ARBITRON INC
Form PREM14A
January 18, 2013
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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 x Filed by a Party other than the Registrant ¨

Check the appropriate box:

x 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 Rule 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.

x 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:

Common Stock, par value $0.50 of Arbitron Inc.

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

27,178,764 shares of Company common stock (including vested and unvested restricted stock units and deferred stock units), 1,251,490 shares of Company common stock underlying outstanding stock options with exercise prices of less than the merger consideration of $48.00 (including vested and unvested stock options, but excluding certain stock options granted under the Arbitron Inc. 1999 Stock Incentive Plan), and 273,570 shares of Company common stock underlying certain outstanding stock options granted under the Arbitron Inc. 1999 Stock Incentive Plan (in each case, as of January 14, 2013).

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined):

The proposed maximum aggregate value of the transaction for purposes of calculating the filing fee is $1,330,568,503. The maximum aggregate value of the transaction was calculated based on the sum of (a) 27,178,764 shares of Company common stock (including vested and unvested restricted stock units and deferred stock units) multiplied by $48.00 per share; (b) 1,251,490 shares of Company common stock underlying outstanding stock options (including vested and unvested stock options, but excluding certain stock options granted under the Arbitron Inc. 1999 Stock Incentive Plan as described in (c) below) with exercise prices less than $48.00 per share multiplied by $17.40 (which is the difference between $48.00 and the weighted average exercise price per share of the outstanding stock options); and (c) $4,211,905, which represents the aggregate amount payable to certain holders of the stock options granted under the Arbitron Inc. 1999 Stock Incentive Plan as calculated in accordance with the plan. The filing fee was determined by multiplying the maximum aggregate value of the transaction by 0.0001364.

(4) Proposed maximum aggregate value of transaction:

$1,330,568,503

(5) Total fee paid:

$181,489.54

¨ 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:

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PRELIMINARY PROXY STATEMENT SUBJECT TO COMPLETION, DATED JANUARY 17, 2013

To the Stockholders of Arbitron Inc.:

You are cordially invited to attend a special meeting of the stockholders of Arbitron Inc., a Delaware corporation, which we refer to as Arbitron, to be held on , 2013 at the Four Seasons Hotel New York, 57 East 57th Street, New York, New York 10022, at 9:00 a.m. Eastern time. This proxy statement is first being mailed to stockholders of Arbitron on or about , 2013.

On December 17, 2012, we entered into an Agreement and Plan of Merger, by and among Nielsen Holdings N.V., TNC Sub I Corporation and Arbitron, as it may be amended from time to time, which we refer to as the merger agreement, providing for the acquisition of Arbitron by Nielsen Holdings N.V., which we refer to as Nielsen. The merger agreement was unanimously approved by our board of directors. At the special meeting, you will be asked to consider and vote upon a proposal to adopt the merger agreement and the other proposals described in the accompanying proxy statement. The merger agreement is attached as Annex A to the accompanying proxy statement. Only stockholders of record who held shares of Arbitron common stock at the close of business on , 2013 (which we refer to as the record date) will be entitled to vote. You may vote your shares at the special meeting only if you are present in person or represented by proxy at the special meeting.

If our stockholders adopt the merger agreement and the merger contemplated by the merger agreement takes place, each outstanding share of Arbitron common stock will be converted into the right to receive $48.00 in cash, without interest and subject to any applicable withholding tax (unless you have properly and validly perfected your statutory rights of appraisal with respect to the merger).

At the special meeting, you will also be asked to consider and vote upon a proposal to adjourn the special meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes at the time of the special meeting to adopt the merger agreement and a proposal to approve, on an advisory (non-binding) basis, the golden parachute compensation that our named executive officers will or may receive in connection with the merger.

Our board of directors has unanimously determined that the merger agreement and the consummation of the transactions contemplated thereby, including the merger, are advisable and fair to and in the best interests of Arbitron and our stockholders. **Our board of directors unanimously recommends that stockholders vote FOR the adoption of the merger agreement; FOR the adjournment of the special meeting, if necessary or appropriate, to solicit additional proxies; and FOR the approval, on an advisory (non-binding) basis, of the golden parachute compensation arrangements that may be paid or become payable to our named executive officers in connection with the merger and the agreements and understandings pursuant to which such compensation may be paid or become payable.**

Your vote is very important, regardless of the number of shares of Arbitron common stock you own. The adoption of the merger agreement requires the affirmative vote of the holders of two-thirds of the outstanding shares of Arbitron common stock on the record date for the determination of stockholders entitled to vote at the special meeting. Whether or not you expect to attend the special meeting, please complete, date, sign and return the enclosed proxy card or voting instruction form (or submit your proxy or voting instructions by telephone or over the Internet) as soon as possible to ensure that your shares are represented at the special meeting. Submitting your proxy or voting instructions promptly will help to ensure the presence of a quorum at the special meeting and will assist in reducing the expenses of additional proxy solicitation, but it will not prevent you from attending the special meeting and voting in person should you choose to do so. **Please note that a failure to vote your shares in person at the special meeting or to submit a proxy or voting instructions has the same effect as a vote AGAINST the proposal to adopt the merger agreement.**

If your shares are held in street name by your broker, bank or other nominee, your broker, bank or other nominee will not be able to vote your shares of Arbitron common stock without instructions from you. You

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should advise your broker, bank or other nominee how to vote your shares of Arbitron common stock in accordance with the instructions provided by your broker, bank or other nominee. **The failure to instruct your broker, bank or other nominee to vote your shares of Arbitron common stock has the same effect as a vote AGAINST the proposal to adopt the merger agreement.**

The accompanying proxy statement provides detailed information about the merger and the other business to be considered by stockholders at the special meeting. **We encourage you to read carefully the entire document, including the annexes.** You may also obtain more information about Arbitron from the documents we have filed with the U.S. Securities and Exchange Commission.

On behalf of your board of directors, thank you for your continued support.

Sincerely,

Sean R. Creamer

President and Chief Executive Officer

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES REGULATORS HAVE APPROVED OR DISAPPROVED THE TRANSACTIONS DESCRIBED HEREIN, PASSED UPON THE MERITS OR FAIRNESS OF THE MERGER OR PASSED UPON THE ADEQUACY OR ACCURACY OF THE DISCLOSURE IN THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

This proxy statement is dated , 2013.

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ARBITRON INC.

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS

TO BE HELD ON , 2013

TIME AND DATE	9:00 a.m., Eastern time, on , 2013.
PLACE	Four Seasons Hotel New York, 57 East 57th Street, New York, New York 10022.
PROPOSALS	1. Adoption of the Agreement and Plan of Merger, dated as of December 17, 2012, by and among Nielsen Holdings N.V., TNC Sub I Corporation and Arbitron Inc., as such agreement may be amended from time to time, and as more fully described in the accompanying proxy statement (the merger agreement); 2. Approval of the adjournment of the special meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes at the time of the special meeting to adopt the merger agreement; and 3. Approval, on an advisory (non-binding) basis, of the golden parachute compensation arrangements that may be paid or become payable to our named executive officers in connection with the merger and the agreements and understandings pursuant to which such compensation may be paid or become payable.
RECORD DATE	, 2013.
MEETING ADMISSION	You are entitled to attend the special meeting and any adjournment or postponement thereof only if you were a stockholder of record or a beneficial owner as of the close of business on , 2013 or you hold a valid legal proxy for the special meeting. If your shares are held in a stock brokerage account or by a bank, broker or other nominee (that is, in street name) rather than directly in your own name with our transfer agent, you are considered a beneficial owner of your shares, and, as a beneficial owner, you will need to provide proof of beneficial ownership on the record date in order to be admitted to the special meeting, such as a brokerage account statement showing that you owned Arbitron common stock as of the record date, a voting instruction form provided by your bank, broker or other nominee, or other similar evidence of ownership as of the record date, including a valid legal proxy from your bank, broker or other nominee. You should also be prepared to present photo identification for admission. If you do not provide photo identification or comply with the other procedures outlined above upon request, you may not be admitted to the special meeting.
VOTING	**Your vote is very important, regardless of the number of shares of Arbitron common stock you own.** The adoption of the merger agreement requires the affirmative vote of the holders of two-thirds of the outstanding shares of Arbitron common stock on the record date for the determination of stockholders entitled to vote at the special meeting. Voting requirements for the other proposals are described in the accompanying proxy statement. We encourage you to read the accompanying proxy statement in its entirety and to submit a proxy or voting instructions so that your shares will be represented and voted even if you do not attend the special meeting. Holders of Arbitron common stock who do not vote in favor of the adoption of the merger agreement and hold their shares of Arbitron common stock through the effective time of the merger are entitled to seek appraisal of the fair value of their shares under Delaware law in connection with the merger if they comply with the requirements of Delaware law explained starting on page 60 and Annex C of the accompanying proxy statement.

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RECOMMENDATION	Our board of directors has unanimously determined that the merger agreement and the consummation of the transactions contemplated thereby, including the merger, are advisable and fair to and in the best interests of Arbitron and you, the stockholders. **Our board of directors unanimously recommends that you vote FOR the proposal to adopt the merger agreement (Proposal No. 1), FOR the proposal to adjourn the special meeting, if necessary or appropriate, to solicit additional proxies (Proposal No. 2) and FOR the proposal to approve, on an advisory (non-binding) basis, the golden parachute compensation arrangements that may be paid or become payable to our named executive officers in connection with the merger and the agreements and understandings pursuant to which such compensation may be paid or become payable (Proposal No. 3).**

Information about how to submit a proxy or voting instructions is provided in the accompanying proxy statement and on the separate proxy card or voting instruction form you received with the accompanying proxy statement.

The accompanying proxy statement provides detailed information about the merger and the other business to be considered by stockholders at the special meeting. **We encourage you to read carefully the entire document, including the annexes.**

By Order of the Board of Directors,

Timothy T. Smith

Executive Vice President, Business Development

and Strategy, Chief Legal Officer, and Secretary

Columbia, MD

, 2013

YOUR VOTE IS IMPORTANT. PLEASE SUBMIT YOUR PROXY OR VOTING INSTRUCTIONS FOR YOUR SHARES PROMPTLY, REGARDLESS OF WHETHER YOU PLAN TO ATTEND THE SPECIAL MEETING.

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SUMMARY

This summary, together with the Questions and Answers About the Merger and the Special Meeting of Stockholders, highlights selected information from this proxy statement and may not contain all of the information that is important to you. We urge you to read carefully the entire proxy statement, the annexes and the other documents to which we refer (including documents incorporated by reference) in order to fully understand the merger and the related transactions. See Where You Can Find More Information on page 94. Each item in this summary refers to the page of this proxy statement on which that subject is discussed in more detail. Except as otherwise specifically noted in this proxy statement, Company, Arbitron, we, our, us and similar words in this proxy statement refer to Arbitron Inc. and its direct and indirect consolidated subsidiaries and references to the board, the board of directors or our board of directors refer to the board of directors of Arbitron Inc.

Parties to the Merger (page 18)

Arbitron

Arbitron Inc., a Delaware corporation, which we refer to as Arbitron, is a leading information services firm. Arbitron s primary business is measuring network and local market radio audiences across the United States and also includes: estimating the size and composition of audiences to media other than radio, including mobile media, television viewed out-of-home, and content distributed on multiple platforms; providing qualitative information about consumers, including their lifestyles, shopping patterns, and use of media; and providing software to access and analyze media audience and marketing information data.

Nielsen

Nielsen Holdings N.V., a Netherlands company, which we refer to as Nielsen, together with its subsidiaries, is a leading global information and measurement company that provides clients with a comprehensive understanding of consumers and consumer behavior.

TNC Sub I Corporation

TNC Sub I Corporation, which we refer to as Merger Sub, is a Delaware corporation and indirect wholly-owned subsidiary of Nielsen that was formed solely for the purpose of consummating the merger described below and the other related transactions in connection with the merger.

The Merger (page 19)

On December 17, 2012, we entered into an Agreement and Plan of Merger, by and among Nielsen, Merger Sub and Arbitron (as such agreement may be amended from time to time), which we refer to as the merger agreement, which provides that, among other things, at the time the certificate of merger is filed with the Secretary of State of the State of Delaware (or at such other time as may be mutually determined by us, Nielsen and Merger Sub and set forth in the certificate of merger), Merger Sub will merge with and into Arbitron, with Arbitron surviving the merger as an indirect wholly-owned subsidiary of Nielsen, which we refer to as the merger.

As a result of the merger, each share of Arbitron common stock issued and outstanding immediately prior to the effective time of the merger, other than shares owned by Arbitron, Nielsen or Merger Sub and shares held by stockholders who are entitled to demand and properly demand their appraisal rights under Delaware law, will automatically be converted into the right to receive $48.00 in cash, which amount we refer to as the merger consideration, payable without any interest and less any required withholding taxes. After the merger is completed, you will no longer have any rights as an Arbitron stockholder, other than the right to receive the merger consideration and subject to the rights described under Proposal No. 1 Adoption of the Merger Agreement Appraisal Rights beginning on page 60. As a result of the merger, Arbitron will cease to be a publicly traded company and Nielsen will indirectly own 100% of the equity of Arbitron.

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A copy of the merger agreement is included as Annex A to this proxy statement and is incorporated by reference into this proxy statement.

The Special Meeting (page 15)

Date, Time and Place

The special meeting will be held on , 2013 at the Four Seasons Hotel New York, 57 East 57th Street, New York, New York 10022 at 9:00 a.m. Eastern time.

Purpose

You will be asked to vote on (1) a proposal to adopt the merger agreement, (2) a proposal to adjourn the special meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes at the time of the special meeting to adopt the merger agreement and (3) a proposal to approve, on an advisory (non-binding) basis, the golden parachute compensation that our named executive officers will or may receive in connection with the merger.

Record Date and Quorum

You are entitled to vote at the special meeting if you owned shares of Arbitron common stock at the close of business on , 2013, the record date for the special meeting. You will have one vote for each share of Arbitron common stock that you owned on the record date. As of the record date, there were shares of Arbitron common stock issued and outstanding and entitled to vote. The presence in person or by proxy of the holders of a majority in voting power of the outstanding shares of Arbitron common stock as of the close of business on the record date will constitute a quorum for the purposes of the special meeting.

Vote Required

The adoption of the merger agreement requires the affirmative vote of holders of two-thirds of the outstanding shares of Arbitron common stock on the record date for the special meeting. Approval of the proposal to adjourn the special meeting, if necessary or appropriate, for the purpose of soliciting additional proxies and the non-binding proposal regarding golden parachute compensation arrangements each require the affirmative vote of holders of a majority in voting power of the shares of Arbitron common stock represented at the special meeting, either in person or by proxy, and entitled to vote on the proposal.

