ARBITRON INC
Form DEF 14A
April 18, 2007

SCHEDULE 14A INFORMATION

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

Filed by the Registrant þ

Filed by a Party other than the Registrant o

Check the appropriate box:

o Preliminary Proxy Statement

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

þ Definitive Proxy Statement

o Definitive Additional Materials

o Soliciting Material Pursuant to §240.14a-12

ARBITRON INC.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

þ No fee required.

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(1) Amount Previously Paid:

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(3) Filing Party:

(4) Date Filed:

Dear Stockholder:

On behalf of the Board of Directors of Arbitron Inc., I am pleased to invite you to attend the annual meeting of stockholders. The meeting will be held at the Mandarin Oriental Hotel, 80 Columbus Circle at 60th Street, Time Warner Center, New York, New York 10023, on Tuesday, May 15, 2007, at 9:00 AM local time.

The Notice of Annual Meeting of Stockholders and the proxy statement that follow include information about the proposals recommended by Arbitron s Board of Directors to (i) elect seven (7) individuals to serve as directors of Arbitron and (ii) approve an amendment to the Company s 1999 Stock Incentive Plan.

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

It is important that your shares be represented at the meeting. Please promptly vote your shares by following the instructions on the enclosed proxy card to ensure that your vote is counted at the meeting.

We look forward to seeing you at the meeting.

Sincerely,

Stephen B. Morris
President and Chief Executive Officer

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
May 15, 2007

Date:	Tuesday, May 15, 2007
Time:	9:00 AM local time
Place:	Mandarin Oriental Hotel, 80 Columbus Circle at 60th Street, Time Warner Center, New York, New York 10023
Purposes:	1. To elect seven (7) members of the Board of Directors to serve until the next annual meeting and until their successors have been elected and qualified. 2. To approve an amendment to the Company s 1999 Stock Incentive Plan. 3. To transact such other business as may properly come before the meeting or any adjournment or postponement thereof.
Record Date:	April 2, 2007

Stockholders are entitled to one vote for each share of common stock held of record on the record date listed above. The proxy statement and the accompanying proxy card will be first mailed to stockholders on or about April 18, 2007.

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

By Order of the Board of Directors

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

April 18, 2007

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ARBITRON INC.
142 West 57th Street
New York, New York 10019
April 18, 2007

PROXY STATEMENT

We will begin mailing this proxy statement to our stockholders on or about April 18, 2007.

We are furnishing this proxy statement to our stockholders in connection with a solicitation of proxies by our Board of Directors for use at our 2007 annual meeting of stockholders to be held on Tuesday, May 15, 2007, at 9:00 AM local time at the Mandarin Oriental Hotel, 80 Columbus Circle at 60th Street, Time Warner Center, New York, New York 10023.

Who Can Vote

If you held any of our common stock at the close of business on April 2, 2007, the record date for the annual meeting, you are entitled to receive notice of and to vote at our 2007 annual meeting. On that date, there were 29,926,654 shares of common stock outstanding. Our common stock constitutes the only class of securities entitled to vote at the meeting. Stockholders who have not exchanged their Ceridian Corporation common stock certificates for Arbitron Inc. common stock certificates in connection with the spin-off of Ceridian Corporation by Arbitron Inc. on March 30, 2001, will not be eligible to vote at the meeting.

Who Can Attend the Annual Meeting

All holders of our common stock at the close of business on April 2, 2007, the record date for the annual meeting, or their duly appointed proxies, are authorized to attend the 2007 annual meeting. If you attend the meeting, you may be asked to present valid picture identification, such as a driver s license or passport, before being admitted. Cameras, recording devices and other electronic devices will not be permitted at the meeting.

Please also note that if you hold your shares in street name (that is, through a bank, broker or other nominee), you will need to bring a copy of the brokerage statement reflecting your stock ownership as of April 2, 2007, the record date for the annual meeting.

Quorum

The presence of a majority of the outstanding shares of our common stock entitled to vote, in person or by proxy, is necessary to constitute a quorum and conduct business at the 2007 annual meeting. Abstentions and broker nonvotes will be considered present at the meeting for purposes of determining a quorum. A broker nonvote occurs when a bank or broker holding common stock for a beneficial owner does not vote on a particular matter because the bank or broker does not have discretionary voting power with respect to that item and has not received voting instructions from the beneficial owner.

Voting Rights

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

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

The affirmative vote of a majority of the shares of common stock present in person or by proxy and entitled to vote on the proposal is necessary to approve the Plan Amendment. In addition, for the Plan Amendment to be approved, the New York Stock Exchange listing standards require that (i) the total votes cast must represent over 50% of all of the outstanding shares of common stock entitled to vote and (ii) votes in favor must constitute at least a majority of the votes cast. For purposes of this proposal to approve the Plan Amendment, abstentions will count as votes cast, but broker nonvotes will not count as votes cast. Therefore, abstentions have the effect of a vote against the proposal, and broker nonvotes could, depending on the number of votes cast, have the effect of a vote against the proposal.

Voting by Participants in Arbitron Benefit Plans

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

Granting Your Proxy

If you hold your shares in your own name as a holder of record, you can simplify your voting by voting via the Internet or calling the toll-free number listed on the enclosed proxy card. If you vote via the Internet or by telephone, please do not return a signed proxy card. If, instead, you choose to vote by mail, please mark the proxy card enclosed with the proxy statement, date and sign it, and mail it in the postage-paid envelope. The shares represented will be voted according to your directions. You can specify how you want your shares voted on the proposal by marking the appropriate boxes on the proxy card. Please review the voting instructions on the proxy card and read the entire text of the proposal and the position of the Board of Directors on such proposal in the proxy statement prior to making your vote. If you properly execute and return a proxy in the enclosed form, your stock will be voted as you specify. If your proxy card is signed and returned without specifying a vote on the election of directors, the proxy representing your common stock will be voted in favor of the proposed director nominees and the amendment of the 1999 Stock Incentive Plan.

If you hold your shares through a broker, bank or other nominee, you will receive separate instructions from the nominee describing the procedure for voting your shares.

Other Business

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

Confidential Voting

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

Revoking Your Proxy

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

You should rely only on the information provided in this proxy statement. We have not authorized anyone to provide you with different or additional information. You should not assume that the information in this proxy statement is accurate as of any date other than the date of this proxy statement or, where information relates to another date set forth in this proxy statement, then as of that date.

ELECTION OF DIRECTORS
(Proposal 1)

Our business is managed under the direction of the Board of Directors, which is currently composed of eight directors. On July 18, 2006, Erica Farber, a director of Arbitron since March 31, 2001, resigned from the Board of Directors. The current terms of office of all of our directors expire at the 2007 annual meeting. Lawrence Perlman, the current Chairman of the Board and a director of Arbitron since March 31, 2001, informed the Board of Directors on September 20, 2006, that he did not intend to stand for reelection when his term expired in 2007. Alan W. Aldworth, a director of Arbitron since May 14, 2004, informed the Board of Directors on February 21, 2007, that he did not intend to stand for reelection when his term expired in 2007. Neither Ms. Farber s resignation nor Mr. Perlman s or Mr. Aldworth s decision not to stand for reelection was the result of any disagreement with the Company related to its operations, policies or practices. Our Board of Directors has renominated each of the other six directors currently serving on the Board to serve as directors for a one-year term until the 2008 annual meeting of stockholders. The Board of Directors has also nominated William T. Kerr for election to the Board of Directors to serve for a one-year term until the 2008 annual meeting of stockholders. Each of the nominees has consented to serve if elected.

The Board of Directors recommends a vote FOR and solicits proxies in favor of each of the nominees named below. Proxies cannot be voted for more than seven people. Our Board has no reason to believe that any of the nominees for director will be unable or unavailable to serve. However, if any nominee should for any reason become unable or unavailable to serve, proxies will be voted for another nominee selected by the Board. Alternatively, proxies, at our Board s discretion, may be voted for a fewer number of nominees as results from a director s inability or unavailability to serve. Each person elected will hold office until the 2008 annual meeting of stockholders and until his or her successor is duly elected and qualified, or until earlier resignation or removal.

