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## BYLAWS

### Bylaw 4.2 Membership Representation

#### AMENDED BYLAW

*ABC's Board voted unanimously to modify Bylaw 4.2 Membership Representation to be less restrictive in the ratio of advertisers to advertising agencies given today's media environment. (Effective July 24, 2008.)*

#### Bylaw 4.2 Membership Representation

For carrying out the objects of the Bureau, the different classes of members will be divided into the following divisions:

Advertiser Division; Advertising Agency Division; Newspaper Publisher Division; Magazine Publisher Division; Farm Publication Publisher Division; and Business Publication Publisher Division.

The Board of Directors shall consist of representatives from each division as follows:

Advertiser & Advertising Agency Divisions: 19 members

- Advertiser Division (~~U.S. only~~) – at least eight members.
- Advertising Agency Division (~~U.S. only~~) – at least seven members.

There shall be a combined total of sixteen U.S. Advertiser and Advertising Agency member representatives and three Canadian Advertiser and/or Canadian Advertising Agency member representatives on the ABC Board of Directors.

Publisher Division: 17 members

- Newspaper Publisher Division – eight members.
- Magazine Publisher Division – five U.S. members.
- Farm Publication Publisher Division – one U.S. member.
- Business Publication Publisher Division – two U.S. members.
- Magazine Publisher Division, Farm Publication Division, and Business Publication Division, jointly – one member identified as the Canadian Periodical Publisher Division (who shall

be a Canadian member of one of these three divisions).

For the purpose of choosing the eight newspaper directors to the Board of Directors, the following classes of newspaper membership shall exist:

Class 1 – Daily Newspapers published in Canada.

Class 2 – Daily Newspapers at-large published in the U.S.

Class 3 – Daily Newspapers at-large published in the U.S.

Class 4 – Daily Newspapers having 250,000 or more net paid circulation published in the U.S.

Class 5 – Daily Newspapers having from 100,000 to 250,000 net paid circulation published in the U.S.

Class 6 – Daily Newspapers having from 25,000 to 100,000 net paid circulation published in the U.S.

Class 7 – Daily Newspapers having less than 25,000 net paid circulation published in the U.S.

Class 8 – All Weekly Newspapers (newspapers published less than four times a week).

One director shall be from each of the above classes. Class 1, 2, 3 and 4 directorship positions expire on even years; while class 5, 6, 7 and 8 directorship positions expire on odd years.

## BUSINESS PUBLICATIONS

### D 2.8 Subscriptions Sold with Other Publisher Goods/Services

#### AMENDED RULE

*ABC's Board voted to eliminate Rule D 2.8 Subscriptions Sold with Other Publisher Goods/Services disqualifying all subscriptions sold on a non-deductible basis with a publisher's other goods or services. (Effective January 1, 2009 – affecting all copies served after December 31, 2008.)*

### ~~D 2.8 Subscriptions Sold with Other Publisher Goods/Services~~

~~Individual subscriptions sold in conjunction with sales of other publisher goods/services, where the recipient does not have the option of deducting the subscription price from the purchase price, shall qualify as paid circulation, and be reported as "Subscriptions – Individual" under the following conditions:~~

~~(a) The amount of the purchase price allocated for the subscription must be clearly communicated during the sales transaction and stated on the sales invoice.~~

~~(b) The amount allocated for the subscription must be at a qualifying price.~~

~~(c) Subscribers may be sold only one subscription in conjunction with a "package" of the Publisher's goods or services per year.~~

~~(d) Subscriptions may only be sold in conjunction with other goods or services related to the field served.~~

~~(e) Such subscriptions reported in Paragraph 1A must be footnoted to provide a complete explanation in the paragraph devoted to general explanations in Bureau reports. The explanation must identify the range of subscriptions sold with the package of publisher goods/services and a description of package offered by the publisher.~~

~~(f) Such subscriptions shall be reported separately in the paragraph devoted to premium usage as "Sold with Other Publisher Goods/Services."~~

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## MAGAZINES

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### F 13.5 Analyzed Non-Paid Bulk Defined

#### AMENDED RULE

*ABC's Board voted unanimously to modify Rule F 13.5 Analyzed Non-Paid Bulk Sales to further state that these copies must be the current issue available in the market. (Effective July 28, 2008.)*

#### F 13.5 Analyzed Non-Paid Bulk Defined

Analyzed non-paid bulk is circulation delivered to designated locations for redistribution to recipients unknown to the publisher. Records must be kept on an issue-by-issue basis to show gross and net distribution when applicable. The copy served must be the current subscription issue being distributed.

Publisher's Statements and Audit Reports shall show copies distributed to designated areas but make no inference as to their final disposition.

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## NEWSPAPERS

### Bylaws & Rules

ABC's Board voted to modify bylaws and rules for U.S. newspapers. The bylaws and rules, which received first passage at the March 2008 Board Meeting, are intended to simplify ABC rules, reduce certain audit costs and provide greater pricing and marketing flexibility to publishers. The rule modifications will occur in two waves.

The first wave is effective April 1, 2009 and includes the following changes:

- Implement a flexible pricing model where newspapers will be considered "paid" by ABC regardless of the price for which a copy or subscription is sold.

- Allow newspapers to convert current home-delivery subscribers to a greater frequency, provided the subscriber can opt out of the program, the new frequency is served for a minimum of 12 weeks, and advertisers are notified of such programs via ABC's website at least 120 days in advance.

- Begin phasing out intermittent subscriptions from average paid circulation. In 2009, a maximum of 50 intermittent days may be claimed as paid. In 2010, a maximum of 25 days. In 2011, all intermittent subscriptions will be reported as "verified" circulation.

The second wave is effective October 1, 2010 and includes the following changes:

- Revise the definition of paid circulation so that it is more straightforward and represents payment by an individual reader or specialized distribution channel. Paid circulation will continue to be reported separately on ABC reports.

- Adopt a paid/verified model where "other paid circulation" (e.g., third-party sales, NIE copies and employee copies) will be reported as "verified" subscriptions.

- Reclassify copies distributed at hotels and subscriptions purchased by

businesses for designated employees to a new paid-circulation category, "Business/Traveler."

In addition, ABC's Board unanimously voted to modify additional rules, effective October 1, 2009, to ease certain auditing and reporting requirements for newspapers with circulation below 50,000. These newspapers will no longer be required to report circulation averages for each day of the week and they will also have the option of undergoing every-other-year audits instead of annual audits. Also, newspapers with average paid circulation less than 50,000 will no longer be required to include a map displaying current ABC zone boundaries and designated distribution areas. (Previously, these options were only available to newspapers with total average paid circulation of less than 25,000.)

#### C 1.1 Paid Circulation Defined [effective 4/1/09]

(Also see ABC Policy Regarding the Sale of Carrier Delivery Circulation and Single Copy Sales of Newspapers, Sale of Subscriptions and Single Copy Sales of Magazines and Farm Publications with Other Services.)

Paid circulation is hereby defined to be subscriptions and single copy sales of newspapers which have been individually paid for by the purchasers, not for resale, under the following conditions, viz.: at not less than one cent per copy or per subscription.

(a) If the sale is a single copy sale it shall be paid for at not less than 25 percent of the basic single copy price.

(a) Subscriptions may be served for no longer than three consecutive months, immediately following the expiration date and such arrears may be included in paid circulation.

(b) Subscription Sales:

~~(1) On term order for a year the subscription must be paid for at not less than 25 percent of the basic annual price.~~

~~(2) In case of a subscription for more than one year the subscription must be paid for at not less than 25 percent of a pro rata of the basic annual price for the period covered by the order.~~

~~(3) If the subscription is for a period of less than one year it must be paid for at not less than 25 percent of the basic price for the period offered. If there is no basic price for the period offered it must be paid for at not less than 25 percent of a pro rata of the basic price for the next shorter period. If there is no basic price for the term offered nor for a shorter term it must be paid for at not less than 25 percent of a pro rata of the basic price for the next longer term.~~

~~A price for a period of less than one year that is less than a pro rata of the basic annual price shall not be considered a basic price.~~

~~(c) Subscriptions for one year or more, or for less than one year if sold at not less than 25 percent of basic annual price, may be served for no longer than three consecutive months immediately following the expiration date, and such arrears may be included in paid circulation.~~

~~Arrears, if served, must be distributed prior to the distribution of the next regularly scheduled issue.~~

~~(d) (b) Subscriptions to any newspaper received as a result of an offer by a publisher that stipulates that part of the subscription term is free will qualify for inclusion in paid circulation only when a contractual agreement exists for the full term and frequency of the subscription and is in accord with the provisions of this rule Paragraph (b) above. Without such contractual agreement, those copies which a subscriber is informed that are free shall not qualify as paid circulation and instead shall be set up in unpaid circulation.~~

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~~(e)~~ (c) Unless stated otherwise, the amount paid by the purchaser/subscriber required to qualify circulation as paid, is net of all other considerations.

For purposes of defining paid circulation, the phrase 'net of all considerations' means that the purchaser has paid a qualifying price for the single copy or subscription in addition to the value of any other product or service bundled with the subscription or single copy offer.

For example, an offer of a subscription that includes an inducement of 'free' movie tickets valued at \$6.00 would require the consumer to pay \$6.00 plus a qualifying amount for the subscription in order for the sale to qualify as paid circulation.

### C 2.1 Circulation Averages [effective 10/1/10 ... however, also see last paragraph]

All Publisher's Statements and Audit Reports shall include a calculation of average paid circulation for each day of the week the newspaper is published plus a five-day (Monday to Friday) Combined Daily Average. One additional average (e.g. six-day Monday to Saturday, "Power Days," etc.) may be included at the publisher's option for the period covered by the report. These averages will be presented in the following manner:

~~"Paid for by Individual Recipients (sold at 50 percent or more of basic prices)"; "Paid for by Individual Recipients (sold at or more than 25 percent but less than 50 percent of basic prices)"; "Other Paid Circulation."~~

Paid for by Individual Recipients (home delivery and single copy):

Paid Business / Traveler circulation (guest refund-based and purchased by hotel):

Verified Circulation.

In addition, averages will be presented in a subsidiary paragraph in the following manner:

Home Delivery, Single Copy and Other Distribution Venues.

Publishers will also have the option to report circulation averages by geography (city zone, retail trading zone, newspaper designated market, etc.).

(Publishers wishing to establish up to three sets of geographic basic annual prices for each frequency offered will be required to report circulation averages by geography.)

Effective October 1, 2008 ...

Newspapers with an average weekday paid circulation of ~~25,000~~ 50,000 or less may opt not to report by day of week unless any one day (exclusive of Sunday) is at least 15% higher or lower than the other days, in which case day of week reporting is required. Newspapers choosing not to report by day of week may choose to report a five-day (Monday to Friday) or six-day (Monday to Saturday) Combined Daily Average.

~~Only those newspapers that maintain daily records itemizing the amount of circulation that falls into the "more than 25 percent but less than 50 percent of basic prices" category will be eligible to include sales at less than 50 percent of basic prices in total average paid circulation.~~

~~In addition, average circulation by reporting geography (e.g. City Zone, Retail Trading Zone, Newspaper Designated Market, etc.) shall be shown in a separate paragraph.~~

### C 2.5 Circulation Above or Below Average for Other Days [effective 10/1/08]

(a) When, over a period of three months, the average weekday circulation of a daily paper with less than ~~25,000~~ 50,000 ~~net~~-paid circulation is, on a certain day of the week less than 15 percent but more than 5 percent in excess of or below the average for such day on which the excess or deficiency occurs may, at the option of the publisher, be shown separately and the average for the

other five days shown as the "daily average." When multiple days meet the above criteria, they may be reported as one average if the circulation for each is within 5 percent of each other.

To exercise this option, the publisher must notify the managing director at least 15 days prior to the beginning of the six months' period for which the separation is desired to be shown. Upon receipt of such notice and its approval, the managing director shall notify all other daily newspaper members in the city of publication that such option has been requested and approved.

Once publishers have exercised the option, they may continue for successive periods while qualified.

~~When one publisher in a city files a Publisher's Statement under this rule, other publishers in the same city may do the same even though they do not qualify under the 5 percent minimum requirements.~~

~~Newspapers not published in the same city as another member may petition the managing director to report circulation by the same frequency categories as another member published in a different city if the City and Retail Trading Zones or Newspaper Designated Market of the petitioning member is completely contained within the City and Retail Trading Zones or Newspaper Designated Market of the other newspaper mentioned in the petition. Upon approval, the petition shall not be retroactive, but shall become effective upon receipt by the Bureau of said petition.~~

(b) Total average paid circulation by month may, at the option of the publisher, be reported in Publisher's Statements and Audit Reports. Percentages of the differences between the monthly averages and the average paid circulation for the period covered by the report are to be shown.

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## C 2.7 Days Omitted from Averages [effective 4/1/09]

(a) Newspapers may omit certain days from the calculation of their average net paid circulation when circulation on those days differs from the previous corresponding day by at least five percent.

*Example: A newspaper wants to eliminate Thursday, August 11. The net paid circulation for that day was 100,000. The net paid circulation for the previous corresponding day (Thursday, Aug. 4) was 107,000. Because the difference between the two-day's circulation exceeds five percent ( $7,000/107,000 = 6.54\%$ ), Aug. 11 is eligible for omission from ABC's circulation averages.*

### (b) Requirements

(1) ~~Variations~~ A maximum of 10 omitted days is allowed within a 12-month audit period.

### (2) ~~Option Days~~

~~(a) In competitive markets, when one newspaper elects to omit a day, ABC's managing director will notify the other publisher members in the same city. These publishers have the option to omit this day even though they do not qualify under the five percent requirement. If a newspaper exercises this option, it must count this day as one of the 10 maximum permitted under ABC rules.~~

~~(b) Newspaper members not published in the same city as another member may petition the managing director to omit the same day(s) as another member published in a different city if the City and Retail Trading Zones or Newspaper Designated Market of the petitioning member is completely contained within the City and Retail Zone or NDM of the other newspaper mentioned in the petition. If approved, the petition will not be retroactive and will be in effect upon receipt of the petition by the Bureau.~~

### (3) ~~Notification~~

~~The member newspaper must notify ABC of their intent to omit a day or days no later than 15 calendar days after the day requested to be omitted.~~

~~Total not paid circulation figures for the omitted day and previous corresponding day must be provided within 30 calendar days of the requested omitted day.~~

~~Failure to follow these notification requirements will result in the request for the omitted day being denied.~~

### (4) (2) ~~Change of Distribution~~

When a publisher member changes distribution, such as distributing a Morning issue to Evening subscribers or copies of an Evening issue to Morning subscribers, the circulation for those days may be included in paid circulation, provided the publisher maintains records to substantiate that those distributed copies qualify as paid circulation.

The total paid circulation for each such day and the average total paid circulation, exclusive of those days during the period covered by the reports, will be shown in the Explanatory Paragraph.