Treatment of Equity Awards and Other Equity Based Compensation (page 68)

Stock Options

The merger agreement generally provides that each Arbitron stock option that is outstanding immediately before the effective time of the merger, whether vested or unvested, will be automatically converted into the right to receive a cash payment equal to (1) the excess, if any, of $48.00, over the exercise price per share subject to such stock option, multiplied by (2) the number of shares subject to the stock option. Some stock option agreements that govern outstanding Arbitron stock options additionally require that if the fair value of the stock option, determined at the time of a change in control transaction using a Black-Scholes valuation methodology and assumptions specified in the stock option agreements, exceeds the cashout amount described in the prior sentence, then the excess amount will be paid to the option holder in addition to such cashout amount. Consistent with these stock option agreements, the merger agreement provides for such additional cash payments to be made to the holders of these stock options.

Restricted Stock Units and Deferred Stock Units

The merger agreement also provides that, except for restricted stock unit awards granted after the date of the merger agreement, the treatment of which is described separately below, each Arbitron restricted stock unit, which we refer to as an RSU, and each Arbitron deferred stock unit, which we refer to as a DSU, whether

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vested or unvested, and whether or not subject to performance-based vesting conditions, that is outstanding immediately before the effective time of the merger will be canceled in exchange for a cash payment of $48.00 for each share of Arbitron common stock subject to the RSU or DSU.

RSUs granted after the date of the merger agreement will be treated differently. With respect to RSUs granted after the date of the merger agreement to any newly-hired employees or to employees in the context of promotions based on job performance or workplace requirements, in each case, if granted in accordance with the limitations in the merger agreement relating to RSU grants between the date of the merger agreement and the effective time of the merger, any portion of the RSU that is not vested as of the effective time of the merger will not vest or be cashed out in connection with the merger, but will, instead, be assumed by Nielsen. Each such assumed RSU will otherwise continue to have, and remain subject to, the same terms and conditions to which the award was subject immediately before the effective time of the merger, including any vesting or forfeiture provisions or repurchase rights, except that the number of shares subject to the award will be adjusted to reflect the difference in Arbitron s and Nielsen s common stock values at the effective time of the merger. Specifically, after being assumed, the RSU will cover a number of whole shares of Nielsen common stock equal to the product of (1) the number of shares of Arbitron common stock subject to the RSU immediately before the effective time of the merger, multiplied by (2) the quotient of (x) $48.00 divided by (y) the closing price for one share of Nielsen common stock on the close of business on the business day immediately before the effective time of the merger, with such resulting number of shares rounded down to the nearest whole number of shares. We refer to this quotient in the following paragraph as the exchange ratio.

With respect to all other RSUs granted after the date of the merger agreement, part of the RSU will be cancelled in exchange for a cash payment and part of the RSU will be assumed by Nielsen. Specifically, with respect to 50% of the number of shares of Arbitron common stock subject to the RSU when originally granted, which we refer to as the assumed portion, the RSU will be assumed by Nielsen, as described below in this paragraph. With respect to any remaining portion of the RSU that is outstanding at the effective time of the merger, such portion will be canceled in exchange for a cash payment of $48.00 for each share of Arbitron common stock covered by such remaining portion of the award. Except as noted below in this paragraph, the assumed portion of the RSUs will continue to have, and remain subject to, the same terms and conditions to which the award was subject immediately before the effective time of the merger, including any vesting or forfeiture provisions or repurchase rights, except that the number of shares subject to the award will be adjusted to reflect the difference in Arbitron s and Nielsen s common stock values at the effective time of the merger. Consistent with the approach described in the prior paragraph, the number of shares of Nielsen common stock to which the assumed awards will relate after being assumed will be determined by multiplying the number of whole shares of Arbitron common stock subject to the assumed portion of the RSU, by the exchange ratio. The number of shares of Nielsen common stock with respect to which the assumed RSU will vest on each subsequent vesting date will be determined by dividing the total number of shares of Nielsen common stock subject to the award by the remaining number of vesting dates under the award after the effective time of the merger.

When the Merger Is Expected to Be Completed

We currently expect to complete the merger on or after March 15, 2013. However, we cannot assure you when or if the merger will occur. We must first obtain the approvals of Arbitron stockholders at the special meeting and the required regulatory approvals described below in Proposal No. 1 Adoption of the Merger Agreement Regulatory Approvals beginning on page 64.

Recommendation of Our Board of Directors as to the Merger; Reasons for the Merger (page 30)

Our board unanimously recommends that you, as a stockholder of the Company, vote **FOR** the proposal to adopt the merger agreement. For a description of the reasons considered by our board in approving the merger agreement and the merger, see Proposal No. 1 Adoption of the Merger Agreement Recommendation of Our Board of Directors as to the Merger; Reasons for the Merger beginning on page 30.

Interests of Executive Officers and Directors in the Merger (page 53)

In considering the recommendation of our board of directors, you should be aware that certain of our executive officers and directors have interests in the merger that may be different from, or in addition to, your interests as a stockholder. These interests include, among others:

- the cancellation of in-the-money stock options for a cash payment;
- the cancellation of RSUs and DSUs in exchange for a cash payment of $48.00 for each share of Arbitron common stock subject to such RSU or DSU;
- retention agreements providing for severance payments and benefits, including accelerated vesting of stock-based awards, upon qualifying terminations of employment that occur within a limited period following a change in control; and
- continued indemnification and liability insurance for directors and officers following completion of the merger.

See Proposal No. 1 Adoption of the Merger Agreement Interests of Executive Officers and Directors in the Merger beginning on page 53 for additional information.

Opinions of Our Financial Advisors (page 37)

In connection with the merger, the Company s financial advisors, Guggenheim Securities, LLC and Signal Hill Capital Group LLC, which we refer to as Guggenheim Securities and Signal Hill, respectively, each delivered a written opinion, dated December 17, 2012, to our board of directors as to the fairness, from a financial point of view and as of the date of the opinion, of the $48.00 per share cash consideration to be received in the merger by holders of Company common stock. The full text of the written opinions of Guggenheim Securities and Signal Hill, which describe the assumptions made, procedures followed, matters considered and any limitations on the review undertaken in rendering such opinion, are attached to this proxy statement as **Annex B-1 and B-2**, respectively. The summaries of each opinion in this proxy statement are qualified in their entireties by reference to the full text of the applicable opinion. You should read these opinions carefully and in their entireties. The opinions of Guggenheim Securities and Signal Hill are not recommendations as to how any holder of Company common stock should act with respect to the merger or any other matter.

Financing of the Merger (page 53)

We anticipate that the total amount of funds necessary to complete the merger and related transactions and pay related transaction fees and expenses will be approximately $1.3 billion. Prior to our execution of the merger agreement, Nielsen obtained, and provided a copy to us of, a debt commitment letter, which we refer to as the commitment letter, in connection with the transactions contemplated by the merger agreement in a maximum aggregate amount of approximately $1.3 billion. Nielsen and Merger Sub have represented that with the net proceeds contemplated by the commitment letter together with the other financial resources of Nielsen, including the cash on hand of Nielsen and the Company, Nielsen and Merger Sub will have sufficient funds to pay the merger consideration to our stockholders, to satisfy all of Nielsen s obligations under the merger agreement and to pay fees and expenses required to be paid by Nielsen in connection with the merger agreement. The merger is not subject to a financing condition. See Proposal No. 1 Adoption of the Merger Agreement Financing of the Merger beginning on page 53.

Our Conduct of Business Pending the Merger (page 73)

We have agreed that from December 17, 2012 through the effective time of the merger, we will, and will cause our subsidiaries to, subject to certain exceptions: (a) carry on our business in the ordinary course consistent with past practice and (b) use reasonable best efforts to preserve intact its current business organization and goodwill, keep available the services of its current officers, key employees and consultants, and keep and preserve its present relationships with customers, suppliers, licensors, licensees, distributors and others having material business dealings with it.

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In addition, as described below and set forth in the merger agreement, we have agreed that, prior to the effective time of the merger, subject to certain exceptions, we will not take certain actions without the prior written consent of Nielsen (which consent will not be unreasonably withheld, conditioned or delayed).

Restrictions on Solicitations of Other Offers and Changes in Recommendation (page 74)

The merger agreement restricts our ability to solicit or engage in discussions or negotiations with a third party regarding specified transactions involving us or our subsidiaries. Notwithstanding these restrictions, prior to the time that Arbitron stockholders adopt the merger agreement, our board of directors may respond to an unsolicited bona fide written proposal for an alternative acquisition that our board of directors determines in good faith, after consultation with its outside legal counsel and financial advisors constitutes, or could reasonably be expected to lead to a superior company proposal (as described under Proposal No. 1 Adoption of the Merger Agreement Restrictions on Solicitations of Other Offers and Changes in Recommendation No Solicitation beginning on page 74) by furnishing information with respect to Arbitron and its subsidiaries or by participating in discussions or negotiations with the party or parties making the alternative acquisition proposal, so long as we comply with the terms of the merger agreement. In addition, prior to the time Arbitron stockholders adopt the merger agreement, our board of directors may cause us to terminate the merger agreement in order for us to enter into an acquisition agreement with respect to a superior company proposal, so long as we comply with the terms of the merger agreement. Our board of directors may also withdraw its recommendation of the merger agreement prior to the time Arbitron stockholders adopt the merger agreement in certain circumstances unrelated to an alternative acquisition proposal if it determines in good faith, after consultation with its outside legal counsel, that the failure to do so could reasonably be determined to be inconsistent with its fiduciary duties to Arbitron s stockholders, so long as we comply with the terms of the merger agreement. In the event that Arbitron terminates the merger agreement to accept a superior proposal and in other specified circumstances, Arbitron may be required to pay to Nielsen a termination fee of $32.7 million.

Conditions to the Merger (pages 64 and 80)

As more fully described in this proxy statement and in the merger agreement, the completion of the merger depends on a number of conditions being satisfied or, where legally permissible, waived. These conditions include, among others, adoption of the merger agreement by our stockholders, the expiration or termination of the applicable waiting period under the Hart-Scott-Rodino Antitrust Improvement Act of 1976, as amended, which we refer to as the HSR Act, and the absence of any injunction or other applicable law prohibiting the consummation of the merger. See Proposal No. 1 Adoption of the Merger Agreement Regulatory Approvals and Proposal No. 1 Adoption of the Merger Agreement The Merger Agreement Conditions to the Merger beginning on pages 64 and 80, respectively.

Termination (page 81)

The merger agreement may be terminated at any time prior to the effective time:

- by mutual written consent of Nielsen and the Company;

- by either Nielsen or the Company if, subject to specified exceptions: (a) the merger has not been consummated on or before October 1, 2013 (as such date may be extended, the Outside Date), (b) any law or any federal, state, local or foreign judgment, injunction, order, writ, ruling or decree permanently enjoining, restraining or prohibiting the consummation of the merger has become final and nonappealable, or (c) upon a vote taken at the special meeting, the merger agreement is not approved by the required vote of the Company s stockholders;

- by Nielsen, if the Company breaches or fails to perform any of its representations, warranties or covenants contained in the merger agreement, such that the conditions to Nielsen s obligation to consummate the merger would not be satisfied if the date of such termination was the Outside Date, and such breach or failure to perform has not been cured as specified in the merger agreement;

- by Nielsen, prior to (but not after) the time at which the required stockholder approval has been obtained, if, subject to specified exceptions, (i) an Adverse Recommendation Change (as defined in Proposal No. 1

Adoption of the Merger Agreement The Merger Agreement Restrictions on Solicitations of Other Offers and Changes in Recommendation beginning on page 74) has occurred, (ii) the Company has breached or failed to perform in any material respect its obligations or agreements contained in the no solicitation or preparation of proxy statement/stockholder meeting provisions of the merger agreement, (iii) the Company failed to reconfirm, after a Company Takeover Proposal (as defined in Proposal No. 1 Adoption of the Merger Agreement The Merger Agreement Restrictions on Solicitations of Other Offers and Changes in Recommendation beginning on page 74) has been publicly announced, the Company Recommendation (as defined in Proposal No. 1 Adoption of the Merger Agreement The Merger Agreement Recommendation beginning on page 70) within the Response Period (as defined in Proposal No. 1 Adoption of the Merger Agreement The Merger Termination beginning on page 81) following the receipt of a written request from Nielsen to do so or (iv) if any tender offer or exchange offer is commenced by any third party with respect to the outstanding Company common stock prior to the time at which the Company receives the required stockholder approval, and our board of directors has not recommended that the Company s stockholders reject such tender offer or exchange offer and not tender their Company common stock into such tender offer or exchange offer within the Response Period, unless the Company has issued a press release that expressly reaffirms the Company Recommendation within the Response Period;

by the Company, if Nielsen or Merger Sub breaches or fails to perform any of its representations, warranties or covenants contained in the merger agreement such that the conditions to the Company s obligation to consummate the merger would not be satisfied if the date of such termination was the Outside Date, and such breach or failure to perform has not been cured as specified in the merger agreement; or

by the Company, prior to (but not after) the time at which the required stockholder approval has been obtained, if, subject to specified exceptions, (i) the Company has not breached or failed to perform in any material respect its obligations or agreements contained in the no solicitation or preparation of proxy statement/stockholder meeting provisions of the merger agreement, (ii) our board of directors authorizes the Company, subject to complying with the terms of the merger agreement, to enter into a binding definitive Alternative Acquisition Agreement (as defined in Proposal No. 1 Adoption of the Merger Agreement The Merger Agreement Restrictions on Solicitations of Other Offers and Changes in Recommendation beginning on page 74) providing for a Superior Company Proposal (as defined in Proposal No. 1 Adoption of the Merger Agreement The Merger Agreement Restrictions on Solicitations of Other Offers and Changes in Recommendation beginning on page 74), (iii) the Company prior to or concurrently with such termination pays to Nielsen in immediately available funds a termination fee of $32.7 million and (iv) the Company enters into such Alternative Acquisition Agreement substantially concurrently with such termination.

Termination Fees (page 82)

Upon termination of the merger agreement under specified circumstances, including, among others, those involving an alternative acquisition proposal or a change in our board of directors recommendation of the merger agreement, the Company will be required to pay Nielsen a termination fee of $32.7 million. Upon termination of the merger agreement under specified circumstances relating to antitrust approvals, Nielsen may be required to pay the Company a termination fee of $131.0 million.

Material U.S. Federal Income Tax Consequences to Stockholders (page 65)

The merger will be a taxable transaction to U.S. holders and certain non-U.S. holders of Arbitron common stock for U.S. federal income tax purposes.

