nomination of a number of candidates equal to the number of director vacancies that will exist at the annual meeting of stockholders. The Board of Directors then selects director nominees for stockholders to consider and vote upon at the stockholders' meeting.

The Board of Directors has adopted an amended and restated written charter for the Nominating and Corporate Governance Committee, a copy of which is available on our Web site at [www.arbitron.com](http://www.arbitron.com) and is available in print, free of charge, to any stockholder who requests it. You can obtain a copy in print by contacting the Treasury Manager at Arbitron Inc., 9705 Patuxent Woods Drive, Columbia, Maryland 21046. The Nominating and Corporate Governance Committee held seven meetings in 2008, including meetings by telephone conference.

#### *Technology Strategy Committee*

The following directors serve on the Technology Strategy Committee:

Larry E. Kittelberger, Chair  
Shellye L. Archambeau  
David W. Devonshire  
William T. Kerr

The principal purposes of the Technology Strategy Committee are to:

review risks, opportunities and priorities as they pertain to Arbitron's existing technology and strategies for the future;

assess the Company's capabilities to execute against its agreed priorities; and

make recommendations, as appropriate, to the Chief Executive Officer and the Board of Directors.

The Technology Strategy Committee held three meetings in 2008.

#### *PPM Strategy Committee*

Effective as of December 17, 2007, the Board of Directors created a special PPM Strategy Committee. Pursuant to its charter and the resolution of the Board of Directors creating the PPM Strategy Committee, the PPM Strategy Committee ceased to exist upon the February 2009 meeting of the Board of Directors. During 2008 and while the PPM Strategy Committee existed during 2009, the following directors served on the PPM Strategy Committee:

Philip Guarascio, Chair  
Stephen B. Morris  
Richard A. Post

The primary purpose of the PPM Strategy Committee was to review the Company's PPM implementation plans and to report promptly all conclusions and recommendations to the full Board of Directors for its information and consideration of any binding action. The Board of Directors had determined that a majority of the members of the PPM Strategy Committee must qualify as independent directors under the New York Stock Exchange listing standards. The PPM Strategy Committee held six meetings in 2008, including meetings by telephone conference. The PPM Strategy Committee did not meet in 2009.

**2008 Director Compensation**

The table below provides information concerning the compensation of the directors for our most recently completed fiscal year. Except as noted below, all of our directors are paid at the same rate. The differences among directors in the table below are a function of additional compensation for chairing a committee, varying

numbers of meetings attended and corresponding payments of meeting fees, and the form in which each director elects to receive retainer fees. In accordance with SEC regulations, share-based compensation is valued at the grant date fair value computed in accordance with Statement of Financial Accounting Standards ( SFAS ) No. 123 (Revised), *Share-Based Payment* ( SFAS No. 123R ). We record such expense ratably over the vesting period. We include in the table below the dollar amount recognized for financial statement reporting purposes for compensation expense incurred by the Company in 2008 with respect to share-based compensation awarded to directors.

Each director who is not also an employee of Arbitron or its subsidiaries is entitled to receive an annual board retainer fee of \$30,000, which is paid in quarterly installments. Our Lead Independent Director receives a supplemental annual cash payment of \$25,000. The non-employee chair of the Audit Committee is entitled to receive a supplemental annual cash payment of \$20,000; non-employee chairs of the Compensation and Human Resources Committee, the Nominating and Corporate Governance Committee, and the Technology Strategy Committee are entitled to receive a supplemental annual cash payment of \$10,000. The chair of the PPM Strategy Committee did not receive a supplemental annual cash payment. For each Board meeting attended, in person or by telephone, participating non-employee directors are entitled to receive \$1,500. For each committee meeting attended in person, participating non-employee directors are entitled to receive \$1,500 and for each committee meeting attended by telephone, participating non-employee directors are entitled to receive \$750.