### (c) Bureau Reports

When there are days that are omitted from the average reported, the circulation and the reasons for omission will be reported separately for each day in the Explanatory Paragraph. The number of omitted days will also be reported on the front page.

## C 2.11 Intermittent Subscriptions [effective 4/1/09]

(Effective April 1, 2011, Rule C 2.11 Intermittent Subscriptions will no longer qualify as paid circulation and may be included as verified distribution provided the requirements of Rule C 3.3 Other Verified Distribution are met.)

(Beginning as early as December 1, 2008, publishers planning to serve intermittent subscription copies after April 1, 2009, are required to notify ABC at least 120

days in advance of the beginning date of the intermittent service.)

(a) Intermittent service ("bonus days") is the occasional delivery of issues not specifically identified as part of a new or renewing contract between the publication and the subscriber.

(b) To qualify for inclusion in paid circulation, the following conditions must be met:

(1) Intermittent service must be made to all eligible subscribing households within a market (e.g. City Zone, Newspaper Designated Market, etc.).

(2) All households scheduled to receive intermittent subscription service must be notified at least two weeks prior to the distribution date. If notification is placed in the newspaper, the notification must appear on a day that the subscriber would normally receive the newspaper.

*Example: Sunday-only subscribers are to receive Thursday, Nov. 24 as an intermittent service day. Notification must occur no later than Sunday, Nov. 6.*

(3) If, over the course of any seven-day period, the delivery of intermittent service copies emulates another established delivery frequency, the amount paid by the recipient of the intermittent service copies must be at least equal to a qualifying price, based upon a pro-rata of the basic price for the established frequency.

*Example: Sunday-only subscribers are to receive Friday, Saturday and Monday issues as "bonus days" and the newspaper has a Friday, Saturday, Sunday and Monday frequency of delivery with a basic home delivery price of \$2.00 per week. The Sunday-only subscribers must pay at least 50¢ (25% of \$2.00) for the Friday, Saturday, Sunday and Monday service.*

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(4) Advertisers must be notified at least 120 days prior to the delivery of the intermittent circulation. The notification is to be made through an ABC hosted Website and should include the date, the projected impact on total gross distribution for each intermittent service delivery day and the geography to be affected by each program.

(5) This rule will be phased out starting in 2009. For the September 2009 and March 2010 Publisher's Statement periods the limit is 50 intermittent service days for the 12-month period. For the September 2010 and March 2011 Publisher's Statement periods the limit is 25 intermittent service days for the 12-month period.

(c) When intermittent service equals or exceeds eight days in any Publisher's Statement period, "average intermittent service" will be reported as a separate line item in Paragraphs 1 and 2 of ABC Publisher's Statements and Audit Reports, as "Home Delivery, Intermittent Service."

(d) When "average intermittent service" is reported in ABC reports, information as to the specific dates the intermittent service occurred and the incremental paid circulation resulting for each of these dates must be included in the explanatory paragraph.

#### C 2.12 Audit Report Maps [effective 10/1/08]

(a) Audit Reports of daily newspaper members with circulation of ~~25,000~~ 50,000 or more shall include a map showing the current ABC zone boundaries and designated distribution area.

(b) All other newspaper members may, at the option of the publisher, include a map showing the current ABC zone boundaries or designated distribution area.

(c) The Audit Reports of newspaper members reporting circulation on the basis of a newspaper designated market in lieu of zones or in addition to zones, shall include a

map showing the approved newspaper designated market boundaries of the newspaper.

The Audit Report of U.S. newspaper members reporting an analysis by ZIP Code in Paragraph 3 may show ZIP Code boundaries for the City Zone, Retail Trading Zone, Newspaper Designated Market or designated distribution area.

(d) Maps are to be prepared by the Bureau in accordance with the procedures approved by the Board of Directors.

#### Article 3 - ~~Verified Other Paid Circulation, Subscriptions or Copies Paid for by Other than Recipient~~ [effective 10/1/10]

#### C 3.1 Employee, Correspondent and Agent Copies [effective 10/1/10]

A newspaper may include ~~in~~ as a sub-category of "Verified ~~Average Paid~~ Circulation" copies served (or made readily available for pick up in the normal work environment by) to employees, retired employees, correspondents and agents under the following parameters:

(a) To be classified as an employee, individuals must be, or have been, on the regular payroll during the reporting period of either the newspaper or a wholly-owned subsidiary of the newspaper that is actively engaged in the production or distribution of the newspaper. Employees of subsidiary organizations, such as radio and television stations, job printing plants and so forth, that are not actively engaged in the production or distribution of the newspaper, are not eligible.

(b) To be classified as a correspondent, individuals must contribute at least one article per month that is printed in the newspaper.

(c) To be classified as an agent, individuals must be currently involved in delivering the newspaper to subscribers.

An individual classified as an employee, correspondent or agent for more than one newspaper may be included in the "Average ~~Paid~~ Verified Circulation" of only one newspaper.

(d) Adequate records must be maintained by the newspaper (employee payrolls, records of correspondent compensation, agent billings) to support its claims.

~~These copies will be reported separately in "other Paid Circulation" in ABC Publisher's Statements and Audit Reports.~~

#### C 3.2 ~~School Subscriptions - Educational Programs~~ [effective 10/1/10]

A newspaper may include as a sub-category of "Verified Circulation" [The classification "Newspapers in Education Educational Programs" in Bureau reports may be shown at the option of the publisher and if shown shall include only copies (either subscriptions or single issue sales) ordered for delivery to schools. Copies may be purchased individually by the recipients or paid for by schools or out of classroom funds. In cases where qualified copies are paid for by sponsors, it may be acceptable for payment to be made directly to the publisher from the sponsor if other supporting documentation - confirming usage (i.e., affidavits from schools, verification of delivery and receipt, etc.) is available for auditor review.

~~This circulation shall be shown in Other Paid Circulation and in the appropriate geographic zone (e.g. City Zone, Newspaper Designated Market, etc.) or Newspapers in Education and shall qualify as paid circulation provided copies served conform to Bureau rules defining paid circulation in all other respects.~~

~~A complete explanation including the manner in which the copies are paid for shall be shown in the paragraph devoted to general explanations in Publisher's Statements and Audit Reports.~~

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~~(a) From time to time daily newspapers run a series of articles on a specific subject. Copies purchased by a sponsor or group of sponsors in excess of the recurring daily school copies for the period that the articles are featured do not qualify under the category Newspapers in Education but instead should be classified as Third Party Sales in Bureau Reports.~~

~~(b) Distribution of copies outside of structured classroom settings may also qualify as paid circulation, and reported as NIE Home Delivered for newspapers published outside of Canada, and as NIE for newspapers published in Canada in Bureau Reports provided the following conditions are met:~~

~~(1) The copies are served in conjunction with a formal program designed to encourage literacy and continuing education of the participating student by assisting the student family to improve their life and job skills.~~

~~(2) The program in question establishes minimum participation standards for the student family, and the student family achieves those minimum standards.~~

~~(3) Auditable records demonstrating the student's enrollment in school, the program in question, completion of minimum participation standards, and sufficient funding to support copies distributed are maintained.~~

~~(4) Only one copy per participating student family household may be claimed as paid.~~

~~(5) Schools and classrooms offering home delivered copies must also participate in NIE programs requiring classroom usage of the newspaper.~~

~~(6) School subscriptions (both subscriptions and single copy sales) qualify as paid circulation, providing copies served conform to all Bureau rules defining paid circulation in all other respects.~~

~~(7) This classification of circulation shall not exceed five percent of average paid circulation.~~

**C-3.3 Third Party Sales** [effective 10/1/10 ... see next rule for a revised C 3.3]

~~(The amount used for the purchase of newspapers must be in accord with Rule C 1.1 Paid Circulation Defined and use the NIE pricing model as described at [www.accessabc.com](http://www.accessabc.com) to determine the minimum unit cost, net of all other considerations.)~~

~~(a) Third Party (bulk) Sales are copies or subscriptions purchased in quantities of 11 or more that promote the professional or business interests of the purchaser.~~

~~All copies or subscriptions purchased in quantities of 10 or less will be designated as a "single copy sale" or "home-delivery" in ABC Publisher's Statements and Audit Reports, except as noted in section (b).~~

~~Eligible third party purchasers must market their products or services directly to consumers. Organizations, such as advertising agencies, marketing companies or similar firms are not eligible third party purchasers.~~

~~(b) All copies purchased by hotels, restaurants, airlines and rental car agencies for free distribution to their guests and by sponsors for free distribution to hospital patients and nursing home residents, regardless of the number of copies, will be reported as Third Party Sales when at least 25 percent of the basic price is paid, either in cash or by applicable barter. Evidence of this payment must be recorded and made available to ABC auditors.~~

~~(c) Third Party Sales copies served in arrears will be excluded from paid circulation and included in unpaid distribution.~~

~~(d) There are two types of Third Party Sales direct and sponsored. The relevant category depends upon how the newspaper receives funds from these sales.~~

~~For a guide for classifying Third Party Sales into categories, consult ABC's Web site: [www.accessabc.com](http://www.accessabc.com).~~

~~(1) Direct Third Party Sales~~

~~Direct Third Party Sales are defined as those sales involving the solicitation of funds from a single purchaser of newspapers who controls all aspects for a specific event (e.g. fundraising event, social function) or distribution program.~~

~~(2) Sponsored Third Party Sales~~

~~Sponsored Third Party Sales are defined as those sales involving the solicitation of funds from more than one purchaser (sponsor) for contribution to a specific program.~~

~~(a) The total average Sponsored Third Party Sales circulation must not exceed two percent of the average paid circulation over the Publisher's Statement period. Copies in excess of two percent will be deducted from paid circulation and included in non-paid circulation.~~

~~(b) Each individual Sponsored Third Party Sales program (e.g. Meals on Wheels, a sporting event, a festival) with average circulation of 250 or more copies per issue will be annotated in ABC reports with an explanatory note.~~

~~When the "Third Party Sales" purchaser (Direct Third Party Sales or Sponsored Third Party Sales) is an advertiser, and the transaction provides advertising, the sales may qualify as paid circulation provided one of the following three stipulations are met:~~

~~(i) The advertising agreement and newspaper purchase agreement are shown on separate contracts, or~~

~~(ii) The advertising agreement includes specific language regarding the newspaper purchase price within the contract when the agreement includes both advertising and newspapers; or~~

~~(iii) The purchase price of the newspapers is a separate itemized line item within the contract or invoice when the agreement includes both advertiser and the newspaper.~~

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~~(e) Requirements~~

~~(1) Notification~~

~~(a) Recipient~~

~~Recipients must be advised that the copies are made available by the purchaser. Here is an example of acceptable notification:~~

- ~~- Sponsor name~~
- ~~- Non promotional logo~~
- ~~- Address~~
- ~~- City, State, ZIP~~
- ~~- URL~~
- ~~- Telephone/Fax/Email~~

~~Additional information will be considered advertising and must be paid for as described in paragraph (d) above.~~

~~For notification language, consult ABC's Web site: [www.accessabc.com](http://www.accessabc.com).~~

~~Recipients of programs extending for longer than one month must receive initial notification that furnishes all information necessary to cancel delivery. These recipients must receive monthly notification of the sponsor's identity.~~

~~(b) ABC must be notified of any Third Party Sales program at least two weeks (14 days) in advance of distribution. This allows real time testing as part of the audit process. Failure to provide the required notification will disqualify the circulation as "paid."~~

~~For Third Party Sales copies delivered to non subscribers, newspapers must maintain a list of recipients by address or be able to define the geographic area in which they will distribute and quantify the number of households that will receive copies. This information must be available at least two weeks before the actual distribution date and be maintained for review by an ABC auditor.~~

~~(2) Content~~

~~At a minimum, the newspapers distributed as Third Party Sales must be the same core product (editorial, classified, inserts, etc.) delivered to all other single copy and/or rack outlets in the same zone~~

~~on the same date of delivery with the exception of freestanding inserts (FSI) advertising. Unique editions may not be used for Third Party Sales. Electronic editions may be subject to the limitations shown in paragraph (f) below.~~

~~(3) Price Qualification~~

~~A qualifying price must be paid by the sponsor for each copy sold, net of all other considerations. Associated costs must be identified separately when sold in conjunction with an advertising contract for copies to qualify as paid circulation. Newspaper members may use any of the three following methods for disclosing the cost of the newspapers:~~

~~(a) Both the advertising and newspaper purchase agreements must be shown on separate contracts.~~

~~(b) When the agreement includes both advertising and newspapers, specific language regarding the newspaper purchase price (copies, unit cost and total cost) within the contract must be included.~~

~~(c) When the agreement includes both the advertiser and the newspaper, the purchase price of the newspaper must be a line item.~~

~~The amount charged for the advertising must be the same as that charged to a similarly situated advertiser that does not purchase newspapers.~~

~~For an example of a qualified disclosure and minimum requirements to qualify a price for third party sales, consult ABC's Web site: [www.accessabc.com](http://www.accessabc.com).~~

~~(4) Billing~~

~~The purchase transaction must be separate from any other financial agreement between the third party purchaser and the newspaper. An independent line item for the cost of the newspapers must appear either on the contract (if sold with a package) or on the invoice to the purchaser and indicate rate, volume and total cost for the newspapers. A clear audit trail must be maintained from the invoice/contract to the circulation records.~~

~~(5) Payment~~

~~(a) At the time of distribution, a newspaper must have sufficient funds on deposit to cover the cost of distributing the newspapers claimed as Third Party Sales. If sufficient funds are not available, the copies may not be included as "paid" circulation. Third Party Sales are not eligible for inclusion in the four percent allowance.~~

~~(b) Payment by Barter~~

~~(i) Bartered goods and services must have a predetermined value that can be validated with supporting documentation. Goods and services are acceptable forms of currency (replaces cash in the transaction) for Third Party Sales. In addition to the billing requirement below, the revenue and expenses with respect to the bartered goods/services must be reflected in the accounting records of both the publisher and the sponsor in accordance with Generally Accepted Accounting Principles (GAAP).~~

~~A clear audit trail supporting the value of the bartered goods/services must be shown within the publication's accounting system.~~

~~For additional information regarding Barter Attestation Requirements, consult ABC's website.~~

~~Programs using barter must be accompanied by a written statement, dated prior to the distribution of the newspaper from the third party purchaser's CEO, CFO or from another representative in a management position who has knowledge of the company's financial recordkeeping process and can certify that the full barter value has been/will be recorded as an expense in accord with GAAP.~~

~~For an example of an acceptable statement, consult ABC's website: [www.accessabc.com](http://www.accessabc.com).~~

~~Barter will not be considered acceptable payment unless the affidavit is dated prior to the actual distribution of the Third Party Sale~~

Rule changes are effective immediately unless noted otherwise and are the result of ABC's usual two-step approval process unless designated as approved by "unanimous consent."

newspapers and made available to the ABC auditor upon request.