You should read Proposal No. 1 Adoption of the Merger Agreement Material U.S. Federal Income Tax Consequences of the Merger beginning on page 65 for a more complete discussion of the U.S. federal income tax consequences of the merger. Tax matters can be complicated, and the tax consequences of the merger to you will depend on your particular tax situation. You should consult your tax advisor to determine the tax consequences of the merger to you.

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Current Market Price of Arbitron Common Stock

Our common stock is listed on the New York Stock Exchange, which we refer to as the NYSE, under the trading symbol ARB . On December 17, 2012, which was the last full trading day before we announced the transaction, our stock closed at $38.04. On , 2013, which was the last trading day before the date of this proxy statement, our common stock closed at $.

Appraisal Rights (page 60, Annex C)

Under Delaware law, holders of Arbitron common stock who do not vote in favor of the adoption of the merger agreement, who properly demand appraisal rights and who otherwise comply with the requirements of Section 262 of the General Corporation Law of the State of Delaware, which we refer to as the DGCL, will be entitled to seek appraisal for, and obtain payment in cash for the judicially determined fair value of, their shares of Arbitron common stock in lieu of receiving the merger consideration if the merger is completed, but only if they comply with all applicable requirements of Delaware law. This value could be more than, the same as, or less than the merger consideration. Any holder of Arbitron common stock intending to exercise appraisal rights, among other things, must submit a written demand for appraisal to us prior to the vote on the proposal to adopt the merger agreement and must not vote or otherwise submit a proxy in favor of adoption of the merger agreement and must otherwise strictly comply with all of the procedures required by Delaware law. The relevant provisions of the DGCL are included as Annex C to this proxy statement. You are encouraged to read these provisions carefully and in their entirety. Moreover, due to the complexity of the procedures for exercising the right to seek appraisal, stockholders who are considering exercising such rights are encouraged to seek the advice of legal counsel. Failure to strictly comply with the provision of Delaware law will result in loss of the right of appraisal.

Additional Information (page 94)

You can find more information about Arbitron in the periodic reports and other information we file with the U.S. Securities and Exchange Commission, which we refer to as the SEC. The information is available at the SEC s public reference facilities and at the website maintained by the SEC at www.sec.gov. For a more detailed description of the additional information available, see Where You Can Find More Information beginning on page 94.

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QUESTIONS AND ANSWERS ABOUT THE MERGER

AND THE SPECIAL MEETING OF STOCKHOLDERS

The following questions and answers address briefly some questions you may have regarding the special meeting and the proposed merger. These questions and answers may not address all questions that may be important to you as a stockholder of Arbitron. Please refer to the more detailed information contained elsewhere in this proxy statement, including the annexes and the documents we refer to in this proxy statement.

Q: Why am I receiving this proxy statement?

A: You are receiving this proxy statement because you have been identified as a stockholder of Arbitron as of the close of business on the record date for the determination of stockholders entitled to notice of the special meeting. This proxy statement contains important information about the merger and the special meeting of stockholders, and you should read this proxy statement carefully.

The Merger

Q: What is the proposed transaction for which I am being asked to vote?

A: You are being asked to vote on the adoption of the merger agreement. The merger agreement provides that at the effective time of the merger, Merger Sub will merge with and into Arbitron, with Arbitron surviving the merger as an indirect wholly-owned subsidiary of Nielsen. After the merger, Arbitron will cease to be a publicly traded company and will be an indirect wholly-owned subsidiary of Nielsen. As a result, you will no longer have any rights as an Arbitron stockholder, including but not limited to the fact that you will no longer have any interest in our future earnings or growth, if any. Following completion of the merger, shares of Arbitron common stock will no longer be listed on the NYSE and the registration of such shares under the Exchange Act is expected to be terminated.

Please see Proposal No. 1 Adoption of the Merger Agreement The Merger Agreement beginning on page 67 for a more detailed description of the merger and the merger agreement. A copy of the merger agreement is attached to this proxy statement as Annex A.

Q: What happens if the merger is not completed?

A: If the merger agreement is not adopted by our stockholders, or if the merger is not completed for any other reason, our stockholders will not receive any payment for their Arbitron common stock pursuant to the merger agreement. Instead, we will remain a public company and our common stock will continue to be registered under the Exchange Act and listed and traded on the NYSE. Under specified circumstances, we may be required to pay Nielsen a termination fee or Nielsen may be required to pay us a reverse termination fee. See Proposal No. 1 Adoption of the Merger Agreement The Merger Agreement Termination Fees beginning on page 82.

Q: Am I entitled to exercise appraisal rights under the DGCL instead of receiving the merger consideration for my shares of Arbitron common stock?

A: Yes. As a holder of Arbitron common stock, you are entitled to exercise appraisal rights under the DGCL in connection with the merger if you take certain actions and meet certain conditions. See Proposal No. 1 Adoption of the Merger Agreement Appraisal Rights beginning on page 60.

Q: When is the merger expected to be completed?

A: The parties to the merger agreement are working to complete the merger as quickly as possible. In order to complete the merger, the Company must obtain the stockholder approval described in this proxy statement and the other closing conditions under the merger agreement must be satisfied or waived. The parties to the merger agreement currently expect to complete the merger on or after March 15, 2013, although the Company cannot assure completion by any particular date, if at all. Because the merger is subject to a number of conditions, the exact timing of the merger cannot be determined at this time.

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The Special Meeting

Q: When and where is the special meeting?

A: The special meeting will be held on , 2013 at the Four Seasons Hotel New York, 57 East 57th Street, New York, New York 10022, at 9:00 a.m., Eastern time.

Q: What other proposals are being presented at the special meeting?

A: In addition to the merger proposal, Arbitron stockholders will be asked to vote on the following proposals at the special meeting:

- approval of the adjournment of the special meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes at the time of the special meeting to adopt the merger agreement (Proposal No. 2); and

- approval, on an advisory (non-binding) basis, of the golden parachute compensation arrangements that may be paid or become payable to our named executive officers in connection with the merger and the agreements and understandings pursuant to which such compensation may be paid or become payable (Proposal No. 3).

Q: How does Arbitron s board of directors recommend that I vote?

A: Our board of directors unanimously recommends that you vote your shares:

- **FOR** the adoption of the merger agreement (Proposal No. 1);

- **FOR** the adjournment of the special meeting, if necessary or appropriate, to solicit additional proxies (Proposal No. 2); and

- **FOR** the approval, on an advisory (non-binding) basis, of the golden parachute compensation arrangements that may be paid or become payable to our named executive officers in connection with the merger and the agreements and understandings pursuant to which such compensation may be paid or become payable (Proposal No. 3).

Q: Who is entitled to vote at the special meeting?

A: All stockholders of record as of the close of business on , 2013, the record date for the determination of stockholders entitled to vote at the special meeting, are entitled to vote at the special meeting. On that date, shares of Arbitron common stock were issued and outstanding.

As of the record date for the determination of stockholders entitled to vote at the special meeting, our executive officers and directors held an aggregate of shares of Arbitron common stock, which represented approximately % of all shares of Arbitron common stock issued and outstanding on the record date.

Q: What vote is required to approve each proposal?

A: The adoption of the merger agreement requires the affirmative vote of the holders of two-thirds of the outstanding shares of Arbitron common stock on the record date for the determination of stockholders entitled to vote at the special meeting. If you do not submit a proxy or voting instructions or do not vote in person at the meeting, or if you **ABSTAIN** from voting on the proposal to adopt the merger agreement, the effect will be the same as a vote **AGAINST** the proposal to adopt the merger agreement.

Approval of the proposal to adjourn the special meeting, if necessary or appropriate, for the purpose of soliciting additional proxies and the non-binding proposal regarding golden parachute compensation arrangements each require the affirmative vote of holders of a majority in voting power of the shares of Arbitron common stock represented at the special meeting, either in person or by proxy, and entitled to vote on the proposal. With respect to Proposal No. 2 and Proposal No. 3, if you do not submit a proxy or voting instructions or do not vote in person at the meeting, your shares will not be counted in determining the outcome of these proposals. If you **ABSTAIN** from voting on Proposal No. 2 or Proposal No. 3, the effect will be the same as a vote **AGAINST** that proposal.

Q: Can I attend the special meeting? What do I need for admission?

A: You are entitled to attend the special meeting if you were a stockholder of record or a beneficial owner as of the close of business on , 2013 (the record date) or you hold a valid legal proxy for the special meeting. If you are a stockholder of record, your name will be verified against the list of stockholders of record prior to your being admitted to the special meeting. **If you are a beneficial owner, you will need to provide proof of beneficial ownership on the record date in order to be admitted to the special meeting, such as a brokerage account statement showing that you owned Arbitron common stock as of the record date, a voting instruction form provided by your bank, broker or other nominee, or other similar evidence of ownership as of the record date, including a valid legal proxy from your bank, broker or other nominee. You should also be prepared to present photo identification for admission.** If you do not provide photo identification or comply with the other procedures outlined above upon request, you may not be admitted to the special meeting.

Q: How can I vote my shares in person at the special meeting?

A: All stockholders of record and stockholders who hold their shares through a bank, broker or other nominee, are invited to attend the special meeting and vote their shares in person.

If your shares of Arbitron common stock are registered directly in your name with our transfer agent, Broadridge Corporate Issuer Solutions, Inc., you are considered the stockholder of record with respect to those shares. If you are a stockholder of record as of the close of business on the record date for the determination of stockholders entitled to vote at the meeting, you have the right to vote your shares in person at the special meeting. If you choose to do so, you can vote at the special meeting using the written ballot that will be provided at the special meeting or you can complete, sign and date the enclosed proxy card you received with this proxy statement and submit it at the special meeting.

If your shares are held in a stock brokerage account or by a bank, broker or other nominee (that is, in street name) rather than directly in your own name with our transfer agent, you are considered a beneficial owner of your shares and this proxy statement is being forwarded to you by your bank, broker or other nominee. As a beneficial owner, you may attend the special meeting and vote your shares in person at the special meeting only if you obtain a legal proxy from the bank, broker or other nominee that holds your shares giving you the right to vote such shares at the special meeting.

Even if you plan to attend the special meeting, we recommend that you submit your proxy or voting instructions in advance of the special meeting as described below so that your vote will be counted if you later decide not to attend the special meeting.

Q: How can I vote my shares without attending the special meeting?

A: Whether you are a stockholder of record or a beneficial owner, you may direct how your shares are voted without attending the special meeting. If you are a stockholder of record, you may submit a proxy to authorize how your shares are voted at the special meeting. Your proxy can be submitted by mail by completing, signing and dating the proxy card you received with this proxy statement and then mailing it in the enclosed prepaid envelope. Stockholders of record may also submit a proxy over the Internet or by telephone by following the instructions provided in the proxy card you received with this proxy statement. If you are a beneficial owner, you must submit voting instructions to your bank, broker or other nominee in order to authorize how your shares are voted at the special meeting. Please follow the instructions provided by your bank, broker or other nominee.

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Submitting a proxy or voting instructions will not affect your right to vote in person should you decide to attend the special meeting, although beneficial owners must obtain a legal proxy from the bank, broker or other nominee that holds their shares giving them the right to vote such shares at the special meeting in order to vote in person at the special meeting.

If you need assistance voting your shares, please contact our proxy solicitor, D. F. King & Co., Inc., at (800) 755-7250.

Q: What does it mean if I received more than one set of proxy materials?

A: If you received more than one set of proxy materials, it means that you hold shares of Arbitron common stock in more than one account. For example, you may own your shares in various forms, including jointly with your spouse, as trustee of a trust or as custodian for a minor. To ensure that all of your shares are voted, please provide a proxy or voting instructions for each account for which you received proxy materials.

Q: How will my shares be voted if I do not provide specific voting instructions in the proxy or voting instruction form I submit?

A: If you submit a proxy or voting instructions but do not indicate your specific voting instructions on one or more of the proposals to be presented at the special meeting, your shares will be voted as recommended by our board of directors on those proposals.

Q: What is the deadline for voting my shares?

A: If you are a stockholder of record, your proxy must be received by telephone or the Internet by 11:59 p.m. Eastern time on , 2013 in order for your shares to be voted at the special meeting. However, if you are a stockholder of record, you may instead mark, sign, date and return the enclosed proxy card, which must be received before the polls close at the special meeting, in order for your shares to be voted at the meeting. If you are a beneficial owner, please read the voting instructions provided by your bank, broker or other nominee for information on the deadline for voting your shares.

Q: What is a quorum?

A: The presence in person or by proxy of the holders of a majority in voting power of the outstanding shares of Arbitron common stock as of the close of business on the record date will constitute a quorum for purposes of the special meeting. Abstentions, if any, are counted as present for the purpose of determining whether a quorum is present.

Q: Why am I being asked to cast a non-binding, advisory vote to approve the golden parachute compensation arrangements that certain Arbitron executive officers will or may receive in connection with the merger?

A: In accordance with the rules promulgated under Section 14A of the Exchange Act, we are providing our stockholders with the opportunity to cast a non-binding, advisory vote on the compensation that will or may be payable to our named executive officers in connection with the merger.

Q: What will happen if our stockholders do not approve the golden parachute compensation arrangements at the special meeting?

A: Approval of the golden parachute compensation arrangements payable under existing agreements that the named executive officers of Arbitron will or may receive in connection with the merger is not a condition to completion of the merger. The vote with respect to the golden parachute compensation arrangements is an advisory vote and will not be binding on us. Therefore, if the merger agreement is adopted by our stockholders and completed, the golden parachute compensation arrangements will still be paid to our named executive officers if and when due, regardless of the results of the vote.

Q: How will abstentions be counted?

A: If you **ABSTAIN** from voting on any of Proposals No. 1, No. 2 or No. 3, the effect will be the same as a vote **AGAINST** such proposal.

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Q: Why is my vote important?

A: If you do not submit a proxy or voting instructions or vote in person at the special meeting, it will be more difficult for us to obtain the necessary quorum to hold the special meeting. In addition, because the merger proposal must be approved by the holders of two-thirds of the outstanding shares of Arbitron common stock on the record date for the special meeting, **your failure to submit a proxy or voting instructions or to vote in person at the special meeting will have the same effect as a vote AGAINST Proposal No. 1, adoption of the merger agreement.**

If you do not submit a proxy or voting instructions or do not vote in person at the special meeting, your shares will not be counted in determining the outcome of any of the other proposals at the special meeting.

Q: If my shares are held in street name by my broker, bank or other nominee, will my broker, bank or other nominee vote my shares for me if I do not submit voting instructions?