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

Nominees for Election of Directors

Shellye L. Archambeau, age 44

Director of Arbitron since November 15, 2005

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

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

Chief Marketing Officer of NorthPoint Communications, which provides local data network services and delivers affordable, dedicated high-speed Internet access, streaming content and other value-added services to consumers and businesses around the world, from 2000 to 2001

Member of the Information Technology Senior Management Forum; the Forum of Women Entrepreneurs; and the Women s Council to the Board of Trustees for the University of Pennsylvania

Philip Guarascio, age 65

Director of Arbitron since March 30, 2001

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

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

A marketing adviser for the National Football League since November 2000; a consultant to IPG since November 2000; and a consultant to William Morris Talent Agency since January 2001

A director of AdSpace, an Internet company that provides advertising space for a variety of advertising venues; a director of IAG Research, a provider of viewer engagement measurements that measure the effectiveness of television advertising, product placement and cinema advertising; a director of Papa John s International Inc., the third-largest pizza company in America; and a director of the American Film Institute, a nonprofit educational and archival organization for advancing and preserving the moving image

William T. Kerr, age 66

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

Chairman and Chief Executive Officer of Meredith Corporation from January 1, 1997 until July 1, 2006

President and Chief Executive Officer of Meredith Corporation, from 1997 to 1998, President and Chief Operating Officer of Meredith Corporation, from 1994 to 1996, President, Magazine Group and Executive Vice President of Meredith, from 1991 to 1994

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

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

A Trustee of Oxford University Press, Inc., a member of the Board of Harvard Business School Publishing, Immediate-past Chairman and a Board member of The International Federation of the Periodical Press, a member of the Board of The Business Community for the Arts, Inc., and a past Chairman and Advisory Board Member of the Magazine Publishers of America

Larry E. Kittelberger, age 58

Director of Arbitron since March 30, 2001

Senior Vice President, Technology and Operations of Honeywell International, Inc., a publicly traded diversified technology and manufacturing company, since September 2006

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

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

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

Until its acquisition by affiliates of Texas Pacific Group on December 19, 2006, a director and member of the Nominating and Compensation Committees of Aleris International, Inc. (formerly Commonwealth Industries, Inc.), a publicly traded recycler of aluminum and zinc and manufacturer of aluminum sheet

Stephen B. Morris, age 63

Director of Arbitron, since March 30, 2001

President and Chief Executive Officer of Arbitron since March 30, 2001

Executive Vice President of Ceridian Corporation and President of Ceridian Corporation s Arbitron division, from January 1996 to March 29, 2001

Vice President of Ceridian Corporation and President of Ceridian Corporation s Arbitron division, from December 1992 to January 1996

A director of the John B. Stetson Company, a privately held company and the licensor of the Stetson trademark; a director of The Advertising Research Foundation, a not-for-profit professional organization for advertising, marketing and media research; a director of the New York Theatre Workshop, a not-for-profit off-Broadway theatre; and a director of the Parsons Dance Company, a not-for-profit dance company located in New York City

Luis G. Nogales, age 63

Director of Arbitron since March 30, 2001

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

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

A director and member of the Audit Committee of KB Home, one of America s largest homebuilders; a director and member of the Audit Committee of Edison International, a publicly traded international electric power generator, distributor and structured finance provider; and a director of Kaufman & Broad, SA, France, a private home and office development company

Richard A. Post, age 48

Director of Arbitron since March 30, 2001

Advisor to the Chief Executive Officer of Autobytel Inc., a publicly traded Internet automotive marketing services company, since March 2006

President and Chief Executive Officer of Autobytel, from April 2005 to March 2006

Private investor, from January 2003 to April 2005

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

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

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

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

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

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

A director of Autobytel Inc., from 1999 to June 2006; a director of Seeds of Hope Charitable Trust, a nonprofit organization from 2002 to September 2006; and a director of Financial Security Assurance Holdings Ltd., from 1994 to 2000

Recommendation of the Board of Directors

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

Independence of Directors

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

The Board of Directors has evaluated the status of each director and affirmatively determined that Ms. Archambeau and Messrs. Guarascio, Kittelberger, Nogales, Perlman, and Post are independent. Mr. Morris is not independent because he is an employee of the Company and Mr. Aldworth is not independent because his son is employed by the Company s registered public accounting firm. Each current member of the Compensation and Human Resources Committee, the Nominating Committee and the Audit Committee is independent. The Board of Directors has also evaluated the status of Mr. Kerr, a nominee for election as a director, and affirmatively determined that Mr. Kerr is independent. Ms. Farber served on the Board of Directors and its Compensation and Human Resources Committee and Nominating Committee during 2006, prior to her resignation from the Board of Directors in July. Prior to her resignation, the Board had affirmatively determined that Ms. Farber was independent.

In evaluating the independence of Mr. Nogales, the Board of Directors considered the fact that Mr. Nogales is the managing partner of a general partnership that has a 2% ownership interest in an investment fund that has a 96% ownership interest in two radio stations that have entered into five-year radio ratings contracts with the Company substantially in the form and upon substantially the terms and conditions of the Company s standard radio ratings contract with third parties. The average annual fees payable to the Company under this agreement are equal to approximately $156,000. The Board of Directors, with Mr. Nogales and Mr. Morris not participating, had previously reviewed and approved the terms of this transaction. Following its review of this relationship, the Board of Directors affirmatively determined that Mr. Nogales is independent.

Corporate Governance Policies and Guidelines and Codes of Ethics

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

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

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

Executive Sessions of Nonmanagement Directors

Consistent with the New York Stock Exchange listing standards, our corporate governance policies and guidelines provide that, in order to promote open discussion among nonmanagement directors, the Board of Directors will devote a portion of each regularly scheduled Board meeting to executive sessions without management participation. Lawrence Perlman, the Chairman of our Board of Directors, presided at such executive sessions during 2006. Following the 2007 annual meeting, the Board of Directors will elect a new chair from among its duly elected members. If the person elected to serve as chair is not independent, as defined in the New York Stock Exchange listing standards, the Board of Directors will also elect a lead independent director to preside at executive sessions of nonmanagement directors. Our corporate governance policies and guidelines provide that if the group of nonmanagement directors includes directors who are not independent, as defined in the New York Stock Exchange listing standards, it is the Company s policy that at least one such executive session convened per year shall include only independent directors.

Communicating with the Board of Directors

Interested third parties may communicate with the Board of Directors by communicating directly with the Chairman of the Board of Directors or, if the person then serving as the chair is not independent as defined in the New York Stock Exchange listing standards, the lead independent director, by e-mailing correspondence directly to the Chairman or the lead independent director, as applicable, at nonmanagementdirectors@arbitron.com. The Chairman or the lead independent director, as applicable, will decide what action should be taken with respect to the communication, including whether such communication will be reported to the Board of Directors.

Meetings of the Board of Directors

The Board of Directors held seven meetings in 2006, including meetings by telephone conference. Each director attended at least 75% of the meetings of the Board of Directors and applicable committees on which they served during the period that they served on the Board of Directors or such committees. In addition, pursuant to our corporate governance policies and guidelines, directors are expected to attend the annual meetings of stockholders. Last year, all of our then current directors attended the annual meeting of stockholders.

Committees of the Board of Directors

The Board of Directors maintains the following six standing committees:

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

Membership on the Audit Committee, the Compensation and Human Resources Committee, the Nominating Committee and the Corporate Governance Committee is limited to directors who are independent of Arbitron, as that term is defined in the New York Stock Exchange listing standards and as affirmatively determined by the Board of Directors.

Executive Committee

The following directors currently serve on the Executive Committee:

Lawrence Perlman, Chair
Alan W. Aldworth
Stephen B. Morris

The Executive Committee acts on matters that arise between Board meetings and require immediate action. All actions taken by this committee will be reported to, and ratified by, the Board of Directors. The Executive Committee did not meet in 2006.