~~Third Party Sales paid for by barter must be broken out in Bureau reports. Consult ABC's Web site.~~

~~(6) Execution~~

~~The purchaser must direct the newspaper distribution to a specific Third-Party Sales program.~~

~~The purchaser may not contribute to a "general" third party fund, but rather must donate to a specific program or event (e.g. Meals on Wheels, a sporting event, or a festival).~~

~~The number of newspapers purchased, the rate charged and the total charge must be clearly indicated to the purchaser (net of all considerations as stated in "Billing").~~

~~Money donated to Newspapers in Education (NIE) programs cannot be transferred to Third Party Sales and vice versa.~~

~~(7) Delivery on Date of Issue~~

~~Third Party Sale copies must be delivered on the date of issue.~~

~~(f) Bureau Reports~~

~~The total average circulation for Third Party Sales will not distinguish between direct and sponsored sales, but rather discloses the average circulation for the period as a whole.~~

~~Although not reported in Bureau reports, for audit purposes, the publication must be able to identify and quantify direct versus sponsored third party sales.~~

~~U.S. publications must report circulation averages for the four largest categories of Third Party Sales in addition to an "Other" category that will complete the section. These figures will be listed in "Other Paid Circulation" and will show the type and character of the sales in ABC Publisher's Statements and Audit Reports.~~

~~Canadian publications — See Rule C 10.2 and C 10.5.~~

~~For a guide for classifying Third-Party Sales copies into categories, consult ABC's Web site: [www.accessabc.com](http://www.accessabc.com).~~

~~Duplicate home delivery circulation will be excluded from paid circulation. Newspapers delivering a "Third Party Sunday Bulldog" edition to their regular Sunday customers, may not count the Third-Party Sale copy as paid circulation. Third-Party Sale copies must be delivered on the date of issue.~~

~~Electronic editions may qualify for use in specific Third Party Sales Programs to businesses for their employees and to libraries. In these situations, each unique user license will constitute a subscription. The electronic edition must comply with all Bureau rules and policies relative to edition qualification and each license sale must also qualify to current paid circulation standards.~~

~~(g) Third Party Home Delivered Allowance~~

~~A total allowance of up to 15% for random/occasional delivery errors and false "no goods" will be permitted in evaluating the results of in field testing of Third Party Home Delivered programs.~~

**C 3.3 Other Verified Circulation** [effective 10/1/10]

(a) Home Delivery – Requested

Copies delivered to households based on a request from the household for delivery may be reported as: Verified Home Delivery – Requested under the following conditions:

(1) Distribution occurs for at least 12 weeks.

(2) A member of the recipient household specifically requested delivery of the frequency being delivered, and requests are renewed at least annually if delivery duration equals or exceeds one year.

(3) Records are available for the auditor to confirm the request.

(b) Home Delivery – Targeted

Copies delivered to households may be reported as Verified Home Delivery – Targeted under the following conditions:

(1) Households targeted for delivery are notified on the first day of delivery.

(2) Notification includes anticipated dates of delivery.

(3) Notification must include options for household members to contact the publisher to 'opt-out' of delivery.

(4) Publishers must maintain route lists of all targeted-delivery programs and, if requested by the auditor, provide copies to ABC at least two weeks prior to the commencement of a program. Failure to provide requested audit documents will result in the exclusion of the copies from Verified Circulation claims.

(c) Other Verified Distribution

In addition to Employee and Educational Programs copies as noted in Rules C 3.1 and C 3.2, distribution to the following venues may be included in "Verified Circulation" provided each location makes a specific request for delivery. The request should include an acknowledgment by the requestor that the copies are intended for use by patrons.

- Hospitals & Nursing Homes

- Restaurants

- Doctor / Dentist Offices

- Other 'public place' locations (e.g. barber shops, salons, etc.)

- Airlines

In addition, copies to be distributed through retail outlets will be eligible for inclusion in Verified Circulation provided the retailer makes a specific request for the number of copies and the copy counts represent reoccurring distribution to patrons.

No other single copy distribution is eligible to be reported as Verified Circulation.

Rule changes are effective immediately unless noted otherwise and are the result of ABC's usual two-step approval process unless designated as approved by "unanimous consent."

**C 3.4 Group (Subscriptions to Businesses /Traveler Copies for Designated Employees** [effective 10/1/10]

**(a) Business Copies**

All copies or subscriptions purchased in quantities of 2 or more by corporations, institutions or individuals for employees, subsidiary companies or branches ~~shall be designated in Bureau reports as may be included in paid circulation as an element of "Paid Business / Traveler Circulation, Group (subscriptions by Businesses for Designated Employees) Other Paid Circulation"~~ provided either:

(1) The newspaper has records indicating names or titles of the employees, or

(2) Subscriber records are available for Bureau verification indicating the names or titles of those receiving the newspaper.

~~(b) "Group (Subscriptions to Businesses for Designated Employees)" shall be reported separately in Publisher's Statements and Audit Reports in Paragraphs 1 and 2.~~

~~(c) An explanation of "Group (Subscriptions to Businesses for Designated Employees)" shall be made in the paragraph devoted to general explanations of Publisher's Statements and Audit Reports and the range of sales stated as follows: "sold in quantities of \_\_\_\_\_ to \_\_\_\_\_."~~

**(b) Traveler (Hotel) Copies**

All copies purchased by hotel guests as described in this rule and / or purchased by hotels for distribution to guest rooms may be included in paid circulation as an element of "Paid Business / Traveler Circulation, Hotel Distribution." Copies allocated to this category shall be further classified as follows:

"Guest Refund based" - copies distributed to guest rooms wherein the guest is notified upon check -in that a specified amount is included in the price of the room

for the newspaper and that amount will be refunded should the guest elect not to receive the newspaper.

"Purchased by hotel" - copies intended for distribution to guests.

**C 4.1 Timing of Audit** [effective 10/1/08 ... however, also see middle of paragraph (a)]

(a) All audits for newspapers in the same city shall be for periods ending at the same date. If an audit is made for a shorter period on one of the newspapers in the city, the averages for the shorter period shall be the first of averages shown in Paragraphs 1 and 2 of reports issued for all newspapers in the city.

The regular audit of a daily newspaper shall cover a 12-month period ending with a calendar quarter. A daily newspaper with average weekday paid circulation of ~~25,000~~ 50,000 copies per issue or less may request an audit covering a 2-year period ending with a calendar quarter. Audit Reports and Publisher's Statements for newspapers using the 2-year audit plan will be issued on a simplified reporting form with Paragraph 2 reporting on the basis of either zones, "City of Publication" or Newspaper Designated Market.

*Effective April 1, 2009 ...*

A daily newspaper with average weekday paid circulation between 50,001 and 75,000 copies per issue may request an audit covering a 2-year period ending with a calendar quarter provided the following conditions are met:

(1) Third party sales are less than 5% of paid circulation.

(2) The newspaper must participate monthly in the Preprint Projection Center.

(3) The last released audit may not have an adjustment that exceeds 2%.

(b) If, for any reason, the regular audit has not been made until after three months have elapsed since the end of the audit period, the Bureau may include in its audit

such additional three months in order giving the latest information. In cases where the audit period ends with any date other than a regular semi-annual period, the publisher shall file a six-month Publisher's Statement covering the months intervening between the end of said statement period and the three months following the close of the audit period.

(c) In cities near one another or in such geographical relation that it is economical to audit the publications therein for identical periods, the audit periods in those cities shall be made to coincide.

**C 5.2 Premiums with Subscriptions/Single Copy Sales** [effective 10/1/10]

(a) When a premium is used in connection with a subscription or single copy sales offer or implied to current subscribers in conjunction with continued or future subscriptions, the full value of the premium, whether stated or not, must be collected. The value of the premium is considered to be, the actual cost to the publisher, or the recognized retail value, or the represented value, whichever is highest.

In those situations where the cost to the publisher is used to calculate the premium value, set-up costs and shipping and handling fees to the publisher from the manufacturer shall not be considered.

In addition to the value of the premium, the subscriber must pay at least the amount required by C 1.1.

The provisions of this section apply to home delivered as well as mail subscriptions rule are applicable regardless of the source of the premium offer. Any sale induced by a premium from any program, whether the offer is generated by the publisher, an agent or solicitor, must qualify based on the criteria established in this rule.

Rule changes are effective immediately unless noted otherwise and are the result of ABC's usual two-step approval process unless designated as approved by "unanimous consent."

~~(b) Where the premium is a piece of merchandise or a service the value of which to the subscriber is, in the judgment of the managing director, not determinable by the method described above, the value shall be determined by comparison with the price at which other similar merchandise or service is available to the subscriber through commercial channels.~~

~~(c) When it has been determined by the Bureau that premiums have been given with subscriptions without the authority of the publisher, the Bureau shall take such steps as may be found practicable to ascertain how many subscriptions have been sold with said premiums and to disclose all the facts as to the validity of such subscriptions that are required to be ascertained when premiums are offered or authorized by publishers direct.~~

~~(d) In case the premiums have been furnished by a subscription agency or other publisher the entire production of subscriptions for the publication by such subscription agency or publisher shall be included in the Audit Report as premium subscriptions and if, by verification letter or other tests, it is shown that some of said subscriptions have been taken on such terms as would disqualify them from the paid classification under the premium rules, deductions shall be made from the total number of subscriptions furnished by the subscription agency or other publisher in the same proportion as the number of disqualified subscriptions in the test bears to the total number of replies received in the test.~~

~~(e) If the evidence in the test referred to in paragraph (d) of this section reveals that the premiums have not been furnished or authorized by the publisher or the subscription agency, but by individual solicitors (whether employees of the publisher, other publishers, subscription agency, or independent salespeople), all the subscriptions produced by the solicitors involved shall be included as premium~~

~~subscriptions and the same tests of validity of these subscriptions shall be made and the same ensuing procedure shall be followed concerning them as prescribed in Paragraph (d) of this section.~~

(b) In case the premiums have been furnished by a subscription agency or other publisher and have not been furnished or authorized by the publisher or the subscription agency, but by individual solicitors (whether employees of the publisher, other publishers, subscription agency, or independent salespeople), all the subscriptions produced by the solicitors involved shall be included as premium subscriptions and the same tests of validity of those subscriptions shall be made.

#### C 5.7 Sponsored Subscriptions Involving Charitable Donations [effective 4/1/09]

Circulation obtained through cooperation between a publisher and an organized charity or other organization where the publisher makes a donation in return for and in proportion to the circulation so obtained shall be described and included in the paragraphs of Publisher's Statements and Audit Reports devoted to such sales. In such cases to qualify as paid subscriptions the subscriber must pay not less than 25 percent of the basic annual subscription price or pro rata thereof, one cent plus the full amount he is informed will be paid to the charity or other organization on his behalf by the publisher.

#### C 5.9 Subscriptions Purchased with Award Points [effective 4/1/09]

(a) Subscriptions acquired through the redemption of accrued award credits or loyalty points (e.g., frequent flyer miles, credit card member points) may qualify as paid circulation if the publisher presents satisfactory evidence that the cash value of the redeemed product or service is equivalent to 25 percent of the pro rata of the

basic annual subscription price for term of the order one cent.

These "loyalty programs" require that the participant record a specific volume of transactions to earn sufficient award credit for award points.

#### (b) Requirements

Sufficient documentation must exist to demonstrate that the program meets the following qualifications:

##### (1) Program

(a) The enrollment process must include a clear link to the "host" organization.

(b) The participant must take an affirmative action when enrolling in the program.

(c) If points are awarded for enrollment, participants may not initially receive more than 35 percent of the points needed to obtain the least expensive product or service offered in the program.

(d) If an expiration date for points is established, the date must allow for sufficient accumulation of points necessary to redeem the highest valued item prior to expiration.

(e) Each program must have an assigned point value based upon the number of points required to redeem the lowest valued commercially available product (product value divided by assigned points equals value per-point value).

(f) Points must be earned as a result of incremental activity or the value of each transaction.

##### (2) Participant (consumer)

(a) The participant must perform a specific action to earn award points.

(b) The participant must perform a specific action to redeem goods or services.

(c) The participant must know the specific activity required to earn points including the volume of points that can be earned with each activity.

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(d) The participant must be able to accrue points for future redemption opportunities.

(e) Participant must have sufficient access to their account status on a regular basis.

(f) There must be proof that proper payment was received from the participant for the redeemed items.

### (3) Point Values

Per-point valuation must be established as follows:

(a) All items offered for point redemption must have a stated value in points or dollars.

(b) An option must exist for point redemption for a mixture of publication and non-publication items.

At least 20 percent of all items offered must be non-publication items. For non-publication items, at least 50 percent of them must be commercially available (in the public domain) for consumer purchase.

(c) The value of each commercially available item must be equal to or greater than the average value of all publications included in the offer.

(d) The number of points required for redemption should be an extension of the per-point value calculation (product value divided by assigned points equals per-point value) multiplied by the stated value. This calculation must be consistent for all (publication and non-publication) award items.

(e) The average price calculation formula will be equal to the per-point value multiplied by the number of points required to purchase the subscription.

### ~~(c) Reporting~~

~~The average number of copies served in the period from subscriptions purchased through the redemption of trading stamps or award points (to include Frequent Flyer Miles) and a full explanation of the program details, value assigned to the points redeemed and the term and price of~~

~~subscriptions served will be made in the Explanatory Paragraph of Publisher's Statements and Audit Reports.~~

### C 5.10 Vacation Paks [effective 4/1/09]

Copies held by the publisher or independent carrier for distribution to a subscriber during the period the subscriber is on vacation may be included in paid circulation subject to the following provisions:

(a) The subscriber specifically orders in advance the copies. The carrier or newspaper should have on file for the auditor's review an order that includes the date of order, the subscriber's name, address and vacation dates.

(b) The subscriber is charged a minimum of 25 percent of the basic price one cent for the specific vacation term ordered.

(c) Only copies served to the vacationing subscriber may be included in paid circulation.

(d) The term of the Vacation Pak Plan be limited to four calendar weeks.

### C 5.12 Subscription Offer Based on Acceptance Unless Declined [effective 4/1/09]

~~Subscriptions resulting from offers that are based upon the assumption that the offer has been accepted unless specifically declined, qualify as paid circulation if money has been collected to qualify the subscription.~~

~~This rule does not apply to newspaper carrier and mail subscription offers in which the terms of the contract changed. See C-1.1(d).~~

~~Newspapers that change frequency of delivery without receiving subscriber affirmation ("forced conversions") must disclose the following in the explanatory paragraph of Bureau reports:~~

~~• the number of subscribers converted to the new frequency and the impact upon average paid circulation;~~

~~• the effective date of such a change; and~~

~~• the ABC defined geographic market area in which the change took place.~~

~~In addition, the former frequency of delivery must be eliminated and cannot be reinstated for at least three months.~~

~~For those newspapers not reporting circulation by day of week, further disclosure of circulation statistics must be made for the affected market area when the frequency change causes the average paid circulation in that market area to vary by more than 15 percent from the other days of the week.~~

Publishers may modify existing subscriber contracts to add additional days of service without an incremental charge under one of the following circumstances:

(a) Frequency Conversion ("forced") - Publishers may eliminate an existing frequency and convert all of these subscribers to a new delivery schedule that is universally available to the public. The additional service in such a 'forced' conversion can qualify as paid circulation.