A: No. We do not expect that your broker, bank or other nominee will have discretion to vote your shares on any of the matters listed in the notice of special meeting, except in accordance with your specific instructions. Therefore, if you hold your shares in street name through a brokerage account and do not submit voting instructions to your broker, bank or other nominee, your broker, bank or other nominee will not be able to vote your shares of Arbitron common stock on any of the proposals at the special meeting and the effect will be that such shares will not be counted for purposes of determining a quorum and will have the same effect as a vote **AGAINST** the proposal to adopt the merger agreement. Please note, however, that if you properly submit voting instructions to your broker, bank or other nominee but do not indicate how you want your shares to be voted, your shares will be voted as recommended by our board of directors on those proposals.

Q: May I change my vote after I have submitted my proxy or voting instructions?

A: Yes. If you are a stockholder of record, you may change your vote or revoke your proxy at any time before your proxy is voted at the special meeting by:

- attending the meeting and voting in person;
- filing with the Secretary of Arbitron an instrument revoking the proxy; or
- properly submitting another proxy on a later date prior to 11:59 p.m. Eastern time on , 2013, by using one of the alternatives described above under How can I vote my shares without attending the special meeting?

Attendance at the special meeting in and of itself, without voting in person at the meeting, will not cause your previously granted proxy to be revoked.

Please note that if you hold your shares in street name through a broker, bank or other nominee and you have instructed your broker, bank or other nominee to vote your shares, the above-described options for changing your vote do not apply, and instead, you must follow the instructions received from your broker, bank or other nominee to change your vote.

Q: What happens if I transfer my shares of common stock after the record date?

A: The record date for the determination of stockholders entitled to vote at the special meeting is earlier than the effective time of the merger. Therefore, transferors of shares of Arbitron common stock after the record date but prior to the consummation of the merger will retain their right to vote at the special meeting, but the right to receive the merger consideration will transfer with the shares.

Q: Will any proxy solicitors be used in connection with the special meeting?

A: Yes. To assist in the solicitation of proxies, we have engaged D.F. King & Co., Inc.

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Q: What do I need to do now?

A: We urge you to read carefully this proxy statement, including its annexes and the documents we refer to in this proxy statement, and then mail your completed, dated and signed proxy card or voting instruction form in the enclosed prepaid return envelope as soon as possible, or submit your proxy or voting instruction via the Internet or by phone in accordance with the instructions included with this proxy statement and the enclosed proxy card or voting instruction form, so that your shares can be voted at the special meeting.

Q: Should I send in my stock certificates now?

A: No. If you hold certificates of Arbitron common stock, you will be sent a letter of transmittal promptly, and in any event within three business days, after the completion of the merger, describing how you may exchange your shares of Arbitron common stock for the merger consideration. **Please do NOT return your stock certificate(s) with your proxy.**

Q: Who can help answer my questions?

A: If you have any questions or need further assistance in voting your shares of Arbitron common stock, or if you need additional copies of this proxy statement or the proxy card, please contact D.F. King & Co., Inc., our proxy solicitor, in writing at D.F. King & Co., Inc., 48 Wall Street, 22nd Floor, New York, NY 10005, or by telephone at (800) 755-7250 (banks and brokers call collect at (212) 269-5550).

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This proxy statement and the documents to which we refer you in this proxy statement contain forward-looking statements as that term is defined by the Private Securities Litigation Reform Act of 1995, we which we refer to as the Act, and the federal securities laws. Any statements that do not relate to historical or current facts or matters are forward-looking statements. Examples of forward-looking statements include information concerning possible or assumed future results of operations of Arbitron, the expected completion and timing of the merger and other information relating to the merger. You can identify some of the forward-looking statements by the use of forward-looking words such as anticipate, believe, plan, estimate, expect, intend, should, may and other similar expressions, although not all forward-looking state these identifying words.

In addition to other factors and matters contained or incorporated in this document, we believe the following factors could cause actual results to differ materially from those discussed in the forward-looking statements:

- risks that the governmental and regulatory approvals required to be obtained under the merger agreement will not be obtained in a timely manner or at all;
- the inability to complete the merger due to the failure to obtain stockholder approval or failure to satisfy any other conditions to the completion of the merger;
- business uncertainty and contractual restrictions during the pendency of the merger;
- the amount of the costs, fees, expenses and charges related to the merger;
- diversion of management s attention from ongoing business concerns;
- the effect of the announcement of the merger on our business, operating results and business relationships, including our ability to retain key employees;
- the possible adverse effect on our business and the price of our common stock if the merger is not completed in a timely manner or at all; and
- other risks and uncertainties applicable to our business set forth in our filings with the SEC. See Where You Can Find More Information beginning on page 94.

Forward-looking statements are based on the information currently available and are applicable only as of the date on which such statements were made. Forward-looking statements involve known and unknown risks and uncertainties that may cause our actual results in future periods to differ materially from those projected or contemplated in the forward-looking statements. You are urged to carefully review the disclosures we make in this proxy statement and the documents to which we refer you in this proxy statement concerning risks and other factors that may affect us, including those made in our Annual Report on Form 10-K for the fiscal year ended 2011, filed with the SEC on February 24, 2012, and updated in our subsequently filed quarterly reports on Form 10-Q and current reports on Form 8-K. The forward-looking statements are qualified in their entirety by these cautionary statements, which are being made pursuant to the provisions of the Act and with the intention of obtaining the benefits of the safe harbor provisions of the Act. We caution you that any forward-looking statements made in this proxy statement or the documents to which we refer you in this proxy statement are not guarantees of future performance and that you should not place undue reliance on any of such forward-looking statements, which speak only as of the date of this document. There may be additional risks of which we are presently unaware or that we currently deem immaterial. We do not intend, and undertake no obligation, to update our forward-looking statements to reflect future events or circumstances, except as required by law.

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INFORMATION ABOUT THE SPECIAL MEETING OF STOCKHOLDERS

This section contains information about the special meeting of stockholders.

Together with this proxy statement, we are sending you a notice of special meeting of stockholders and a form of proxy that is being solicited by our board of directors for use at the special meeting. The information and instructions contained in this section are addressed to Arbitron stockholders and all references to you or stockholders in this section and elsewhere in the proxy statement should be understood to be addressed to Arbitron stockholders.

Date, Time and Place of the Special Meeting of Stockholders

This proxy statement is being furnished by our board of directors in connection with the solicitation of proxies from holders of Arbitron common stock for use at the special meeting of stockholders to be held on , 2013 at Four Seasons Hotel New York, 57 East 57th Street, New York, New York 10022, at 9:00 a.m., Eastern time, and at any adjournment or postponement of the special meeting, if applicable.

Purpose of the Special Meeting of Stockholders

The following proposals will be considered and voted upon at the special meeting of stockholders:

- adoption of the merger agreement (Proposal No. 1);
- approval of the adjournment of the special meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes at the time of the special meeting to adopt the merger agreement (Proposal No. 2); and
- approval, on an advisory (non-binding) basis of the golden parachute compensation arrangements that may be paid or become payable to our named executive officers in connection with the merger and the agreements and understandings pursuant to which such compensation may be paid or become payable (Proposal No. 3).

Recommendation of Our Board of Directors

Our board of directors has unanimously determined that the merger agreement and the consummation of the transactions contemplated thereby, including the merger, are advisable and fair to and in the best interests of Arbitron and our stockholders and unanimously recommends that stockholders vote **FOR** Proposal No. 1, adoption of the merger agreement, **FOR** Proposal No. 2, approval of the adjournment of the special meeting, if necessary or appropriate, to solicit additional proxies, and **FOR** Proposal No. 3, approval, on an advisory (non-binding) basis, of the golden parachute compensation arrangements that may be paid or become payable to our named executive officers in connection with the merger and the agreements and understandings pursuant to which such compensation may be paid or become payable.

For more information concerning the recommendation of our board of directors with respect to the merger, see Proposal No. 1 Adoption of the Merger Agreement Recommendation of Our Board of Directors as to the Merger; Reasons for the Merger beginning on page 30.

Record Date and Outstanding Shares

The record date for the determination of stockholders entitled to notice of and to vote at the special meeting of stockholders is , 2013. Only stockholders of record of Arbitron common stock as of the close of business on the record date will be entitled to notice of, and to vote at, the special meeting of stockholders and any adjournments or postponements thereof. At the close of business on the record date, there were shares of Arbitron common stock issued and outstanding.

Quorum Requirement

The presence in person or by proxy of the holders of a majority in voting power of the outstanding shares of Arbitron common stock as of the close of business on the record date will constitute a quorum for purposes of the special meeting. Your shares of Arbitron common stock will be counted for purposes of determining whether a

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quorum exists for the special meeting if you return a signed and dated proxy card or voting instruction form, if you submit a proxy or voting instructions by telephone or over the Internet, if you vote in person at the special meeting (and if you are a beneficial owner of shares of Arbitron common stock or if you have obtained a legal proxy from your broker, bank or other nominee giving you the right to vote your shares at the special meeting), even if you **ABSTAIN** from voting on the proposals.

If a quorum is not present at the special meeting of stockholders, we expect that the special meeting will be adjourned to a later date.

Vote Required

Each share of Arbitron common stock outstanding on the record date will be entitled to one vote, in person or by proxy, on each proposal submitted for the vote of stockholders.

Proposal No. 1, adoption of the merger agreement, requires the affirmative vote of the holders of two-thirds of the outstanding shares of Arbitron common stock on the record date. If you do not submit a proxy or voting instructions or do not vote in person at the special meeting, or if you **ABSTAIN** from voting on the adoption of the merger agreement, the effect will be the same as a vote **AGAINST** the adoption of the merger agreement.

Proposal No. 2, approval of the adjournment of the special meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes at the time of the special meeting to adopt the merger agreement, requires the affirmative vote of holders of a majority in voting power of the shares of Arbitron common stock represented at the special meeting, either in person or by proxy, and entitled to vote on the proposal.

Proposal No. 3, approval, on an advisory (non-binding) basis, of the golden parachute compensation arrangements that may be paid or become payable to our named executive officers in connection with the merger and the agreements and understandings pursuant to which such compensation may be paid or become payable, requires the affirmative vote of holders of a majority in voting power of the shares of Arbitron common stock represented at the special meeting, either in person or by proxy, and entitled to vote on the proposal.

With respect to Proposal No. 2 and Proposal No. 3, if you do not submit a proxy or voting instructions or do not vote in person at the meeting, your shares will not be counted in determining the outcome of these proposals. If you **ABSTAIN** from voting on Proposal No. 2 or Proposal No. 3, the effect will be the same as a vote **AGAINST** that proposal.

Shares Held by Directors and Executive Officers

As of the close of business on the record date, our directors and executive officers held and are entitled to vote at the special meeting shares of our common stock (excluding options, DSUs and RSUs), representing approximately % of the aggregate common stock issued and outstanding on that date.

Attending and Voting at the Special Meeting of Stockholders

Only stockholders of record as of the close of business on the record date for the determination of stockholders entitled to vote at the special meeting, authorized proxy holders and our guests may attend the special meeting. If you are a stockholder of record as of the close of business on the record date and you attend the special meeting, you may vote in person by completing a ballot at the special meeting even if you already have signed, dated and returned a proxy card or submitted a proxy by telephone or over the Internet. If your shares of common stock are held in the name of a bank, broker or other nominee, you may not vote your shares of common stock in person at the special meeting unless you obtain a legal proxy from the record holder giving you the right to vote such shares of common stock. In addition, whether you are a stockholder of record or a beneficial owner, you must bring a form of personal photo identification with you in order to be admitted to the special meeting. We reserve the right to refuse admittance to anyone without proper proof of share ownership or proper photo identification.

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Proxies

Each copy of this proxy statement mailed to holders of Arbitron common stock is accompanied by a proxy card or voting instruction form with instructions for authorizing how your shares are to be voted at the special meeting. If you hold stock in your name as a stockholder of record, you may submit a proxy to instruct how your shares are to be voted at the special meeting by (a) completing, signing, dating and returning the enclosed proxy card, (b) calling the telephone number on your proxy card or (c) following the Internet proxy submission instructions on your proxy card to ensure that your vote is counted at the special meeting, or at any adjournment or postponement thereof, regardless of whether you plan to attend the special meeting. Instructions for submitting a proxy by telephone or over the Internet are printed on the proxy card. In order to submit a proxy via the Internet, please have your proxy card available so you can input the required information from the card.

If you hold your Arbitron common stock in street name through a bank, broker or other nominee, you must submit voting instructions to your bank, broker or nominee in accordance with the instructions you have received from your bank, broker or nominee.

All shares represented by valid proxies that are received through this solicitation, and that are not revoked, will be voted in accordance with the instructions on the proxy card. If you make no specification on your proxy card as to how you want your shares voted before signing and returning it, your proxy will be voted in accordance with the recommendation of our board of directors on each of the proposals indicated above.

Revocation of Proxies

Submitting a proxy on the enclosed form does not preclude a stockholder from voting in person at the special meeting. A stockholder of record may revoke a proxy at any time before it is voted by filing with our corporate secretary a duly executed revocation of proxy, by properly submitting a proxy by mail, the Internet or telephone with a later date or by appearing at the special meeting and voting in person. A stockholder of record may revoke a proxy by any of these methods, regardless of the method used to deliver the stockholder s previous proxy. Attendance at the special meeting without voting will not itself revoke a proxy. If your shares of Company common stock are held in street name, you must contact your broker, bank or other nominee to revoke your proxy.

Solicitation of Proxies

This proxy solicitation is being made by the Company on behalf of the board of directors and will be paid for by the Company. The Company s directors and officers and employees may also solicit proxies by personal interview, mail, e-mail, telephone, facsimile or other means of communication. These persons will not be paid additional remuneration for their efforts. The Company has also retained D.F. King & Co., Inc. to assist in the solicitation of proxies for a fee of approximately $12,500 plus the reimbursement of out-of-pocket expenses incurred on behalf of the Company.

Questions and Additional Information

If you have questions about the merger or how to submit your proxy, or if you need additional copies of this proxy statement or the enclosed proxy card or voting instructions, please call D.F. King & Co., Inc., our proxy solicitor, toll-free at (800) 755-7250 (banks and brokers call collect at (212) 269-5550).

Your vote is important. Please sign, date and return your proxy card or voting instruction form or submit your proxy and/or voting instructions by telephone or over the Internet promptly.

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PARTIES TO THE MERGER

Arbitron

Arbitron Inc., a Delaware corporation, is a leading information services firm. Arbitron s primary business is measuring network and local market radio audiences across the United States and also includes: estimating the size and composition of audiences to media other than radio, including mobile media, television viewed out-of-home, and content distributed on multiple platforms; providing qualitative information about consumers, including their lifestyles, shopping patterns, and use of media; and providing software to access and analyze media audience and marketing information data.

Our common stock currently trades on the NYSE under the symbol ARB. Our executive offices are located at 9705 Patuxent Woods Drive, Columbia, Maryland 21046, and our telephone number is (410) 312-8000.

