

BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON, D. C. 20268-0001

COMPLAINT OF TIME WARNER INC. ET AL.
CONCERNING PERIODICALS RATES

Docket No. C2004-1

SECOND SET OF INTERROGATORIES AND REQUESTS
FOR PRODUCTION OF DOCUMENTS OF TIME WARNER INC. ET AL.
TO AMERICAN BUSINESS MEDIA (TW ET AL./ABM-10-63)
(August 4, 2004)

Pursuant to sections 25, 26 and 27 of the rules of practice, Time Warner Inc., Condé Nast Publications, a Division of Advance Magazine Publishers Inc., Newsweek, Inc., The Reader's Digest Association, Inc., and TV Guide Magazine Group, Inc. (collectively, Time Warner Inc. et al.) hereby direct the following interrogatories and requests for production of documents to American Business Media (ABM).

Time Warner Inc. et al. request that, in responding to these requests, ABM follow the guidelines set out below.

With respect to each question and subpart thereof, if information is not available in the exact format or level of detail requested, please provide responsive material in such different format or level of detail as is available. If ABM is unable to provide current information, please provide the most recent information available and identify the date or period to which that information applies. If ABM is unable to provide complete information, please provide any partial or representative information available that is responsive to the question. If ABM objects to providing any requested information on grounds of confidentiality or commercial or other privilege, please provide the requested information in a coded or blind format to the

extent that it is possible to do so consistent with the asserted privilege, or contact undersigned counsel to discuss possible limitations or alternative requests.

Respectfully submitted,

s/ _____
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**SECOND SET OF INTERROGATORIES
FROM TIME WARNER INC. ET AL. TO ABM**

TW et al./ABM-10 Please confirm that on the American Business Media (ABM) website (www.americanbusinessmedia.com) the "About" section contains (or contained as of July 21, 2004) the following statement:

"American Business Media has 229 member companies, representing over 3,000 print and electronic titles and more than 800 trade shows and events. They reach an audience of 100 million professionals and accounted for over \$19 billion in industry revenues in 2003."

TW et al./ABM-11 Please confirm that in the ABM 2002-2003 Annual Report ABM Chairman Robert Krakoff makes the following statement in his "Chairman's Report":

"American Business Media is also serious about its own business. The Association is in tip-top financial shape, with a strong balance sheet. This year, we made an unbudgeted \$500,000 contribution to our surplus."

TW et al./ABM-12 Please confirm that the ABM website contains (or contained as of July 21, 2004) a digital version of the ABM 2002-2003 Annual Report.

TW et al./ABM-13 Please confirm that the digital version of the ABM 2002-2003 Annual Report states that it is: "Brought to you by NXT book media and Reprint Management Services."

TW et al./ABM-14 Please confirm that the ABM website has (or had as of July 21, 2004) a link to NXT book media.

TW et al./ABM-15 Please confirm that www.nxtbookmedia.com contains examples of four publications and/or supplements that exist in a digital format: Club Industry, Folio:/Circulation Management, Managing Automation, and CMP Media, Call Center Magazine.

TW et al./ABM-16 Please confirm that the magazines and/or supplements referred to in the previous interrogatory are published by ABM member companies.

TW et al./ABM-17 Please confirm that the digital version of Club Industry plays the following statement when the publication is opened to page 1:

“Hello, and welcome to the revolution in Business to Business Publishing. The staff of Club Industry is pleased to provide you with a unique on-line publishing format. This format called E-Zine delivers Club Industry’s editorial content and advertising to your location faster, while at the same time, allowing you easy access complemented by new interactive features. Now, in it you will find the departments, columns and feature articles you are used to seeing in our print product, only sooner. Now, we will continue to print, publish and produce our regular paper product without interruption, and we assure you that you will continue to receive the regular monthly print product of Club Industry.”

TW et al./ABM-18 Please confirm that the digital version of Club Industry contains editorial content on page 3 and advertising content on page 4.

TW et al./ABM-19 Please confirm that the digital version of Digital Distribution contains advertising content on pages 4, 8, 12, 16, and 20.

