



Kable Fulfillment Servicessm
a division of Kable News Company, Inc.

Subscription Fulfillment Newsletter

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Looking Ahead to 2004 *Rory Burke*

It has been 8 months since Kable acquired EDS' subscription fulfillment division. As we begin the new year, it's an appropriate time to assess our accomplishments to date and look ahead to the challenges we face in 2004. Before looking at integration initiatives, we should review core service deliverables. With few exceptions, both of the Midwest locations as well as the Colorado facility consistently met or exceeded service level commitments in all areas: Order Entry, Telephone Customer Service and Lettershop.

In our efforts to provide continuous improvement, Dick Noser's Operations group has been working with BancTec on Phase II of Kable's imaging initiative. This final phase will place Kable's Front End in an environment where 99% of all media is imaged. Another change made in 2003 was the discontinuation of service from Telemony. As a result, Kable has moved its credit card processing to Paymentec, Tampa. Later this year Kable will move to an online credit card approval process, which can secure funds in a real time environment versus the current batch mode. Other improve-

ments include the addition of a National Account Representative from the U.S. Postal Service to work directly with Kable on our clients' behalf.

Regarding the integration of the Colorado business unit into the Kable systems, we have made significant progress. Bud Bergie's I.T. department has begun the process of moving some of the Colorado applications away from EDS. This is evident with the successful installation of a "mid-range environment" in the Colorado facility. The result of the effort is that Kable is now hosting applications such as NCOReaccess, CircPlanner PLUS and KCSS (Kable Customer Service System) on servers in the Colorado facility. Another successful project was the migration of core lettershop work from the Midwest into the Colorado facility.

Looking ahead, during the next few months we will be enhancing the List Order Fulfillment process for the midwest clients by making use of the "List Lightning" application for all Kable clients. In the Customer Service arena,

Kable will be installing KCSS in the Midwest facilities by July of this year. In our Front End area, we will be installing the same imaging technology in Colorado that was installed in Kable's Midwest facilities over the last two years. This milestone will trigger the beginning of the migration of our Colorado publications onto the Kable system. We expect to begin the migration of subscriber files in July of this year. This process will continue over a two year period.

In the coming weeks and months, we will be forming a number of user groups to advise Kable on how we can strengthen our report packages as well as processes and procedures for selection and balancing of subscriber invoices and renewals. During this period of system integration, we have an opportunity to improve our system and services. We want you to be included in the process to make Kable's subscription fulfillment system the very best.

Mailing Services Update *Becky Huth*



“Kable Colorado facility was outfitted with a USPS MERLIN machine”

Lettershop Transition

We are happy to announce that as of December 19, 2003, the lettershop transition to Colorado is nearly complete, with 92 of 98 titles transitioned from Ohio and 204 of 223 titles transitioned from Illinois! Thirty-four truckloads of stock have been shipped from the two locations to Colorado, and only two truckloads remain to be shipped.

As is always the case with a transition of this magnitude, significant challenges were present, but the Kable teams in all locations have been working closely to resolve issues and attain the highest possible service levels. Now that the bulk of the stock and title shifting is behind us, our efforts will be focused on streamlining processing and improving local familiarity with individual client requirements.

Change in Provider of Canadian and International Letter Mail Distribution

Kable Colorado announced on December 22nd the change in service providers from RCS International to DHL for handling of letter mail to Canadian and International destinations. DHL is the service partner at the Kable Midwest locations and has an excellent record of delivery and customer service success, and it made sense for Colorado clients to benefit from this long-standing relationship.

Service commitments from DHL for delivery of letter mail to Canadian and International destinations remain the same as with RCS International, namely five to ten business days from receipt by DHL.

Other Mailing Service News

As part of the integration

process, Kable has been upgrading Colorado Mailing Service equipment. In late summer, the presort machines were enhanced with the latest in read camera technology. As a result, the success rate in reading addresses and barcodes on the first pass has been increased, improving presort efficiency and timeliness.

Additionally, the Postal Office (Detached Mail Unit) located inside the Kable Colorado facility was outfitted with a USPS MERLIN machine earlier in the summer. The MERLIN machine checks many aspects of a mailpiece to ensure it meets the criteria for automation. To date, we have had very few issues with mail being accepted by the Postal Service MERLIN machine. We continue to work closely with our on-site postal representatives to better understand the results from this machine and continuously improve mailpiece quality.