Beginning in 2008, each newly elected non-employee director receives a one-time grant of 4,500 deferred stock units ( DSUs ), which DSUs will vest in three equal installments of 1,500 DSUs over a three-year period and will be payable following the director's termination of service as a director of the Company. Beginning the year after initial election to the Board of Directors, each continuing non-employee director will receive an annual grant of \$100,000 worth of stock options based on a Black-Scholes valuation calculated using the closing price of the Company's common stock on the grant date. The exercise price per share of each option granted will be equal to 100% of the fair market value of the underlying Company common stock on the date the option is granted, which is equal to the closing price of the Company's common stock on such date. These options will become fully vested on the date of grant and exercisable in full six months after the date of grant and will expire 10 years from the date of grant.

Prior to 2008, each newly elected director received a one-time grant of an option to purchase 15,000 shares of our common stock, which option vests and become exercisable in three equal annual installments of 5,000 shares over a three-year period and expires 10 years from the date of grant. In addition, prior to 2008, beginning the year after initial election to the Board of Directors, each continuing non-employee director received an annual grant of an option to purchase 7,000 shares of our common stock on the date of the annual meeting of stockholders, which option was fully vested on the date of grant, became exercisable in full six months after the date of grant, and expires 10 years from the date of grant. The exercise price of each of the options described in this paragraph was equal to 100% of the fair market value of our common stock on the date of grant.

The Company previously adopted a Non-employee Director Incentive Program, which permits non-employee directors to receive, at their discretion, either options or DSUs in lieu of their annual cash retainers and meeting fees. A director who elects to receive options receives a number of options based on a calculation approved by the Compensation and Human Resources Committee. The formula for determining the number of option shares is to divide the cash fees earned in the quarter by the closing price of Arbitron common stock on the date of the grant, which is the last trading day of the quarter. This amount is then multiplied by four to arrive at the number of option shares granted.

A director who elects to receive DSUs receives a number of units based on a calculation approved by the Compensation and Human Resources Committee. The formula for determining the number of DSUs is to multiply the cash fees earned in the quarter by 120% and divide the result by the closing price of Arbitron common stock on the date of the grant, which is the last trading day of the quarter. DSUs granted to our directors convert to shares of our

common stock after termination from the Board of Directors, based upon a schedule elected by the directors in advance. In the event that a director elects to receive DSUs, the director



will receive dividend equivalent rights on such DSUs to the extent dividends are issued on our common stock. Dividend equivalents are deemed reinvested in additional DSUs (or fractions thereof). The amounts set forth in the table below for each director in the column Fees Earned or Paid in Cash represent the cash payment of annual retainers and fees or, if the director elected to receive equity-based compensation in lieu of all or a portion of such retainers and fees, the amount of cash the director would have received if the director had not elected to receive such equity-based compensation. If the director elected to receive equity-based compensation in lieu of annual cash retainers and fees, we report in the columns Stock Awards and Option Awards, as applicable, the dollar amount recognized for financial statement reporting purposes with respect to 2008 in accordance with SFAS No. 123R of the aggregate incremental value of equity-based compensation received in lieu of annual cash retainers and fees in excess of the cash such director would have received if the director had not elected to receive equity-based compensation.

It is also the philosophy of the Company that directors should have a meaningful equity ownership in the Company. In 2004, the Board established ownership guidelines covering directors. The guidelines are for each director to own shares with a value of four times the annual board retainer. These guidelines are expected to be achieved over five years and include all owned shares, as well as DSUs credited to the directors, but outstanding and unexercised stock options are not counted. As of mid-2008, all directors who had served on the Board for more than five years had satisfied or exceeded the stock ownership guideline. Since mid-2008, the fair market value of our Common Stock has declined. The Board will consider during 2009 whether any changes to our stock ownership guidelines for directors and executives are necessary or appropriate.

Messrs. Morris and Skarzynski are employees of Arbitron and are not separately compensated for their service as a director.