Audit Committee

The following directors currently serve on the Audit Committee:

Richard A. Post, Chair
Shellye L. Archambeau
Larry E. Kittelberger

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

- assist the Board of Directors in the oversight of:
  - the integrity of Arbitron s financial statements;
  - Arbitron s compliance with legal and regulatory requirements;
  - the qualification and independence of Arbitron s independent auditors; and
  - the performance of Arbitron s internal audit function and independent auditors; and
- prepare an audit committee report as required by the Securities and Exchange Commission to be included in the annual proxy statement.

The Board of Directors has adopted an amended and restated written charter for the Audit Committee effective as of February 27, 2007. Nothing contained herein modifies the Audit Committee charter. A copy of the Audit Committee s charter is available on our Web site at www.arbitron.com and is available in print, free of charge, to any stockholder who requests it. You can obtain such a copy in print by contacting the Treasury Manager at Arbitron Inc., 9705 Patuxent Woods Drive, Columbia, Maryland 21046. The Audit Committee held 15 meetings in 2006, including meetings by telephone conference.

Compensation and Human Resources Committee

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

Philip Guarascio, Chair
Luis G. Nogales
Lawrence Perlman

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

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

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

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

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

review and approve nonemployee director compensation.

The Committee has retained the firm of Frederic W. Cook & Co., Inc. as its compensation consultant to assist in the continual development and evaluation of compensation policies and the Compensation and Human Resources Committee s determinations of compensation awards. The role of Frederic W. Cook & Co., Inc. is to provide independent, third-party advice and expertise in executive compensation issues.

The Board of Directors has adopted an amended and restated charter for the Compensation and Human Resources Committee effective as of February 20, 2007. Nothing contained herein modifies the Compensation and Human Resources Committee charter. A copy of the Compensation and Human Resources Committee s charter is available on our Web site at www.arbitron.com and is available in print, free of charge, to any stockholder who requests it. You can obtain such a copy in print by contacting the Treasury Manager at Arbitron Inc., 9705 Patuxent Woods Drive, Columbia, Maryland 21046. The Compensation and Human Resources Committee held four meetings in 2006 including one executive session without representatives of management.

Nominating Committee

The following directors currently serve on the Nominating Committee:

Philip Guarascio, Chair
Larry E. Kittelberger
Richard A. Post

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

identify, in accordance with policies and procedures adopted by the Nominating Committee from time to time, individuals who are qualified to serve as directors; and recommend such individuals to the Board of Directors, either to fill vacancies that occur on the Board from time to time or in connection with the selection of director nominees for each annual meeting of stockholders.

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

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

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

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

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

The Board of Directors has adopted an amended and restated written charter for the Nominating Committee, a copy of which is available on our Web site at www.arbitron.com and is available in print, free of charge, to any stockholder who requests it. You can obtain a copy in print by contacting the Treasury Manager at Arbitron Inc., 9705 Patuxent Woods Drive, Columbia, Maryland 21046. The Nominating Committee met three times in 2006.

Corporate Governance Committee

The following directors currently serve on the Corporate Governance Committee:

Lawrence Perlman, Chair
Shellye L. Archambeau
Philip Guarascio
Larry E. Kittelberger
Luis G. Nogales
Richard A. Post

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

- develop, recommend, implement and monitor a set of corporate governance guidelines, a code of business conduct and ethics, and a code of ethics for senior financial officers adopted by the Board of Directors;
- oversee the evaluation of the Board of Directors and management; and
- ensure that Arbitron is in compliance with all New York Stock Exchange listing requirements.

The Board of Directors has adopted an amended and restated written charter for the Corporate Governance Committee, a copy of which is available on our Web site at www.arbitron.com and is available in print, free of charge, to any stockholder who requests it. You can obtain a copy in print by contacting the Treasury Manager at Arbitron Inc., 9705 Patuxent Woods Drive, Columbia, Maryland 21046. The Corporate Governance Committee did not meet in 2006.

Technology Strategy Committee

The following directors serve on the Technology Strategy Committee:

Larry E. Kittelberger, Chair
Shellye L. Archambeau
Stephen B. Morris
Luis G. Nogales
Richard A. Post

The principal purposes of the Technology Strategy Committee are to:

- review risks, opportunities and priorities as they pertain to Arbitron s existing technology and strategies for the future;
- assess the Company s capabilities to execute against its agreed priorities; and
- make recommendations, as appropriate, to the Chief Executive Officer and the Board of Directors.

The Technology Strategy Committee held four meetings in 2006.

2006 Director Compensation

The table below provides information concerning the compensation of the directors for our most recently completed fiscal year. Except as noted below, all of our directors are paid at the same rate. The differences among directors in the table below are a function of additional compensation for chairing a committee, varying numbers of meetings attended and corresponding payments of meeting fees, and the form in which each director elects to receive retainer fees. In accordance with SEC regulations, share-based compensation is valued at the grant date fair value computed in accordance with Statement of Financial Accounting Standards No. 123 (Revised), Share-Based Payment (SFAS No. 123(R)). We disclose such expense ratably over the vesting period. We include in the table below the ratable portion of grants made both in the current and in prior years to the extent the vesting period for those grants occurred in such year.

Each director who is not also an employee of Arbitron or its subsidiaries is entitled to receive an annual retainer fee of $30,000, which is paid in quarterly installments. The nonemployee chair of the Audit Committee is entitled to receive a supplemental annual cash payment of $10,000; nonemployee chairs of the Compensation and Human Resources Committee, the Nominating Committee and the Technology Strategy Committee are entitled to receive a supplemental annual cash payment of $7,500. For each Board meeting attended, in person or by telephone, participating nonemployee directors are entitled to receive $1,500. For each committee meeting attended in person, participating nonemployee directors are entitled to receive $1,500. For each committee meeting attended by telephone, participating nonemployee directors are entitled to receive

$750. The nonemployee Chairman of the Board of Directors receives an annual cash payment of $135,000 in addition to the annual retainer fee.

Each newly elected nonemployee director receives a one-time grant of an option to purchase 15,000 shares of Arbitron common stock. These options will vest and become exercisable in three equal installments of 5,000 shares over a three-year period and expire 10 years from the date of grant. Beginning the year after initial election to the Board of Directors, each nonemployee director also receives an annual grant of an option to purchase 7,000 shares of Arbitron common stock on the date of the annual meeting of stockholders. The exercise price per share of each option granted is equal to 100% of the fair market value of the underlying Arbitron common stock on the date the option is granted, which is equal to the closing price of the Company s common stock on such date. The annual grant of options are fully vested on the date of grant, become exercisable in full six months after their date of grant and expire 10 years from the date of grant.

The Company previously adopted a Nonemployee Director Incentive Program, as a component of its 1999 Stock Incentive Plan, which permits nonemployee directors to receive, at their discretion, either stock options or deferred stock units (DSUs) in lieu of their annual cash retainers and meeting fees. A DSU provides for the delivery of a share of Arbtiron s common stock at a future date elected by the participant. In the event that a director elects to receive DSUs, such director will receive dividend equivalent rights on such DSUs to the extent dividends are issued on common stock. A director who elects to receive options receives a number of options based on a calculation approved by the Board of Directors. The formula for determining the number of option shares is to divide the cash fees earned in the quarter by the closing price of Arbitron common stock on the date of the grant, which is the last trading day of the quarter. This amount is then multiplied by four to arrive at the number of option shares granted. A director who elects to receive DSUs receives a number of units based on a calculation approved by the Board of Directors. The formula for determining the number of DSUs is to multiply the cash fees earned in the quarter by 120% and divide the result by the closing price of Arbitron common stock on the date of the grant, which is the last trading day of the quarter. The amounts set forth in the table below for each director in the column Fees Earned or Paid in Cash represent the cash payment of annual retainers and fees or, if the director elected to receive equity-based compensation in lieu of all or a portion of such retainers and fees, the amount of cash the director would have received if the director had not elected to receive such equity-based compensation. If the director elected to receive equity-based compensation in lieu of annual cash retainers and fees, we report in the columns Stock Awards and Option Awards, as applicable, the dollar amount recognized for financial statement reporting purposes with respect to 2006 in accordance with SFAS No. 123(R) of the aggregate incremental value of (1) equity-based compensation received in lieu of annual cash retainers and fees in excess of (2) the cash such director would have received if the director had not elected to receive equity-based compensation.

