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TIME WARNER & OTHERS FILE POSTAL RATE CASE

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This afternoon, Time Warner along with Conde Nast, Newsweek, Readers Digest and TV Guide, filed a complaint with the Postal Rate Commission that proposed, among other things, a zoned editorial rate as well as a "container charge" that would substantially increase rates for Periodicals mailed in sacks as opposed to pallets.

The filing asked the Commission to conduct hearings and order the Postal Service to change the design of Periodical rates to bring them in line with what these publishers consider to be "cost-based rates." We have expected for some time that the Postal Service would itself make a move in this direction when it files its next case in the fall (for implementation in 2006). This preemptive strike appears to be an attempt to bring this issue to the fore, in order to keep it from being buried in a multi-issue rate case.

It is too soon to offer specific predictions, other than to state that, in American Business Media's opinion and irrespective of how the Postal Rate Commission chooses to handle this case, it is highly unlikely that rates will change before 2006. Even if the Postal Rate Commission is sympathetic to the issues raised in the case, it can do no more than give a "recommended decision," as it does in traditional rate cases, after which the Postal Service Governors reach a final determination. 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.

At this point, not having reviewed the 150-page filing or had an opportunity to determine the impact of the proposed changes, we do not have a position on this matter. American Business Media will seek your input as we develop our position. In the meantime, we continue to encourage American Business Media member companies to seek alternatives to sacked mail and move towards palletization.