#### 2008 Director Compensation

Name	Fees Earned or Paid in		Option	All Other	Total (\$)
	Cash (\$)(1)	Stock Awards (\$)(2)(3)	Awards (\$)(4)(5)	Compensation (\$)(6)	
Shellye L. Archambeau	47,250	3,017	136,560(7)	217	187,044
David W. Devonshire	62,250	0	179,235(7)	0	241,485
Philip Guarascio	76,750	0	99,138	1,948	177,836
William T. Kerr	73,000	7,302	176,960(7)	144	257,406
Larry E. Kittelberger	66,250	13,278	99,138	3,429	182,095
Luis G. Nogales	85,750	5,523	99,138	1,276	191,687
Richard A. Post	90,500	10,052	99,138	1,121	200,811

- (1) We report in this column the cash value of board retainer fees, committee chair fees, and board and committee meeting fees earned by each director in 2008. Pursuant to the terms of our Non-employee Director Incentive Program described above, each director may elect to receive either stock options or DSUs, or a combination, in lieu of annual cash retainers and fees. If a director elects to receive equity-based compensation in lieu of annual cash retainers and fees, the aggregate incremental value of such equity-based compensation in excess of the cash such director would have received is reported in the Stock Awards or Option Awards columns of this table, as applicable. Directors made elections for 2008 compensation prior to the end of 2007. For 2008, Ms. Archambeau

elected to receive 639 DSUs with an aggregate fair market value of \$18,017 and options to purchase 2,130 shares of common stock in lieu of board retainer fees and \$32,250 in cash for board and committee meeting fees. Mr. Devonshire and Mr. Guarascio received all retainers and fees in cash. Mr. Kerr elected to receive 639 DSUs with an aggregate fair market value of \$18,017 in lieu of board retainer fees, \$15,000 cash for board retainer, 1,011 DSUs with an aggregate fair market value of \$25,785 in lieu of board and committee meeting fees and \$21,500 in cash for board and committee meeting fees. Mr. Kittelberger elected to receive 1,278 DSUs with an aggregate fair market value of \$36,029 in lieu of board retainer fees, 426 DSUs with an aggregate fair market value of \$12,009 in lieu of committee chair fees, 915 DSUs with an aggregate fair market value of \$19,789 in lieu of board

meeting fees, and 404 DSUs with an aggregate fair market value of \$11,701 in lieu of committee meeting fees. Mr. Nogales elected to receive 639 DSUs with an aggregate fair market value of \$18,017 in lieu of board retainer fees, \$15,000 in cash for board retainer, 532 DSUs with an aggregate fair market value of \$15,006 in lieu of Lead Independent Director fees, \$12,500 in cash for Lead Independent Director fees, and \$30,750 in cash for board and committee meeting fees. Mr. Post elected to receive 1,279 DSUs with an aggregate fair market value of \$36,077 in lieu of board retainer fees, 851 DSUs with an aggregate fair market value of \$23,975 in lieu of committee chair fees, and \$40,500 in cash for board and committee meeting fees.