It is also the philosophy of the Company that directors have a meaningful equity ownership in the Company. In 2004, the Board established ownership guidelines concerning director stock ownership. The guidelines are for each director to own shares with a value of four times the annual retainer paid to that director. These guidelines are expected to be achieved over five years and include all owned shares, as well as DSUs owned by the directors under the Company s Director Deferred Compensation Plan, but outstanding and unexercised stock options are not counted.

Mr. Morris is also an employee of Arbitron and is not separately compensated for his service as a director.

2006 Director Compensation

Name	Fees Earned or Paid in Cash ($)(1)	Stock Awards ($)(2)	Option Awards ($)(3)(4)	All Other Compensation ($)(5)	Total ($)
Alan W. Aldworth	52,500	5,989	126,754(6)	506	185,749
Shellye L. Archambeau	55,500		211,863(6)		267,363
Erica Farber(7)	26,605	4,147	92,420	1,357	124,529
Philip Guarascio	57,375	11,495	92,420	1,451	162,741
Larry E. Kittelberger	66,000	13,206	92,420	1,833	173,459
Luis G. Nogales	48,000	5,989	92,420	506	146,915
Lawrence Perlman	175,500		92,420		267,920
Richard A. Post	72,250	3,994	98,584	338	175,166

(1) We report in this column the cash value of board retainer fees, committee chair fees, and board and committee meeting fees earned by each director in 2006. Pursuant to the terms of our Nonemployee Director Incentive Program described above, each director may elect to receive either stock options or DSUs, or a combination, in lieu of annual cash retainers and fees. If a director elects to receive equity-based compensation in lieu of annual cash retainers and fees, the aggregate incremental value of such equity-based compensation in excess of the cash such director would have received is reported in the Stock Awards or Option Awards columns of this table, as applicable. Mr. Aldworth elected to receive 951 DSUs in lieu of board retainer fees and $22,500 in cash for board and committee meeting fees. Ms. Archambeau elected to receive all retainers and fees in cash. Ms. Farber elected to receive 549 DSUs in lieu of board retainer fees, 138 DSUs in lieu of committee chair fees, and $6,000 in cash for board and committee meeting fees. Mr. Guarascio elected to receive 951 DSUs in lieu of board retainer fees, 291 DSUs in lieu of committee chair fees, 280 DSUs in lieu of board meeting fees, and 280 DSUs in lieu of committee meeting fees. Mr. Kittelberger elected to receive 951 DSUs in lieu of board retainer fees, 239 DSUs in lieu of committee chair fees, 232 DSUs in lieu of board meeting fees, and 662 DSUs in lieu of committee meeting fees. Mr. Nogales elected to receive 951 DSUs in lieu of board retainer fees and $18,000 in cash as board and committee meeting fees. Mr. Perlman received as Chairman of the Board a $135,000 annual cash payment and elected to receive all board retainer fees and board and committee meeting fees in cash. Mr. Post elected to receive an aggregate of 476 DSUs and options to purchase 1,584 shares of common stock in lieu of board retainer fees, an aggregate of 158 DSUs and options to purchase 529 shares of common stock in lieu of committee chair fees, and $32,250 in cash as board and committee meeting fees.

(2) Pursuant to the terms of our Nonemployee Director Incentive Program, directors may elect to receive DSUs in lieu of annual cash board retainer fees, committee chair fees, and board and committee meeting fees. We report in this column the dollar amount recognized for financial statement reporting purposes with respect to 2006 in accordance with SFAS No. 123(R) of the aggregate incremental value of (A) DSUs received by directors lieu of annual cash retainers and fees in excess of (B) the cash such director would have received if the director had not elected to receive DSUs.

(3) We report in this column the ratable portion of the value of grants made in 2006 and prior years, calculated in accordance with SFAS No. 123(R), to the extent the vesting period occurred in 2006. Please refer to note 15 of

our notes to financial statements for a discussion of the assumptions related to the calculation of such value. On May 24, 2006, each director received an annual grant of options to purchase 7,000 shares of our common stock. These options have an exercise price equal to $39.87 per share, are fully vested on the date of grant, and become exercisable six months after the date of grant. Pursuant to the terms of our Nonemployee Director Incentive Program, directors may elect to receive stock options in lieu of annual cash board retainer fees, committee chair fees, and board and committee meeting fees. For Mr. Post only, this amount includes the aggregate dollar amount recognized for financial statement reporting purposes with respect to 2006 in accordance with SFAS No. 123(R) of the aggregate incremental value of (A) stock options received by Mr. Post in lieu of annual cash retainers and fees in excess of (B) the cash Mr. Post would have received had he not elected to receive stock options.

(4) As of December 31, 2006, the aggregate number of unexercised options (vested and unvested) held by each director was as follows: Mr. Aldworth 29,000, Ms. Archambeau 22,000, Ms. Farber 62,150, Mr. Guarascio 51,386, Mr. Kittelberger 61,366, Mr. Nogales 66,891, Mr. Perlman 73,699, and Mr. Post 79,468. As of December 31, 2006, the aggregate number of DSUs held by each director was as follows: Mr. Aldworth 1,850, Ms. Archambeau 0, Ms. Farber 3,696, Mr. Guarascio 4,813, Mr. Kittelberger 5,906, Mr. Nogales 1,850, Mr. Perlman 0, and Mr. Post 1,234. We provide complete beneficial ownership information of Arbitron stock for each of our directors in this proxy statement under the heading, Stock Ownership Information Stock Ownership of Arbitron s Directors and Executive Officers.

(5) Amounts reported in this column represent dividend equivalent units received in respect of DSUs held by each director. In 2006, Mr. Aldworth received approximately 13 dividend equivalent units, Ms. Farber received approximately 35 dividend equivalent units, Mr. Guarascio received approximately 38 dividend equivalent units, Mr. Kittelberger received approximately 47 dividend equivalent units, Mr. Nogales received approximately 13 dividend equivalent units, and Mr. Post received approximately 9 dividend equivalent units.

(6) Pursuant to SFAS No. 123(R), expense is recognized over a three-year vesting period for each director s initial grant of options to purchase 15,000 shares of common stock. Mr. Aldworth received his initial grant on May 17, 2004, and Ms. Archambeau received her initial grant on November 15, 2005.

(7) Ms. Farber resigned from the Board of Directors on July 18, 2006.

EXECUTIVE COMPENSATION AND OTHER INFORMATION

Unless the context requires otherwise, in this Executive Compensation and Other Information section, including the Compensation Discussion and Analysis and the tables which follow it, references to we, us, our, its or similar terms are to Arbitron Inc. and its subsidiaries.