TW et al./ABM-20 Please confirm that the digital version of Digital Distribution contains the following statement in the first paragraph on page 6:

“On the business-to-business side, however, more tangible developments are afoot. Two B-to-B publishers have had digital editions up and running for some time now, and a Who’s Who of players – including Reed Business Information, Ziff Davis Media, International Data Group (IDG), CMP Media, Hearst Business Media and Primedia Business Magazines and Media – are actively testing digital editions of existing publications and other formats.”

TW et al./ABM-21 Please confirm that page 7 of the digital version of Digital Distribution contains the following quotation from Jeff DeBalko, President, IDG Global Communications: “We’re cautiously optimistic about the volumes of people who are signing up for or paying for digital subscriptions.”

TW et al./ABM-22 Please confirm that page 7 of the digital version of Digital Distribution contains the following quotation from Tom Kemp, Chairman and CEO of Penton Media: “We’re still market testing digital versions, but this will clearly be a trend in our industry.”

TW et al./ABM-23 Please confirm that paragraph 8 on page 7 of the digital version of Digital Distribution contains the following statement:

“Business audiences also tend to be more comfortable with new technology, and are more likely to have access to broadband capabilities that enable the most user-friendly accessing of digital editions.”

TW et al./ABM-24 Please confirm that paragraph 9 on page 7 of the digital version of Digital Distribution contains the following statement:

“Rapidly changing business markets and Internet information offerings have put pressure on B-to-B’s to deliver content in a more timely fashion. And in many B-to-B sectors, the ability to archive and search content is a professional boon – a factor which, in combination with timeliness, may go a long way in helping to overcome resistance to paying for electronically delivered information, for those publishers seeking to develop user-based revenue streams.”

TW et al./ABM-25 Please confirm that paragraph 3 on page 9 of the digital version of Digital Distribution reads as follows:

“Potential cost savings are obviously a major draw. Qualified U.S. subscribers to NASA Tech Briefs, which launched a PDF edition in November 2001, may receive either the print or digital version on a controlled basis, but pay \$24 per year to receive both. International subscribers pay \$36 to receive a PDF subscription, versus \$195 for a print sub. About 18,500 or nearly 10 percent of its total 195,000 subscribers, have opted for digital only – producing a monthly savings of more than \$10,000 on printing alone, according to Hugh Dowling, circulation director for NTB and other Associated Business Publications (ABPI) titles.”

TW et al./ABM-26 Please confirm that paragraph 4 on page 9 of the digital version of Digital Distribution contains the following:

“BZ Media’s Bahr, who has an in-house digital distribution system developed from off-the-shelf software, reports that it costs about four cents per copy to produce and distribute a digital copy of SD Times compared to 56 cents for a print copy.”

TW et al./ABM-27 Please confirm that paragraph 3 on page 11 of the digital version of Digital Distribution contains the following:

“Eight percent (3,859) of SD Times’ total 46,759 qualified, controlled subscribers have opted to receive both its print and digital editions and about 20 percent (9,517) receive digital only.”

TW et al./ABM-28 Please confirm that the digital version of Managing Automation contains both advertising and editorial content.

TW et al./ABM-29 Please confirm that the digital version of Call Center Magazine contains both advertising and editorial content.

TW et al./ABM-30 Please confirm that the home tab at www.nxtbookmedia.com contains the following statement:

“ Readers like NXTbooks. We continually survey our readers and have found that 93% indicate they enjoy reading or receiving a NXT book and over 90% indicated NXTbooks have enhanced content value, specifically the immediacy and depth offered versus hardcopy. In addition, 76% to 94% have indicated they perceive the NXTbook as a better source of information for their decision-making tasks.”

TW et al./ABM-31 Please confirm that the ABM website contains (or contained as of July 21, 2004) a document entitled "REVIEW OF THE ABM ELECTRONIC MEDIA COMMITTEE WEB SURVEY RESULTS 2002, *Analysis and Commentary on the ABM Survey Responses*, Prepared by The Publishing & Media Group."