- (2) Pursuant to the terms of our Non-employee Director Incentive Program, directors may elect to receive DSUs in lieu of annual cash board retainer fees, committee chair fees, and board and committee meeting fees. We report in this column the dollar amount recognized for financial statement reporting purposes with respect to 2008 in accordance with SFAS No. 123R of the aggregate incremental value of (A) DSUs received by directors in lieu of annual cash retainers and fees in excess of (B) the cash such director would have received if the director had not elected to receive DSUs.
- (3) As of December 31, 2008, the aggregate number of DSUs (including dividend equivalents) held by each person who served as a director during 2008 was as follows: Ms. Archambeau 1,040, Mr. Devonshire 0, Mr. Guarascio 4,934, Mr. Kerr 1,658, Mr. Kittelberger 11,060, Mr. Nogales 4,129, and Mr. Post 4,471. We provide complete beneficial ownership information of Arbitron stock for each of our directors in this proxy statement under the heading, Stock Ownership Information Stock Ownership of Arbitron's Directors and Executive Officers.
- (4) We report in this column the aggregate dollar amount recognized for financial statement reporting purposes for compensation expense incurred by the Company in 2008, in accordance with SFAS No. 123R, with respect to stock options, to the extent a portion of the vesting period occurred in 2008. Please refer to note 15 of the notes to our consolidated financial statements contained in our Annual Report on Form 10-K for a discussion of the assumptions related to the calculation of such value. On May 13, 2008, each continuing director received an annual grant of options to purchase 7,605 shares of our common stock. These options have an exercise price equal to \$46.64 per share, are fully vested on the date of grant, and become exercisable six months after the date of grant. Pursuant to the terms of our Non-employee Director Incentive Program, directors may elect to receive stock options in lieu of annual cash board retainer fees, committee chair fees, and board and committee meeting fees.
- (5) As of December 31, 2008, the aggregate number of unexercised options (vested and unvested) held by each person who served as a director during 2008 was as follows: Ms. Archambeau 40,037, Mr. Devonshire 22,605, Mr. Guarascio 65,991, Mr. Kerr 22,605, Mr. Kittelberger 75,971, Mr. Nogales 81,496, and Mr. Post 94,073. We provide complete beneficial ownership information of Arbitron stock for each of our directors in this proxy statement under the heading, Stock Ownership Information Stock Ownership of Arbitron's Directors and Executive Officers.
- (6) Amounts reported in this column represent dividend equivalent units received in respect of DSUs held by each person who served as a director during 2008. In 2008, Ms. Archambeau received approximately 10 dividend equivalent units, Mr. Guarascio received approximately 79 dividend equivalent units, Mr. Kerr received approximately eight dividend equivalent units, Mr. Kittelberger received approximately 144 dividend equivalent units, Mr. Nogales received approximately 54 dividend equivalent units, and Mr. Post received approximately 50 dividend equivalent units.
- (7) Pursuant to SFAS No. 123R, expense is recognized over a three-year vesting period for each director's initial grant of options to purchase 15,000 shares of common stock. Ms. Archambeau received her initial grant on November 15, 2005, Mr. Kerr received his initial grant on May 15, 2007, and Mr. Devonshire received his initial

grant on August 29, 2007.

## EXECUTIVE COMPENSATION AND OTHER INFORMATION

### Executive Officers

Information concerning the persons who currently serve as our executive officers is provided below. Each of the named persons has been elected to the office indicated opposite the person's name. The executive officers serve at the discretion of the Board of Directors. Officers generally are elected at the annual meeting of directors held immediately following the annual meeting of stockholders. The Board of Directors may elect additional executive officers from time to time.

***Michael P. Skarzynski, age 52, President and Chief Executive Officer since January 2009***

President and Chief Executive Officer of Arbitron since January 2009

Director of Arbitron, since January 2009

President and Chief Executive Officer of Iptivia, Inc., a privately held IP services company, in 2008

Managing Director and founder of Red Lion Technologies, a consulting firm, from 2007 to 2008

President and Chief Executive Officer of Performance Technologies, Inc., a NASDAQ listed telecommunications and IP networking equipment company, from 2005 to 2007

Vice President International Operations for UTStarcom, Inc., a NASDAQ listed wireline, wireless, optical and access switching developer, from 2003 to 2005

Chief Executive Officer of Xebeo Communications, a privately held company, from 2002 to 2003

***Sean R. Creamer, age 44, Executive Vice President of Finance and Planning and Chief Financial Officer since November 2005***

Senior Vice President and Chief Financial Officer of Laureate Education, Inc. (formerly Sylvan Learning Systems, Inc.), a NASDAQ listed company focused on providing higher education through a global network of accredited campus-based and online universities, from April 2001 to September 2005

***Timothy T. Smith, age 45, Executive Vice President and Chief Legal Officer, Legal and Business Affairs since August 2006***

Senior Vice President, General Counsel and Corporate Secretary of Manugistics, Inc., a NASDAQ listed software company, from January 2000 to July 2006

***Alton L. Adams, age 51, Executive Vice President, Chief Marketing Officer since March 2009***

Managing Partner, Marketing Transformation, Accenture Ltd., a New York Stock Exchange listed management consulting, technology services, and outsourcing company, from June 2003 to March 2009