Executive Officers

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

Stephen B. Morris, age 63, President and Chief Executive Officer since March 30, 2001

Director of Arbitron since March 30, 2001

Executive Vice President of Ceridian Corporation and President of Ceridian Corporation s Arbitron division, from January 1996 to March 29, 2001

Vice President of Ceridian Corporation and President of Ceridian Corporation s Arbitron division, from December 1992 to January 1996

Pierre C. Bouvard, age 45, President of Sales and Marketing since December 21, 2005

President of Portable People Meter/International of Arbitron, from January 2005 to December 21, 2005

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

President of Webcast Services and New Ventures of Arbitron, from March 30, 2001, to June 2002

Executive Vice President of Worldwide Media Information Services of Ceridian Corporation s Arbitron division, from September 1999 to March 29, 2001

Executive Vice President of Radio and Internet Services of Ceridian Corporation s Arbitron division, from February 1999 to September 1999

Vice President and General Manager of Arbitron Radio of Ceridian Corporation s Arbitron division, from January 1995 to February 1999

Owen Charlebois, age 54, President of Operations, Technology, and Research & Development since December 21, 2005

President of U.S. Media Services of Arbitron, from March 30, 2001, to December 21, 2005

President of U.S. Media Services group of Ceridian Corporation s Arbitron division, from January 2001 to March 29, 2001

President and Chief Executive Officer of the BBM Bureau of Measurement, a Canadian nonprofit, member-owned tripartite industry organization, from 1990 to December 2000

Sean R. Creamer, age 42, Executive Vice President of Finance and Planning and Chief Financial Officer since November 4, 2005

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

Vice President, Corporate Finance of Laureate Education, Inc., from June 2000 to September 2001; became Laureate s Corporate Treasurer in February 2001; and joined Laureate as Vice President, Corporate Tax in August 1996

Tax Manager for Exxon Mobil Corporation (formerly Mobil Corporation), a publicly traded company whose principal business is energy, involving exploration for, and production of, crude oil and natural gas, and manufacturing petroleum products, from 1990 to 1996

Auditing and Tax work for PricewaterhouseCoopers, an industry-focused company which provides assurance, tax and advisory service for public and private clients in four key areas: corporate accountability; risk management; structuring and M&A; and performance and process improvement, from 1986 to 1990

Certified Public Accountant since 1987

Linda Dupree, age 48, Executive Vice President, Portable People Meter New Product Development since February, 2007

Senior Vice President of Portable People Meter New Product Development, from March 1, 2003 to January, 2007

Senior Vice President of Advertiser/Agency Services of Arbitron, from March 30, 2001 to February 2003

Senior Vice President of Advertiser/Agency Services of Ceridian Corporation s Arbitron division, from November 2000 to March 29, 2001

Vice President, Sales, of Advertiser/Agency Services of Ceridian Corporation s Arbitron division, from November 1996 to November 2000

Vaughan Scott Henry, age 45, Executive Vice President and Chief Information Officer since February 9, 2005

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

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

Chief Information Officer of Talkingnets, a voice and data communications provider that offers softswitch-based voice and high-speed data services to businesses, from September 2000 to September 2001

Vice President, Information Technology, at Verizon Communications, Inc. (formerly Bell Atlantic Corporation), from August 1996 to September 2000; and Executive Director, Strategic Billing, from November 1994 to August 1996

Claire L. Kummer, age 60, Executive Vice President of Operations, Integration and Manufacturing since December 21, 2005

Executive Vice President of Operations, from March 30, 2001, to December 20, 2005

Vice President of Operations of Ceridian Corporation s Arbitron division, from November 1997 to March 29, 2001

Vice President of Strategy and Project Manager of Ceridian Corporation s Arbitron division, from November 1993 to November 1997

Kathleen T. Ross, age 54, Executive Vice President and Chief Administrative Officer since September 13, 2005

Executive Vice President, Organization Effectiveness and Public Relations of Arbitron, from March 30, 2001 to September 12, 2005

Vice President of Organization Effectiveness and Public Relations of Ceridian Corporation s Arbitron division, from November 1998 to March 29, 2001

Vice President of Organization Effectiveness of Ceridian Corporation s Arbitron division, from July 1994 to November 1998

Timothy T. Smith, 43, Executive Vice President and Chief Legal Officer, Legal and Business Affairs since August 1, 2006

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

Vice President, General Counsel of Land Rover North America, from May 1998 to December 2000

Senior Associate Counsel to Dart Group Corporation, from March 1995 to May 1998

COMPENSATION DISCUSSION AND ANALYSIS

Introduction

In this section, we discuss certain aspects of our compensation program as it pertains to our principal executive officer, our principal financial officer and our three other most highly compensated executive officers in 2006. We refer to these five persons throughout this proxy statement as the named executive officers. Our discussion focuses on compensation and practices relating to our most recently completed fiscal year.

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

Objectives

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

- support the corporate business strategy and business plan by clearly communicating what is expected of executives with respect to goals and results and by rewarding superior achievement;
- recruit and retain executive talent; and
- create a strong performance alignment with stockholders.

We are in the process of executing a multi-year strategic plan that management and the Board believe will result in the following:

- transformation of the Company from diary-based audience measurement methodology to electronic measurement;
- diversification of revenue streams beyond the radio industry; and
- increased international initiatives.

This strategic transformation has required and will require new executive skill sets. Indeed, we have revamped our executive team over the past 24 months, reducing the size from 10 to nine, three of whom are new to the Company.

Components

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

- base pay;
- annual performance-based, non-equity incentive plan payments; and
- periodic grants of long-term, equity-based compensation, such as stock options, restricted stock units and/or restricted stock, which will be subject to either performance-based and/or time-based vesting requirements.

Setting 2006 Executive Compensation

In making compensation decisions with respect to each element of total compensation, the Committee considers the competitive market for executives and compensation levels provided by comparable companies, including businesses engaged in activities similar to us as well as large, diversified, publicly traded and privately held businesses with a scope and complexity similar to Arbitron (collectively, the Compensation Peer Group). The Compensation Peer Group, which is periodically reviewed and updated by the Committee, consists of companies operating in similar sectors and of similar market capitalization, including companies against which the Committee believes Arbitron competes for executive talent and stockholder investment. The companies constituting the Compensation Peer Group are:

IMS Health Incorporated	Total Systems Services, Inc.
ACXIOM Corporation	TeleTech Holdings, Inc.
Harte-Hanks, Inc.	SITEL Corporation
Gartner, Inc.	Fair Isaac Corporation
The Corporate Executive Board Company	infoUSA Inc.
APAC Customer Services, Inc.	Opinion Research Corporation
Forrester Research, Inc.	

The Committee generally does not attempt to set each compensation element for each executive within a particular range related to levels provided by the Compensation Peer Group. Instead, the Committee uses market comparisons as one factor in making compensation decisions. Other factors considered when making individual executive compensation decisions include individual contribution and performance, reporting structure, internal pay relationship, complexity and importance of role and responsibilities, leadership, and growth potential. Occasionally other considerations influence pay levels, such as recruiting a new executive. All executive compensation decisions are made by the Committee after review with the Committee s independent compensation consultant.

Base Salary

The purpose of base salary is to reflect job responsibility, experience, value to the Company and individual performance with respect to market competitiveness. Minimum salary for Mr. Morris is determined by his employment agreement. The amount of any increase over this minimum salary and salaries for named executive officers whose salaries are not specified in an agreement are determined by the Committee based on a variety of factors, including:

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

the expertise of the individual executive;

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

the recommendations of the CEO (except in the case of his own compensation).

We compete with many larger companies for top executive talent. As such, the base salary component is generally targeted to be between the 50th and 60th percentile of the Compensation Peer Group. However, recruiting and retaining specific executives may result in some variation from this target. Where not specified by contract, salaries are generally reviewed annually. These objectives recognize the Committee s expectation that, over the long term, Arbitron will generate stockholder returns in excess of the average of the Compensation Peer Group.

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

Non-equity Incentive Plan Compensation

Our compensation program provides for an annual cash payment that is performance linked. The objective of the program is to compensate executives based on the achievement of specific goals that are intended to correlate closely with growth of long-term stockholder value.

The annual non-equity incentive plan is designed to reward executives for achieving corporate goals, providing significant upside for exceeding such goals. Early in the fiscal year, the Committee, working with senior management and the Committee s independent compensation consultant, sets performance goals for the Company and for individual executives. The annual non-equity incentive plan compensation for which executives other than the CEO are eligible is equal to between 40% and 55% of salary at target; and 80% and 110% of salary at superior. Pursuant to the terms of his employment agreement, the target annual non-equity incentive plan payment for Mr. Morris is equal to 75% of his base salary at target and 150% of his base salary at superior during the term of the agreement. The CEO s and the CFO s annual non-equity incentive payments are based entirely on the achievement of corporate goals. Mr. Henry s annual non-equity incentive payments are based 70% on achievement of corporate goals and 30% on the achievement of individual goals. The other named executive officers annual non-equity incentive payments are based 50% on the achievement of corporate goals and 50% on the achievement of individual goals, based on the evaluation and recommendation of the CEO. Targets for annual non-equity incentive payments for named executive officers other than the CEO and CFO are allocated between corporate goals and individual goals in order to focus executives on the areas for which they are responsible, while also recognizing their role as leaders of the Company as a whole.