TW et al./ABM-32 Please confirm that the document referred to in the previous interrogatory states (at 11) under the caption "Profile of survey respondents":

- a. "This survey was sent electronically to all ABM members. After a second distribution, a total of forty three companies responded on a blind, unidentified basis. Review of the responses indicates that virtually all respondents were business media publishers with both traditional print media offerings as well as multiple Web and other digital offerings. The data presented herein reflects the opinions of these respondents."
- b. "Business media appears to be a sector of the publishing industry with a comparatively high reliance on electronic media. Respondents reported that they produce a wide range of e-media products, from traditional websites to electronic conferencing, custom-published e-newsletters and webcasting."
- c. "Electronic media appears to be evolving into a business norm. Every respondent to the survey has a presence on the web. In fact, the print magazine to website ratio is fairly even, with one website for just about every print magazine. This ratio does not decline as scale increases. About half of respondents produce six or more print magazines, and about half also have six or more websites. These statistics could suggest that many publishers believe that print is no longer enough. If a product comes out in paper, it should be matched with an electronic companion."
- d. "Beyond websites, the e-newsletter is the second most common type of e-media. Of the 100% of respondents producing print magazines, 88% also distribute electronic newsletters. 42% of respondents produce one newsletter per print publication, while 46% produce two or more. Therefore, e-newsletters do not appear to be replacing print media, rather they are provided as an accompaniment or enhancement to print."

TW et al./ABM-33 Please confirm that the document referred to in the previous interrogatory reports the following results (at 12) under the caption "Profile of survey respondents":

"Q 1. What types of publications and/or content venues do you offer today? Check all that apply. (44 respondents)

	#	% ¹
#1 Controlled Circulation Magazines	37	84%
#2 Free E-Newsletters	36	82%
#3 Directories	30	68%
#4 Paid Magazines	29	66%
#5 Online Databases	19	43%
#6 Print Newsletters	14	32%
#7 CD-Rom Products	9	20%
#8 Paid E-Newsletters	4	9%
Other	8	18%

Q 2. How many print periodicals do you currently publish? (42 respondents)

	#	%		#	%
1-5:	22	52%	26-50:	4	10%
6-10:	5	12%	51-100:	3	7%
11-15:	2	5%	100 +:	2	5%
16-25:	4	10%			

Q 3. How many web sites do you have currently? (43 respondents)

	#	%		#	%
1-5:	24	56%	26-50:	4	9%
6-10:	7	16%	51-100:	2	5%
11-15:	2	5%	100 +:	1	2%
16-25:	3	7%			

Q 4. How many E-mail newsletters do you offer per print publication? (43 respondents)²

	#	%
1:	18	42%
2-4:	12	27%
5-7:	3	7%
8+:	5	12%"

¹ Throughout the report, # refers to the number of respondents who provided the answer, % refers to the percentage of total respondents who answered the question.

² In Q. 1, seven responded that they don't offer e-newsletters, in Q. 4, five report they don't offer e-newsletters.

TW et al./ABM-34 Please confirm that the document referred to in the previous interrogatory states (at 25) under the caption "Electronic content and web capabilities":

"When asked about content, we found that 88% of respondents currently offer unique content on their websites that is not offered in their print titles."

TW et al./ABM-35 Please confirm that the document referred to in the previous interrogatory states (at 14) under the caption "Financial performance of electronic media":

"Respondents were asked if their electronic media venue was producing a profit, after operating costs and actual revenue. To this question, 45% responded yes. When asked the same question, but after crediting their web site revenue or savings from other departments back to the web site, we see a five point lift, meaning 50% reported yes, their electronic media venue was producing a profit. Although like statistics are not available in other media segments, these numbers appear to be reassuringly high, especially considering that electronic media is still a comparatively new addition to the industry. These positive results combined with comments on future improvements to their electronic publishing venues, indicate that the financial contributions should continue to grow in the future."

TW et al./ABM-36 Please confirm that the document referred to in the previous interrogatory states (at 18) under the caption "Electronic media revenue generators":

- a. "Survey respondents reported several different sources of revenue within electronic media. The most commonly reported source is from advertising followed by paid subscriptions, digital article sales and product sales, and finally the sale of subscriber and registration lists.