Examples of 'forced' frequency conversions include the addition of Saturday delivery to Sunday only customers; weekend subscribers to receive Monday copies during football season; Monday thru Friday subscribers to receive Saturday and Sunday copies; the addition of Thanksgiving day copies to Sunday only subscribers, etc.

To qualify for inclusion in paid circulation, copies served under this provision of the rule must adhere to the following criteria:

Rule changes are effective immediately unless noted otherwise and are the result of ABC's usual two-step approval process unless designated as approved by "unanimous consent."

(1) Starting no later than 30 days prior to the first delivery date incorporating the change in frequency, all promotions / sales materials of the frequency to be discontinued must be converted to include the added delivery. For example, if Sunday only subscribers in Able County are to be converted to Saturday / Sunday subscribers on July 1, all inbound and outbound sales efforts must be modified by June 1 to only "sell / accept" Saturday / Sunday subscriptions (only) for the affected geography.

(2) The discontinued frequency (e.g., Sunday only) cannot be reinstated within the effected geography for six months after its discontinuance.

(3) All frequency changes must be applicable to a defined geographic area (e.g., cluster of ZIP Codes, county / counties, ABC defined market, etc.).

(4) All affected households must receive a clear and conspicuous notice of the change; such notice may be accomplished via an informational note as a 'topper' to the newspaper.

(5) No inference should be made to affected subscribers / new subscribers that the change in frequency is temporary.

(b) Frequency Ugrades ('opt-out') - Publishers may upgrade an existing subscriber to a greater frequency, with the option to opt-out, even while the original frequency remains available in the marketplace. For example, publishers may add Saturday delivery to some current Sunday only subscribers while continuing to sell Sunday only subscriptions.

To qualify for inclusion in paid circulation, copies served under this provision of the rule must adhere to the following criteria:

(1) Affected subscribers must be notified at least one day in advance of the start of the incremental delivery service.

(2) The initial notification must advise of the specific delivery change that is to occur; the term of added delivery; and instructions on how to decline the incremental delivery. This notification must be presented in a clear and conspicuous manner.

(3) The incremental delivery must be for not less than 12 consecutive weeks. The addition of a single day, or other irregular (non-reoccurring) delivery days (such as the addition of Thanksgiving to Sunday only subscribers) is not permitted within this provision of the rule.

(4) If at any point in the first 12 weeks a subscribing household opts-out of the incremental service, all added copies served that were incremental to the original subscription frequency are to be excluded from paid circulation claims.

(5) Publisher's Statements and Audit Reports of newspapers executing these frequency upgrades must explain the details of the upgrades including the impact on average paid circulation.

In all cases where publishers elect to invoke either or both provisions of this rule, advertisers must be notified at least 120 days prior to the implementation of the frequency conversion or upgrade. The notification is to be made through an ABC hosted website and should include the effective date of change, the projected impact on paid circulation, and the geography to be affected by each program.

## C 5.19 In-House Credits [effective 4/1/09]

From time-to-time retailers and/or civic or social organizations may offer consumers "in-house" credits to be redeemed at the organization's facility (such as credits issued to new members of a museum that are to be redeemed at the museum gift shop). The value of that "in-house" credit may be used toward the purchase of a newspaper subscription under the following conditions:

(a) The credit is part of a presentation made by the retailer, civic or social organization, not the newspaper, or its agents.

(b) The credit has a specific expiration date.

(c) The presentation is made in a manner that provides equal prominence and position for all good(s)/service(s) offered.

(d) The value of the credit is identified in monetary terms to the subscriber and is equal to no less than ~~25% of the pro-rata of the basic price of the term of the subscription offered~~ one cent.

(e) Adequate records regarding the order, transmittal of funds, and manner in which the value of the credit is determined, must be available for the auditor's review.

(f) The transactions are fully explained in the Publisher's Statements and Audit Reports.

Rule changes are effective immediately unless noted otherwise and are the result of ABC's usual two-step approval process unless designated as approved by "unanimous consent."

## NEWSPAPERS

### Rules

#### Article 20 – Canadian Rules

ABC's Board voted unanimously to create a new section – Article 20 – to house the rules governing Canadian newspapers. (At the same time, Article 10 was dissolved.) The rules in Article 20 apply only to the Canadian market and the only changes were to eliminate any rules, rule language or references specific to the U.S. (Effective July 28, 2008)

In addition, ABC's Board voted unanimously to modify Rules C 22.1 Circulation Averages, C 22.5 Circulation Above or Below Average for Other Days, C 22.12 Audit Report Maps, and C 24.1 Timing of Audit to ease auditing and reporting requirements for newspapers with total average paid circulation of less than 50,000. These newspapers will no longer be required to report circulation averages for each day of the week and they will also have the option of undergoing every-other-year audits instead of annual audits. Also, newspapers with average paid circulation less than 50,000 will no longer be required to include a map displaying current ABC zone boundaries and designated distribution areas. Previously, these options were only available to newspapers with total average paid circulation of less than 25,000. (Effective October 1, 2008.)

In addition, ABC's Board voted unanimously to modify Rule C 25.13 Subscription Offer Based on Acceptance Unless Declined to allow publishers to upgrade current home-delivery subscribers to a greater frequency without prior consent provided certain requirements are met. (Effective July 28, 2008.)

Also effective July 28, 2008, Rules C 21.2 Prices and C 22.4 Separate Editions were modified to allow newspapers to establish separate basic prices for single-copy and home-delivered replica electronic editions by reporting zone.

#### ~~C 21.1~~ C 1.1 Paid Circulation Defined

(Also see ABC Policy Regarding the Sale of Carrier Delivery Circulation and Single Copy Sales of Newspapers, Sale of Subscriptions and Single Copy Sales of Magazines and Farm Publications with Other Services.)

Paid circulation is hereby defined to be subscriptions and single copy sales of newspapers which have been paid for by the purchasers, not for resale, at not less than one cent per copy or per subscription, under the following conditions, viz.:

~~(a) If the sale is a single copy sale it shall be paid for at not less than 25 percent of the basic single copy price.~~

(a) Subscriptions for which payment is at least 50 percent of the publisher's basic price for the term and frequency may be served for no longer than three consecutive months, immediately following the expiration date and such arrears may be included in paid circulation.

Subscriptions for which payment is less than 50 percent of the publisher's basic price for the term and frequency may not be served arrears copies as "paid" circulation.

#### ~~(b) Subscription Sales:~~

~~(1) On term order for a year the subscription must be paid for at not less than 25 percent of the basic annual price.~~

~~(2) In case of a subscription for more than one year the subscription must be paid for at not less than 25 percent of a pro rata of the basic annual price for the period covered by the order.~~

~~(3) If the subscription is for a period of less than one year it must be paid for at not less than 25 percent of the basic price for the period offered. If there is no basic price for the period offered it must be paid for at not less than 25 percent of a pro rata of the basic price for the next shorter period. If there is no basic price for the term offered nor for a shorter term it must be paid for at not less than 25 percent of a pro rata of the basic price for the next longer term.~~

A price for a period of less than one year that is less than a pro rata of the basic annual price shall not be considered a basic price.

~~(c) Subscriptions for one year or more, or for less than one year if sold at not less than 25 percent of basic annual price, may be served for no longer than three consecutive months immediately following the expiration date, and such arrears may be included in paid circulation.~~

~~Arrears, if served, must be distributed prior to the distribution of the next regularly scheduled issue.~~

~~(d)(b) Subscriptions to any newspaper received as a result of an offer by a publisher that stipulates that part of the subscription term is free will qualify for inclusion in paid circulation only when a contractual agreement exists for the full term and frequency of the subscription and is in accord with the provisions of this rule Paragraph (b) above. Without such contractual agreement, those copies which a subscriber is informed that are free shall not qualify as paid circulation and instead shall be set up in unpaid circulation.~~

~~(e)(c) Unless stated otherwise, the amount paid by the purchaser/subscriber required to qualify circulation as paid, is net of all other considerations.~~

For purposes of defining paid circulation, the phrase 'net of all considerations' means that the purchaser has paid a qualifying price for the single copy or subscription in addition to the value of any other product or service bundled with the subscription or single copy offer.

For example, an offer of a subscription that includes an inducement of 'free' movie tickets valued at \$6.00 would require the consumer to pay \$6.00 plus a qualifying amount for the subscription in order for the sale to qualify as paid circulation.

Rule changes are effective immediately unless noted otherwise and are the result of ABC's usual two-step approval process unless designated as approved by "unanimous consent."

### C 21.2 ~~C 4.2~~ Prices

*(Also see ABC Policy Regarding the Sale of Carrier Delivery Circulation and Single Copy Sales of Newspapers, Sale of Subscriptions and Single Copy Sales of Magazines and Farm Publications with Other Services.)*

(a) Basic prices: Types of service for which a basic price shall be recognized and reported in Bureau reports are:

(1) Single Copy Sales.

(a) One only basic price for city zone.

(b) One only basic price for retail trading zone.

(c) One only basic price for "all other."

(2) Term subscriptions by mail.

(a) One only basic price for each regularly established duration in the city zone, one only basic price for each established duration in the retail trading zone and one only basic price for each established duration in "all other."

(3) Home Delivered Circulation.

(a) One only basic price for each regularly established duration in the city zone, one only basic price for each established duration in the retail trading zone and one only basic price for each established duration in "all other."

(4) Market Segment Circulation ~~(applicable to mail subscriptions)~~—See also ~~C 7.10~~.

(a) One only basic price for each regularly established duration in the city zone, one only basic price for each established duration in the retail trading zone and one only basic price for each established duration in "all other."

(b) The basic price for each regularly established duration in each of the above zones must be not less than one cent ~~25 percent~~ of the Home Delivered price for the same duration for the same zone.

In addition, and regardless of the basic price established, all

subscriptions must be sold at no less than one cent ~~25 percent~~ of the Home Delivery price for the same duration for the same zone or ~~25 percent~~ of the market segment basic price for the same duration for the same zone, whichever is highest.

(5) Motor route subscriptions outside the city zone in the retail trading zone - one only basic price for each regularly established duration.

Motor route subscriptions in "all other" - one only basic price for each regularly established duration.

(6) In case more than one price (either single copy or subscription) is regularly charged in any zone, the price regularly charged for the majority of the circulation for each type of service in that zone shall be considered the basic price for that type of service in that zone.

(7) Prices which have been in regular use for certain areas in the retail trading zone or in "all other" and which have been equal to the basic price for the zone involved but which, upon an increase in the basic price for that zone, have remained at the old basic price shall be set up in the price paragraph in Bureau Reports as "Lower Than Basic Prices" and the total number of subscriptions received as such "lower-than-basic" prices stated.

(8) National newspapers may establish up to three geographic based pricing zones and establish basic prices by delivery type and frequency for each of these zones. Each pricing area may be established by the newspaper itself, provided the area is comprised of continuous geographic units such as postal code boundaries, census units, counties, towns, etc. In addition, each pricing area must abut one other pricing area.

Basic prices per area may change at the publisher's discretion; however, pricing areas may change only at the beginning of an audit period, and only after notification to the Bureau.

Publisher's Statements for those national newspapers opting to establish prices per this rule shall include a description of each of the geographic pricing units.

(b) Basic prices: Types of service for each of which a basic price shall be recognized in Bureau reports for newspapers reporting circulation on newspaper designated market basis instead of zones are:

(1) Single Copy Sales.

(a) One only basic price for county of publication.

(b) One only basic price for remainder of newspaper designated market.

(c) One only basic price for "all other."

(2) Term subscriptions by mail.

(a) One only basic price for each regularly established duration in the county of publication, one only basic price for each established duration in the remainder of newspaper designated market and one only basic price for each established duration in "all other."

(3) Home Delivered Circulation.

(a) One only basic price for each regularly established duration in county of publication of the city of publication, one only basic price for each established duration in the remainder of newspaper designated market and one only basic price for each established duration in "all other."

(4) Market Segment Circulation - ~~See also C 7.11.~~

(a) One only basic price for each regularly established duration in county of publication of the city of publication, one only basic price for each established duration in the remainder of newspaper designated market and one only basic price for each established duration in "all other."

(b) The basic price for each regularly established duration in each of these markets must be not less than one cent ~~25 percent~~ of the Home Delivered price for the same duration for the same market.

Rule changes are effective immediately unless noted otherwise and are the result of ABC's usual two-step approval process unless designated as approved by "unanimous consent."

In addition, and regardless of the basic price established, all subscriptions must be sold at no less than one cent 25 percent of the Home Delivered price for the same duration of the same zone, or 25 percent of the market segment basic price for the same duration for the same zone, whichever is highest.

(5) Motor route subscriptions outside the county of publication in the remainder of the newspaper designated market - one only basic price for each regularly established duration.

Motor route subscriptions in "all other" - one only basic price for each regularly established duration.

(6) In case more than one price (either single copy or subscription) is regularly charged in any area, the price regularly charged for the majority of the circulation for each type of service in that area shall be considered the basic price for that type of service in that area.

(7) Prices that have been in regular use for certain areas in the remainder of newspaper designated market or in "all other" and which have been equal to the basic price for the area involved but which, upon an increase in the basic price for that area, have remained at the old basic price shall be reported in the price paragraph in Bureau Reports at "Prices Lower Than Basic" and the total number of subscriptions received at such "lower than basic" prices stated.

(c) In all rules where the price or subscription price is referred to, the phrase means the basic price.

(d) Newspapers offering electronic editions may establish a separate basic price structure for Single Copy Sales and Home Delivered by reporting zone for the electronic edition or default to the print product's basic prices.

### C 22.1 ~~C-2.1~~ Circulation Averages

All Publisher's Statements and Audit Reports shall include a calculation of average paid circulation for each day of the week the newspaper is published plus a 5-day (Monday to Friday) Combined Daily Average. One additional average (e.g. six-day Monday to Saturday, "Power Days," etc.) may be included at the publisher's option for the period covered by the report. ~~These averages will be presented in the following manner: "Paid for by Individual Recipients (sold at 50 percent or more of basic prices)"; "Paid for by Individual Recipients (sold at or more than 25 percent but less than 50 percent of basic prices)"; "Other Paid Circulation."~~

Newspapers with an average paid circulation of 50,000 ~~25,000~~ or less may opt not to report by day of week unless any one day (exclusive of Sunday) is at least 15% higher or lower than the other days, in which case day of week reporting is required.