Nielsen

Nielsen, a Netherlands company, together with its subsidiaries, is a leading global information and measurement company that provides clients with a comprehensive understanding of consumers and consumer behavior.

Nielsen s corporate headquarters are located at 770 Broadway, New York, New York 10003, and its telephone number is (646) 654-5000.

Merger Sub

Merger Sub is a Delaware corporation and an indirect wholly-owned subsidiary of Nielsen that was formed solely for the purpose of consummating the merger and the related transactions in connection with the merger. The address of the principal executive offices of Merger Sub is c/o Nielsen Holdings N.V., 770 Broadway, New York, New York 10003, and its telephone number is (646) 654-5000.

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PROPOSAL NO. 1 ADOPTION OF THE MERGER AGREEMENT

The following is a description of the material aspects of the merger, including the merger agreement. While we believe that the following description covers the material terms of the merger, the description may not contain all of the information that may be important to you. We encourage you to read carefully this entire proxy statement, including the merger agreement attached to this proxy statement as Annex A, for a more complete understanding of the merger.

Overview

The merger agreement, dated December 17, 2012, among Nielsen, Merger Sub and Arbitron provides for the merger of Merger Sub, a newly formed, indirect wholly-owned subsidiary of Nielsen, with and into Arbitron, with Arbitron surviving the merger as an indirect wholly-owned subsidiary of Nielsen. Upon consummation of the merger, each share of Arbitron common stock issued and outstanding, other than shares held by Arbitron, Nielsen or Merger Sub and shares held by stockholders who properly demand their appraisal rights under Delaware law, will automatically be converted into the right to receive the merger consideration.

Background of the Merger

The board of directors and the Company s management, in the ordinary course of business, review the Company s long-term strategic plan with the goal of maximizing stockholder value. As part of this ongoing process, the board and management have periodically evaluated potential strategic opportunities relating to the Company s businesses and engaged in discussions with third parties. From time to time, members of management have discussed the marketplace and strategic landscape with Guggenheim Securities.

In the course of its ongoing dialogue with Guggenheim Securities during the first half of 2012, Financial Party A suggested to Guggenheim Securities that it would have interest in meeting with members of the Company s management team to discuss a potential acquisition. Guggenheim Securities informed the Company of this potential interest.

On May 21, 2012, Sean Creamer, who was then the Company s chief operating officer, and Timothy Smith, the Company s executive vice president, business development and strategy, chief legal officer and secretary, and a representative from Guggenheim Securities met with Financial Party A to discuss Financial Party A s preliminary interest in a potential transaction with the Company.

On July 11, 2012, William T. Kerr, who was then the Company s chief executive officer, Mr. Creamer and Mr. Smith met with Financial Party A to further discuss Financial Party A s preliminary interest in a potential transaction with the Company.

On August 28, 2012, the board of directors had a meeting, at which management was present. As part of that meeting, the board discussed Financial Party A s interest and other potential opportunities in connection with its review of the Company s exploration of strategic opportunities.

On September 20, 2012, the executive committee, a standing committee of the board that was established to assist the board in connection with potential strategic transactions, had a telephonic meeting, at which management was present, to discuss creating a process to evaluate the Company s strategic opportunities and reviewed a memorandum regarding board of director fiduciary duties prepared by outside counsel.

On October 1, 2012, Brian West, the chief financial officer of Nielsen, called Mr. Creamer to express Nielsen s preliminary interest in exploring a strategic opportunity.

On October 2, 2012, the executive committee had a meeting, at which representatives from management, Guggenheim Securities and Morrison & Foerster LLP, which we refer to as Morrison & Foerster, were present, to discuss their qualifications to serve as the Company s financial and legal advisors in connection with the Company s consideration of strategic opportunities. After a discussion of the qualifications of the proposed professional advisors and the current familiarity of each firm with the Company and its business, the executive committee determined to recommend that the board engage Guggenheim Securities as its financial advisor and Morrison & Foerster as its legal advisor in connection with the Company s consideration of strategic opportunities.

On October 4, 2012, the executive committee had a telephonic meeting, at which management and representatives from Morrison & Foerster and Guggenheim Securities were present, to discuss the process for a strategic transaction. At the meeting, Mr. Creamer informed the executive committee of Nielsen s potential interest. Representatives from Guggenheim described its recommended process in which targeted and qualified financial sponsors and strategic parties would be contacted in order to evaluate potential market interest in the Company. Guggenheim Securities recommended contacting potential financial buyers first in order to establish the likelihood of a transaction in the absence of strategic interest as well as to establish a price floor and then to contact strategic buyers after transaction viability was determined and the price floor established in light of competitive sensitivities and because strategic buyers would be able to complete their due diligence process more quickly. Guggenheim Securities further advised the Company that it recommended engaging with Nielsen in any event once Nielsen s preliminary interest was confirmed. The executive committee discussed and approved that recommendation and determined that the Company should engage in a process to explore strategic opportunities with Financial Party A and other potential acquirers.

On October 5, 2012, Guggenheim Securities had discussions with Financial Party A and other private equity firms, which we refer to as Financial Party B, Financial Party C and Financial Party D, respectively, to determine each party s interest in a possible transaction with the Company.

On October 8, 2012, Guggenheim Securities, at the request of the executive committee, provided draft confidentiality agreements to Financial Party A, Financial Party B, Financial Party C and Financial Party D.

On October 9, 2012, the executive committee had a telephonic meeting, at which representatives from management, Guggenheim Securities and Morrison & Foerster were present, to further discuss the proposed process for exploring the Company s strategic opportunities. Representatives from Guggenheim Securities updated the committee on the discussions to date with interested parties. The executive committee also discussed Mr. Creamer s upcoming dinner with Mr. West of Nielsen.

Later in the day on October 9, 2012, Mr. Creamer met Mr. West for dinner, during which Mr. West further described Nielsen s potential interest in a strategic transaction. Mr. West indicated that he expected that Nielsen would be in a position to confirm its interest shortly after Nielsen s board meeting on October 25, 2012.

On October 10, 2012, the executive committee had a telephonic meeting, at which representatives from management, Morrison & Foerster and Guggenheim Securities were present, to update the committee members on Mr. Creamer s discussion with Mr. West, and to inform the executive committee that Nielsen would be in a position to confirm its interest after Nielsen s October 25, 2012 board meeting.

Following the executive committee meeting on October 10, 2012, Financial Party C informed Guggenheim Securities that it would not be participating further in the process.

On October 15, 2012, the executive committee held a telephonic meeting, with representatives from management, Morrison & Foerster and Guggenheim Securities present. On Guggenheim Securities recommendation, the executive committee determined to include two additional private equity firms in the process, which we refer to as Financial Party E and Financial Party F, and directed Guggenheim Securities to contact each of them to determine their interest in a possible transaction with the Company. The executive committee also proposed to convene a meeting to update the full board on the status of the process.

On October 18, 2012, the board of directors had a telephonic meeting, at which members of management were present, to discuss the executive committee s actions to consider the Company s strategic opportunities. The board ratified all executive committee actions taken in furtherance of assessing the Company s strategic opportunities.

On October 19, 2012, the Company executed a confidentiality agreement with Financial Party B. Also, on October 19, 2012, Guggenheim Securities had discussions with Financial Party E and Financial Party F to determine each party s interest in a possible transaction with the Company and provided each party with draft confidentiality agreements.

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On October 22, 2012, a private equity firm that we refer to as Financial Party G contacted Guggenheim Securities to indicate that it understood that the Company was exploring strategic opportunities and, if that were true, Financial Party G was interested in a potential transaction with the Company, which Guggenheim relayed to the Company.

On October 24, 2012, at the direction of the executive committee, Guggenheim Securities had discussions with Financial Party G to determine its interest in a possible transaction with the Company and provided it with a draft confidentiality agreement.

On October 26, 2012, David Calhoun, Nielsen s chief executive officer, called Mr. Kerr to express Nielsen s interest in a potential transaction with the Company and to discuss entering into a confidentiality agreement with the Company to allow Nielsen access to non-public information. Later that day, the executive committee had a telephonic meeting, at which representatives from management, Morrison & Foerster and Guggenheim Securities were present, to update the committee on the status of various matters related to the transaction process, including the call that Mr. Kerr received from Mr. Calhoun. The executive committee discussed the interest shown by Nielsen and decided to provide Nielsen with access to information that was being provided to other interested parties.

On October 27, 2012, the Company executed a confidentiality agreement with Financial Party A.

Also on October 27, 2012, Guggenheim Securities provided a draft confidentiality agreement to Nielsen.

On October 28, 2012, the executive committee had a telephonic meeting, at which representatives from management, Morrison & Foerster and Guggenheim Securities were present, to discuss information received to date from various interested parties. Representatives from Morrison & Foerster briefed the board on regulatory matters associated with a potential transaction with Nielsen.

On October 29, 2012, the Company executed a confidentiality agreement with Financial Party G. Also on October 29, 2012, Mr. Calhoun called Mr. Kerr to propose a meeting among each company s outside legal counsel to review any potential regulatory issues related to a possible transaction between the Company and Nielsen. Later that day, the executive committee had a meeting, at which representatives from management, Morrison & Foerster and Guggenheim Securities were present, to discuss the previously distributed draft management presentation.

Also on October 29, 2012, the Company s management, at the request of the executive committee, made a presentation to Financial Party G by videoconference. Representatives from Guggenheim Securities were also present at the meeting.

On October 30, 2012, the Company s management, at the request of the executive committee, made a presentation to Financial Party B and a presentation by videoconference to Financial Party D. Representatives from Guggenheim Securities were also present at the meetings. The Company executed a confidentiality agreement with Financial Party D prior to the management presentation. Also on October 30, 2012, the executive committee had a telephonic meeting, at which representatives from management, Morrison & Foerster and Guggenheim Securities were present, to provide a summary of the meetings with Financial Party D and Financial Party B that occurred earlier that day and also to update the committee on the status of various other matters related to the transaction process.

On October 31, 2012, Mr. Calhoun and Mr. Kerr had conversations regarding Nielsen s participation in the Company s exploration of strategic opportunities and scheduled a meeting for November 7, 2012.

Also on October 31, 2012, the Company executed a confidentiality agreement with Nielsen, and the Company s management, at the request of the executive committee, made a presentation to Financial Party A. Later that day, the executive committee had a meeting, at which representatives from management, Morrison & Foerster and Guggenheim Securities were present, to provide a summary of the meeting with Financial Party A that occurred earlier that day and to discuss the status of the process for exploring the Company s strategic opportunities and information received to date from various interested parties. The executive committee decided to expand the process to include three additional strategic parties, which we refer to as Strategic Party H, Strategic Party I and Strategic Party J, all of whom were contacted soon thereafter by Guggenheim Securities on November 1, 2012.

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On November 1, 2012, Financial Party F indicated it was no longer interested in pursuing a potential transaction with the Company in light of competing priorities.

On November 2, 2012, the executive committee had a meeting, at which representatives from management, Morrison & Foerster and Guggenheim Securities were present, to discuss the status of the process for exploring the Company s strategic opportunities and information received to date from various interested parties. At that meeting, Guggenheim Securities indicated that senior management at Strategic Party J indicated that it would not be interested in pursuing a potential transaction with the Company at that time.

On November 3, 2012, Guggenheim Securities informed the Company that Strategic Party H indicated that it would not be interested in pursuing a transaction with the Company in light of the size of the transaction and other strategic priorities.

On November 5, 2012, at the request of the executive committee, Guggenheim Securities sent bid process letters to Financial Party A, Financial Party B, Financial Party D and Financial Party G, which provided, among other things, that non-binding proposals to acquire the Company were due by November 27, 2012.

On November 5, 2012, representatives from the Company, Morrison & Foerster, Nielsen and Paul, Weiss, Rifkind, Wharton & Garrison LLP, antitrust counsel to Nielsen, which we refer to as Paul Weiss, had a meeting by videoconference to discuss regulatory issues associated with the potential transaction with Nielsen.

On November 6, 2012, the executive committee had a meeting, at which representatives from management, Morrison & Foerster and Guggenheim Securities were present, to discuss the status of the Company s exploration of strategic opportunities, including a discussion of regulatory issues and a potential transaction with Nielsen. In connection with this discussion, the executive committee discussed comments from Nielsen about their strong interest in a potential strategic transaction and whether the Company would be willing to receive a pre-emptive bid from Nielsen. The executive committee determined that it would consider a bid from Nielsen. The executive committee determined to expand the process to include Strategic Party K, and Guggenheim Securities contacted Strategic Party K later that day.

Also on November 6, 2012, the Company executed a confidentiality agreement with Financial Party E.

On November 7, 2012, Mr. Kerr met with Mr. Calhoun to discuss Nielsen s interest in a potential transaction and Nielsen s view on timing of the transaction. At this meeting Mr. Calhoun indicated that Nielsen would be prepared to make an offer following the Company s management presentation, which was scheduled for November 15, 2012.

Also on November 7, 2012, Financial Party B indicated to Guggenheim Securities that it would like to explore backing a strategic party that we refer to as Strategic Party L, in a potential acquisition of the Company as it did not believe that it could pay a significant enough premium to acquire the Company without a partner.

Later on November 7, 2012, Guggenheim Securities, at the request of the executive committee, had discussions with Strategic Party I. Also that day, the Company s management presented to Financial Party E and had an in-person due diligence meeting with Financial Party G. Representatives from Guggenheim Securities were also present at these meetings.

On November 8, 2012, the executive committee had a meeting, at which representatives from management, Morrison & Foerster and Guggenheim Securities were present, to discuss the status of the process for exploring the Company s strategic opportunities and information received to date from various interested parties. The executive committee also discussed Financial Party B s interest in exploring a potential acquisition transaction with Strategic Party L. The executive committee indicated it was not inclined to further explore a potential transaction proposed by Financial Party B, in which Financial Party B would back Strategic Party L, because the executive committee believed that such a transaction was not likely to provide the highest value to stockholders and would have significant execution risk.

Also on November 8, 2012, the Company s management and representatives from Guggenheim Securities met with each of Financial Party A and Financial Party D for additional due diligence relating to a potential transaction. On the same day, Guggenheim Securities communicated to Financial Party B that the Company would not likely be interested in the proposed transaction involving Financial Party B backing Strategic Party L on the terms initially provided, and Financial Party B subsequently withdrew its interest in a possible transaction prior to the initial bid date.

On November 12, 2012, Strategic Party K declined to pursue a transaction with the Company.

