

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

VALASSIS NSA

Docket No. MC2012-14

Docket No. R2012-8

RESPONSE OF HEARST NEWSPAPERS - COMMUNITY GROUP
TO NOTICE OF INQUIRY NO. 1

The Community Group of Hearst Newspapers serve seven communities (Beaumont, TX; Laredo, TX; Midland, TX; Plainview, TX; Edwardsville, IL; Midland, MI; Huron, MI) in three states. We are considered the dominant news and information provider in each of these markets.

We submit this declaration in support of NAA's Response to Notice of Inquiry No. 1

Response To Questions

1. For fiscal year 2010, we estimate that advertising inserts for durable and semi-durable goods from national retailers represented 9.7% of total advertising revenues (including ROP, classified, and digital advertising), 11.2% of total print advertising revenue, and 55.0% of total preprint advertising revenue.
2. For fiscal year 2011, we estimate that advertising inserts for durable and semi-durable goods from national retailers represented 9.6% of total advertising revenues (including ROP, classified, and digital advertising), 11.6% of total print advertising revenue, and 54.9% of total preprint advertising revenue.

3. Our Community newspapers distribute Total Market Coverage products to non-subscribers. Depending on the market, these TMC products are distributed Monday-Thursday and contain advertising inserts from grocery stores, cable companies, fast food, and similar businesses. While our Total Market Coverage products may contain ad inserts from national retailers of durable and semi-durable goods, most of these types of ad inserts are distributed in our newspapers' Saturday or Sunday editions and are an important source of revenue for newspaper journalism in our communities. For fiscal year 2011, we estimate that we distributed 858,000 packages of TMC advertising inserts displaying durable and semi-durable goods from national retailers via the Postal Service and 7 million packages via private delivery carriers or through other delivery methods.
4. For fiscal year 2010, we estimate that we mailed approximately 821,000 packages of TMC product for which we paid the Postal Service approximately \$ 120,000.
5. For fiscal year 2011, we mailed approximately 858,000 packages of TMC product for which we paid the Postal Service approximately \$ 127,000.
6. We estimate that the Postal Service will lose approximately \$127,000 from our mid-week TMC postage if the Valassis NSA is approved.
7. In the communities where we publish newspapers we are considered a small business. Our newspapers distribute advertising for firms that sell durable and semi-durable goods nationally. The communities we serve rely upon the local newspaper to stay informed about current events. Should Valassis NSA

prevail in its request it will result in job losses, revenue losses and we will be forced to reduce the amount of news and information we currently make available through the printed newspaper.

I state under penalty of perjury that the foregoing is true and correct. Executed on June 29, 2012.

/s/ Lucy C. Talley

Vice President/Community Group Publisher

Hearst Newspapers