Three-quarters of respondents cited online advertising as a source of electronic revenue. Over half of respondents reported 'specialty sponsorships' as the greatest source of ad revenue. Advertisers were noted as having a strong interest in sponsoring content compatible with their own products and mission, making a sponsorship more of a targeted business initiative than a general ad buy. The general ad buy, however--or in this case the 'CPM-

based banner ad'--came in second as generating the most advertising revenue, with 34% of respondents. "

- b. "Still, online subscriptions to print publications – whether paid or controlled—are being offered by almost every respondent to the survey, with 90% currently making them available, and an additional 5% planning to offer subscriptions electronically. Even though there is very little direct revenue attached to these subscribers because most publications are controlled, the administrative savings of technology-generated names, along with building revenue-producing lists, and the growth of circulation for ad sales are all very valuable contributors, and are seen as such by respondents.

As more readers adapt to online as a media source, electronically produced print subscriptions are expected to increase."

TW et al./ABM-37 Please confirm that the ABM website contains (or contained as of July 21, 2004) a document entitled "ABM Brand Extension Committee, Case Study Spot Light Series: TOPIC: WEB SITES."

TW et al./ABM-38 Please confirm that the document referred to in the previous interrogatory contains (at 1) the following statements:

- a. "According to ABM's 2002 Publishing Cost Report, Internet revenues had grown to become a significant revenue source, at least for the largest publications. . . ."
- b. "While the revenue contribution was still relatively small, the profitability of Internet ventures reported in the 2002 survey was more impressive. The largest publications with 31 or more issues per year and revenues over \$10 million reported average profit from Internet activities of \$818,879, a contribution margin of 43%."

TW et al./ABM-39 Please confirm that the document referred to in the previous interrogatory presents a case study of "fesmag.com, the Web site of *Foodservice Equipment & Supplies Magazine*," published by Reed Business Information.

TW et al./ABM-40 Please confirm that the case study referred to in the previous interrogatory provides (at 2-3) the following descriptive information about fesmag.com:

- a. **"Concept:** Launch a Web site that meets the needs of our audience by allowing them to gain access to timely news and breaking stories, as well as to reach potential customers with online product promotions and other forms of advertising. . . ."
- b. **"Execution:** Positioned the site as the industry's only source of breaking news and webexclusive business information, including feature stories and department articles. . . ."
- c. **"Best practices:** . . . We found that the best way to drive traffic to fesmag.com was to provide our subscribers with exclusive news reports and feature stories that do not run in the print product."

TW et al./ABM-41 Please confirm that the ABM website contains (or contained as of July 21, 2004) a document entitled "American Business Media Business Information Resources 2001 Survey."

TW et al./ABM-42 Please confirm that the document referred to in the previous interrogatory reports (at 2-3) that "763 usable responses" were received from a survey sample of 2,100 domestic recipients of ABM member publications.

TW et al./ABM-43 Please confirm that the document referred to in the previous interrogatory states (at 1) as follows:

- a. "The objective of the survey was to develop a sense for how readers of b2b publications in a cross section of markets utilize publications and Web sites."
- b. "In the past month, 79% of the respondents reported they read or looked through a b2b publication in support of their work."

- c. "63% of [the respondents] surveyed said they visited a b2b Web site in the past month and 54% of those surveyed reported they had visited an advertiser's Web site."

TW et al./ABM-44 Please confirm that the ABM website contains (or contained as of July 21, 2004) a document entitled "TIME WARNER & OTHERS FILE POSTAL RATE CASE By David Straus, Partner, Thompson Coburn," dated January 12, 2004.

TW et al./ABM-45 Please confirm that the document referred to in the previous interrogatory includes the following statement:

"Given the Postmaster General's continuing pledges not to raise rates before 2006, and because the Time Warner proposal would raise some rates while lowering others, we expect that the Postal Service would not implement any changes resulting from this case before the 2006 rate increase is put into effect."

TW et al./ABM-46 Please confirm that the ABM website contains (or contained as of July 21, 2004) a document entitled "Digital Media Best Practices: E-mail Newsletters – July 2003."