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President, Experian Database Solutions, Experian plc, an information services company, from May 2001 to June 2003

President and Chief Executive Officer, Mindbranch, Inc., May 2000 to September 2001

***Pierre C. Bouvard, age 47, Executive Vice President, Sales since February 2009***

President of Sales and Marketing from December 2005 to February 2009

President of Portable People Meter/International of Arbitron from January 2005 to December 2005

President of International/New Ventures of Arbitron from July 2002 to December 2004

***Robert F. Henrick, Ph.D, age 54, Executive Vice President, Customer Solutions since March 2009***

Program Manager, Johns Hopkins University Applied Physics Laboratory, overseeing National Security Intelligence, Surveillance and Reconnaissance, and Command, Control and Communication applications from February 2003 to March 2009

Vice President, Product Management and Marketing, Xeboo Communications, a privately held company, from February 2002 to February 2003

Senior Partner, Ogilvy & Mather, an international advertising, marketing, and public relations agency from 2000 to 2001

***Scott Henry, age 47, Executive Vice President and Chief Information Officer since February 2005***

Regional Vice President of Delivery Operations of E5 Systems, a privately held IT services company, from July 2003 to January 2005

Chief Customer Officer of Vitria Technology, Inc., a NASDAQ listed provider of business process integration solutions, from October 2001 to April 2003

***Steven M. Smith, 48, Executive Vice President, Survey Operations, since August 2008***

Senior Pilot/Pilot Instructor for Executive Express Aviation, a privately held company, from January 2007 to August 2008

Chief Operating Officer for Flexi-Mat Corp., a privately held producer, importer and marketer of pet beds, from June 2006 to January 2007

Executive Vice President, North American Operations for Information Resources, Inc., a privately held provider of market information solutions and services, from April 2002 to June 2006

## **COMPENSATION DISCUSSION AND ANALYSIS**

### **Introduction**

In this section, we discuss certain aspects of our compensation program as it pertains to our principal executive officer ( CEO ), our principal financial officer ( CFO ) and our three other most highly compensated executive officers in 2008. We refer to these five persons throughout this proxy statement as the named executive officers or NEOs. Our discussion focuses on compensation and practices relating to 2008, our most recently completed fiscal year.

We believe that the performance of the NEOs and other executive officers has the potential to impact both our short- and long-term profitability. Therefore, our Compensation and Human Resources Committee (referred to as the Committee in the remainder of this section) and management place considerable importance on the design and administration of our executive compensation program.

### **Objectives**

Our executive compensation program is designed to attract, motivate and retain high-quality executives by providing total compensation that is performance-based and competitive in the various labor markets and industries where we compete for talent. We provide incentives to advance the interests of our stockholders and deliver levels of compensation that are commensurate with performance. Overall, we design our executive compensation program to:

support our corporate strategy and business plan by clearly communicating what is expected of executives with respect to goals and results and by rewarding superior achievement;

recruit and retain the best-qualified executive talent; and

create a strong performance alignment with the interests of stockholders.



These objectives are designed to support and promote our key strategic business objectives of growing our radio audience measurement business and expanding our information services to a broader range of media, including broadcast television, cable, out-of-home media, satellite radio and television, Internet broadcasts and mobile media.

### **Components**

We seek to achieve the objectives of our compensation program through the following five key compensation elements:

annual cash (i.e., base salary) ;

annual performance-based, non-equity incentive plan payments;

periodic grants of long-term, equity-based compensation, such as stock options, restricted stock units and/or restricted stock, which are subject to time-based vesting requirements;

benefit programs (e.g., health and welfare and retirement); and

executive retention agreements.

In making decisions with respect to any component of an NEO's compensation, we consider the total compensation that may be awarded to the NEO, including the foregoing as well as post-termination compensation. Our goal is to award compensation that is reasonable when all elements of potential compensation are considered.

