



Nielsen
Media Research

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To our clients:

I am writing to update you on the progress Nielsen Media Research has made with the client initiatives we announced earlier this year. Having already met a number of deadlines we set for ourselves, particularly with regard to a plan for the introduction of Video on Demand measurement and a pricing plan for National Respondent Level Data, we remain on track to meet all our other deadlines.

The details on our progress with the key client initiatives are below.

- **The Council for Research Excellence** – The Board of the Council for Research Excellence held its first meeting on June 8. As you will recall, the Council was established to make recommendations on how best to direct and implement the \$2.5 million research and development fund created by Nielsen. Under the leadership of Mark Kaline of Ford Motor Company, who chaired the meeting, the Board discussed governance issues and the process for identifying research projects that will be considered for funding, selected a Steering Committee, and voted on a Chair and Vice Chair.

The Council for Research Excellence represents all client segments, including members from national and local broadcast and cable, advertisers, national and local advertising agencies, ethnic media agencies, television station groups, syndicators, and the public interest groups. The Board of Directors will serve as the primary decision-making body of the Council, and a smaller Steering Committee will oversee operations and make recommendations on research to the Board. The nine Steering Committee members include:

- Susan Cuccinello, SVP of Research, TVB
- Henry DeVault, SVP Audience Analysis, ABC, Inc.
- Don Gloeckler, Manager, Media Research North America, Procter & Gamble
- Mike Hess, Director of Global Research and Communication Insights, OMD Worldwide
- George Ivie, Executive Director, MRC
- John Reardon, Group Vice President, Tribune Broadcasting
- Ceril Shagrin, SVP Corporate Research, Univision
- Ira Sussman, VP Research & Insight, CAB
- Jack Wakshlag, Chief Research Officer, Turner Broadcasting



The Board unanimously elected Mark Kaline to serve as Chairman and Larry Bobo, Professor of Sociology, Stanford University, to serve as Vice-Chairman. A Technology Advisory Panel, with members from academia and other research disciplines, is being created to consult with the Board and the Steering Committee and will be fully formed in the next few weeks. The Board will reconvene on July 28th and the Steering Committee will hold at least two meetings prior to the next scheduled Board meeting.

All clients can be updated on the progress of The Council for Research Excellence by visiting its website at www.researchexcellence.com.

- **MRC Commitment** – Nielsen continues to have ongoing discussions with the Media Rating Council staff and its Executive Committee about strengthening our relationship with the organization. After discussions with clients and the MRC, we have determined that beginning with Dallas and Detroit, we will time the roll-out of future LPM markets so that an MRC audit is available to MRC members prior to launch. We believe this will add an important level of transparency to the process.
- **Video on Demand Measurement** – Since delivering to clients our overall plan for enabling measurement of VOD programming in our syndicated ratings panels, we have been developing detailed and comprehensive materials on how this plan will be implemented. We will be contacting you soon to set up meetings where we can discuss these plans in more detail.
- **DVR Measurement** - DVR measurement has been successfully implemented in our Set Meter and diary markets. We remain on-schedule for installation of DVR households in the National and Local People Meter samples in January 2006. So far we have installed more than 200 DVR households across 47 NSI markets. The most installations to date have occurred in Houston (17), Tampa (15) and Dallas (12).
- **NPOWER 4.0** – The first modules of the new and improved NPOWER have been fully developed and have undergone extensive quality assurance assessments. Clients continue to be trained on this new application, which launched on time, today June 27.
- **Local Market Quality** – Considerable improvements in market quality have been made in the past few months.



- **Local People Meters** – A number of fault rate initiatives have been implemented, including Personal Coaching, Performance-Based Incentives, Reminder Mailings and a proactive program of installing dedicated phone lines in households fitting a profile that would suggest high probability of communications faults.
- **Set Meter** – We previously committed to hiring 10 additional Membership Representatives for sample recruitment. Membership Reps have already been hired in Sacramento, Cincinnati and Miami, and we currently are in the process of hiring in Richmond and Albuquerque.
- **Diary** – May diary editing is complete and we are very pleased with the final in-tab results, which came in at 17% over target for the total U.S., with all but one market coming in at or over target. We also showed substantial improvement over the February survey in the unweighted in-tab diary results for Hispanic, African American and under-age-35 households: overall, unweighted diary penetration increased 4% for under-age-35 households, 20% for African-Americans and 42% for Hispanics. We are also on track to increase the under-age-35 head of household unweighted index to 80% for the November 2005 survey .
- **Galaxy Navigator** – With the new, more powerful server successfully installed in early April and the subsequent software performance releases, we continue to see improved performance on Navigator. Highlights from the May 2005 Sweeps include:
 - Completion of over 300,000 reports for the first time ever for a sweeps period, a 48% increase in the number of reports from May 2004
 - Almost 4,000 reports run during our peak hour and over 18,000 reports on our peak day
 - The Helpline received no complaints about performance of reports and experienced a very low call volume during May Sweeps
- **Advertiser Advisory Council** – The current Advertiser Advisory Council includes member from the following advertisers: Anheuser-Busch, Ford Motor Company, Home Depot, MasterCard, McDonald's, Procter & Gamble and 20th Century Fox Film Corp. We have begun planning for the initial meeting of the Advertiser Advisory Council, which will be set for early August.



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- **Arianna** – A test panel of clients continue to use Arianna on beta sites and feedback from these clients is being utilized to make improvements in this new analysis software. We have developed an initial roll-out plan and training proposal, which includes both online and in-person training on Arianna before the official launch in the first quarter of 2006.
- **Sub-minute Ratings Analysis** – A research plan for a study that will analyze differences in audience estimates between minute level data and several sub-minute intervals is completed and will be delivered to the ANA Subcommittee on TV measurement in July for its review.

We look forward to your continued feedback on the VOD and Respondent Level Data pricing plans, as well as on all of our other client initiatives. I will continue to keep you updated on our progress with these initiatives and the upcoming launch of our new nielsenmedia.com website.