

ARBITRON INC
Form 8-K
December 21, 2006

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of Earliest Event Reported):

December 20, 2006

Arbitron Inc.

(Exact name of registrant as specified in its charter)

Delaware

1-1969

52-0278528

(State or other jurisdiction
of incorporation)

(Commission
File Number)

(I.R.S. Employer
Identification No.)

142 West 57th Street, New York, New York

10019-3300

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code:

212-887-1300

Not Applicable

Former name or former address, if changed since last report

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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Item 1.01 Entry into a Material Definitive Agreement.

On December 20, 2006, Arbitron Inc. (the "Company") entered into a \$150 million senior unsecured credit facility with JPMorgan Chase Bank, National Association as Administrative Agent, Citizens Bank of Pennsylvania as Documentation Agent, Citibank, N.A. and Wachovia Bank, National Association as Co-Syndication Agents, J.P. Morgan Securities Inc. as Sole Bookrunner and Sole Lead Arranger, and a syndicate of lenders from time to time party thereto. The Credit Agreement expires on December 20, 2011.

The description of the Credit Agreement (the "Credit Agreement") set forth below is qualified in its entirety by reference to the full text of the Credit Agreement, a copy of which is attached as Exhibit 10.1 hereto and is incorporated by reference herein. The Credit Agreement also provides access to up to an additional \$50 million of financing through an expansion feature under which the aggregate commitment of the lenders may be increased up to \$200 million, subject to the availability of additional commitments. The credit facility includes a \$15 million swing line commitment and a \$15 million commitment for issuance of letters of credit.

Borrowings under the credit facility bear interest at one of the two following rates, at the Company's option: (1) the Alternate Base Rate (the "ABR") plus the Applicable Rate, or (2) the Adjusted LIBO Rate plus the Applicable Rate; provided that all Swing Line Loans (as defined in the Credit Agreement) bear interest at the ABR plus the Applicable Rate.

The ABR is equal to the greater of: (i) the rate of interest publicly announced by JPMorgan Chase Bank, N.A. as its prime rate in effect at its principal office in New York, and (ii) the federal funds rate effective from time to time plus 0.5%. The Adjusted LIBO Rate is equal to the rate at which Eurodollar deposits in the London interbank market for the applicable borrowing period are quoted on the Dow Jones Market Service, as adjusted to give effect to statutory reserve requirements for Eurocurrency liabilities established by the Board of Governors of Federal Reserve System of the United States. The Applicable Rate varies between 0.575% and 1.25% for Eurodollar Borrowings (as defined in the Credit Agreement), and between 0% and 0.25% for ABR Borrowings (as defined in the Credit Agreement), based upon a ratio, determined as of the end of each of the Company's fiscal quarters ending on and after December 31, 2006 of (i) Consolidated Total Indebtedness (as defined in the Credit Agreement) minus the amount by which the sum of cash and Permitted Investments (as defined in the Credit Agreement) maintained by the Company as of the end of such fiscal quarter exceeds \$30 million, if at all, to (ii) Consolidated EBITDA (as defined in the Credit Agreement) for the trailing four fiscal quarters.

The Credit Agreement contains customary representations, warranties, conditions precedent, events of default, indemnities and affirmative and negative covenants, including covenants that, among other things, require the Company to maintain certain leverage and interest coverage ratios, and restrict the ability of the Company to: incur indebtedness; incur liens; sell or otherwise dispose of assets, including capital stock of subsidiaries; enter into mergers or consolidations; enter into transactions with affiliates; and use proceeds of borrowings under the Credit Agreement for other than permitted uses. These covenants are subject to a number of important exceptions and qualifications. Certain changes in control of the Company would constitute an event of default under the Credit Agreement.

The proceeds from the credit facility will be used for general corporate purposes, which may include working capital requirements, strategic acquisitions and authorized share repurchases.

A copy of a press release announcing the signing of the Credit Agreement is attached hereto as Exhibit 99.1, and is incorporated herein by reference.

Item 2.03 Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.

The information set forth in Item 1.01 of this Current Report on Form 8-K, "Entry into a Material Definitive Agreement," is incorporated herein by reference.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

See Exhibit Index attached hereto.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Arbitron Inc.

December 21, 2006

By: *Timothy T. Smith*

*Name: Timothy T. Smith
Title: Executive Vice President and Chief Legal Officer,
Legal & Business Affairs*

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Exhibit Index

Exhibit No.	Description
10.1	Credit Agreement dated as of December 20, 2006 by and among Arbitron Inc., Citizens Bank of Pennsylvania as Documentation Agent, Citibank, N.A. and Wachovia Bank, National Association as Co-Syndication Agents, JPMorgan Chase Bank, National Association as Administrative Agent, J.P. Morgan Securities Inc. as Sole Bookrunner and Sole Lead Arranger, and the Lenders party thereto
99.1	Press Release dated December 20, 2006