### **Setting 2008 Executive Compensation**

When making compensation decisions with respect to each component of compensation, the Committee considers the competitive market for executives and also looks at the compensation of our CEO and the other NEOs relative to the compensation paid to similarly-situated executives at companies that we consider to be our peers. We believe, however, that a comparison to peer group compensation information should be one reference point for consideration, but not the determinative factor for setting our executives' compensation. The purpose of the comparison is to augment and not to supplant the analyses of the relative pay among our NEOs and individual performance that we consider when making compensation decisions.

We refer to the current peer group of 16 similarly-sized media, market-research, and information-based business services companies considered by the Committee in 2008, collectively, as our Compensation Peer Group. With the assistance of its compensation consultant, the Committee reviews the composition of the Compensation Peer Group annually to ensure that such comparison companies are relevant and appropriate.

The Committee selected the Compensation Peer Group companies for 2008 based primarily on the following criteria:

U.S.-based public companies in Global Industry Classification System (GICS) Industry Code 254010 (Media) with similar business economics and pay models to Arbitron;

Include market research, advertising, and marketing companies;

Exclude broadcasting, satellite radio, content, print publishing, movie and entertainment companies, and communication-service providers (e.g., broadband and telephone);

Other market-research and information-based business-service companies from general industry with similar business economics and pay models to Arbitron;

Company revenue or market capitalization of approximately one-third to three times Arbitron:

Revenue range between \$100 million to \$1.1 billion or market-capitalization value between \$100 million to \$1.1 billion.

Our 2008 Compensation Peer Group consisted of the following companies:

ACXIOM Corporation	Catalina Marketing Corporation
CoStar Group, Inc.	FactSet Research System, Inc.
Fair Isaac Corporation	Forrester Research, Inc.
Gartner, Inc.	Harte-Hanks, Inc.
infoGROUP Inc.	Interactive Data Corporation
inVentive Health, Inc.	Morningstar, Inc.
Omniture, Inc.	The Corporate Executive Board Company
TeleTech Holdings, Inc.	TiVo, Inc.

In February 2009, the Committee deleted Catalina Marketing and TeleTech Holdings from the Compensation Peer Group because they no longer met the above criteria. Also in February 2009, the Committee added comScore, Inc., First Advantage Corporation, and Harris Interactive Inc. to the Compensation Peer Group. As of February 2009, our revenue and market capitalization were approximately between the 25th percentile and the median of the Compensation Peer Group.

Because comparative compensation information is just one of several analytic tools that the Committee uses in setting executive compensation, the Committee has discretion in determining the nature and extent of its use. Further, given the limitations associated with comparative pay information for setting individual executive compensation, the Committee may elect to not use the comparative compensation information at all in the course of making individual compensation decisions. Other factors considered when making individual executive compensation decisions are the individual's contribution and performance, reporting structure, relative pay among executives, complexity, impact on financial results, importance of role and responsibilities, leadership, and professional growth potential. The Committee makes all executive compensation decisions after input from the CEO (except with regard to his own compensation) and review with the Committee's independent consultant.

### ***Base Salary***

The purpose of base salary is to reflect job responsibility, experience, value to the Company and individual performance with respect to market competitiveness. During 2008, the minimum salary for Mr. Morris was specified in his employment agreement. The Committee determines the salaries for our other NEOs based on the following:

the nature and responsibility of the position and, to the extent available, salaries for persons in comparable positions at comparable companies;

the expertise, performance, and promotability of the individual executive;

the competitiveness of the market for the executive's services; and

the recommendations of the CEO.

We compete with many larger companies for top executive talent. As such, we periodically review the base salary component in an attempt to ensure it is competitive with the market for such executive talent. However, recruiting, retaining, and recognizing performance of specific executives may result in some variation from this market review. Salaries are generally reviewed annually.

Base salary is the foundation of our executive compensation program and is designed to compensate executives for services rendered during the year. In setting base salaries, the Committee considers the importance of linking a high proportion of executive officers' compensation to performance in the form of the annual non-equity incentive plan payment, which is tied to both Company performance measures and individual performance as well as long-term stock-based compensation, the grant value of which is tied to Company stock price performance and performance compared to the Compensation Peer Group, and which vests subject to continued employment.