TW et al./ABM-47 Please confirm that the document referred to in the previous interrogatory states (at 1) as follows:

- a. **"Introduction**

E-mail newsletters are one of the early success stories of digital media publishing. They strike a responsive chord among readers who want timely, regular information updates with the ability to get more in-depth information that is a click away. And they provide an effective and responsive venue for advertising clients. Thus, publishers have found them to be an ongoing source of ad revenue. . . ."

- b. **"Methodology**

A five-person subcommittee of the Digital Media Council created a questionnaire covering all aspects of e-mail newsletter publishing:

content development, circulation or audience development, advertising sales and distribution.

The committee then interviewed individual representatives of 16 publishing companies who are members of the American Business Media association. This group included: PennWell Corporation, McGraw-Hill Companies Inc., VNU-USA, Primedia Business Magazines & Media, Crain Communications, Inc., Summit Publishing, ST Media Group International, Sosland Publishing Co., Stamats Buildings Media, Edgell Communications, Hanley-Wood LLC, Jobson Publishing, IDG, Advanstar, Fairchild Publications, and Reed Business USA. . . ."

c. **"Overview**

All of the magazine publishers interviewed – regardless of size – were selected because they are publishing e-newsletters. Generally, these e-newsletters are associated with a magazine and Web site brand. Where there is more than one e-newsletter associated with a brand, the e-newsletters are targeted to different niches or sub-markets within the larger market or they have different purposes or roles.

The primary purpose of e-newsletters is generating revenue – and that is almost always through advertising. . . ."

TW et al./ABM-48 Please confirm that the document referred to in the previous interrogatory states (at 3-4) as follows:

"Purpose of Newsletters . . .

- Provide Need-to-Know Information. . . . [E]-newsletters are an opportunity to provide targeted information that might not otherwise reach an audience or reach that audience in an easy-to-read, easy-to-take-action format. For example, e-newsletters are focused on breaking news, highlights of the Web site, short tips and advice, and even short highlights of the magazine, depending upon each brand and how the e-newsletter supplements and complements other media of the brand.

- Generate Revenue. Most business-to-business publications have controlled magazine circulation, and that approach extends to e-newsletters. Thus, the predominant revenue model is advertising, and publishers are finding an interested group of advertisers who want to use this medium. . . ."

TW et al./ABM-49 Please confirm that the document referred to in the previous interrogatory states (at 5, 6 and 8) as follows:

a. **"Content Types . . .**

- News: As implied in the concept of 'newsletters' a majority of the newsletters are about industry news. They are daily, bi-weekly or weekly. Generally it's difficult to be a 'news' newsletter with less frequency. The primary purpose is to continue to establish the brand as a leader in gathering and providing news about an industry – and be a 'must have' source."

b. **"Sources of Content . . .**

The sources of the content vary by e-newsletter with no one source dominant in publishing. Content depends upon the publisher and the market. If content is only based on the print product, publishers feel that the electronic version reduces the readership of the print version. Hence, if the only source of revenue is the print product, there are future revenue/profit problems in only re-purposing print content."

c. **"Circulation Size**

Newsletter circulation sizes range from 1,200 to 240,000 – with most hovering in the 20,000 to 40,000 range. . . ."

TW et al./ABM-50 Please confirm that the document referred to in the previous interrogatory states (at 12 and 15) as follows:

a. **"Metrics . . .**

- **Best Practice**

With electronic media, publishers have the ability, as never before, to measure response and to better understand their audiences. With this information, they can both tailor editorial content and help guide advertisers with their message and choice of media. . . ."

b. **"Advertising Revenue**

The revenue base for e-newsletters generally mirrors the revenue base associated with the print or online publication. If the magazine has controlled circulation and is supported by ad revenue, then the e-newsletter generally follows that model. If the magazine or Web site has a paid subscription base, then the e-newsletter is often a

subscription product or part of the paid subscription product package. In the survey of publishers for this project, almost all were advertising based."

TW et al./ABM-51 Please confirm that the ABM website contains (or contained as of July 21, 2004) a document entitled "Business-to-Business Media Study Final Report, Prepared for American Business Media . . . by Yankelovich Partners and Harris Interactive, October 4, 2001."