USPS National Account Manager Named for Kable

Randy Jayne was named U. S. Postal Service National Account Manager for Kable in late August. Since his appointment, Randy has been visiting Kable's operating locations and meeting team members. Randy's primary role will be to act as an advocate for Kable's clients within the Postal Service to resolve any issues and to provide information on new systems, processes and opportunities. The achievement of National Account Status affords Kable this dedicated representative, and already Randy's responsiveness and ability to escalate issues to a positive conclusion have been demonstrated. We look forward to sharing with you updates on future improvements and opportunities that result from this new partnership.

Big Changes in PO Box Fees Coming in 2004

Kable Colorado received approval in December to implement changes to incoming mail sortation similar to those employed already in Kable Midwest locations. These changes will significantly reduce the number of Post Office Boxes needed to sort incoming mail, which means reductions in box rental and accounting fees each client pays. Reductions are estimated at a minimum of 30%. In some cases the expense reduction may be as high as 70%! The size of the reduction depends on the number of PO Boxes currently in use compared to the number required in the new scheme.

Kable Colorado will be transitioning to one unique ZIP code rather than the 3 ZIP code schemes we have today. Within this single ZIP code the same level of sortation will be achieved as with 3 ZIP codes through utilization of the “Zip+4” add-ons with the single ZIP code. The “ZIP+4” add-ons will also be used to drive many of the same separations that are currently achieved using unique Post Office Boxes.

Kable Colorado and the USPS met on January 15th to iron out final details of this change. More information will be released soon. Kable Colorado will provide a “transition worksheet” to each client to clearly outline the recommended changes and financial benefits for specific titles.

Although this change will take time to fully implement, the Postal Service has tentatively agreed to assess all Kable Colorado fees in 2004 as though the new scheme has already been implemented, accelerating savings to our clients.

Front End Imaging Equipment for Colorado *Becky Huth*

Kable Colorado will begin the installation of its new imaging system in the Summer of 2004. In October 2003, nearly \$1MM was approved by the Kable Executive Committee to purchase and install a full imaging system in Colorado. Currently, Colorado has imaging capability for renewals and payments with cash (Image Remittance Processing, or IRPS) and images of Business Reply Cards are captured and routed to off-site keyer stations for data entry.

The new imaging system, developed by Banctec (the same company who installed Colorado’s IRPS system), will combine the current Scanning, Imaging of Business Reply Cards and Image Remittance processes into a single system. This system is being installed in June 2004, allowing us time to test, train and de-bug before clients start transitioning to the Kable system.



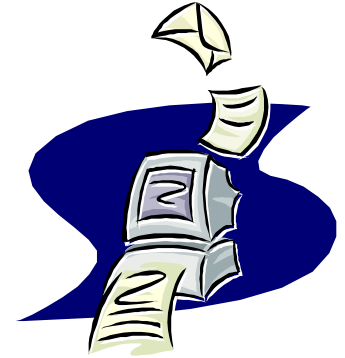
Anti-SPAM Enhancements at Kable *Jan Chandler*

As the Internet has proliferated, so has the use of e-mail to deliver unsolicited bulk or commercial e-mail, known as "spam". Over the last year, spam volume has increased dramatically. Recent industry estimates suggest spam now accounts for up to 70% of e-mail on the Internet. These messages consume bandwidth, server capacity, disc storage, and users' time, including Customer Service employees who must filter through incoming e-mail to eliminate spam.

Kable Colorado has implemented a multi-tier approach in fighting this problem. The tools installed filter out as much spam as possible in the customer service queues through eliminating items from known spam sources as well as "quarantining" or "tagging" suspected spam. The "quarantined" items are then reviewed to determine whether a new spam source needs to be added to the filter. Kable Midwest is performing manual de-

letion of spam until the filtering technology can be added to the Kable System.

By removing accurately identified spam e-mail from the message stream we eliminate the effort to review these messages, enabling us to focus on valid customer service processing. Please contact your Account Team leader if you have any questions or concerns about spam or any other issue.



Information Technology Update *Bud Bergie*

Mid-Range Systems Migration

The vast majority of EDS applications not running on the mainframe are UNIX and PC based home-built systems. In the EDS world, these were strategically loaded on hardware that supported multiple customers including, but not limited to the subscription fulfillment clients. This leveraged environment was very complex and after acquiring the Subfill assets of EDS our first order of business was to move these 80+ applications into the Kable environment.