### *Non-equity Incentive Plan Compensation*

Our compensation program provides for annual cash incentive awards that are based on individual contributions. Our objective is to compensate executives based on the achievement of specific goals that we intend to correlate closely with growth of long-term stockholder value.

We design our annual non-equity incentive plan to reward executives for achieving corporate goals and provide significant upside for exceeding such goals. Early in the fiscal year, the Committee, working with our CEO, CFO, and the Committee's independent consultant, sets overall performance goals for the Company. The annual non-equity incentive plan compensation for which our executives other than the CEO are eligible is equal to between 40% and 55% of salary at the target performance level for full achievement of the performance goals, and up to two times target for superior performance. The Committee has discretion to grant non-equity incentive payments in excess of the superior level of performance in order to reward actual performance that exceeds the superior level. If performance goals do not meet the threshold level of performance, no compensation will be awarded for the specific performance category; however, if performance goals are achieved at threshold levels, but not at target levels, the Committee has discretion to award non-equity incentive compensation in an amount between 50% of the target level and the target level, based on the Committee's assessment of the value of the relevant performance. During 2008, pursuant to the terms of his employment agreement, the target annual non-equity incentive plan payment for Mr. Morris was equal to 75% of his base salary at the target performance level and 150% of his base salary at the superior performance level.

During 2008, we determined that corporate-wide continuous improvement of our electronic and Diary-based radio ratings services, including without limitation resumption of our delayed PPM commercialization program, represented our highest priorities for the year. Because these priorities required our executives to focus collaboratively on overall corporate initiatives, we determined that 2008 annual non-equity incentive payments for all NEOs should be based entirely on the achievement of corporate goals, subject to the Committee's discretion to adjust payments based on the individual performance of the executives.

The Committee established 2008 Incentive Plan performance goals to provide for an annual cash payment that is performance linked based upon our diluted earnings per share (weighted 30%), revenue growth rate (excluding our discontinued Project Apollo initiative and the discontinued operations of our former CSW subsidiary in both 2007 and 2008) (weighted 10%), and commercialization of our Portable People Meter-based radio ratings service (weighted 60%). We selected the two financial targets, earnings per share and revenue, in order to motivate executives to achieve the Company's overall financial objectives. We weighted these two financial targets, in the aggregate, at 40% of the total corporate goals to reflect the importance we place on the Company's financial performance. Between the two financial targets, earnings per share is emphasized in order to focus executives' attention on a financial measure that we believe aligns the interests of management with those of long-term stockholders and rewards management for creating value for such long-term stockholders. PPM commercialization was weighted at 60% overall, given the importance of commercialization of the service in driving stockholder value, particularly in light of the delay in commercialization of the service we had announced in November 2007.

The Committee ultimately exercises its discretion in assessing corporate performance under the plan. In evaluating performance, the Committee reviews performance against the goals utilizing a number of metrics and assigns a performance factor for each goal. If the Committee determines that actual performance for any goal fell below the threshold level, it assigns a performance factor of zero for that goal. While the Committee exercises its discretion in each case, there is a presumption with respect to each individual goal that performance (i) at the threshold level will result in a performance factor of .5, (ii) at the target level will result in a performance factor of 1.0, and (iii) performance at the superior level will result in a performance factor of 2.0. For performance either between

threshold and target or between target and superior, the Committee uses its discretion to assign a performance factor generally utilizing the guidelines set forth above.

In determining the extent to which the financial performance or other goals are met or exceeded, the Committee exercises its business judgment whether to reflect or exclude the impact of extraordinary, unusual, or infrequently occurring events.

After determining a performance factor for each goal, the Committee multiplies the performance factor by the percentage weight it assigned to that goal for the year to determine an overall percentage assessment for corporate performance. This overall performance is then applied to each executive's non-equity incentive potential for the year.