TW et al./ABM-52 Please confirm that the document referred to in the previous interrogatory states (at 3) as follows:

"American Business Media has over 230 members, encompassing:

- Over 1,300 member publications
- Over 1,400 Web sites
- 181 industries
- 88.9 million readers
- Over \$23 billion in advertising revenue in 2000"

TW et al./ABM-53 Please confirm that the document referred to in the previous interrogatory states (at 9, 13, 17-22 and 27 [footnotes omitted]) as follows:

- a. "Over the past two years, there has been a dramatic increase in time executives spend visiting b-to-b Web sites."
- b. "On a top-of-mind (unaided) basis, b-to-b media rank among the top sources of information for executives.

Professional/ Trade Magazines/Journals	46%
Internet/ Web Sites	44%"
- c. "Read B-to-B Magazine in Past Month 83%"
- d. "Visited B-to -B Web Site in Past Month 68%"
- e. "Number of B-to-B Magazine Titles Read During Past Month
Average = 4.6 titles"
- f. "Time Spent Reading B-to-B Magazines During Past Week
Average = 2 hours 15 minutes"
- g. "Number of Different B-to-B Web Sites Visited in Past Month
Average = 7.5 sites"

- h. "Time Spent Visiting B-to-B Web Sites Visited in Past Week
Average = 2 hours 46 minutes"
- i. "A LARGE NUMBER OF EXECUTIVES REPORT IN-DEPTH USE OF
B-to-B WEB SITES
Nearly half have searched archives of b-to-b Web sites, and
one-third have purchased content. Figures are even higher
when looking at only those executives reporting past month b-
to-b Web site visitation."
- j. "•• B-to-B Web sites rate high for being 'primary sources for research'
and providing 'access to the latest information.' "

TW et al./ABM-54 Please confirm that on January 7, 2004, there was an "ABM Breakfast Club" meeting on the subject "Co-Palletization."

TW et al./ABM-55 Please confirm that the meeting referred to in the previous interrogatory included remarks by ABM President and CEO Gordon T. Hughes and presentations by ABM Postal Counsel David Straus and Vice President of Circulation and Database Development for Hanley Wood, LLC, Nick Canvar, who was at that date a member of both the Government Affairs Committee and the Circulation Committee for ABM and the Circulation Managers Advisory Committee for BPA International, and who was previously Vice President, Circulation for Intertec Publishing, a Primedia division and has also held positions at Crain Communications, International Thomson, and Cahners Publishing.

TW et al./ABM-56 Please confirm that the "Meeting Notes" for the meeting referred to in the previous interrogatory include the following statements:

- a. "Attendees: . . . numerous R.R. Donnelley representatives (breakfast sponsor) and members from several other printing organizations (Banta, Publishers Press, Cadmus). Publishers included McGraw-Hill, Primedia, Advanstar and others. Several walk-ins. Total attendance estimated at 50."
- b. "David [Straus] explained the USPS is using a great deal of resources to process a small amount of pieces in sacks. He

predicted the USPS would eventually force mailers out of sacks within the next 5 to 10 years. He then said the next rate case would include cost based rates with hefty increases for sacked mail."

- c. "Nick [Canvar] explained he has been involved in ABM postal affairs for many years and even testified for ABM in the '97 rate hearings. He told the audience it has always been the position of ABM and their members to fight against cost based rates, but times have changed. He continued by saying all Periodicals mailers must help the USPS control processing costs, and co-palletization is one method of achieving that goal.

Nick Cavnar then described Hanley Wood's participation in the R.R. Donnelley co-palletization program. . . . His fulfillment company provides the printer with a Mail.Dat file.

Hanley Wood started the co-palletization program with RRD in June of 2003. RRD uses a central consolidation facility located in Bollingbrook, IL. The facility also acts as the RRD parcel sorting operation. Individual bundles prepared by multiple printing operations arrive with pre-barcoded labels."

"Nick Cavnar finished his presentation with a statement that all publishers must look at this long term and rates will continue to increase. He stated ABM members must invest with their vendors today to build the systems everyone will need for tomorrow."

