

BEFORE THE
POSTAL REGULATORY COMMISSION
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Postal Regulatory Commission
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VALASSIS NSA

Docket No. MC2012-14

Docket No. R2012-8

RESPONSE OF THE FORT WORTH STAR TELEGRAM TO NOTICE OF INQUIRY NO. 1

The Fort Worth Star-Telegram is a subsidiary of the McClatchy Company, and one of its largest newspapers. The Star-Telegram submits this declaration in support of the Newspaper Association of America's ("NAA") Response to Notice of Inquiry No. 1.

The Star-Telegram wants to formally reiterate our opposition to the proposed Negotiated Service Agreement ("NSA") between the United States Postal Service ("USPS") and Valassis Direct Mail, Inc. ("Valassis") and further illustrate the irreparable harm the agreement could have on The Star-Telegram, the USPS and the communities we collectively serve.

Valassis is one of the Star-Telegram's largest competitors. Valassis not only competes with the Star-Telegram in the direct mail business, but Valassis also impacts the demand for the distribution of preprinted advertising inserts delivered in the Fort Worth marketplace. The proposed discounted rate to Valassis is not only unfair, it could upend the competitive landscape in favor of Valassis, potentially hurting our ability to serve our communities with high quality news.

Response To Questions

1. For fiscal year 2011, we estimate that advertising inserts for durable and semi-durable goods from national retailers represented 22% of the Star-Telegram's total advertising revenues (including ROP, classified, and digital advertising) and 69% of our total preprint advertising revenue.

2. The Fort Worth Star-Telegram distributes Total Market Coverage ("TMC") packages to non-newspaper subscribers through the mail and carrier delivery midweek. While TMCs may contain advertising inserts from national retailers and for durable and semi-durable goods, most of these types of midweek advertising inserts represent local grocery stores, fast food outlets and other retailers with local operations. Most of the ad inserts from national retailers and for durable and semi-durable goods are distributed within Sunday's newspaper editions or through our carrier-delivered "Sunday Select" program targeting non-newspaper subscribers. In combination with Sunday newspaper editions, Sunday Select provides advertisers with a total market coverage solution. The Sunday newspaper is very important to the Star-Telegram. On average, Sunday newspaper advertising drives nearly 35% of the Star-Telegram's advertising revenues. The Sunday paper creates a

significant portion of our profits in addition to being highly valued by readers and advertisers. The proposed NSA with Valassis, however, could lure many of these durable and semi-durable goods advertisers from our Sunday newspapers to Valassis, which we believe would diminish a significant part of the Star-Telegram's pre-print advertising revenues and, as a result, cause us to cut costs in response, including the possibility of scaling back our news coverage and potentially pulling our midweek TMC package from the mail to obtain savings and remain competitive.

3. For fiscal year 2011, the Fort Worth Star Telegram paid the USPS approximately \$3.7 million to deliver our TMC and direct mail products. We believe that the USPS could lose up to \$3.7 million if the Valassis NSA is approved.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on June 27, 2012.

A handwritten signature in black ink, appearing to read "Gary Wortel", written over a horizontal line.

Gary Wortel
President & Publisher
Fort Worth Star Telegram