Notwithstanding its overall assessments of corporate performance against the goals, the Committee also has positive and negative discretion to authorize a greater or lesser amount to the extent it determines appropriate and in the best interests of the Company and its stockholders based upon its evaluation of a combination of other quantitative and qualitative considerations, including individual executive performance, stock price, and achievement of fundamental organizational change, as determined by the Committee in exercise of its business judgment.

The Committee also considered the recommendation of the CEO (for executive officers other than himself) in exercising its judgment. Following consideration of a variety of data regarding 2008 results, and following the guidelines set forth above, the Committee approved the following overall assessment of 2008 performance:

**Earnings Per Share (weighted 30%)**

Threshold	\$ 1.30
Target	\$ 1.38
Superior	\$ 1.44

In February 2009, the Company reported 2008 diluted earnings per share of \$1.37. The Committee determined that actual performance was 87.5% of the difference between Threshold and Target and assigned a performance factor of .875 for the EPS goal.

**Revenue (weighted 10%)**

Threshold	6.8%
Target	7.8%
Superior	8.8%

The Committee assessed revenue growth as 9.0%, slightly above the Superior target. Accordingly, the Committee assigned a performance factor of 2.0 for the revenue goal.

**PPM Commercialization as of December 31, 2008 (weighted 60%)**

Philadelphia, Houston-Galveston, and New York commercialized	Threshold
Above local markets, plus Los Angeles, Chicago, and Riverside-San Bernardino commercialized	Target
All markets, including San Francisco, Dallas-Ft. Worth, Atlanta, Washington, DC, and Detroit, commercialized pursuant to Company's schedule	Superior

The Committee determined that the Company had commercialized all scheduled markets as of December 31, 2008 and, therefore, the objective criteria for assessing corporate performance at Superior had been satisfied. However, in light of a number of factors generally considered proprietary by the Company, including, but not limited to, our interactions with various governmental entities, the Committee exercised its negative discretion and assessed corporate performance against the PPM commercialization goal at the Target level and assigned a performance factor of 1.0 for the PPM commercialization goal.

**Performance**

**Overall**

<b>Corporate Performance</b>	<b>Assessment</b>	<b>Factor</b>	<b>X Weight =</b>	<b>Assessment</b>
EPS	Between Threshold and Target	0.875	30	26.25
Revenue Growth	Superior	2.000	10	20.00
PPM Commercialization	Target	1.000	60	60.00
Total				106.25



Accordingly, the Committee approved an overall corporate assessment of 106.25% of target for the 2008 Non-Equity Incentive Plan. Following this overall assessment, and in view of individual executive performance during 2008, the Committee further exercised its discretion and directed the Company to adjust Mr. Charlebois' s non-equity incentive payment downward in consideration of a variety of factors including, among others, the overall performance of our PPM radio ratings service during 2008, adjust Mr. Creamer' s non-equity incentive payment upward in consideration of his individual performance during a difficult period for the Company, and adjust Mr. Smith' s non-equity incentive payment above superior in consideration of outstanding individual performance with regard to a number of extraordinary legal matters during the year. The Committee further delegated authority to the CEO to adjust the non-equity incentive payments of other non-NEO employees, as he deemed appropriate and in furtherance of the Committee' s findings on corporate performance. As a result of these determinations, the Company awarded 2008 non-equity incentive plan payments in the amounts set forth in the Summary Compensation Table.

***Long-term Incentive Equity***

The long-term incentive program provides a periodic award (typically annual) that is based on competitive grant guidelines and adjusted for individual contributions. The objectives of this program are to align compensation for NEOs over a multiyear period with the interests of stockholders by motivating and rewarding creation and preservation of long-term stockholder value. The level of long-term incentive compensation for each NEO is determined based on an evaluation of competitive factors in conjunction with total compensation provided to NEOs and the other goals of the compensation program described above. Committee meetings, at which grants are determined, are normally scheduled well in advance and are not scheduled with an eye to announcements of material information regarding the Company.