We began this process in mid April 2003 by building a Data Center in the Centennial facility and purchasing new UNIX and PC hardware and software as well as storage and backup systems required to run and manage the systems to be moved from EDS' leveraged environment. After the infrastructure was established and tested, the movement of these applications began. Over a series of 7 waves of application moves conducted through November 30, 2003 we successfully migrated every system to the Kable Data Center in Boulder. There were several minor problems that occurred during this migration but for the most part it went exceptionally well. The moves and testing were always

done during off-hours and in the vast majority of cases were totally seamless to our clients as we moved from EDS' leveraged environment to Kable's standalone environment.

Programmers and Software Engineers Move to Kable

On December 16, 2003, 23 EDS programmers and System Engineers moved over to Kable Fulfillment Services of Colorado and are now full time employees. This group joins the current staff of Deskside support, communications and Tape/Print and forms the core group that will support the IT needs of the Kable Colorado facility. These 23 new Kable employees will report to Mike Peacock in Colorado who will report to Ron Smith, Director of Systems and Programming in our Mount Morris Facility. Please join us in welcoming this highly skilled group of individuals to the Kable family.

KCAB Meeting in Miami Glyn Standen

The Kable Client Advisory Board (KCAB) meeting on Thursday January 22 was, coincidentally, the 22nd meeting of this group. Started 6 plus years ago as the Kable User Group (KUG), this body of clients, working along with senior Kable management and staff, was formed to bring a more focused client perspective to our thinking.

Up until the winter meeting of 2003, the Board had 12 members but was recently expanded to 16. After the acquisition of EDS, we increased the number to 22 in order to accommodate representatives from the body of Colorado clients.

Members of the Kable Client Advisory Board have been in the circulation field for many years and are seasoned at working with fulfillment companies. Their expertise and experience helps Kable stay in touch with new circulation trends that we need to react to. All items discussed and made into action items for Kable to address are things that will have a positive impact on the entire user community.

Kable treats the opinions and suggestions of the Client Advisory Board seriously and we believe it has been a very worthwhile exercise and will continue to be so in the future. We encourage all our clients to contact the Advisory Board member assigned them with any topics you would like brought to the next meeting.

For further information regarding the Kable Client Advisory Board, or to find out who your KCAB representative is, please contact Glyn Standen at (815) 734-5959 or email gstanden@kable.com. A complete listing of KCAB members and their contact information is provided below.

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KCAB Meeting in Miami Glyn Standen (cont'd)

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Kable News Company, Inc., is a wholly owned subsidiary of AMREP Corporation and a NYSE corporation, is an aggressive company dedicated to innovation and growth, which allows us to help you achieve your goals.

Established in the 1880's, Kable began as a magazine printer. Over the years, the company has grown to include newsstand distribution, magazine fulfillment, product fulfillment, and direct mail services — and is now the second-largest fulfillment services provider in the U.S. Kable News Company, Inc., currently employs more than 1,500 people. We offer a combination of expertise, work ethic, resources, technology, stability (financial and staff), and economics that you will not find at any other company.

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New Additions to Kable's Subscription Fulfillment Family

Editorial Televisa, the premiere publisher of twenty proprietary and licensed titles targeted at the Latin market joined Kable in November. Publishing such titles as Vanidades, Cristina La Revista, Cosmopolitan En Espanol and TV Y Novelas, this 18 year old division of Editorial Televisa International is perfectly positioned to capitalize on the ever growing US and Puerto Rican Latin publishing market. With US offices located in Miami, FL and worldwide headquarters in Mexico City, Editorial Televisa is a key media player throughout South America with a leading TV, radio and print presence. A warm, Kable welcome to Armando Merino, Nilda Gomez and the rest of the Editorial Televisa circulation and marketing team.

Arabella, a new launch targeted at the romantic novel reader with features on subjects such as romantic short stories, romantic food and recipes as well as the hottest authors, astrology for lovers and romantic escapes joined Kable in December. All of at Kable welcome Kok Loong Lye and his circulation consultant Sue Johnson and wish them good luck in this new endeavor.

Yankee Publications, publishers of Yankee Magazine and the Old Farmer's Almanac joined Kable in December. Yankee Magazine delights its audience with features on New England and the practicality of good old fashioned Yankee wisdom. The Old Farmers Almanac, the oldest continuously published publication in the United States - founded in 1792,

continues to provide sound advice on the weather, the best time to plant tomatoes and many other topics. Please join us in welcoming Pat Sharpe and the entire Yankee team to Kable ... we are glad you are with us!