In determining the extent to which the performance goals are met or exceeded for a given period, the Committee exercises its judgment whether to reflect or exclude the impact of changes in accounting principles and extraordinary, unusual or infrequently occurring events. As a result, the Committee considered the effect of the early retirement of certain long-term debt on EPS in evaluating 2006 performance goals.

As a part of the annual financial and strategic planning process, the Committee (typically in January) reviews and assesses the Company s performance against each of the performance goals established at the outset of the prior year. The Committee also considers the recommendation of the CEO (for executive officers other than himself) in exercising its judgment.

At the beginning of 2006, the Committee established performance goals for fiscal 2006 annual non-equity incentive payments based on the following five corporate financial and performance measures: earnings per share, revenue, Portable People Meter (PPM), Project Apollo and IT. The two financial targets, earnings per share and revenue, are selected by the Committee in order to reward executives for improving the Company s overall financial performance. The two financial targets are, in the aggregate, weighted at 60% of the total corporate goals to reflect the importance the Committee places on the Company s financial performance. Between the two financial targets, earnings per share is emphasized in order to focus executives attention on a financial measure that the Committee believes aligns the interests of management with those of long-term stockholders and rewards management for creating value for such long-term stockholders.

Earnings per share (50% of total non-equity incentive plan payment)		
Threshold	$	1.60
Target	$	1.63
Superior	$	1.66
Revenue (10% of total non-equity incentive plan payment)		
Threshold	$	328.5M
Target	$	333.5M
Superior	$	338.5M

The Board and management have identified the shift away from diary-based radio audience measurement methodology and toward electronic measurement as a crucial component of the Company s future success. The three non-financial performance targets, PPM, Project Apollo and IT, are three key areas the Committee believes require significant company-wide effort in order to achieve the Company s strategic goals. Accordingly, the Committee has selected the three non-financial targets in order to reward executives for significant progress toward achieving long-term strategic goals that the Board believes are necessary to position the Company for future growth.

Portable People Meter (20% of total non-equity incentive plan payment)

Threshold	Committee discretion whether to award any non-equity incentive plan payment for performance falling below the Target.
Target	Commercialization of PPM in the Houston market. For the purposes of this target, commercialization is defined as a critical mass of customers

	under contract to receive PPM data and the discontinuation of diary service.
Superior	Target, plus customer commitments for three additional markets.
Project Apollo (10% of total non-equity incentive plan payment)	Threshold, Target and Superior are all based on degrees of progress toward a national launch.

IT (10% of total non-equity incentive plan payment)

Threshold	Committee discretion whether to award any non-equity incentive plan payment for performance falling below the Target.
Target	Software development work on new platforms for use by both radio and advertising agency customers, complete with sufficient functionality to begin customer conversions by December 31.
Superior	One of the two platforms has 100% of the desired functionality complete.

The Committee approved the following assessment of 2006 performance:

Component	Actual Performance	Score
EPS	$ 1.68	Superior
Revenue	$ 328.6M	Threshold
Portable People Meter		Target
Project Apollo		Target
IT		Target

The payout for the corporate performance component of each executive s non-equity incentive plan payment was equal to approximately 144.5% of the target corporate performance non-equity incentive plan payment for which such executive was eligible. The Committee determines whether, and the extent to which, personal goals have been met based, in part, upon the recommendation of the CEO. As a result of these determinations, the Committee awarded the non-equity incentive plan payment amounts set forth in the Summary Compensation Table.

Long-term Incentive Equity

The long-term incentive program provides a periodic award (typically annual) that is performance based. The objective of the program is to align compensation for named executive officers over a multiyear period directly with the interests of stockholders of the Company by motivating and rewarding creation and preservation of long-term stockholder value. The level of long-term incentive compensation is determined based on an evaluation of competitive factors in conjunction with total compensation provided to named executive officers and the goals of the compensation program described above.

The Company s long-term incentive compensation plan generally takes the form of a mix of stock option awards and restricted stock grants. These two vehicles reward stockholder value creation in slightly different ways. Stock options (which have exercise prices equal to the market price on the date of grant) reward executives only if the stock price increases. Restricted stock is impacted by all stock price changes and, therefore, the value to named executive officers is affected by both increases and decreases in stock price. On February 22, 2006, the Committee approved grants of stock options and restricted stock to executives with an effective date of March 1, 2006, as set forth in 2006 Grants of Plan-Based Awards below. During 2006, the Committee s practice was to make all grants effective as of the first business day of the month following the date of Committee action on the grant. This policy was intended to ensure that all grants would vest at the beginning of a month for purposes of bookkeeping and administrative convenience. The Committee has discontinued this practice and during 2007 and going forward, all grants will be effective as of the date the Committee approves the grant, and all option grants will have an exercise price equal to the closing price of our common stock on the date the Committee approves the grant. During 2006, for named executive officers other than Mr. Morris, approximately 50% of the total value of long-term compensation awards took the form of stock options, with restricted stock providing for the remaining value. During 2006, the Committee granted restricted stock to executives because it believed that this was an efficient way to reward them for, and motivate them toward, superior performance.

The long-term incentive program calls for stock options to be granted with exercise prices of not less than the fair market value of the Company s stock on the effective date of grant and to vest ratably over three years, based on continued employment. Fair market value is equal to the closing price of the Company s common stock on the date the Committee approves the grant, or for the grants made in 2006, the first business day of the month following the date the Committee approved the grant. The Committee will not grant stock options with exercise prices below the fair market value of the Company s stock on the effective date of grant (determined as described above), and will not reduce the exercise price of stock options (except in connection with adjustments to reflect recapitalizations, stock or extraordinary dividends, stock splits, mergers, spin-offs and similar events permitted by the relevant plan) without stockholder approval. New option grants to named executive officers vest ratably over three years and have a term of 10 years. Restricted stock granted to named executive officers, except for Mr. Morris s 2007 grant of restricted stock units, vests ratably over four years, based on continued employment and any unvested shares are forfeitable to the Company upon termination.

In addition to the long-term incentive equity awards paid to named executive officers in 2006 and/or set forth in the tables below, in February 2007, the Committee awarded restricted stock units to named executive officers in the following amounts: Mr. Morris: 43,333 units, Mr. Creamer: 13,667 units, Mr. Charlebois: 16,400 units, Mr. Bouvard: 16,400 units, and Mr. Henry: 10,933 units. Mr. Morris s restricted stock units vest in three equal annual installments beginning on December 31, 2007, subject to continued employment. Each of the other named executive officers restricted stock units vest ratably over four years beginning on the first anniversary of grant, subject to continued employment. All unvested restricted stock units are forfeitable upon termination of employment. The restricted stock units granted in 2007 do not provide voting or dividend rights until the units are vested and converted into common stock.

In determining the annual grants of stock options and restricted stock, the Committee considers any contractual requirements, individual performance, market data on total compensation packages, the value of long-term incentive grants at targeted external companies within the Compensation Peer Group, total stockholder return, share usage and stockholder dilution and, except in the case of the award to the CEO, the recommendations of the CEO.

Benefits and Perquisites

With limited exceptions, the Committee supports providing benefits and perquisites to named executive officers that are substantially the same as those offered to other officers of the Company at or above the level of vice president. Exceptions include the relocation assistance offered to Mr. Henry.

Post Termination Compensation

Retirement Plans

Mr. Morris participates in a defined benefit pension plan and two supplemental retirement plans, the Arbitron Benefit Equalization Plan (BEP) and the Supplemental Executive Retirement Plan (SERP). The amount payable under such retirement plans to Mr. Morris is determined by the plan s benefit formula, which we describe in the section Pension Benefits Table below. The amount of benefits varies based upon the plan, the executive s years of service with us and the executive s compensation. We generally target total compensation (including retirement benefits) at peer median.