On November 13, 2012, the board of directors had a meeting, at which representatives from management, Morrison & Foerster and Guggenheim Securities were present, to receive updates from the executive committee on various matters related to the transaction process, including the status of discussions with Nielsen. As part of this discussion, management and Guggenheim Securities indicated that they expected Nielsen would likely make a bid following the Company s management presentation later in the week. At the same meeting, representatives from Morrison & Foerster advised the board of its fiduciary duties and provided the board with an overview of regulatory matters in the context of acquisition transactions. Guggenheim Securities recommended that a potential strategic acquirer, that we refer to as Strategic Party M, be contacted to determine its interest in a possible transaction with the Company. The board of directors ratified all actions taken by the executive committee to date in connection with the potential transaction and agreed that the Company should pursue a bid from Nielsen. Later that day, Guggenheim Securities, at the request of the executive committee, had discussions with Strategic Party M to determine its interest in a transaction.

Between November 13, 2012 and November 15, 2012, Guggenheim Securities received inbound inquiries regarding the Company from private equity firms that we refer to as Financial Party N, Financial Party O and Financial Party P. Guggenheim Securities had conversations with each of them to further ascertain the seriousness of their interest.

On November 14, 2012, the Company s management and representatives from Guggenheim Securities met with Financial Party D to further discuss Financial Party D s interest in a potential transaction. Later that evening, the Company s management and representatives from Guggenheim Securities met with Financial Party A to further discuss Financial Party A s interest in a potential transaction.

On November 15, 2012, the Company s management made a presentation to representatives of Nielsen and Nielsen s financial advisor, J.P. Morgan Securities LLC (which we refer to as J.P. Morgan) regarding the Company s business and prospects and, at the request of the executive committee, Guggenheim Securities sent a bid process letter to Nielsen which provided, among other things, that non-binding proposals to acquire the Company were due by November 27, 2012.

Also on November 15, 2012, the Company s management and representatives from Guggenheim Securities spoke by telephone with Financial Party G to further discuss Financial Party G s interest in a potential transaction.

Later on November 15, 2012, representatives of Nielsen and J.P. Morgan met with representatives of Guggenheim Securities and management, and Nielsen presented a written proposal to acquire the Company at a price of $45.00 per share, along with a draft merger agreement and a proposed timeline for completing a transaction, which contemplated entering into the merger agreement on or before November 30, 2012.

On November 16, 2012, the executive committee had a telephonic meeting, at which representatives from management, Guggenheim Securities and Morrison & Foerster were present. Representatives from Guggenheim Securities provided an update on the process for exploring the Company s strategic opportunities and discussed Nielsen s proposal, including the proposed timeline. As part of this update, the executive committee expressed concern that both the price and the terms proposed by Nielsen were not attractive enough to cause the Company to discontinue discussions with other potential acquirers and requested that management report back to the executive committee with proposals on how to improve Nielsen s proposal.

Also on November 16, 2012, the Company s management and representatives from Guggenheim Securities met with Financial Party E to further discuss Financial Party E s interest in a potential transaction.

Also on November 16, 2012, the Company executed a confidentiality agreement with Strategic Party M.

On November 19, 2012, Guggenheim Securities, at the request of the executive committee, had further discussions with Financial Party N to determine the extent of its continued interest in a possible transaction with the Company and provided a draft confidentiality agreement to Financial Party N.

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Also on November 19, 2012, the executive committee had a telephonic meeting, at which representatives from management, Guggenheim Securities and Morrison & Foerster were present. Representatives from Guggenheim Securities provided an update on the status of various matters related to the transaction process. In discussing Nielsen s draft merger agreement, representatives from Morrison & Foerster noted, among other things, that the level of efforts required by Nielsen to obtain regulatory clearance did not include any affirmative obligations to take specific actions. The draft merger agreement included a proposed reverse termination fee in the amount of two times the termination fee and the circumstances upon which such a fee would be paid. After the conclusion of this meeting the executive committee requested that management and its advisors make a revised proposal to Nielson on regulatory risk allocation before continuing discussions on valuation.

On November 20, 2012, Guggenheim Securities, at the request of the executive committee, delivered to J.P. Morgan the Company s proposed set of provisions for the merger agreement relating to regulatory approvals, which provided for an affirmative obligation on the part of Nielsen to take remediation steps in order to obtain antitrust approval for the transaction and proposed a reverse termination fee in the amount of 10% of the transaction value, as well as a trigger for payment of the reverse termination fee that was not contingent on the Company s conditions to closing being satisfied.

Also on November 20, 2012, representatives from Guggenheim Securities spoke by telephone with the executive committee to provide a preliminary valuation presentation to assist the executive committee in evaluating Nielsen s proposal and in the related negotiation of valuation.

On November 21, 2012, a representative from J.P. Morgan communicated to Guggenheim Securities that Nielsen did not view regulatory risk as a significant issue for the proposed transaction and was not willing to agree to the Company s proposal regarding regulatory approvals. J.P. Morgan reiterated that Nielsen was willing to agree to a reverse termination fee equal to two times the termination fee as a way to address any perceived regulatory risk. J.P. Morgan also communicated that in the absence of substantial engagement by the Company with Nielsen by Wednesday, November 28, 2012, Nielsen would terminate discussions with the Company.

Between November 21 and 25, 2012, representatives of the Company, the executive committee, Guggenheim Securities and Morrison & Foerster discussed Nielsen s proposal, including the proposed timeline, and various potential responses to Nielsen.

On November 24 and 25, 2012, a representative of Guggenheim Securities and a representative of J.P. Morgan discussed the nature of Nielsen s proposal and a potential transaction process. The representatives from J.P. Morgan communicated that Nielsen wanted to sign a definitive transaction document in December because it did not want to be constrained from pursuing other corporate priorities by being involved in a lengthy process that extended into 2013. Guggenheim Securities informed the executive committee that it believed that Nielsen s priority most likely was to complete a potential capital markets transaction by the end of the year.

On November 25, 2012, the Company executed a confidentiality agreement with Financial Party N and, at the request of the executive committee, Guggenheim Securities sent a bid process letter to Financial Party N which provided, among other things, that non-binding proposals to acquire the Company were due by November 27, 2012.

On November 26, 2012, J.P. Morgan provided Guggenheim Securities with a revised transaction timeline, which indicated that Nielsen was targeting December 7, 2012 as a date for entering into a definitive agreement. Also on November 26, 2012, Strategic Party I informed Guggenheim Securities and the Company that it would not be participating further in the process.

During the afternoon on November 26, 2012, the Company s management, at the request of the executive committee, made a presentation to Financial Party N. Representatives from Guggenheim Securities were also present at the meeting.

Later in the day on November 26, 2012, the executive committee had a telephonic meeting, at which representatives from management, Morrison & Foerster and Guggenheim Securities were present, to discuss various matters related to the transaction process, including discussions with Nielsen and a proposed response on regulatory and valuation matters. Also on November 26, 2012, the board of directors had a telephonic meeting, at which representatives from management, Guggenheim Securities and Morrison & Foerster were present, to receive an update from the executive committee on various matters related to the transaction process, including an update on the status of Nielsen s proposal and proposed timeline. The board ratified the decisions and recommendations of the executive committee relating to the process to evaluate a potential transaction. Representatives from Guggenheim Securities provided the board with information regarding valuation to assist the board in evaluating Nielsen s proposal, and representatives from Morrison & Foerster provided an update on negotiations.

On November 27, 2012, Morrison & Foerster, at the request of the executive committee, sent a proposed draft merger agreement to Simpson Thacher & Bartlett LLP, which we refer to as Simpson Thacher, outside legal counsel to Nielsen. Also on that day, Financial Party A presented to Guggenheim Securities a written proposal to acquire the Company at a price in the range of $44.00 to $46.00 per share and Financial Party G presented to Guggenheim Securities a written proposal to acquire the Company at a price of $42.50 per share, in both cases, subject to finalizing the terms and conditions of a mutually satisfactory merger agreement. Additionally, Financial Party D informed Guggenheim Securities that it would not be participating further in the process because its valuation was at a level that would likely be unattractive to the board of directors given the low implied premium to the current stock price. The executive committee subsequently directed Guggenheim Securities to expand the process to include Financial Party O and Financial Party P.

On November 28, 2012, Financial Party N presented to Guggenheim Securities a written proposal to acquire the Company at a price of $45.00 per share, subject to finalizing the terms and conditions of a mutually satisfactory merger agreement, and Financial Party E informed Guggenheim Securities that it would not be participating further in the process.

On November 28, 2012, representatives from Morrison & Foerster spoke by telephone with representatives from Simpson Thacher to discuss any significant concerns Nielsen had with the Company s draft of the merger agreement.

Later on November 28, 2012, the executive committee had a meeting, at which representatives from management, Morrison & Foerster and Guggenheim Securities were present, to discuss the Nielsen offer and the other proposals received by the Company, including a discussion of the Company s proposed responses. Representatives from Morrison & Foerster provided a review of negotiation matters and how pursuing a transaction with a strategic party such as Nielsen would differ from a transaction with a financial sponsor. Representatives from Guggenheim Securities advised the Company that, based on its experience in comparable situations and its interactions with bidders to date, it believed that it was more likely that a final offer price from the other bidders would fall within the initial bidding range than be at a higher price.

On November 29, 2012, the board of directors had a meeting, at which representatives from management, Morrison & Foerster and Guggenheim Securities were present, to receive an update from the executive committee on various matters related to the transaction process, including a summary of the proposals received by the Company from financial sponsors and strategic parties. Representatives from Guggenheim Securities provided an overview of the proposals received and information from other parties included in the process. Representatives from Morrison & Foerster briefed the board on negotiation matters and how pursuing a transaction with a strategic party such as Nielsen would differ from a transaction with a financial sponsor. The board of directors and its advisors then discussed the Company s proposed response to each of the bidders. As a result of this discussion, the board of directors directed Guggenheim Securities to propose to Nielsen a transaction at a price per share in excess of $50.00, a reverse termination fee of 10% of the transaction value and a trigger for payment of the reverse termination fee that was not contingent on the Company s conditions to closing being satisfied. The board of directors also authorized the executive committee to proceed with its proposed responses to the other bidders.

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Also on November 29, 2012, Guggenheim Securities communicated to J.P. Morgan the board of directors response. Guggenheim also contacted Financial Party A, Financial Party G and Financial Party N on November 29, 2012 to discuss their respective proposals and continuing interest in pursuing a transaction. Financial Party G indicated later that day that it would not be able to increase its bid to be competitive and therefore declined to continue to pursue a transaction with the Company.

Later on November 29, 2012, representatives from Nielsen and J.P. Morgan indicated to Guggenheim Securities that Nielsen would be unable to complete a transaction at $50.00 per share. Representatives from Nielsen and J.P. Morgan also indicated that Nielsen would send a letter to the Company s board of directors that would contain Nielsen s best and final offer.

On December 3, 2012, Nielsen delivered a revised offer to the Company, together with a markup of the merger agreement and a proposed revised timeline for completing a transaction, which proposed that the merger agreement would be entered into between December 14 and December 16. The revised offer indicated that it was a best and final offer and reflected a price of $48.00 per share, but included a reverse termination fee of 10% of the transaction value and other concessions relating to the regulatory covenants. Nielsen also communicated to Guggenheim Securities that it was unable to defer the resolution of its proposal beyond these dates.

Later on December 3, 2012, the Company s management and representatives from Guggenheim Securities spoke by telephone with Strategic Party M to further discuss Strategic Party M s interest in a potential transaction. Also on December 3, 2012, the Company s management and representatives from Guggenheim Securities spoke by telephone with Financial Party P to further discuss Financial Party P s interest in a potential transaction.

Also on December 3, 2012, the board of directors had a telephonic meeting, at which representatives from management, Morrison & Foerster and Guggenheim Securities were present. Representatives from Guggenheim Securities provided an update on various matters related to the transaction process since the November 29, 2012 board meeting, including the status of the other participants in the process. The board of directors discussed the letter received by the Company from Nielsen, Nielsen s proposed timeline, including the reasons expressed by Nielsen for its proposed timeline, and Nielsen s material revisions to the draft merger agreement. The board of directors directed Guggenheim Securities to set up a meeting among representatives of Nielsen and the Company on December 5 to discuss key aspects of Nielsen s proposal.

On December 5, 2012, representatives from the Company, Morrison & Foerster and Guggenheim Securities met with representatives from Nielsen, Simpson Thacher and J.P. Morgan to discuss the merger agreement and negotiate key open issues, including, among others, the antitrust covenants, the termination provisions, the fiduciary out, the termination fees and reverse termination fees and the financing covenant. Later that day, the executive committee had a telephonic meeting, at which representatives from management, Morrison & Foerster and Guggenheim Securities were present, to discuss various matters related to the transaction process, the status of the potential bidders, and the meeting with Nielsen.

On December 6, 2012, on behalf of the Company, Morrison & Foerster made an inquiry of Guggenheim Securities to obtain information on the current status of Guggenheim Securities relationship with Nielsen. Guggenheim Securities indicated that during the last two years it had received customary compensation as a co-manager for Nielsen s initial public offering and concurrent offering of 6.25% Mandatory Convertible Subordinated Bonds due 2013 and a secondary offering of Nielsen common stock, and that Guggenheim Securities believed it would participate in the potential capital markets transaction that Guggenheim Securities previously discussed with the executive committee, if it occurred. Later on December 6, 2012, the executive committee had a telephonic meeting, at which representatives from management and Morrison & Foerster were present, to discuss Guggenheim Securities relationship with Nielsen, the potential conflict of interest with Guggenheim Securities role as financial advisor to the Company and the provisions of the Company s engagement letter with Guggenheim Securities (including provisions of the Company s engagement letter with Guggenheim Securities relating to Guggenheim Securities providing investment banking services to other parties). As part of this meeting, the executive committee discussed the possibility of retaining an additional financial advisor.

Also on December 6, 2012, the Company s management and representatives from Guggenheim Securities spoke by telephone with Financial Party O to further discuss Financial Party O s interest in a potential transaction.

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On December 7, 2012, the Company sent a revised draft of the merger agreement to Nielsen. Later that day, Mr. Guarascio spoke by telephone with Mr. Calhoun to discuss the possibility of Nielsen increasing its offer. Mr. Calhoun indicated that Nielsen was unable to increase its offer beyond $48.00 per share. Subsequent to that meeting, the executive committee had a telephonic meeting, at which representatives from management, Morrison & Foerster and Guggenheim Securities were present, to discuss Nielsen s unwillingness to increase its offer. Given the premium of Nielsen s offer over the proposals submitted by other bidders, the board of director s belief that it was unlikely that the other bidders would be in a position to offer a price comparable to Nielsen s offer and the progress on transaction terms, the executive committee agreed to continue discussions with Nielsen based upon Nielsen s bid price, subject to finalizing the other material terms of the transaction, while simultaneously continuing to pursue alternative transactions. Later that day, the executive committee had a meeting, at which representatives from management and Morrison & Foerster were present, to discuss ongoing transaction process issues and the advantages of retaining Signal Hill, who had maintained a general financial advisory relationship with the Company since 2007, and the various roles that Signal Hill might assume. The executive committee then instructed management to initiate discussions to engage Signal Hill as co-advisor. The executive committee met for a third time on December 7, 2012, with representatives from management and Morrison & Foerster, to discuss Mr. Guarascio s call with Nielsen and the potential engagement of Signal Hill as co-advisor.

