



Nielsen
Media Research

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To our clients:

I am writing to update you on the client initiatives we announced earlier this year. We continue to make steady progress with every initiative and remain on schedule to meet all of the deadlines for completion that we originally set forth.

I am pleased to announce we have fully formed our Advertiser Advisory Council, which will hold its first meeting on August 4 in Chicago. This Council, which is comprised of 8 members representing the top advertisers in the major service categories, will serve as a forum that advertisers can use to communicate their strategic initiatives to Nielsen. I am excited to begin working closely with the members of this Council and to receive their direct feedback and insight into how Nielsen can work effectively to support the priorities of advertisers.

Further details on the Advertiser Advisory Council and our progress with all of the client initiatives are below.

- **The Council for Research Excellence** – The Steering Committee of The Council for Research Excellence, the \$2.5 million R&D fund created by Nielsen and driven by our clients, held its first meeting in late June. The Steering Committee is a small working group comprised of ten Council for Research Excellence members that the Board selected at its first meeting to drive the process. At its initial meeting, the Committee created a list of top research priorities and began formulating a proposal on the process for determining which research projects should be undertaken. This proposal will be presented to the Board at its next meeting on July 28 in New York City. The outcomes of that board meeting, including the meeting transcript, will be posted on The Council for Research Excellence website: www.researchexcellence.com.
- **MRC Commitment** – Nielsen's ongoing discussions with the Media Ratings Council continue to be constructive as we work toward agreement on the proposed Voluntary Code of Conduct. We believe the Code represents a valid approach to enhancing the MRC process. Assuming that the review of the Code is completed and that the text of the Code is agreed to by the vendors and measurement services, Nielsen intends to adopt the Code.
- **DVR Measurement** - We remain on-schedule for installation of DVR households in the National and Local People Meter sample in January 2006. DVR measurement has already been successfully implemented in our Set Meter and diary markets.



Nielsen Media Research

- **NPOWER 4.0** – The new and improved NPOWER launched on June 27 after undergoing extensive quality assurance assessments. We have received positive feedback from clients, which includes faster processing speed resulting in quicker turn-around time of reports and an improved new user interface. Highlights from the improved system since its launch on June 27th include:
 - Completion of over 5500 reports, averaging 183 per weekday this month.
 - Average report processing time and average queue time have both been less than one minute.
- **National Respondent Level Data** – In an effort to provide more flexibility to clients who plan to use our data in a variety of ways, we completed and announced in May our revised pricing plan for the upcoming National Respondent Level Data File. We continue to meet with clients to discuss this pricing plan. The Respondent Level Data File is scheduled for release in October 2005.
- **Local Market Quality** – We continue to make progress with our quality initiatives and have experienced considerable improvements in markets where these initiatives have been fully implemented.
 - **LPM** – Beginning in May, a number of fault rate initiatives were implemented in households whose demographic backgrounds would suggest a high probability of communications faults. These initiatives included Personal Coaching, Performance-Based Incentives, Reminder Mailings and a proactive program of installing dedicated phone lines. The targeted households participating in these initiatives have shown significant improvements. In May, 84% of participating households improved their fault rates; on average, fault rates for these households were cut in half. As a result, the fault rate reduction goals for difficult demographic categories that were set in November 2004 were exceeded in almost every case in New York, Los Angeles, Chicago and San Francisco for the month of May.
 - **Set Meter** – We previously committed to hiring 10 additional Membership Representatives for sample recruitment. We have already hired 5 Membership Reps in Sacramento, Cincinnati, and Miami, Richmond and Albuquerque and 5 more Reps will be hired in August.
 - **Diary** – The larger, re-designed diary implemented in May 2005 delivered a dramatic decrease in the amount of unknown quarter-hours requiring ascription in the diary samples. Total Persons, African-American and Hispanic households all showed improvements in diary demographic entries. We remain on track to further increase the diary sample index for Age-Under 35 households from 75% to 80% effective with a Fall 2005 implementation schedule. We are proceeding with infrastructure improvements and staff additions to support the November oversample targets. Additionally, a



Nielsen
Media Research

\$15 cash incentive is under consideration for Age-Under 35 households effective with the October and November measurements.

- **Galaxy Navigator** – With the new, more powerful server successfully installed in early April, we continue to see improved performance on Navigator, including a very successful performance during May 2005 Sweeps. Specifically, we have seen continued improvements in job turnaround time and queue wait times, including:
 - Average wait time in the job queue has been dramatically reduced compared to 2004 (4 minutes in 2004 vs. 30 seconds this year), despite a 30-40% increase in the number of jobs submitted in 2004 vs. 2005.
 - Lower average turnaround time for Navigator reports. The average run time was 8 minutes in November 2004, 5 minutes in February 2005, and 2.5 minutes in May 2005.
- **Advertiser Advisory Council** – The Advertiser Council will hold its first meeting on August 4 in Chicago. Our goal for the first meeting is for Nielsen and the entire Council to obtain a clear sense of each member's perspective and their company's strategic initiatives and to focus on those high priority topics that need to be addressed. In preparation, we have already reached out to members of the Advertiser Council and requested their input prior to the initial Council meeting to ensure that it is a productive and informative meeting. A preliminary survey has been distributed to members to determine the most important topics of discussion for the meeting. We also plan to have the Council members individually report on their top marketing objectives.

The Advertiser Advisory Council members are:

Vicky Champlin, Director Media Planning, Anheuser-Busch

Mark Kaline, Global Media Manager, Ford Motor Company

Roger Adams, SVP, Marketing, Home Depot

Michael Lao, VP Global Media, MasterCard

Peter Sterling, VP Marketing USA, McDonald's Corporation

Greg Ross, Director, North America Media & Marketing, Procter & Gamble

Cheryl Idell, Executive Vice President, Media and Marketing Planning, 20th Century Fox Film Corp.

Laurie DePrete, Director of Marketing, Communications & Branding, Verizon Communications

- **Arianna** – Our new, sophisticated television ratings analysis software for local markets, Arianna, continues to be used on beta sites by a test panel of clients. The feedback from these clients is being utilized to make improvements in this new analysis software. Once these changes are made, a second, larger test panel will begin using Arianna on beta sites in Q4 2005. We have developed an initial roll-out



Nielsen
Media Research

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 was delivered to the ANA Subcommittee on TV measurement. The Subcommittee is in the process of evaluating the data from a 30 second study that Nielsen delivered earlier this year. After the the final results of the 30 second analysis are complete they will decide if there is a need to pursue the evaluation of sub-minute ratings.

I will continue to keep you updated regularly on all of the initiatives. Please do not hesitate to contact us if you would like to discuss any of these client initiatives further.

Sincerely,