We offer a qualified 401(k) Plan to provide our employees tax-advantaged savings vehicles. We make matching contributions to the 401(k) Plan to encourage employees to save money for their retirement. This plan and our contributions to it enhance the range of benefits we offer to executives and further our ability to attract and retain employees.

Under the terms of the 401(k) Plan, employees may defer from 1% to 17% of their eligible earnings, and we contribute a matching contribution of 50% of before tax employee contributions up to a maximum of 3% to 6% of eligible employee earnings. We may also make an additional discretionary matching contribution of 0% to 30% of before tax employee contributions up to a maximum of 3% to 6% of eligible employee earnings (depending on the Company s profitability). The 3% maximums referred to in the previous sentences relate to employees who are pension participants and the 6% maximums relate to employees who are not pension participants.

Our matching contributions to the 401(k) Plan for each named executive officer are set forth in the Summary Compensation Table below. See also 2006 Nonqualified Deferred Compensation 401(k) Plan.

Morris Employment Agreement

Mr. Morris is party to an employment agreement with the Company that provides for continued employment until December 31, 2009. The agreement also provides for the Company to retain Mr. Morris to provide consulting services to the Company for three years commencing January 1, 2010. During the consulting term, the Company will pay Mr. Morris a quarterly consulting fee of $83,333, as well as reasonable costs and expenses incurred in providing the consulting services. Pursuant to the agreement, Mr. Morris waived any rights to accelerate the vesting of restricted stock awards or stock options upon his retirement.

The agreement also provides for the payment of a lump sum to Mr. Morris or his estate upon his death or disability or a change of control of the Company during the term of the agreement. The terms of the change of control provision during the term of the agreement are described in the section Potential Payments Upon Termination or Change in Control below.

Executive Retention Agreements

We have entered into Retention Agreements with members of senior management, including each of our named executive officers other than Mr. Morris. Except for these Retention Agreements, none of our named executive officers other than Mr. Morris has an employment agreement which requires us to pay their salary for any period of time. We entered into the Retention Agreements because we do not want our executives distracted by a rumored or actual change in control of the Company. Further, if a change in control should occur, we want our executives to be focused on the business of the organization and the interests of stockholders. In addition, we think it is important that our executives can react neutrally to a potential change in control and not be influenced by personal financial concerns. We believe our Retention Agreements are consistent with market practice and assist us in retaining our executive talent. The material terms of the retention agreements are described in the section Potential Payments Upon Termination or Change in Control below.

Stock Ownership Guidelines

During 2004, the Committee recommended and the Board established stock ownership requirements for our executive officers. These officers are expected, over time, to acquire and hold Company stock (including restricted stock units) equal in value to at least the following:

- CEO three times annual salary;

- CFO and Presidents two times annual salary; and

- Other executive officers one time annual salary.

These guidelines are expected to be achieved within three years of becoming an executive officer, and include owned shares of common stock, restricted shares, and restricted or DSUs that only can be settled in common stock. However, outstanding unexercised stock options are not taken into account for purposes of satisfying these guidelines. The Committee believes that this ownership policy further enhances the alignment of named executive officer and stockholder interests and thereby promotes the objective of increasing stockholder value.

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Role of Management

The role of Arbitron management is to provide reviews and recommendations for the Committee s consideration, and to manage the Company s executive compensation programs, policies and governance. Direct responsibilities include, but are not limited to the following:

Providing an ongoing review of the effectiveness of the compensation programs, including competitiveness and alignment with the Company s objectives;

Providing an assessment of the Company s performance relative to individual business unit performance targets;

Recommending changes, if necessary to ensure achievement of all program objectives; and

Recommending pay levels, payout and/or awards for key executive officers other than the CEO.

Compliance with Section 162(m)

Section 162(m) (the Section) of the Internal Revenue Code of 1986, as amended, disallows any tax deductions for compensation exceeding $1 million and paid in a taxable year to any named executive officer, all of whom are covered employees under the Section. However, certain performance-based compensation, determined under pre-established objective performance goals, can be deducted even in excess of the $1 million limit. The Committee considers the potential impact of the Section as one factor to be taken into account in setting total compensation and its component elements. However, the Committee believes that it must retain flexibility, in observing its overall compensation philosophy and objectives, to structure total compensation to include components, such as service-vesting restricted stock, that would not be treated as performance-based compensation under the Section, both in order to attract and retain top talent and to appropriately gauge the performance of executives. Achieving the desired flexibility in the design and delivery of total compensation, therefore, may result in some compensation not being deductible for federal income tax purposes.

Role of Total Compensation

In making decisions with respect to any element of a named executive officer s compensation, the Committee considers the total compensation that may be awarded to the officer, including base salary, annual non-equity compensation plan payment, long-term incentive compensation, and post-termination compensation. The Committee s goal is to award compensation that is reasonable when all elements of potential compensation are considered.

REPORT OF THE COMPENSATION AND HUMAN RESOURCES COMMITTEE

The Compensation and Human Resources Committee reviewed and discussed the Compensation Discussion and Analysis included in this Proxy Statement with management. Based on such review and discussion, the Compensation Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this Proxy Statement for filing with the Securities and Exchange Commission.

Submitted by the Compensation and
Human Resources Committee of the
Board of Directors

Philip Guarascio, Chair
Luis G. Nogales
Lawrence Perlman

Summary of Cash and Certain Other Compensation and Other Payments to the Named Executive Officers

The following sections provide a summary of cash and certain other amounts we paid for the year ended December 31, 2006 to the named executive officers. Except where noted, the information in the Summary Compensation Table generally pertains to compensation to the named executive officers for the year ended December 31, 2006. The compensation we disclose below is presented in accordance with SEC regulations. According to those regulations we are required in some cases to include:

- amounts that may be paid in future years, including amounts that will be paid only upon the occurrence of certain events, such as a change in control of Arbitron;
- an assumed value for share-based compensation equal to the fair value of the grant as presumed under accounting regulations, even though such value presumes the option will not be forfeited and will be exercised before the end of its 10-year life, and even though the actual realization of cash from the award depends on whether our stock price appreciates above its price on the date of grant, whether the executive will continue his or her employment with us, and when the executive chooses to exercise the option; and
- the increase in present value of future pension payments, even though such increase is not cash compensation paid this year and even though the actual pension benefits will depend upon a number of factors, including when the executive retires, his or her compensation at retirement and, in some cases, the number of years the executive lives following his or her retirement.

Therefore, we encourage you to read the following tables closely. The narratives preceding the tables and the footnotes accompanying each table are important parts of each table. Also, we encourage you to read this section in conjunction with the Compensation Discussion and Analysis above.

2006 Summary Compensation Table

The following table provides information concerning the compensation of the named executive officers for our most recently completed fiscal year.

In the column salary, we disclose the amount of base salary paid to the named executive officer during the fiscal year.

In the columns Stock Awards and Option Awards, SEC regulations require us to disclose the award of stock or options measured in dollars and calculated in accordance with SFAS No. 123(R). For restricted stock, the SFAS No. 123(R) fair value per share is equal to the closing price of our stock on the date of grant. Restricted stock awards typically vest in four equal annual installments beginning on the first anniversary of the date of grant. Awards are conditioned on the participant s continued employment with Arbitron, but may have additional restrictions. We recognize such expense ratably over the vesting period. For stock options, the SFAS No. 123(R) fair value per share is based on certain assumptions, which we explain in note 15 to our notes to financial statements that are included in our annual report on Form 10-K. We recognize such expense ratably over the vesting period. The amounts shown in the 2006 Summary Compensation Table also include a ratable portion of each grant we made in prior years to the extent the vesting period occurred in 2006. Please also refer to the second table in this Proxy Statement, Summary of Cash and Certain Other Compensation and Other Payments to the Named Executive Officers Grants of Plan-Based Awards.

In the column Non-equity Incentive Plan Compensation, we disclose the dollar value of all earnings for services performed during the fiscal year pursuant to awards under non-equity incentive plans.