- d. "Gordon Hughes adjoined the meeting with a brief comment that the membership must unite and support co-palletization because it will take costs out of the postal system."

TW et al./ABM-57 Please confirm that the program for the meeting referred to in the previous interrogatory includes the following item:

"Co-Palletizing Small Circulation Magazines: A Case Study . . .

Nick Canvar will talk about how magazines with circulation as low as 16,000 can co-palletize, and how Hanley Wood's program has benefited the company."

TW et al./ABM-58 Please confirm that a document distributed to attendees of the meeting referred to in the previous interrogatory, entitled "DAVID STRAUS: OUTLINE OF REMARKS ON CO-PALLETIZATION," includes the following item:

- "3. Why the Postal Service, cheered on by MPA, TW, Conde Nast (and others) wants you to palletize.
 - a. Pieces on pallets cheaper to handle, less prone to damage, less prone to bundle breakage.
 - b. Reducing processing costs for some constrains rates for all."

TW et al./ABM-59 Please confirm that a document distributed to attendees of the meeting referred to in the previous interrogatory, reproducing the slides used by Nick Canvar in his presentation on "Copalletization for the Small Magazine," includes (at the 6th, 8th, and 13th of 14 unpaginated pages) the following items:

- a. **"Does it save money?"**
 - Example: Publication with 21,351 copies, weighing 0.42 pounds
 - Postage with single entry: \$7,925
 - Postage with copalletization: \$6,662"
- b. **"Does it improve mail efficiency?"**
 - Dramatic reduction in sacks
 - Delivery time from ADC/SCF entry point averages 3 to 9 days, compared to 8 to 14 for single entry
 - Judging by subscriber complaints and some monitoring, HW has seen no degradation in delivery time"
- c. **"Remember the long term!"**
 - Small circ publishers need vendors to set up co palletizing and drop ship programs NOW!
 - Alternative is dramatically higher postage costs
 - Invest with your vendors today to build the systems you will need tomorrow"

TW et al./ABM-60 Please confirm that a document prepared by or for RR Donnelley and entitled "Reach Your Customers: DistributionOptimizerSM gives you

the edge you need" was distributed to attendees of the meeting referred to in the previous interrogatory.

TW et al./ABM-61 Please confirm that the document referred to in the previous interrogatory includes the following statement:

"RR Donnelley drives postal efficiencies for publishers by leveraging our scope and scale to provide distribution savings, predictable total cost and improved delivery times."

TW et al./ABM-62 Please confirm that a document prepared by or for RR Donnelley and entitled "How do you gain from scale without increasing circulation? Obtain postal discounts while improving USPS efficiencies with the RR Donnelley DistributionOptimizerSM service" was distributed to attendees of the meeting referred to in the previous interrogatory.

TW et al./ABM-63 Please confirm that the document referred to in the previous interrogatory includes the following statements:

- a. "The co-palletization discount helps to alleviate the cost of mailings prepared in sacks by allowing these periodicals to be co-palletized with other publishers' titles. Eliminating sacks from the mailstream reduces inefficiencies for the USPS and the publisher, ultimately removing cost from the total system."
- b. "Hanley Wood and BNP Media take advantage of the co-palletization discount through the DistributionOptimizer service. The co-palletization option is ideal for magazines with circulation or mailings under 100,000 and works by combining pre-sorted, bundled magazines from different publishers on the same pallet to meet minimum pallet volume requirements."
- c. " 'We participate because it will enable magazines with short-run lengths to mail more efficiently, which promises to hold down postal rates in the future,' says Canvar. By the end of 2004, RR Donnelley will eliminate more than 2.5 million sacks. . . .

Hanley Wood has enjoyed the ease of use of the co-palletization incentive through the DistributionOptimizer service. 'It works automatically--it's practically invisible to us,' says Canvar. Keeping an eye on administrative costs and time, BNP Media has found the service beneficial as well. 'We attain discounts without having to change our process in any way,' says [Suzanne] Reeves [corporate production director, BNP Media].

'Co-palletization ultimately provides faster delivery because mail on pallets is entered into the mailstream closer to its end destination,' says Canvar."