Paragraphs 1 and 2 of Publisher's Statements and Audit Reports shall report paid circulation for copies/subscriptions sold at 50 percent or more of basic prices and copies/subscriptions sold at less than 50 percent of basic prices, respectively.

~~Only those newspapers that maintain daily records itemizing the amount of circulation that falls into the "more than 25 percent but less than 50 percent of basic prices" category will be eligible to include sales at less than 50 percent of basic prices in total average paid circulation.~~

~~In addition, average circulation by reporting geography (e.g. City Zone, Retail Trading Zone, Newspaper Designated Market, etc.) shall be shown in a separate paragraph.~~

Paragraph 2 of Publisher's Statements and Audit Reports shall report total circulation by one or more geographic market as defined in Article 7 of this section of the rules.

### (a) Copies/Subscriptions Sold at Less Than 50 Percent of Basic Prices

(1) The publication must include as an analysis of such sales, information regarding the price at which the subscription/single copy purchase was made, a calculation of the price relative to the publication's "basic price" for the same term and frequency, and the amount of sales generated in the reporting period at the price. The analysis shall be of all prices offered during the period.

(2) The publication shall also include an analysis of all inducements such as premiums, combination sales, etc. which were offered during the period. This analysis shall include the price paid by the purchaser, the value of the "inducement" offered and the net amount paid (total price minus inducement value). In addition, the volume of sales associated with each inducement and price must be provided.

### C 22.2 ~~C-2.2~~ Morning, Evening, All-Day, and Sunday Designations

(a) Newspapers of daily frequency shall be designated in Bureau reports as either Morning, Evening, or All-Day. ~~For U.S.-based newspapers, Sunday newspapers shall also be so designated in Bureau reports.~~ Canadian-based newspapers have the option of reporting separate averages for either Saturday or Sunday. The selection of the designation to be used shall be solely the prerogative of the publisher.

(b) The number, designation and dating of editions for newspapers of daily frequency shall be solely the prerogative of the publisher. These designations and dating shall be consistent for each day that an edition is published.

(c) In the paragraph devoted to general explanations in Publisher's Statements and Audit Reports, there shall be a reference describing the publisher's policy with respect to the extent to which local display, classified,

Rule changes are effective immediately unless noted otherwise and are the result of ABC's usual two-step approval process unless designated as approved by "unanimous consent."

and national advertising is carried in each edition.

A further statement shall be made giving facts covering the approximate time and manner of distribution to readers, and the extent to which the editorials, comics, main cartoons, special columns, broadcast program logs, or other distinctive special features are not common to all editions of the day the edition is printed or to those of the day the issue is dated.

All such statements submitted for inclusion in Publisher's Statements shall be subject to edit, correction, addition, deletion, and approval by the managing director as the facts or evidence may warrant.

(d) Newspapers of national distribution may be designated as a "National Newspaper" provided it has distribution in at least ~~30 states, and with at least 20 percent of its distribution outside of its Newspaper Designated Market, or home state, whichever is applicable. It shall include an analysis of distribution by state in ABC Publisher's Statements and Audit Reports.~~ Canadian newspapers distributed to at least six provinces, with at least 20 percent of its distribution outside of its Newspaper Designated Market, or home province, whichever is applicable, may be designated as a "National Newspaper."

### C 22.3 ~~C-2.3~~ National Advertising Sold in Morning and Evening Editions as a Unit

When national advertising is sold exclusively as a unit in editions designated by the publisher as morning and evening editions of a daily paper, whether these editions are published under one or different names, Publisher's Statements shall be filed covering both editions. These statements may be issued separately or combined. If combined the total circulation of the two editions shall be reported in the first column, the circulation of the morning edition in the second column and the circulation of the evening edition in the third column.

### C 22.4 ~~C-2.4~~ Separate Editions

(a) The circulation of a separate edition of a member newspaper may be included in the paid circulation of the member in Publisher's Statements and Audit Reports, subject to the following conditions:

(1) If a member newspaper identifies the city or cities of publication in the front-page logotype or running date line, all editions should identify the same city, or cities, of publication.

(2) Editions or portions of the newspaper's distribution may show on the front page a name other than the name under which ABC membership is held provided the logotype of the member is shown in a manner consistent with the member's basic logotype on all editions, and the term "edition" is consistently shown on each edition and both are clearly legible.

(3) If in the judgment of the managing director, differences exist in the identification of an edition sufficient to create the appearance of a separate publication, separate membership in the Bureau will be required.

(4) Electronic editions must be consistent in content with the print version of the newspaper. Circulation of electronic editions (net of undelivered copies) shall be reported separately on ABC reports.

(b) A newspaper in which advertising is regularly sold separately for regional portions of the total circulation may report the average distribution for each regional portion in the explanatory paragraph of Publisher's Statements and Audit Reports.

### C 22.5 ~~C-2.5~~ Circulation Above or Below Average for Other Days

(a) When, over a period of three months, the average circulation of a daily paper with less than 50,000 ~~25,000~~ net paid circulation is, on a certain day of the week less than 15 percent but more than 5 percent in excess of or below the average for the

other days of the week, the circulation for such day on which the excess or deficiency occurs may, at the option of the publisher, be shown separately and the average for the other five days shown as the "daily average." When multiple days meet the above criteria, they may be reported as one average if the circulation for each is within 5 percent of each other.

To exercise this option, the publisher must notify the managing director at least 15 days prior to the beginning of the six months' period for which the separation is desired to be shown. Upon receipt of such notice and its approval, the managing director shall notify all other daily newspaper members in the city of publication that such option has been requested and approved.

Once publishers have exercised the option, they may continue for successive periods while qualified.

When one publisher in a city files a Publisher's Statement under this rule, other publishers in the same city may do the same even though they do not qualify under the 5 percent minimum requirements.

Newspapers not published in the same city as another member may petition the managing director to report circulation by the same frequency categories as another member published in a different city if the City and Retail Trading Zones or Newspaper Designated Market of the petitioning member is completely contained within the City and Retail Trading Zones or Newspaper Designated Market of the other newspaper mentioned in the petition. Upon approval, the petition shall not be retroactive, but shall become effective upon receipt by the Bureau of said petition.

(b) Total average paid circulation by month may, at the option of the publisher, be reported in Publisher's Statements and Audit Reports. Percentages of the differences between the monthly averages and the average paid circulation for the period covered by the report are to be shown.

Rule changes are effective immediately unless noted otherwise and are the result of ABC's usual two-step approval process unless designated as approved by "unanimous consent."

### ~~C 22.6~~ C-2.6 Weekend Issues

When a publisher effects a change in front page logotype or date line or form, and thereby identifies an issue of a newspaper in a manner different from the regular logotype, date line or form, such as for one day each week or for a "Weekend issue," the circulation for those days may be shown separately in circulation averages with appropriate explanation.

### ~~C 22.7~~ C-2.7 Days Omitted from Averages

(a) Newspapers may omit certain days from the calculation of their average net paid circulation when circulation on those days differs from the previous corresponding day by at least five percent.

*Example: A newspaper wants to eliminate Thursday, August 11. The net paid circulation for that day was 100,000. The net paid circulation for the previous corresponding day (Thursday, Aug. 4) was 107,000. Because the difference between the two-day's circulation exceeds five percent ( $7,000/107,000 = 6.54\%$ ), Aug. 11 is eligible for omission from ABC's circulation averages.*

#### (b) Requirements

##### (1) Variances

A maximum of 10 omitted days is allowed within a 12-month audit period.

##### (2) Option Days

(a) In competitive markets, when one newspaper elects to omit a day, ABC's managing director will notify the other publisher members in the same city. These publishers have the option to omit this day even though they do not qualify under the five percent requirement. If a newspaper exercises this option, it must count this day as one of the 10 maximum permitted under ABC rules.

(b) Newspaper members not published in the same city as another member may petition the managing director

to omit the same day(s) as another member published in a different city if the City and Retail Trading Zones or Newspaper Designated Market of the petitioning member is completely contained with the City and Retail Trading Zone or NDM of the other newspaper mentioned in the petition. If approved, the petition will not be retroactive and will be in effect upon receipt of the petition by the Bureau.

#### (3) Notification

The member newspaper must notify ABC of their intent to omit a day or days no later than 15 calendar days after the day requested to be omitted.

Total net paid circulation figures for the omitted day and previous corresponding day must be provided within 30 calendar days of the requested omitted day.

Failure to follow these notification requirements will result in the request for the omitted day being denied.

#### (4) ~~Change of Distribution~~

When a publisher member changes distribution, such as distributing a Morning issue to Evening subscribers or copies of an Evening issue to Morning subscribers, the circulation for those days may be included in paid circulation, provided the publisher maintains records to substantiate that those distributed copies qualify as paid circulation.

The total paid circulation for each such day and the average total paid circulation, exclusive of those days during the period covered by the reports, will be shown in the Explanatory Paragraph.

#### (c) Bureau Reports

When there are days that are omitted from the average reported, the circulation and the reasons for omission will be reported separately for each day in the Explanatory Paragraph. The number of omitted days will also be reported on the front page.

### ~~C 22.8~~ C-2.8 Extras

(a) Any edition issued in addition to the regular editions and which is published more than an hour before or an hour after the normal press schedule shall be considered an "extra." The last regular press schedule of the day in a previous week corresponding to the day on which the extra is run shall be considered the normal press schedule.

(b) To qualify as paid circulation an extra of a daily newspaper must be sold at qualifying prices and comply with C 22.4 Separate Editions.

(c) The sales of extra editions shall be included in the circulation of the day for which they are dated. Extra editions of weekday newspapers issued under Sunday date line shall be included in the circulation for the following Monday.

(d) A complete explanation shall then be included stating the occasion for the extra editions, the number of sales made for each extra edition, the average for the period affected, whether all advertising was carried, and if not, the extent to which it was.

### ~~C 22.9~~ C-2.9 Subscriptions for Less Than Regular Frequency

When subscriptions for less than the regular number of issues named in the paragraph relating to the frequency of issue are included in Paragraph 1A (or 1B), the figures including such subscriptions shall be indicated by a symbol and reference made at the bottom of the page.

Rule changes are effective immediately unless noted otherwise and are the result of ABC's usual two-step approval process unless designated as approved by "unanimous consent."

### C 22.10 ~~C-2.10~~ One-Day Figures for Supplement Statements

When a newspaper provides an average circulation for all issues published on a specific day of the week for use in a Newspaper Supplement Statement, which does not appear in the newspaper's individual reports, this will be verified by audit and appropriately identified and explained in the Newspaper Supplement Statement.

### C 22.11 ~~C-2.11~~ Intermittent Subscriptions

(a) Intermittent service ("bonus days") is the occasional delivery of issues not specifically identified as part of a new or renewing contract between the publication and the subscriber.

(b) To qualify for inclusion in paid circulation, the following conditions must be met:

(1) Intermittent service must be made to all eligible subscribing households within a market (e.g. City Zone, Newspaper Designated Market, etc.).

(2) All households scheduled to receive intermittent subscription service must be notified at least two weeks prior to the distribution date. If notification is placed in the newspaper, the notification must appear on a day that the subscriber would normally receive the newspaper.

*Example: Sunday-only subscribers are to receive Thursday, Nov. 24 as an intermittent service day. Notification must occur no later than Sunday, Nov. 6.*

(3) If, over the course of any seven-day period, the delivery of intermittent service copies emulates another established delivery frequency, the amount paid by the recipient of the intermittent service copies must be at least equal to a qualifying price, based upon a pro-rata of the basic price for the established frequency.

*Example: Sunday-only subscribers are to receive Friday, Saturday and Monday issues as "bonus days" and the newspaper has a Friday, Saturday, Sunday and Monday frequency of delivery with a basic home delivery price of \$2.00 per week. The Sunday-only subscribers must pay at least 50¢ (25% of \$2.00) for the Friday, Saturday, Sunday and Monday service.*

(c) When intermittent service equals or exceeds eight days in any Publisher's Statement period, "average intermittent service" will be reported as a separate line item in Paragraphs 1 and 2 of ABC Publisher's Statements and Audit Reports, as "Home Delivery, Intermittent Service."

(d) When "average intermittent service" is reported in ABC reports, information as to the specific dates the intermittent service occurred and the incremental paid circulation resulting for each of these dates must be included in the explanatory paragraph.

### C 22.12 ~~C-2.12~~ Audit Report Maps

(a) Audit Reports of daily newspaper members with circulation of 50,000 ~~25,000~~ or more shall include a map showing the current ABC zone boundaries and designated distribution area.

(b) All other newspaper members may, at the option of the publisher, include a map showing the current ABC zone boundaries or designated distribution area.

(c) The Audit Reports of newspaper members reporting circulation on the basis of a newspaper designated market in lieu of zones or in addition to zones, shall include a map showing the approved newspaper designated market boundaries of the newspaper.

~~The Audit Report of U.S. newspaper members reporting an analysis by ZIP Code in Paragraph 3 may show ZIP Code boundaries for the City Zone, Retail Trading Zone, Newspaper Designated Market or designated distribution area.~~

(d) Maps are to be prepared by the Bureau in accordance with the procedures approved by the Board of Directors.

### C 22.13 ~~C-2.13~~ Weekly Newspaper Group Audit Plan

In order to qualify for the group audit plan, the weekly newspapers involved must meet the following criteria:

(a) Each newspaper in the group shall qualify for ABC membership in accord with the bylaws defining regular or provisional membership.

(b) Advertising shall be sold in combination for all newspapers.

(c) The distribution of copies of the newspapers in the group shall be in a definable marketing area to permit ABC to add population and occupied household data established by the Bureau of the Census and/or Statistics Canada and latest estimates determined by ABC.

(d) The Audit Report shall include a map prepared by ABC identifying the market and showing the geographic location of the city of publication for each ABC newspaper in the group.

(e) The initial audit of a weekly, semiweekly or tri-weekly newspaper shall cover a period of at least three months ending with any calendar quarter. Audits thereafter shall be scheduled at least once each two years for urban weekly newspapers and at least once every four years for non-urban weeklies. The managing director shall determine after consultation with the publishers in the group the period to be covered by each regular audit.

(f) Group Publisher's Statements showing circulation data for individual newspapers as well as total circulation for all newspapers in the group shall be issued for the semi-annual periods October 1 to March 31 and April 1 to September 30.

Rule changes are effective immediately unless noted otherwise and are the result of ABC's usual two-step approval process unless designated as approved by "unanimous consent."