Also on December 7, 2012, the Company s management and representatives from Guggenheim Securities met with Financial Party A for additional due diligence relating to a potential transaction. On the same day, representatives from Guggenheim Securities spoke by telephone with each of Financial Party A and Financial Party N to further discuss the status of each party s due diligence efforts and estimated time to completion.

On December 8, 2012, Simpson Thacher sent a revised draft of the merger agreement to Morrison & Foerster.

On December 9, 2012, the board of directors had a meeting, at which representatives from management, Guggenheim Securities and Morrison & Foerster were present, to discuss the significant open issues with respect to a transaction with Nielsen, including the antitrust covenants and the reverse termination fee trigger contained in the proposed merger agreement. The board of directors re-convened later that day with representatives from Morrison & Foerster to discuss Guggenheim Securities relationship with Nielsen and how it may affect the process and the board s evaluation of the transaction. Management provided an update on the timing and process for a potential engagement of Signal Hill by the Company as co-advisor. The board of directors considered various options with respect to how the Company might proceed with Nielsen.

On December 10, 2012, the Company s management and representatives from Guggenheim Securities spoke by telephone with Nielsen to further discuss the potential transaction.

Later on December 10, 2012, the executive committee had a meeting, at which representatives from management, Morrison & Foerster, and Richards, Layton & Finger, P.A., which we refer to as Richards Layton, the Company s Delaware counsel, were present, to discuss matters relating to the interest of other parties, Nielsen s proposal and the engagement of Signal Hill, including Signal Hill s due diligence efforts to date. At the board s request, representatives from Morrison & Foerster and Richards Layton discussed the fiduciary duties of the board of directors in connection with a potential change of control of the Company and the board s options with respect to the current process.

The executive committee then asked Signal Hill to join the meeting and requested Signal Hill to take appropriate steps to become fully involved in the transaction process so that Signal Hill would be in a position to advise on the present indications of interest, the Nielsen proposal and the fairness, from a financial point of view, of the proposed consideration offered by Nielsen.

The executive committee then determined to continue the process with respect to other potential acquirers and directed management to continue meeting with potential acquirers while the Company continued to negotiate with Nielsen.

On December 11, 2012, Morrison & Foerster sent a revised draft of the merger agreement to Simpson Thacher.

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Also on December 11, 2012, the Company s management and representatives from Guggenheim Securities spoke by telephone with Financial Party A to further discuss Financial Party A s interest in a potential transaction.

On December 12, 2012, the Company s management and representatives from Guggenheim Securities and Signal Hill met with Financial Party N for additional due diligence relating to a potential transaction. During that meeting, Financial Party N indicated that it did not believe that it could deliver a value to the Company as high as the value that certain of the other bidders could deliver and therefore would not continue to explore a transaction with the Company.

Also on December 12, 2012, the executive committee had a telephonic meeting, at which representatives from management, Morrison & Foerster, Guggenheim Securities and Signal Hill were present. Representatives from Guggenheim Securities and Signal Hill and Mr. Creamer provided a summary of the meeting with Financial Party N. Representatives from Signal Hill and Guggenheim Securities summarized the discussions with various potential acquirers since the last executive committee meeting. The status of the Company s preliminary regulatory review in connection with the potential Nielsen transaction was also discussed. Morrison & Foerster discussed the status of the draft merger agreement with Nielsen and the principal open issues, including Nielsen s continuing disagreement with the Company s proposed regulatory efforts covenant and the triggers for the reverse termination fee.

On December 13, 2012, the Company s management and representatives from Guggenheim Securities and Signal Hill met with Financial Party A for further due diligence relating to a potential transaction.

Also on December 13, 2012, the executive committee had a meeting, at which representatives from management, Morrison & Foerster, Guggenheim Securities and Signal Hill were present, to discuss the status of various matters related to the transaction process. After receiving an update regarding the status of discussions with Nielsen, the executive committee instructed Guggenheim Securities and Signal Hill to discuss with Financial Party A and Financial Party N the status of their respective due diligence reviews of the Company.

In connection with the executive committee s review of the Projections (as defined in Prospective Financial Information below) that management had provided to potential bidders in connection with the transaction, the executive committee asked management to prepare an additional set of Projections based on assumptions that were more conservative and that the executive committee viewed as more likely to be achieved. Specifically, the executive committee wanted to understand a sensitivity analysis around the assumptions relating to margin growth and the development of new product offerings, including mobile and cross-platform offerings. Management prepared an additional set of Projections and provided these to the executive committee, Guggenheim Securities and Signal Hill.

On December 13, 2012 and December 14, 2012, Simpson Thacher and Morrison & Foerster continued to negotiate the merger agreement and exchange drafts of the merger agreement.

On December 14, 2012, Guggenheim Securities and Signal Hill had discussions with Financial Party A and Financial Party N regarding the status of their respective due diligence reviews. Financial Party A and Financial Party N each indicated that they were approximately 4-6 weeks away from completing sufficient due diligence to more definitively value the Company and to obtain financing commitments. Later on December 14, 2012, the executive committee held a meeting with representatives from Morrison & Foerster, Guggenheim Securities and Signal Hill to receive an update regarding the discussions with Financial Party A and Financial Party N. Both Guggenheim Securities and Signal Hill advised the Company that based on their prior experience, interaction with the bidders and status of the due diligence investigation to date, that it was unlikely that either Financial Party A or Financial Party N would be in a position to provide a final offer, including financing commitments, on terms comparable to Nielsen.

On December 15, 2012, the executive committee held a telephonic meeting, at which representatives from management, Morrison & Foerster, Guggenheim Securities and Signal Hill were present, to discuss the transaction. Guggenheim Securities and Signal Hill updated the executive committee regarding the status of discussions with Financial Party A and Financial Party N. The executive committee then met separately with

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representatives from management and Morrison & Foerster to discuss the transaction process and the status of discussions regarding the proposed merger agreement with Nielsen.

On December 15, 2012 and December 16, 2012, Simpson Thacher and Morrison & Foerster continued to negotiate the merger agreement and exchange drafts of the merger agreement.

On December 16, 2012, the board of directors held a telephonic meeting, at which representatives from management, Morrison & Foerster, Guggenheim Securities and Signal Hill were present, to discuss the transaction. Guggenheim Securities and Signal Hill updated the board regarding the status of discussions with interested parties since the prior board meeting. Representatives from Morrison & Foerster updated the board on negotiations. The board then met separately with Morrison & Foerster and discussed the transaction process and the status of discussions regarding the proposed merger agreement with Nielsen and the advice of its financial advisors. Representatives from Signal Hill then re-joined the meeting to discuss its ability to provide the board with a fairness opinion.

On December 17, 2012, the board of directors had a meeting, at which representatives from management, Morrison & Foerster, Guggenheim Securities and Signal Hill were present, to discuss the transaction. Representatives from Guggenheim Securities and Signal Hill gave an overview of the history of the proposed transaction process and the individual discussions with each of the bidders to date, as well as updated the board on the current status of those discussions. Each of Guggenheim Securities and Signal Hill then met separately with the board of directors and representatives from management and Morrison & Foerster, and delivered to the board of directors an oral opinion, which opinion was subsequently confirmed in writing as of the same date, to the effect that, as of that date and based upon and subject to the factors and assumptions set forth therein, the $48.00 cash merger consideration to be paid by Nielsen to the holders of the outstanding shares of the Company s common stock pursuant to the merger agreement was fair from a financial point of view to such holders.

The full text of the written opinion of each of Guggenheim Securities and Signal Hill, which sets forth the assumptions made, procedures followed, matters considered and limitations on the review undertaken in connection with such opinion, is attached as Annex B-1 and B-2 to this proxy statement, respectively.

Morrison & Foerster then described to the board of directors the terms of the proposed merger agreement with Nielsen, including termination fees, antitrust covenants, closing conditions, provisions relating to the Company s ability to respond to alternative proposals, employee benefits provisions and other terms and conditions. Representatives of each of Guggenheim Securities and Signal Hill reviewed the financial terms of the Nielsen proposal. Throughout the presentations, the board asked numerous questions of each of Guggenheim Securities and Signal Hill. Members of the executive committee discussed the reasons for and against moving forward with a transaction with Nielsen, and the executive committee then recommended entering into the merger agreement with Nielsen, if the Company could come to agreement on the remaining outstanding terms.

Among the reasons in favor of moving forward with a transaction with Nielsen, were the fact that Financial Party A and Financial Party N had individually indicated that they were several weeks away from completing sufficient due diligence to more definitively value the Company. Each of Guggenheim Securities and Signal Hill indicated to the board their respective beliefs that, upon conclusion of due diligence, it would be unlikely that either of Financial Party A or Financial Party N would be willing to improve its bid to terms comparable to Nielsen.

After considering the proposed terms of the merger agreement, the views of management and the various presentations of its legal and financial advisors, and taking into consideration the factors described under Recommendation of Our Board of Directors as to the Merger; Reasons for the Merger , and Interests of Executive Officers and Directors in the Merger, the board of directors unanimously determined that the merger and the other transactions contemplated by the merger agreement are advisable and fair to, and in the best interests of, Arbitron stockholders, and approved the merger agreement, the merger and the other transactions contemplated by the merger agreement, and recommended that Arbitron stockholders adopt the merger agreement.

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The board also ratified all actions taken by the executive committee to date in connection with the Company s exploration of strategic opportunities.

During the course of the Company s exploration of strategic opportunities, each of the confidentiality agreements entered into with potential bidders contained, upon advice of the Company s counsel, a standstill provision (a standstill) preventing the potential bidder from offering to purchase shares of the Company s stock for a specified period. In addition, each confidentiality agreement contained a provision stating that a potential bidder was not permitted to ask for a waiver of a standstill (a no-ask, no-waiver provision). Thus, absent the Company s decision affirmatively to waive a no-ask, no-waiver provision of the confidentiality agreement, none of the parties to the confidentiality agreements could approach the Company to request a waiver of a standstill in order to present an offer to purchase shares of the Company s stock in a consensual merger or other form that might constitute a superior proposal under Section 5.03 of the merger agreement with Nielsen.

During the course of the day of December 17, 2012, the Company and representatives from Morrison & Foerster and Simpson Thacher and Nielsen finalized items relating to the merger agreement and on the evening of December 17, 2012, the Company, Nielsen and Merger Sub executed the merger agreement.

On December 18, 2012, the Company, Nielsen and Merger Sub issued a joint press release announcing the execution of the merger agreement.

Recommendation of Our Board of Directors as to the Merger; Reasons for the Merger

Reasons for the Merger

Our board of directors evaluated, with the assistance of its legal and financial advisors, the merger agreement and the transactions contemplated by the merger agreement, including the merger and, on December 17, 2012, unanimously determined that the merger agreement, the merger and the other transactions contemplated thereby, were fair, advisable and in the best interests of the Company and its stockholders.

In the course of making the unanimous recommendation described above, the members of the board considered the following positive factors relating to the merger agreement, the merger and the other transactions contemplated thereby, each of which the members of our board believed supported their decision:

Consideration: Historical Trading Prices. The current and historical market prices of the Company s common stock, including the fact that the merger consideration of $48.00 per share represented a premium of approximately 26.2% to the closing price of the common stock on December 17, 2012 (the last full trading day before the announcement of the merger) and an approximately 31.6% premium over the Company s average closing price over the six months preceding the announcement of the merger agreement.

Comparability to Other Alternatives. That our board unanimously believed the merger consideration of $48.00 per share was more favorable to the Company s stockholders than the potential value that might result from other alternatives reasonably available to the Company, including the alternative of remaining a stand-alone public company and other alternatives or strategies that might be undertaken as a stand-alone public company in light of a number of factors, including the risks and uncertainty associated with those alternatives and strategies.

Results of Process. That the Company had conducted a process, during which representatives of the Company contacted or had discussions with ten financial and seven strategic parties (including Nielsen) believed to be potentially interested acquirers, which process resulted in multiple proposals, none of which produced a higher offer than the Nielsen proposal.

Cash Consideration; Certainty of Value. That the form of consideration to be paid to holders of Company common stock is cash, which will provide certainty of value and immediate liquidity to the holders of such Company common stock, while avoiding long-term business risk.

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Financial Condition and Prospects of the Company. Our board s understanding of the Company s business, assets, financial condition and results of operations, its competitive position and historical and projected financial performance, and the nature of the industry and regulatory environment in which the Company operates, including:

The Company s Growth Prospects. The risks affecting economic trends and changes in media consumption affecting the Company s traditional customer base and whether the Company can successfully leverage new services and markets.

Customer Concentration. The risks associated with the Company s high customer concentration, including that the Company s largest client represents approximately 20% of the Company s revenue.

Achievement of Projected Operating Margins. The Company faced increasing challenges related to profit margins due to, among other things:

the costs of obtaining and maintaining Media Rating Council accreditation for the Company s Portable People Meter (PPM) technology in existing and new markets;

the costs related to expansion into new media platforms; and

the increasing costs associated with the Company s data collection, including the costs of address-based sampling, cell phone-only household recruitment and in-person recruiting.

Financial Advisor Opinions.

The opinion and financial presentation of Guggenheim Securities, dated December 17, 2012, provided to our board that based on and subject to the various considerations, limitations and other matters set forth in its opinion, the consideration to be received pursuant to the merger agreement by holders of shares of Arbitron common stock is fair, from a financial point of view, to such stockholders, as more fully described in the section entitled Proposal No. 1 Adoption of the Merger Agreement Opinions of Our Financial Advisors Opinion of Guggenheim Securities beginning on page 37.

The opinion and financial presentation of Signal Hill, dated December 17, 2012, provided to our board that based on and subject to the various considerations, limitations and other matters set forth in its opinion, the consideration to be received pursuant to the merger agreement by holders of shares of Arbitron common stock is fair, from a financial point of view, to such stockholders, as more fully described in the section entitled Proposal No. 1 Adoption of the Merger Agreement Opinions of Our Financial Advisors Opinion of Signal Hill beginning on page 46.

