

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

VALASSIS NSA

Docket No. MC2012-14

Docket No. R2012-8

RESPONSE OF THE ARIZONA REPUBLIC TO NOTICE OF INQUIRY NO. 1

The Arizona Republic is a newspaper published in Phoenix and is circulated throughout Arizona. Providing a national company like Valassis favorable pricing puts one local market competitor in an unfair pricing position. Valassis has used their advantages to make entry into many markets throughout the country a deterrent to competition. That deterrent limits the USPS from attracting potential new customers. The Arizona Republic is an example of a local newspaper that has been successful in partnering with the Postal Service in growing marriage mail business. Providing Valassis a lower cost model in Phoenix, does not help the USPS gain additional business. In fact, it will hurt The Arizona Republic and, in turn, reduce substantial USPS revenue in Phoenix.

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 17% of total advertising revenues (including ROP, classified, and digital advertising), 35% of total print advertising revenue, and 58% 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 17% of total advertising revenues (including ROP, classified, and digital advertising), 40% of total print advertising revenue, and 56% of total preprint advertising revenue.

3. The Arizona Republic distributes advertising inserts to non-subscribers via USPS on a weekly basis. Current household penetration into the Phoenix market is 100% with approximately 76% of the coverage distributed through USPS. The Republic's TMC is delivered Monday through Wednesday and carries all major grocers in the market. Many of our Sunday Preprint advertisers (non grocery) also use the TMC to deliver their preprints to households not covered with the Sunday print edition.

For fiscal year 2011, we estimate that we mailed 71,050,000 pieces, or 5,021,250 pounds, of TMC advertising mail packages displaying durable and semi-durable goods from national retailers via the Postal Service and 17,500,000 pieces were distributed via private delivery carriers (pounds not available).

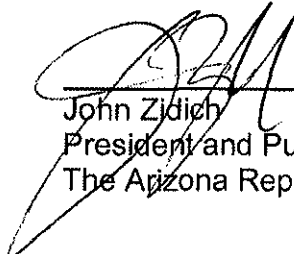
4. For fiscal year 2010, we estimate that we mailed approximately 69,600,000 pieces TMC advertising mail for which we paid the Postal Service approximately \$13,589,000.

5. For fiscal year 2011, we mailed approximately 71,050,000 pieces of TMC advertising mail for which we paid the Postal Service approximately \$13,507,000.

6. We estimate that the Postal Service will ultimately lose \$13,500,000 from our mid-week TMC postage if the Valassis NSA is approved.

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

Executed on June 28, 2012.



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John Zidich  
President and Publisher  
The Arizona Republic, a division of Phoenix Newspapers, Inc.