### C 22.14 ~~C-2.14~~ Renewals

(a) If a newspaper makes any renewal claim either by oral or written communication direct to advertisers or through advertising matter or has made public a comparative statement concerning its renewal percentage, the publication shall in the first Publisher's Statement to the Bureau subsequent to the advertised claim make a formal statement of its renewal claim in the paragraph devoted to explanations. Before releasing the Publisher's Statement, the Bureau shall inspect the publication's records and satisfy itself that the publication has the necessary records to substantiate the claim. If inspection reveals that records are not available to substantiate the claim according to the standard practice of the Bureau, the statement of renewal percentage shall be eliminated from the Publisher's Statement, before release and the following declaration shall be substituted:

Records required by the ABC are not available to substantiate any claim of percentage of renewals and any such claim which may have been made by or in behalf of this publication is to be disregarded.

The next subsequent Audit Report shall repeat the same declaration.

If, subsequently, and before records have been established for a sufficient period of time to meet the requirements of the Bureau's standard practice, the publication should again claim a certain number of renewals or percentage of renewals, either by oral or written communication direct to advertisers or through advertising matter, the managing director shall cite the publisher to appear before the Board of Directors in accordance with the procedure prescribed in 7.4 of the bylaws.

(b) A subscription shall be considered a renewal if received within six months after its expiration and paid for within six months following receipt.

(c) To obtain the percentage of renewals the total number of expirations during a 12-month period shall be divided into the total number of renewals of these specific expirations. (By "expirations" is meant the date the subscription expired and not the date it was discontinued or stopped.)

(d) The renewal percentage of association subscriptions, term subscriptions in bulk and individual subscriptions shall be shown separately. If the total number of term subscriptions in third-party is less than 2 percent of the average number of mail subscriptions for the period, a separate renewal percentage for third-party shall not be shown.

(e) Subscriptions sent to international, F.P.O. and A.P.O. addresses may be omitted in compiling renewal percentages in which case the phrase "excluding international, F.P.O. and A.P.O." shall be used in the renewal paragraph.

### C 23.1 ~~C-3.1~~ Employee, Correspondent and Agent Copies

A newspaper may include in "Average Paid Circulation" copies served (or made readily available for pick up in the normal work environment by) to employees, retired employees, correspondents and agents under the following parameters:

(a) To be classified as an employee, individuals must be, or have been, on the regular payroll during the reporting period of either the newspaper or a wholly owned subsidiary of the newspaper that is actively engaged in the production or distribution of the newspaper. Employees of subsidiary organizations, such as radio and television stations, job printing plants and so forth that are not actively engaged in the production or distribution of the newspaper, are not eligible.

(b) To be classified as a correspondent, individuals must contribute at least one article per month that is printed in the newspaper.

(c) To be classified as an agent, individuals must be currently involved in delivering the newspaper to subscribers.

An individual classified as an employee, correspondent or agent for more than one newspaper may be included in the "Average Paid Circulation" of only one newspaper.

(d) Adequate records must be maintained by the newspaper (employee payrolls, records of correspondent compensation, agent billings) to support its claims.

These copies will be reported separately in "~~Other Paid Circulation~~" in ABC Publisher's Statements and Audit Reports.

### C 23.2 ~~C-3.2~~ School Subscriptions

The classification "Newspapers in Education" in Bureau reports may be shown at the option of the publisher and if shown shall include only copies (either subscriptions or single issue sales) ordered for delivery to schools. Copies may be purchased individually by the recipients or paid for by schools or out of classroom funds.

In cases where qualified copies are paid for by sponsors, it may be acceptable for payment to be made directly to the publisher from the sponsor if other supporting documentation confirming usage (i.e., affidavits from schools, verification of delivery and receipt, etc.) is available for auditor review.

This circulation shall be shown in ~~Other Paid Circulation~~ and in the appropriate geographic zone (e.g. City Zone, Newspaper Designated Market, etc.) or Newspapers in Education and shall qualify as paid circulation provided copies served conform to Bureau rules defining paid circulation in all other respects.

A complete explanation including the manner in which the copies are paid for shall be shown in the paragraph devoted to general explanations in Publisher's Statements and Audit Reports.

Rule changes are effective immediately unless noted otherwise and are the result of ABC's usual two-step approval process unless designated as approved by "unanimous consent."

(a) From time-to-time daily newspapers run a series of articles on a specific subject. Copies purchased by a sponsor or group of sponsors in excess of the recurring daily school copies for the period that the articles are featured do not qualify under the category Newspapers in Education but instead should be classified as Third Party Sales in Bureau Reports.

(b) Distribution of copies outside of structured classroom settings may also qualify as paid circulation, and reported as NIE ~~Home Delivered for newspapers published outside of Canada, and as NIE for newspapers published in Canada~~ in Bureau Reports provided the following conditions are met:

(1) The copies are served in conjunction with a formal program designed to encourage literacy and continuing education of the participating student by assisting the student family to improve their life and job skills.

(2) The program in question establishes minimum participation standards for the student family, and the student family achieves those minimum standards.

(3) Auditable records demonstrating the student's enrollment in school, the program in question, completion of minimum participation standards, and sufficient funding to support copies distributed are maintained.

(4) Only one copy per participating student family household may be claimed as paid.

(5) Schools and classrooms offering home delivered copies must also participate in NIE programs requiring classroom usage of the newspaper.

(6) School subscriptions (both subscriptions and single-copy sales) qualify as paid circulation, providing copies served conform to all Bureau rules defining paid circulation in all other respects.

(7) This classification of circulation shall not exceed five percent of average paid circulation.

### ~~C 23.3~~ C 3.3 Third-Party Sales

*(The amount used for the purchase of newspapers must be in accord with Rule ~~C 21.1~~ C 1.1 Paid Circulation Defined and use the NIE pricing model as described at [www.accessabc.com](http://www.accessabc.com) to determine the minimum unit cost, net of all other considerations.)*

(a) Third-Party (bulk) Sales are copies or subscriptions purchased in quantities of 11 or more that promote the professional or business interests of the purchaser.

All copies or subscriptions purchased in quantities of 10 or less will be designated as a "single-copy sale" or "home-delivery" in ABC Publisher's Statements and Audit Reports, except as noted in section (b).

Eligible third-party purchasers must market their products or services directly to consumers. Organizations, such as advertising agencies, marketing companies or similar firms are not eligible third-party purchasers.

(b) All copies purchased by hotels, restaurants, airlines and rental car agencies for free distribution to their guests and by sponsors for free distribution to hospital patients and nursing home residents, regardless of the number of copies, will be reported as Third-Party Sales when at least one cent ~~25 percent of the basic price~~ is paid, either in cash or by applicable barter. Evidence of this payment must be recorded and made available to ABC auditors.

(c) Third-Party Sales copies served in arrears will be excluded from paid circulation and included in unpaid distribution.

(d) There are two types of Third-Party Sales — direct and sponsored. The relevant category depends upon how the newspaper receives funds from these sales.

*For a guide for classifying Third-Party Sales into categories, consult ABC's Web site: [www.accessabc.com](http://www.accessabc.com).*

#### (1) Direct Third-Party Sales

Direct Third-Party Sales are defined as those sales involving the

solicitation of funds from a single purchaser of newspapers who controls all aspects for a specific event (e.g. fundraising event, social function) or distribution program.

#### (2) Sponsored Third-Party Sales

Sponsored Third-Party Sales are defined as those sales involving the solicitation of funds from more than one purchaser (sponsor) for contribution to a specific program.

(a) The total average Sponsored Third-Party Sales circulation must not exceed two percent of the average paid circulation over the Publisher's Statement period. Copies in excess of two percent will be deducted from paid circulation and included in non-paid circulation.

(b) Each individual Sponsored Third-Party Sales program (e.g. Meals on Wheels, a sporting event, a festival) with average circulation of 250 or more copies per issue will be annotated in ABC reports with an explanatory note.

When the "Third-Party Sales" purchaser (Direct Third-Party Sales or Sponsored Third-Party Sales) is an advertiser, and the transaction provides advertising, the sales may qualify as paid circulation provided one of the following three stipulations are met.

(i) The advertising agreement and newspaper purchase agreement are shown on separate contracts, or

(ii) The advertising agreement includes specific language regarding the newspaper purchase price within the contract when the agreement includes both advertising and newspapers; or

(iii) The purchase price of the newspapers is a separate itemized line item within the contract or invoice when the agreement includes both advertiser and the newspaper.

#### (e) Requirements

##### (1) Notification

##### (a) Recipient

Rule changes are effective immediately unless noted otherwise and are the result of ABC's usual two-step approval process unless designated as approved by "unanimous consent."

Recipients must be advised that the copies are made available by the purchaser. Here is an example of acceptable notification:

- Sponsor name
- Non-promotional logo
- Address
- City, State, ZIP
- URL
- Telephone/Fax/Email

Additional information will be considered advertising and must be paid for as described in paragraph (d) above. *For notification language, consult ABC's Web site: [www.accessabc.com](http://www.accessabc.com).*

Recipients of programs extending for longer than one month must receive initial notification that furnishes all information necessary to cancel delivery. These recipients must receive monthly notification of the sponsor's identity.

(b) ABC must be notified of any Third-Party Sales program at least two weeks (14 days) in advance of distribution. This allows real-time testing as part of the audit process. Failure to provide the required notification will disqualify the circulation as "paid."

For Third-Party Sales copies delivered to non-subscribers, newspapers must maintain a list of recipients by address or be able to define the geographic area in which they will distribute and quantify the number of households that will receive copies. This information must be available at least two weeks before the actual distribution date and be maintained for review by an ABC auditor.

## (2) Content

At a minimum, the newspapers distributed as Third-Party Sales must be the same core product (editorial, classified, inserts, etc.) delivered to all other single copy and/or rack outlets in the same zone on the same date of delivery with the exception of freestanding inserts (FSI) advertising. Unique editions may not be used for Third-Party Sales. Electronic

editions may be subject to the limitations shown in paragraph (f) below.

## (3) Price Qualification

A qualifying price must be paid by the sponsor for each copy sold, net of all other considerations. Associated costs must be identified separately when sold in conjunction with an advertising contract for copies to qualify as paid circulation. Newspaper members may use any of the three following methods for disclosing the cost of the newspapers:

(a) Both the advertising and newspaper purchase agreements must be shown on separate contracts.

(b) When the agreement includes both advertising and newspapers, specific language regarding the newspaper purchase price (copies, unit cost and total cost) within the contract must be included.

(c) When the agreement includes both the advertiser and the newspaper, the purchase price of the newspaper must be a line item.

The amount charged for the advertising must be the same as that charged to a similarly situated advertiser that does not purchase newspapers.

*For an example of a qualified disclosure and minimum requirements to qualify a price for third-party sales, consult ABC's Web site: [www.accessabc.com](http://www.accessabc.com).*

## (4) Billing

The purchase transaction must be separate from any other financial agreement between the third-party purchaser and the newspaper. An independent line item for the cost of the newspapers must appear either on the contract (if sold with a package) or on the invoice to the purchaser and indicate rate, volume and total cost for the newspapers. A clear audit trail must be maintained from the invoice/contract to the circulation records.

## (5) Payment

(a) At the time of distribution, a newspaper must have sufficient funds on deposit to cover the cost of distributing the

newspapers claimed as Third-Party Sales. If sufficient funds are not available, the copies may not be included as "paid" circulation. Third-Party Sales are not eligible for inclusion in the four percent allowance.

## (b) Payment by Barter

(i) Bartered goods and services must have a predetermined value that can be validated with supporting documentation. Goods and services are acceptable forms of currency (replaces cash in the transaction) for Third-Party Sales. In addition to the billing requirement below, the revenue and expenses with respect to the bartered goods/services must be reflected in the accounting records of both the publisher and the sponsor in accordance with Generally Accepted Accounting Principles (GAAP).

A clear audit trail supporting the value of the bartered goods/services must be shown within the publication's accounting system.

*For additional information regarding Barter Attestation Requirements, consult ABC's website.*

Programs using barter must be accompanied by a written statement, dated prior to the distribution of the newspaper from the third-party purchaser's CEO, CFO or from another representative in a management position who has knowledge of the company's financial recordkeeping process and can certify that the full barter value has been/will be recorded as an expense in accord with GAAP.

*For an example of an acceptable statement, consult ABC's website: [www.accessabc.com](http://www.accessabc.com).*

Barter will not be considered acceptable payment unless the affidavit is dated prior to the actual distribution of the Third-Party Sale newspapers and made available to the ABC auditor upon request.

*Third-Party Sales paid for by barter must be broken out in Bureau reports. Consult ABC's Web site.*

Rule changes are effective immediately unless noted otherwise and are the result of ABC's usual two-step approval process unless designated as approved by "unanimous consent."

(6) Execution

The purchaser must direct the newspaper distribution to a specific Third-Party Sales program.

The purchaser may not contribute to a "general" third-party fund, but rather must donate to a specific program or event (e.g. Meals-on-Wheels, a sporting event, or a festival).

The number of newspapers purchased, the rate charged and the total charge must be clearly indicated to the purchaser (net of all considerations as stated in "Billing").

Money donated to Newspapers in Education (NIE) programs cannot be transferred to Third-Party Sales and vice versa.

(7) Delivery on Date of Issue

Third-Party Sale copies must be delivered on the date of issue.

(f) Bureau Reports

The total average circulation for Third-Party Sales will not distinguish between direct and sponsored sales, but rather discloses the average circulation for the period as a whole.

Although not reported in Bureau reports, for audit purposes, the publication must be able to identify and quantify direct versus sponsored third-party sales.

~~U.S. publications must report circulation averages for the four largest categories of Third-Party Sales in addition to an "Other" category that will complete the section. These figures will be listed in "Other Paid Circulation" and will show the type and character of the sales in ABC Publisher's Statements and Audit Reports.~~

~~Canadian publications - See Rule C 10.2 and C 10.5.~~

*For a guide for classifying Third-Party Sales copies into categories, consult ABC's Web site: [www.accessabc.com](http://www.accessabc.com).*

Duplicate home delivery circulation will be excluded from paid circulation. Newspapers delivering a "Third-Party Sunday Bulldog" edition to their regular

Sunday customers, may not count the Third-Party Sale copy as paid circulation. Third-Party Sale copies must be delivered on the date of issue.

Electronic editions may qualify for use in specific Third-Party Sales Programs to businesses for their employees and to libraries. In these situations, each unique user license will constitute a subscription. The electronic edition must comply with all Bureau rules and policies relative to edition qualification and each license sale must also qualify to current paid circulation standards.

(g) The publication must include as an analysis of Third Party Sales information regarding the prices at which the subscription/single copy purchases were made. Such an analysis shall be of average Third Party Sales for the period by variable price ranges.

~~(g)~~(h) Third-Party Home Delivered Allowance

A total allowance of up to 15% for random/occasional delivery errors and false "no goods" will be permitted in evaluating the results of in field-testing of Third-Party Home Delivered programs.