In the column Change in Pension Value and Nonqualified Deferred Compensation Earnings, we disclose the sum of the dollar value of (1) the aggregate change in the actuarial present value of the named executive officer s accumulated benefit under all defined benefit and actuarial pension plans (including supplemental plans) in 2006; and (2) any above-market or preferential earnings on nonqualified deferred compensation, including on nonqualified defined contribution plans.

Retirement benefits for one of our named executive officers, Mr. Morris, constitute a significant percentage of his total compensation.

In the column All other compensation, we disclose the sum of the dollar value of:

perquisites and other personal benefits, or property, unless the aggregate amount of such compensation is less than $10,000;

profit sharing;

all gross-ups or other amounts reimbursed during the fiscal year for the payment of taxes;

our contributions to vested and unvested defined contribution plans; and

an annual cash adder to cover expense reimbursement.

2006 Summary Compensation Table

Name and Principal Position	Salary ($)	Stock Awards ($)(1)	Option Awards ($)(2)	Non-equity Incentive Plan Compensation ($)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($)	All Other Compensation ($)(3)	Total ($)
Stephen B. Morris *President and Chief Executive Officer*	593,208	471,420	972,226	642,889	371,768	35,657	3,087,168
Sean R. Creamer *Executive Vice President and Chief Financial Officer*	350,000	163,216	51,615	252,875		27,721	845,427
Owen Charlebois *President of Operations, Technology, and Research & Development*	350,633	94,697	660,832	274,242		25,250	1,405,654
Pierre C. Bouvard *President of Sales and Marketing*	326,968	94,697	506,435	208,585		29,978	1,166,663
Vaughan Scott Henry *Executive Vice President and Chief Information Officer*	264,119	40,583	189,085	166,267		53,756	713,810

(1) Includes amounts for awards of restricted stock made to each named executive officer in 2006, and only with respect to Mr. Creamer, in 2005. Please refer to note 15 to our notes to financial statements for the year ended December 31, 2006, for a discussion of the assumptions related to the calculation of such value.

(2) Includes amounts for awards of stock options granted in 2003, 2004, 2005 and 2006 to the extent the vesting period for such grants fell in 2006. Please refer to note 15 to our notes to financial statements for the year ended December 31, 2006, for a discussion of the assumptions related to the calculation of such value.

(3) The amounts shown as all other compensation include the following:

	401(k) Match ($)	Expense Adder ($)(A)	Tax Gross-up ($)	Profit Sharing ($)	Relocation Assistance ($)
Stephen B. Morris	4,700	25,000	5,107	850	
Sean R. Creamer	6,600	15,000	5,696	425	
Owen Charlebois	9,400	15,000		850	
Pierre C. Bouvard	8,724	15,000	5,404	850	
Vaughan Scott Henry	7,906	15,000		850	30,000

(A) Represents an annual cash amount paid to each named executive officer to cover business-related expenses.

2006 Grants of Plan-Based Awards

In this table, we provide information concerning each grant of an award made to a named executive officer in the most recently completed fiscal year under any plan. This includes stock option and restricted stock awards under the Arbitron Inc. 1999 Stock Incentive Plan, each of which is discussed in greater detail in this proxy statement under the caption, Compensation Discussion and Analysis. In the fifth column, we report the number of shares of restricted stock granted in the fiscal year. In the sixth and seventh columns, we report the number of shares of common stock underlying options granted in the fiscal year and corresponding per-share exercise prices, respectively. In the eighth column, we report the aggregate SFAS No. 123(R) value of all awards made in 2006; in contrast to how we present amounts in the Summary Compensation Table, we report such figures here without apportioning such amount over the service or vesting period. In all cases, the exercise price was equal to the closing market price of our common stock on the grant date, which in 2006 was the first business day of the month following the date on which the Compensation and Human Resources Committee approved the grant, which we report in the ninth column.

2006 Grants of Plan-Based Awards

Name	Award Type	Grant Date	Date of Corporate Action	All Other Stock Awards: Number of Shares of Stock or Units (#)	All Other Option Awards: Number of Securities Underlying Options (#)	Exercise or Base Price of Option Awards ($/Sh)	Grant Date Fair Value of Stock and Option Awards ($)	Closing Market Price on Date of Grant ($)(4)

Stephen B. Morris	Restricted Stock (1)	3/1/2006	2/22/2006	48,500			1,885,680	38.88
Sean R. Creamer	Restricted Stock (2)	3/1/2006	2/22/2006	5,000			194,400	38.88
	Options (3)	3/1/2006	2/22/2006		15,000	38.88	185,475	38.88
Owen Charlebois	Restricted Stock (2)	3/1/2006	2/22/2006	11,667			453,613	38.88
	Options (3)	3/1/2006	2/22/2006		35,000	38.88	432,775	38.88
Pierre C. Bouvard	Restricted Stock (2)	3/1/2006	2/22/2006	11,667			453,613	38.88
	Options (3)	3/1/2006	2/22/2006		35,000	38.88	432,775	38.88
Vaughan Scott Henry	Restricted Stock (2)	3/1/2006	2/22/2006	5,000			194,400	38.88
	Options (3)	3/1/2006	2/22/2006		15,000	38.88	185,475	38.88

(1) Granted under the Arbitron 1999 Stock Incentive Plan. The restricted stock granted in 2006 to Mr. Morris vests in four equal annual installments beginning on December 31, 2006, and thereafter on December 31 of each year through December 31, 2009, subject to continued employment (with limited exceptions for termination of employment due to death, disability and change in control).

(2) Granted under the Arbitron 1999 Stock Incentive Plan. The restricted stock granted in 2006 to named executive officers other than Mr. Morris vests ratably over four years beginning on the first anniversary of the date of grant, subject to continued employment (with limited exceptions for termination of employment due to death, disability and change in control).

(3) Granted under the Arbitron 1999 Stock Incentive Plan. The stock options granted in 2006 to named executive officers have a 10-year term and vest ratably over three years, subject to continued employment (with limited exceptions for termination of employment due to death, disability and change in control).

(4) Before 2007, our option plans defined fair market value on the date of grant as the closing market price of our common stock on the first day of the next calendar month after the date the option is granted. The SEC s executive compensation disclosure rules adopted in 2006 define fair market value on the date of grant as the closing market price of the company s common stock on the date the option is granted, and require supplemental disclosure if the option price differs from the price that would have been established if that definition had been used. We revised our plans in 2007 to change the definition of fair market value on the date of grant to conform to the SEC s new definition.

Outstanding Equity Awards at Fiscal Year-End

The following table provides information concerning unexercised options and stock that has not vested for each named executive officer outstanding as of the end of our most recently completed fiscal year. Each outstanding award is represented by a separate row which indicates the number of securities underlying the award, including awards that have been transferred other than for value (if any).

For option awards, the table discloses the number of shares underlying both exercisable and unexercisable options, as well as the exercise price and the expiration date. For stock awards, the table provides the total number of shares of stock that have not vested and the aggregate market value of shares of stock that have not vested.

We computed the market value of stock awards by multiplying the closing market price of our stock at the end of the most recently completed fiscal year by the number of shares or units of stock.

Outstanding Equity Awards at Fiscal Year-End 2006

	Option Awards				Stock Awards	
Name	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable(1)	Option Exercise Price ($)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested ($)
Stephen B. Morris	20,923		23.98	10/22/2007		
	50,042		32.86	10/21/2008		
	58,382		23.91	10/20/2009		
	80,000	40,000	38.26	8/19/2014		
	43,334	86,666	41.05	2/23/2015		

					36,375(2)	1,580,130
Sean R. Creamer	20,000		40.90	9/15/2015		
		15,000	38.88	3/1/2016		
					16,250(3)	705,900
Owen Charlebois	46,667	23,333	38.26	8/19/2014		
	23,334	46,666	41.05	2/23/2015		
		35,000	38.88	3/1/2016		
					11,667(4)	506,814
Pierre C. Bouvard	13,334	16,666				