Terms of the Merger Agreement. The terms and conditions of the merger agreement and related transaction documents, including:

the requirement that the merger agreement be adopted by the holders of two-thirds of the outstanding shares of Arbitron common stock on the record date for the determination of stockholders entitled to vote at the special meeting;

the provision of the merger agreement allowing the Company, under certain circumstances, to provide information to, or participate in discussions or negotiations with, third parties regarding other potential takeover proposals;

the provision of the merger agreement allowing the board, under certain circumstances, to withdraw or change its recommendation of the merger agreement, and to terminate the merger agreement, in certain circumstances relating to the presence of a superior proposal, subject, in certain cases, to the payment by the Company of a termination fee of $32.7 million;

the absence of a financing condition in the merger agreement;

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- the fact that Nielsen and Merger Sub had already obtained committed debt financing for the transaction, the limited number and nature of the conditions to the debt financing and Nielsen s representations and warranties regarding the availability of financing;

- the fact that Nielsen must use reasonable best efforts to obtain necessary antitrust clearances and that, under certain circumstances, if such clearances are not obtained despite such efforts, Nielsen may be required to pay Arbitron a reverse termination fee of $131.0 million;

- the fact that the financial and other terms and conditions of the merger agreement, including the antitrust covenants agreed to by Nielsen, the absence of a financing condition and the Company s right in certain circumstances to specifically enforce Nielsen s obligations under the merger agreement, were the product of arm s-length negotiations among the parties and provided reasonable assurances that the merger was likely to be consummated; and

- the fact that the termination date (i.e., the Outside Date) under the merger agreement allows sufficient time to complete the merger.

Availability of Appraisal Rights. The availability of appraisal rights under Delaware law to holders of shares of Arbitron common stock who do not vote in favor of the adoption of the merger agreement and comply with all of the required procedures under Delaware law, which provides those eligible stockholders with an opportunity to have a Delaware court determine the fair value of their shares, which may be more than, less than, or the same as the amount such stockholders would have received under the merger agreement.

In the course of reaching the determinations and decisions and making the recommendation described above, our board considered the following risks and potentially negative factors relating to the merger agreement, the merger and the other transactions contemplated thereby:

- That the Company s stockholders will have no ongoing equity participation in the Company following the merger, and that such stockholders will cease to participate in the Company s future earnings or growth, if any, or to benefit from increases, if any, in the value of Arbitron common stock, and will not participate in any potential future sale of the Company to a third party.

- The fact that the merger might not be completed in a timely manner or at all due to a delay in receiving or a failure to receive necessary antitrust and other approvals, including under the Hart-Scott-Rodino Antitrust Improvements Act of 1976.

- The risk that the Company may be unable to obtain the stockholder approval necessary to consummate the merger.

- The risk that there can be no assurance that all conditions to the parties obligations to complete the merger will be satisfied, and as a result, it is possible that the merger may not be completed even if the merger agreement is adopted by the Company s stockholders.

- The merger agreement s restrictions on the conduct of the Company s business prior to the completion of the merger, generally requiring the Company to conduct its business only in the ordinary course, subject to specific limitations, which may delay or prevent the Company from undertaking business opportunities that may arise pending completion of the merger.

- The risks and costs to the Company if the merger does not close, including the diversion of management and employee attention, potential employee attrition and the potential effect on business and customer relationships.

That the receipt of cash in exchange for shares of Arbitron common stock pursuant to the merger will be a taxable transaction for Arbitron stockholders for U.S. federal income tax purposes.

The possibility that, under circumstances specified in the merger agreement, the Company may be required to pay Nielsen a termination fee of $32.7 million, and the possibility that such termination fee may discourage a competing proposal to acquire the Company.

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The risk of incurring substantial expenses related to the merger.

In addition, our board made its evaluation of the merger agreement and the merger based upon the factors discussed in this proxy statement and with the full knowledge of the interests of certain directors and executive officers with respect to the merger that differ from, or are in addition to, their interests as stockholders of the Company. See Proposal No. 1 Adoption of the Merger Agreement Interests of Executive Officers and Directors in the Merger and Proposal No. 3 Advisory Vote Regarding Certain Executive Compensation Golden Parachute Compensation beginning on pages 53 and 90, respectively.

This discussion of the information and factors considered by our board includes the material positive and negative factors considered by our board, but is not intended to be exhaustive and may not include all of the factors considered by our board. Our board did not undertake to make any specific determination as to whether any particular factor, or any aspect of any particular factor, was favorable or unfavorable to its ultimate determination, and did not quantify or assign any relative or specific weights to the various factors that it considered in reaching its determination that the merger, the merger agreement and the other transactions contemplated by the merger agreement are fair and advisable to and in the best interests of the Company and its stockholders. Rather, our board conducted an overall analysis of the factors described above, including thorough discussion with, and questioning of, Company management and the Company s outside advisors, and considered the factors overall to be favorable to, and to support, its determination and recommendation. In addition, individual members of our board may have given different weight to different factors. Our board of directors based its ultimate decision on its business judgment that the benefits of the merger agreement and the merger to the Company s stockholders outweigh the negative considerations. Our board determined that the merger agreement and the merger represent the best reasonably available alternative to maximize stockholder value.

Recommendation of the Board of Directors

Our board consists of eleven directors. On December 17, 2012, on the basis of the other factors described above, our board unanimously:

determined that the merger agreement, the merger and the other transactions contemplated by the merger agreement, are advisable and fair to and in the best interests of the Company and its stockholders;

approved and adopted the merger agreement and the transactions contemplated thereby (including, without limitation, the merger); and

resolved to recommend that the Company s stockholders vote to adopt the merger agreement.

The board unanimously recommends that you vote FOR the adoption of the merger agreement.

Prospective Financial Information

The Company s management made available prospective financial information to Guggenheim Securities and Signal Hill for use in connection with the financial analyses performed by Guggenheim Securities and Signal Hill in connection with delivering their written financial opinions to our board and to Nielsen to assist Nielsen with its due diligence review of the Company.

The Company made available to Guggenheim Securities and Signal Hill, in their capacity as financial advisors to the Company, certain unaudited prospective financial information concerning the Company (collectively, the Projections). The Projections do not take into account any circumstances or events occurring after the date they were prepared, including the transactions contemplated by the merger agreement. Further, the Projections do not take into account the effect of any failure of the merger to occur.

The Company s management prepared an initial set of Projections (Management Case 1), and provided those Projections to potential bidders, the Company s financial advisors and the board of directors. In connection with the executive committee s, a standing committee of the board that was established to assist the board in connection with potential strategic transactions, review of the Projections, the executive committee asked management to prepare an additional set of Projections based on assumptions that were more conservative and that

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the executive committee viewed as more likely to be achieved. Specifically, the executive committee wanted to understand a sensitivity analysis around the assumptions relating to margin growth and the development of new product offerings, including mobile and cross-platform offerings. Management prepared an additional set of Projections (Management Case 2) and provided these to the executive committee, the board of directors, Guggenheim Securities and Signal Hill. The Management Case 2 Projections were based on the following assumptions: (1) future price escalators on traditional services would be lower than as assumed in Management Case 1, (2) Portable People Meter panel costs would be higher than as assumed in Management Case 1, and (3) mobile/cross-platform revenue and margins would be lower than as assumed in Management Case 1.

The Projections reflect numerous estimates and assumptions made by the Company with respect to industry performance, general business, economic, regulatory, market and financial conditions and other future events, as well as matters specific to the Company s business, all of which are difficult to predict and many of which are beyond the Company s control. The material business and economic assumptions underlying the Projections were industry performance, the static economic conditions and the projected financial performance of the Company. The Projections reflect subjective judgment in many respects and thus are susceptible to multiple interpretations and periodic revisions based on actual experience and business developments. As such, the Projections constitute forward-looking information and are subject to risks and uncertainties that could cause actual results to differ materially from the results forecasted in the Projections, including, but not limited to, the Company s performance, industry performance, general business and economic conditions, customer requirements, competition, adverse changes in applicable laws, regulations or rules, and the various risks set forth in the Company s reports filed with the SEC. There can be no assurance that the Projections will be realized or that actual results will not be significantly higher or lower than forecast. The Projections cover multiple years and such information by its nature becomes less reliable with each successive year. In addition, the Projections will be affected by the Company s ability to achieve strategic goals, objectives and targets over the applicable periods. The assumptions upon which the Projections were based necessarily involve judgments with respect to, among other things, future economic, competitive and regulatory conditions and financial market conditions, all of which are difficult or impossible to predict accurately and many of which are beyond the Company s control. The Projections reflect assumptions as to certain business decisions that are subject to change. The Projections cannot, therefore, be considered a guaranty of future operating results, and this information should not be relied on as such. The inclusion of the Projections should not be regarded as an indication that the Company and its financial advisors or anyone who received this information then considered, or now considers, them a reliable prediction of future events, and this information should not be relied upon as such.

The summary of such information below is included solely to give stockholders access to the information that was made available and is not included in this proxy statement in order to influence any stockholder to make any investment decision with respect to the merger, including whether or not to seek appraisal rights with respect to the shares of Company common stock.

The inclusion of the Projections herein should not be deemed an admission or representation by the Company that they are viewed by the Company as material information of the Company, and in fact the Company views the Projections as non-material because of the inherent risks and uncertainties associated with such long-range forecasts. The inclusion of the Projections in this proxy statement should not be regarded as an indication that the Projections will be necessarily predictive of actual future events, and it should not be relied on as such. No representation is made by the Company or any other person to any stockholder of the Company regarding the Projections or the ultimate performance of the Company compared to such information. The Projections should be evaluated, if at all, in conjunction with the historical financial statements and other information regarding the Company contained in the Company s public filings with the SEC. In light of the foregoing factors and the uncertainties inherent in the Projections, stockholders are cautioned not to place undue, if any, reliance on the Projections.

Neither the Company s independent auditors, nor any other independent accountants, have compiled, examined, or performed any procedures with respect to the Projections contained herein, nor have they expressed any opinion or any other form of assurance on such information or its achievability.

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Certain information set forth in the Projections are non-generally accepted accounting principles, which we refer to as non-GAAP, financial measures. These non-GAAP financial measures are not calculated in accordance with, or a substitute for financial measures calculated in accordance with, GAAP and may be different from non-GAAP financial measures used by other companies. Furthermore, there are limitations inherent in non-GAAP financial measures, in that they exclude a variety of charges and credits that are required to be included in a GAAP presentation. Accordingly, these non-GAAP financial measures should be considered together with, and not as an alternative to, GAAP basis financial measures.

Management Case 1 Consolidated

	As of and for the year ended December 31,					
	2012E	2013E	2014E	2015E	2016E	2017E
			(US$ in millions)			
Revenue	$ 449.9	$ 468.5	$ 498.5	$ 537.2	$ 578.9	$ 625.9
Adjusted EBITDA(1)	$ 140.1	$ 147.5	$ 164.3	$ 185.9	$ 204.2	$ 232.2
Change in Net Working Capital	$ (2.1)	$ 1.2	$ (1.5)	$ (2.2)	$ (1.0)	$ (2.7)
Capital Expenditures	$ (23.2)	$ (23.7)	$ (24.8)	$ (22.0)	$ (22.1)	$ (21.4)

(1) Represents EBITDA adjusted for stock-based compensation expense. EBITDA is defined as net income before interest expense, income tax expense, depreciation and amortization. We prepare Adjusted EBITDA to eliminate the impact of stock-based compensation expense, which is a non-cash expense that is not a key measure of our operation. Reconciliations of these non-GAAP financial measures to the GAAP basis financial measures most directly comparable are provided below.

Set forth below is a reconciliation of Adjusted EBITDA to the most comparable GAAP financial measure based on financial information available to, or projected by, the Company (totals may not add due to rounding):

	As of and for the year ended December 31,					
	2012E	2013E	2014E	2015E	2016E	2017E
			(US$ in millions)			
Net Income	$ 61.1	$ 67.4	$ 79.1	$ 93.6	$ 105.1	$ 124.2
Net Interest (Expense)	$ (0.4)	$ (0.4)	$ (0.4)	$ (0.3)	$ (0.3)	$ (0.2)
Taxes	$ (37.8)	$ (42.2)	$ (49.5)	$ (58.6)	$ (65.8)	$ (77.7)
Depreciation and Amortization	$ 31.6	$ 29.8	$ 27.3	$ 24.7	$ 24.1	$ 21.3
EBITDA	$ 130.9	$ 139.8	$ 156.2	$ 177.2	$ 195.2	$ 223.4
Stock-Based Compensation	$ 9.1	$ 7.7	$ 8.0	$ 8.6	$ 9.0	$ 8.8
Adjusted EBITDA	$ 140.1	$ 147.5	$ 164.3	$ 185.9	$ 204.2	$ 232.2

Management Case 1 By Business

	As of and for the year ended December 31,					
	2012E	2013E	2014E	2015E	2016E	2017E
			(US$ in millions)			
Traditional Services Revenue	$ 446.6	$ 457.1	$ 471.6	$ 492.3	$ 517.8	$ 540.2
New Services Revenue	$ 3.3	$ 11.4	$ 26.9	$ 44.9	$ 61.1	$ 85.7
Traditional Services EBITDA(1)	$ 144.0	$ 148.9	$ 153.9	$ 161.4	$ 170.0	$ 178.9
New Services EBITDA(1)	$ (13.1)	$ (9.1)	$ 2.4	$ 15.9	$ 25.2	$ 44.4
Traditional Services Change in Net Working Capital	$ (2.1)	$ 1.2	$ (1.5)	$ (2.2)	$ (1.0)	$ (2.7)
New Services Change in Net Working Capital	$	$	$	$	$	$
Traditional Services Capital Expenditures	$ (23.1)	$ (22.3)	$ (21.1)	$ (20.2)	$ (20.1)	$ (20.1)
New Services Capital Expenditures	$ (0.2)	$ (1.4)	$ (3.6)	$ (1.8)	$ (1.9)	$ (1.3)

(1) Reconciliations of these non-GAAP financial measures to the GAAP basis financial measures most directly comparable are provided below.

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Set forth below are reconciliations of Traditional Services EBITDA and New Services EBITDA to the most comparable GAAP financial measures based on financial information available to, or projected by, the Company (totals may not add due to rounding):

	As of and for the year ended December 31,					
	2012E	2013E	2014E	2015E	2016E	2017E
	(US$ in millions)					
Traditional Services Net Income	$ 70.7	$ 74.5	$ 79.1	$ 85.5	$ 91.0	$ 97.6
Net Interest (Expense)	$ (0.4)	$ (0.4)	$ (0.4)	$ (0.3)	$ (0.3)	$ (0.2)
Taxes	$ (43.7)	$ (46.6)	$ (49.5)	$ (53.5)	$ (57.0)	$ (61.1)
Depreciation and Amortization	$ 29.2	$ 27.4	$ 24.9			