C 23.4 ~~C-3.4~~ **Group (Subscriptions to Businesses for Designated Employees)**

(a) All copies or subscriptions purchased in quantities of 2 or more by corporations, institutions or individuals for employees, subsidiary companies or branches shall be designated in Bureau reports as "Other Paid Circulation" Average Paid Circulation provided either:

(1) The newspaper has records indicating names or titles of the employees, or

(2) Subscriber records are available for Bureau verification indicating the names or titles of those receiving the newspaper.

(b) "Group (Subscriptions to Businesses for Designated Employees)" shall be reported separately in Publisher's

Statements and Audit Reports in Paragraphs 1 and 2.

(c) An explanation of "Group (Subscriptions to Businesses for Designated Employees)" shall be made in the paragraph devoted to general explanations of Publisher's Statements and Audit Reports and the range of sales stated as follows: "sold in quantities of \_\_\_\_\_ to \_\_\_\_\_."

C 23.5 ~~C-3.5~~ **Association Subscriptions**

(a) A member of an association who receives a newspaper because of membership in the association, whether the subscription is paid for as part of the association dues or by assessment or paid by the member in addition to the dues as a requirement of membership, shall be designated as an association subscriber. These subscriptions shall be designated as association subscriptions; provided that the association's records are made available to the Bureau. Subscriptions to a privately owned publication purchased by an association which does not submit its records to audit by the Bureau shall be included in Third Party Sales, provided such subscriptions meet the general qualifications of Third Party Sales subscriptions.

(b) There are two classifications of association memberships. A full explanation of the type of membership shall be carried in Bureau Reports.

The first class is association subscriptions "deductible" from dues. In this class shall be included subscriptions of members of an association, which gives its members the option of accepting the paper or rejecting it and of reducing their association dues by a definite sum if they reject the paper. This sum must not be less than one cent ~~25 percent of the announced basic subscription price of the paper~~. This option must be made known to the member at the time of his joining the association and be clearly stated on each bill for dues in such a way as to make remittance cover a voluntary

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subscription to the paper as well as membership dues.

The second class is association subscriptions "nondeductible" from dues. In this class are subscriptions of members of an association whose association dues remain the same whether they accept or reject the paper.

Each person on becoming a member of the association must be notified that the dues include a subscription to the paper and the amount of the dues allocated for payment of the subscription. On every bill for dues the amount of the dues allocated for payment of the subscription must be stated.

(c) These provisions shall not apply to an applicant provided that the bylaws of the association provide that a subscription is part of the association dues of each member and the publisher agrees at the time of making application that the stipulations as set forth will be complied with not later than the beginning of the second membership year following the period covered by the initial audit. If compliance is not accomplished within this established time limit, the publication shall be automatically dropped from membership as provided in 2.13, Paragraph (d) of the bylaws.

(d) In all paragraphs of Bureau Reports designated to describe subscriptions or sales methods, which are not used by association papers, the fact that it is an association publication shall be noted.

(e) Association subscriptions shall not be credited as paid circulation unless at least one cent ~~25 percent of either the annual basic subscription price or newsstand price~~ is paid for same.

### C 23.6 ~~C 3.6~~ Gift Subscriptions

(Also see C 25.3 ~~C 5.3~~ Combination Sales.)

(a) A Gift Subscription shall be considered one, which is given as a normal expression of friendship and which does not promote the business or professional interests of the donor.

(b) To qualify, Gift Subscriptions must be paid for in accordance with C 21.1 ~~C 1.4~~.

(c) Subscriptions which are given to promote the professional or business interests of the donor shall be judged by the rule governing term subscriptions in third-party or mail subscriptions special whichever applies.

(d) In no case where an order (or orders) from a single donor covers more than fifty subscriptions shall the subscriptions be regarded as Gift Subscriptions but shall instead be classified as term subscriptions in third-party, provided they conform to the rules governing third-party sales.

### C 23.7 ~~C 3.7~~ Gift Subscriptions Not Recognized as Paid Circulation

(a) Gift Subscriptions paid for by subscription salespersons or others who are compensated by merchandise or other rewards in lieu of cash commission.

(b) Gift Subscriptions which has been paid for by someone who has been offered a premium and the amount received is less than the full value of the premium plus one cent ~~25% of the basic subscription price~~.

### C 24.1 ~~C 4.1~~ Timing of Audit

(a) All audits for newspapers in the same city shall be for periods ending at the same date. If an audit is made for a shorter period on one of the newspapers in the city, the averages for the shorter period shall be the first of averages shown in Paragraphs 1 and 2 of reports issued for all newspapers in the city.

The regular audit of a daily newspaper shall cover a 12-month period ending with a calendar quarter. A daily newspaper with average paid circulation of 50,000 ~~25,000~~ copies per issue or less may request an audit covering a 2-year period ending with a calendar quarter. Audit Reports and Publisher's Statements for newspapers using the 2-year audit plan will be issued on a simplified reporting form with Paragraph 2 reporting on the basis of either zones, "City of Publication" or Newspaper Designated Market.

(b) If, for any reason, the regular audit has not been made until after three months have elapsed since the end of the audit period, the Bureau may include in its audit such additional three months in order to give the latest information. In cases where the audit period ends with any date other than a regular semi-annual period, the publisher shall file a six-month Publisher's Statement covering the months intervening between the end of said statement period and the three months following the close of the audit period.

(c) In cities near one another or in such geographical relation that it is economical to audit the publications therein for identical periods, the audit periods in those cities shall be made to coincide.

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### C 24.2 ~~C 4.2~~ Initial Audit

See also B 2.5.

(a) The initial audit of a newspaper applicant for membership in a city where there is already a newspaper member or members shall cover a period of at least 6 months ending with the same date as the audit of the present member or members, except as provided in Paragraph (c) of this section.

(b) The initial audit of a weekly, semiweekly or tri-weekly country newspaper applying for membership on the plan of being audited every other year shall cover a period of at least three months ending with any calendar quarter, except, in a city where there is already a newspaper member on the plan of being audited every other year, the initial audit period of three months shall end with same date as audit of member.

Weekly newspapers qualifying for an audit every other year may, at their option, report circulation averages in total or on the standard form for daily newspapers.

The initial audit of a weekly, semiweekly or tri-weekly newspaper published in a city or city zone of a daily newspaper member or members shall cover a period of at least six months ending with the same date as the audit of a present member or members and subsequent audits may be required on an annual basis and dues paid annually.

The annual audits of weekly, semiweekly or tri-weekly newspapers will be reported on the standard form.

(c) In the case of a newly established newspaper the initial audit may be made of all issues distributed within a regular period ending any calendar quarter provided there has been regular issuance for not less than three months and provided further said newspaper is not published in a city in which there already is a member or members. If there is a newspaper member in the city the initial audit may be made for all issues distributed within the audit period already established provided there has been regular

issuance for not less than three months. If there has not been regular issuance for at least three months, the initial audit of the applicant shall be deferred until the following regular audit period.

### C 24.3 ~~C 4.3~~ Reinstatement Audit

Reinstatement audits of newspapers under suspension of service shall coincide with the audit period of the other newspapers in the same city.

### C 25.1 ~~C 5.1~~ Premium Defined

(a) Premiums are anything offered to a subscriber at time of solicitation, in addition to regular issues of the publication itself, and shall be reported in Bureau reports as a premium, regardless of whether or not such extraneous thing is given only to new subscribers or to all subscribers. In addition, any presentation to current subscribers which, in the opinion of the managing director, implies future receipt of such extraneous things in conjunction with continued (or future) subscriptions will cause renewal subscriptions to be judged as premium induced. The number of subscriptions, whether new or renewal, involving such premiums taken during any period for which Publisher's Statement is filed shall be reported in the paragraph designated for that purpose and the nature of the premium and the provisions of the offer and the distribution thereof shall be described in Publisher's Statements and Audit Reports.

Premiums are anything except:

(1) Complete issues of newspapers or periodicals sent to all subscribers for the period included in the offer. Electronic edition issues provided to all print subscribers for the period included in the offer wherein only the print edition subscription is to be reported as paid circulation.

(2) 'Door Openers' defined as anything sent free by mail with subscription offer or provided by solicitor at the time of solicitation that has been reprinted from or is printed material directly related to the publication making the subscription offer and the value of which does not exceed 50 cents as determined by procedure outlined in C 25.2(a) ~~C 5.2(a)~~.

(3) Offers of sample merchandise to subscribers in connection with subscription offers in which the ordering and receipt of the sample product is not contingent upon ordering subscription(s).

(4) Merchandise offered to current paid subscribers as an inducement to convert payment methodology on future subscriptions. Such offers are to be made separate from subscription renewal efforts and are limited to inducements to subscribers to agree to ongoing (til forbid) continuous service which may include automatic billing process and/or debits to authorize credit card accounts.

(5) Electronic editions of newspapers, regardless of whether they are priced and/or otherwise reported as paid circulation.

(6) Programs providing subscribers exclusive access to functions or activities created by the publisher that are not also available for sale to the general public, but are offered for sale, at an incremental cost, to existing subscribers, subsequent to the purchase of their subscription.

(7) Free or discounted access to archive or back content of the publication included as part of the subscription to the publication.

(8) Free or discounted access to online content or an electronic edition from the same editorial home as the publication included as part of the subscription to the publication.

(9) Subscriber reward programs are designed to promote brand loyalty by demonstrating appreciation to subscribers and Web visitors, and provide added value

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for a newspaper's advertisers. Subscriber reward programs will not be classified as a subscription premium if the following requirements are met:

(a) Enrollment Process—the subscriber reward program must include an enrollment process initiated by the subscriber or consumer. Automatic enrollment is not permitted. The newspaper may designate who is eligible for program membership and at what membership level.

(b) Rewards may take two forms:

(1) The newspaper may reward subscribers with merchandise or points redeemable for merchandise; however, i) the reward may not be converted to cash and/or accepted as payment for a subscription by the newspaper, and ii) retail value of a new subscriber's merchandise reward may not exceed the new subscriber's subscription price during the first 90 days of the subscription.

(2) Advertisers may participate in the subscriber reward program by offering rewards designed to build reach, good will and increased consumer business for the advertiser.

(c) Disclosure and record requirements—The explanatory section of all ABC Publisher's Statements and Audit Reports must include a paragraph describing the subscriber reward program details, including the number of participants in the program (subscribers and non-subscribers).

(d) The subscriber reward program may contain benefits such as editorial content generated by the newspaper and other publications; community calendars; or access to newspaper-sponsored events and services. [Access to paid print or paid electronic editions of other publications is not considered eligible and would be governed by the combination sales rule.]

(b) If a back copy, either whole or part, is included in a subscription offer, the back

copy shall be considered a premium, unless the subscription is taken on a retroactive basis in accord with the Bureau's back copy rule and the date of the back copy is such that it would have been included in the subscription even though not mentioned specifically in the offer.

(c) Periodicals and newspapers offered in combination sales shall not be considered premiums but shall be reported in a special paragraph devoted to combination sales prices.

(d) Any publication, the contents of which consist chiefly of data for reference rather than for general reading, shall not be considered a "periodical" for the purpose of the exception noted in Paragraph (a) of this section but shall, when sold with another publication, be considered as a premium. Any publication, regardless of character of content, whose frequency of issue is less than once in three months shall not be considered a "periodical" for the purpose of the exception noted in Paragraph (a) of this section but shall, when sold with another publication, be considered as a premium.

### C 25.2 ~~C 5.2~~ Premiums with Subscriptions /Single Copy Sales

(a) When a premium is used in connection with a subscription or single copy sales offer or implied to current subscribers in conjunction with continued or future subscriptions, the full value of the premium, whether stated or not, must be collected. The value of the premium is considered to be the actual cost to the publisher, or the recognized retail value, or the represented value, whichever is highest.

In those situations where the cost to the publisher is used to calculate the premium value, set-up costs and shipping and handling fees to the publisher from the manufacturer shall not be considered.

In addition to the value of the premium the subscriber must pay at least the amounts required by C 21.1 ~~C 1.1~~.

The provisions of this section apply to home delivered as well as mail subscriptions.

(b) Where the premium is a piece of merchandise or a service the value of which to the subscriber is, in the judgment of the managing director, not determinable by the method described above, the value shall be determined by comparison with the price at which other similar merchandise or service is available to the subscriber through commercial channels.

(c) When it has been determined by the Bureau that premiums have been given with subscriptions without the authority of the publisher, the Bureau shall take such steps as may be found practicable to ascertain how many subscriptions have been sold with said premiums and to disclose all the facts as to the validity of such subscriptions that are required to be ascertained when premiums are offered or authorized by publishers direct.

(d) In case the premiums have been furnished by a subscription agency or other publisher the entire production of subscriptions for the publication by such subscription agency or publisher shall be included in the Audit Report as premium subscriptions and if, by verification letter or other tests, it is shown that some of said subscriptions have been taken on such terms as would disqualify them from the paid classification under the premium rules, deductions shall be made from the total number of subscriptions furnished by the subscription agency or other publisher in the same proportion as the number of disqualified subscriptions in the test bears to the total number of replies received in the test.

(e) If the evidence in the test referred to in paragraph (d) of this section reveals that the premiums have not been furnished or authorized by the publisher or the subscription agency, but by individual solicitors (whether employees of the publisher, other publishers, subscription agency, or independent salespeople), all the

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subscriptions produced by the solicitors involved shall be included as premium subscriptions and the same tests of validity of those subscriptions shall be made and the same ensuing procedure shall be followed concerning them as prescribed in Paragraph (d) of this section.

### C 25.3 ~~C-5.3~~ Combination Sales

When two or more different publications (newspapers, magazines, business publications, farm publications) are offered for an amount less than the total of the basic prices of all the publications, these sales are defined as "forced" combinations and are subject to the following conditions.

#### (a) Single Copy Sales

When each of the publications offered in the combination sale intends to qualify the distribution as "paid circulation" it must be made known clearly to the purchaser that each of the publications can be purchased individually at the same price as if purchased as part of the group.

(1) The combination package must be priced so that both of the following guidelines are observed:

(a) Newspapers sold in combination may be included in paid circulation provided that the minimum qualifying price of each publication is collected.

(b) When a combination package is offered on a single-copy basis, three purchase options ("stacks" of publications) must be made available at all retail locations, including vending machines: the combination package itself plus each publication included in the combination package separately. ~~The individual prices must add to the combined price.~~

*Example: The basic price for Publication A is \$1.00 and for Publication B is \$1.00, and the combination price must be at least \$1.01 is \$1.80. Thus, A and B must be sold for 90¢ each.*

#### (b) Subscriptions

The amount paid for all publications involved must be at least one cent for each publication involved in the offer, a qualifying amount as defined by the publication's Paid Circulation Defined rules.

#### ~~(1) Newspapers with Newspapers~~

~~When subscriptions for two or more different newspapers are ordered or sold in combination, the subscriber must pay at least 25 percent of the cumulative basic prices for the term offered of all the subscriptions included in the package.~~

#### ~~(2) Newspapers with Periodicals~~

~~When subscriptions for two or more publications, one of which is a newspaper and the other a periodical, are ordered or sold in combination, the subscriber must pay at least 25 percent of the basic price of the newspaper for the term ordered, plus at least the qualifying amount as defined by the periodicals' Paid Circulation Defined rules.~~

#### ~~(3)~~(1) Add-On Subscriptions

"Add-on" subscriptions are defined as the addition of a new publication served in conjunction with the consumer's existing subscription. Both subscriptions offered as a combination package may qualify as paid circulation under the following conditions:

(a) The subscriber must be notified of the new or renewal subscription offer.

(b) The amount of incremental payment or reduction of rate must be clearly disclosed and be at least a qualifying amount as defined by the publication's Paid Circulation defined rules.

(c) An affirmative act on the part of the subscriber is required and an option must exist to pay an incremental amount for the additional subscription or to take a reduction in the amount paid if the additional subscription offer is declined.

When an option to opt-in/opt-out does not exist, any promotional materials cannot imply or suggest that the

"add on" publication is "free," "at no additional cost," or use of similar language.

*To view examples of frequently used offers, consult ABC's Web site.*

The amount paid for all publications involved must be at least a qualifying amount as defined by the publication's Paid Circulation Defined rules.

#### ~~(4)~~(2) Multiple Subscriptions to One Newspaper

When two or more subscriptions to the same newspaper are offered or sold in one sale, the amount paid by the subscriber must not be less than one cent per publication. In addition, any offer of two or more subscriptions to the same newspaper must include an option to receive only one subscription at a price no greater than an equal pro-rata of the combination offer price. For example, an offer of two subscriptions for ten cents must also make one subscription available for five cents, the basic price of the longest subscription term plus a minimum of 25 percent of the basic price of the additional subscription(s) for the term offered.

~~The amount collected must be equivalent to the basic price for the highest priced subscription (based on the pro-rata of the basic annual price) plus a minimum of 25 percent of the basic price for the additional subscriptions.~~

~~If there is no basic price for the term offered, the amount paid by the subscriber must be 100 percent of the pro-rata of the highest basic price plus 25 percent of the pro-rata of the basic annual price(s) of the additional subscriptions. If there is no shorter term available, calculate the pro-rata of the next longer term.~~

*The rule is not applicable to situations where electronic edition issues are provided to print subscribers and only the print edition subscription is to be reported as paid circulation.*

#### (c) Newspapers Distributed Together

(1) When two or more daily, Sunday or weekly newspapers are distributed together, the price charged for the

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combination must be a minimum of one cent ~~25 percent of the basic price of each newspaper for the circulation of either to qualify as Paid Circulation.~~

~~For carrier delivery and mail subscriptions, the total amount paid by the purchaser must pay a minimum of 25 percent of the aggregate basic subscription prices of the newspapers included in the combination.~~

(2) A newspaper with less than seven-day frequency can distribute copies of another newspaper on no more than two days per week when the host paper does not publish by establishing a basic price for this service, provided it is the only service option within the reporting market and provided copies are paid for in accord with ~~C 1.1~~ C 21.1.

The average copies of the other newspaper served to subscribers under these arrangements will be reported as "Home Delivery - Joint Distribution Agreement." A full explanation will be provided in Bureau reports.

If the newspaper offers this service as an option to their subscribers within the reporting market, this translates into two service options and each must be priced in accordance with paragraph (c)(1).

(d) Newspaper Distribution with Other Publications

A host publication is defined as the highest priced publication in the combined offer as determined by comparing basic prices of all publications for the terms involved.

When a newspaper acts as a host to one or more other publications by permitting distribution of the other publication(s) to some or all of its subscribers or single copy purchasers, the sales of the host publication will qualify for inclusion in paid circulation if the amount paid by the purchaser is:

(1) At least the amount required by ~~C 1.1~~ C 21.1 when the value of the other distributed publication(s) is not greater than

25 percent of the value of the host publication.

(2) At least the amount required by ~~C 1.1~~ C 21.1 plus a minimum of one cent for each ~~25 percent of the basic price of the~~ for the other distributed publication(s) for the terms involved and when the value of the other distribution publication(s) exceeds 25 percent of the value of the host publication.

No publicity of the joint distribution can be made by or on behalf of the host or other distributed publication(s) beyond a one-time informational announcement unless the amounts paid by the purchasers are at least the amounts required above.

Distribution of the non-host publication(s) is not eligible for inclusion in paid circulation but can be reported as analyzed non-paid circulation in Bureau reports, provided this reporting is permitted for that publisher division.

The average number of copies the host can report as paid circulation that involve the distribution of other publications must be stated in the paragraphs of Bureau reports devoted to general explanations.

The explanation must identify the other publication(s) distributed and their basic price.

(e) With Premiums  
These provisions apply to carrier-delivered as well as mail subscriptions.

(1) Newspapers with Newspapers  
When a premium is used with a combination offer, the amount paid by the purchaser must not be less than the value of the premium as defined in Rule ~~C 5.2~~ C 25.2 plus the amount required in this rule.

(2) Newspapers with Periodicals  
When a premium is used with a combination offer, the subscriber must pay a minimum of one cent ~~25 percent of the basic price of the newspaper for the term ordered,~~ plus at least the qualifying amount as defined by the periodical's Paid Circulation

Defined rule, plus the value of the premium, whether stated or not.

~~If the newspaper subscription has a term of less than one year included in the offer, the subscriber must pay a minimum of 25 percent of the basic price for the term offered.~~

~~If there is no basic price for the term offered, the subscriber must pay a minimum of 25 percent of a pro rata of the basic price for the next shorter term.~~

~~If there is no shorter term available, calculate the pro rata of the next longer term.~~

~~Percentages will be calculated on either subscription prices or newsstand prices, according to the prices quoted in the offer or used in formulating the claimed total value of the offer.~~

Newspapers may reprint and sell their own editorial content on a stand-alone basis, without invoking the Combination Sales rule, provided that (1) the stand-alone editorial content is not offered for sale until after the publication date of the newspaper that carried the editorial content, and (2) the cover price of the stand-alone product is less than 75 percent of the basic price of the relevant newspaper.

*For further information, consult ABC's Web site: [www.accessabc.com](http://www.accessabc.com) or contact an ABC Publisher Relations manager.*

### C 25.4 ~~C 5.4~~ Subscriptions Paid for by Contestant

Subscriptions received in a contest and paid for by the contestant and not by the recipient shall not be recognized as conforming to any of the rules defining a paid subscriber but shall be included in the unpaid distribution and explained in the paragraph of Publisher's Statements and Audit Reports devoted to general explanations.

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### C 25.5 ~~C-5.5~~ Contests and Coupons

(a) When a contest for a prize or reward in which the public may participate, is promoted, complete description of the contest or feature shall appear in the Publisher's Statement for the period during which the contest is used and in the Audit Report which includes that period, and each report shall show the total amount of prizes given away in connection with contests during the period covered by the Publisher's Statement or Audit Report.

When, in the judgment of the managing director, such contest is not a circulation inducement for the publication, this rule shall not apply.

(b) Subscriptions to, or copies of, a publication given in redemption of coupons or the equivalent, such as wrappers, box tops, etc., shall be included in paid circulation as Third Party Sales. This rule shall apply whether or not the coupons or equivalent are redeemable in cash.

### C 25.6 ~~C-5.6~~ Subscriptions as Prizes

Subscriptions given as prizes through contests shall not be included in paid circulation. This includes subscriptions offered as premiums at county and state fairs.

### C 25.7 ~~C-5.7~~ Sponsored Subscriptions

Circulation obtained through cooperation between a publisher and an organized charity or other organization where the publisher makes a donation in return for and in proportion to the circulation so obtained shall be described and included in the paragraphs of Publisher's Statements and Audit Reports devoted to such sales. In such cases to qualify as paid subscriptions the subscriber must pay not less than one cent ~~25 percent of the basic annual subscription price or pro rata thereof~~, plus the full amount he is informed will be paid to the charity or other organization on his behalf by the publisher.

### C 25.8 ~~C-5.8~~ Subscriptions Paid for by Advertising

Any subscription obtained by one publisher from another and paid for in service by the insertion of an advertisement, may be included as paid circulation, provided proof of the insertion of the advertisement or other documentary evidence is available to establish the validity of such subscription. In these cases the auditor shall explain in the paragraph of the Audit Reports devoted to general explanations that this procedure has been followed by the publisher.

### C 25.9 ~~C-5.9~~ Subscriptions Purchased with Award Points

(a) Subscriptions acquired through the redemption of accrued award credits or loyalty points (e.g., frequent flyer miles, credit card member points) may qualify as paid circulation if the publisher presents satisfactory evidence that the cash value of the redeemed product or service is equivalent to one cent ~~25 percent of the pro rata of the basic annual subscription price for term of the order~~.

These "loyalty programs" require that the participant record a specific volume of transactions to earn sufficient award credit for award points.

#### (b) Requirements

Sufficient documentation must exist to demonstrate that the program meets the following qualifications:

#### (1) Program

(a) The enrollment process must include a clear link to the "host" organization.

(b) The participant must take an affirmative action when enrolling in the program.

(c) If points are awarded for enrollment, participants may not initially receive more than 35 percent of the points needed to obtain the least expensive product or service offered in the program.

(d) If an expiration date for points is established, the date must allow for sufficient accumulation of points necessary to redeem the highest valued item prior to expiration.

(e) Each program must have an assigned point value based upon the number of points required to redeem the lowest valued commercially available product (product value divided by assigned points equals per-point value).

(f) Points must be earned as a result of incremental activity or the value of each transaction.

#### (2) Participant (consumer)

(a) The participant must perform a specific action to earn award points.

(b) The participant must perform a specific action to redeem goods or services.

(c) The participant must know the specific activity required to earn points including the volume of points that can be earned with each activity.

(d) The participant must be able to accrue points for future redemption opportunities.

(e) Participant must have sufficient access to their account status on a regular basis.

(f) There must be proof that proper payment was received from the participant for the redeemed items.

#### (3) Point Values

Per-point valuation must be established as follows:

(a) All items offered for point redemption must have a stated value in points or dollars.

(b) An option must exist for point redemption for a mixture of publication and non-publication items.

At least 20 percent of all items offered must be non-publication items. For non-publication items, at least 50 percent of them must be commercially available (in the public domain) for consumer purchase.

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(c) The value of each commercially available item must be equal to or greater than the average value of all publications included in the offer.

(d) The number of points required for redemption should be an extension of the per-point value calculation (product value divided by assigned points equals per-point value) multiplied by the stated value. This calculation must be consistent for all (publication and non-publication) award items.

(e) The average price calculation formula will be equal to the per-point value multiplied by the number of points required to purchase the subscription.

#### (c) Reporting

The average number of copies served in the period from subscriptions purchased through the redemption of trading stamps or award points (to include Frequent Flyer Miles) and a full explanation of the program details, value assigned to the points redeemed and the term and price of subscriptions served will be made in the Explanatory Paragraph of Publisher's Statements and Audit Reports.

#### C 25.10 ~~C-5.10~~ Vacation Paks

Copies held by the publisher or independent carrier for distribution to a subscriber during the period the subscriber is on vacation may be included in paid circulation subject to the following provisions:

(a) The subscriber specifically orders in advance the copies. The carrier or newspaper should have on file for the auditor's review an order that includes the date of order, the subscriber's name, address and vacation dates.

(b) The subscriber is charged a minimum of one cent ~~25 percent of the basic price~~ for the specific vacation term ordered.

(c) Only copies served to the vacationing subscriber may be included in paid circulation.

(d) The term of the Vacation Pak Plan be limited to four calendar weeks.

#### C 25.11 ~~C-5.11~~ Single Issue Sales of Back Copies

A newspaper of any frequency is considered a back copy once the subsequent corresponding day's newspaper is made available for sale. Single issue sales of back copies of daily newspapers shall not be recognized as paid circulation in Bureau reports and should therefore be included in unpaid distribution.

#### C 25.12 ~~C 5.12~~ Insurance Policies

When insurance policies are given free to subscribers or are sold to subscribers the number of subscriptions shall be reported in the "Insurance" paragraph in Publisher's Statements and Audit Reports. The number of subscriptions shall be reported under the four following headings:

Type 1 (a) New subscriptions with which the publisher gave free insurance policies.

(b) Renewal subscriptions with which the publisher gave free insurance policies.

Type 2 (a) New subscriptions with which insurance policies were purchased by subscriber.

(b) Renewal subscriptions with which insurance policies were purchased by subscriber.

Only those subscriptions connected with insurance policies, both having their inception in the period covered by the report shall be reported.

Policies issued to the same subscriber for successive periods or years shall be considered as a continuing policy whether the insurance coverage is evidenced by an extension of an existing numbered policy or by a new policy for an additional period. Such policies shall not be reported in the "Insurance" paragraph.

#### C 25.13 ~~C-5.13~~ Subscription Offer Based on Acceptance Unless Declined

Subscriptions resulting from offers that are based upon the assumption that the offer has been accepted unless specifically declined, qualify as paid circulation if money has been collected to qualify the subscription.

This rule does not apply to newspaper carrier and mail subscription offers in which the terms of the contract changed. See C 21.1(b) ~~C-1.1(d)~~.

Newspapers that change frequency of delivery without receiving subscriber affirmation ("forced conversions") must disclose the following in the explanatory paragraph of Bureau reports:

- the number of subscribers converted to the new frequency and the impact upon average paid circulation;
- the effective date of such a change; and
- the ABC defined geographic market area in which the change took place.

In addition, the former frequency of delivery must be eliminated and cannot be reinstated for at least three months.

For those newspapers not reporting circulation by day-of-week, further disclosure of circulation statistics must be made for the affected market area when the frequency change causes the average paid circulation in that market area to vary by more than 15 percent from the other days of the week.

In cases where newspapers change the frequency of delivery for a portion of an ABC reporting zone without receiving subscriber affirmation, the affected subscribers shall be presented with the ability to opt-out of the incremental delivery in advance of the frequency change. Newspapers executing such a program are required to disclose "Average Home Delivery - Frequency Conversions" as a separate line item in Paragraph 1 and 2 and in the paragraph devoted to general explanations, the number of subscribers converted to the new

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frequency; the effective date of such a change; and a definition (geographic or otherwise) of the subscriber group affected.

#### C 25.14 ~~C-5.14~~ Transfers on Consolidation

When two or more newspapers merge, copies of the surviving newspaper served to the subscribers of the merged newspapers may be included in the Bureau reports as paid circulation under the following conditions and with the following qualifications:

(a) The merged newspapers must be homogeneous.

(b) A merger of daily newspapers or other publications with a predominantly local appeal will be recognized under this rule only when the merged publications have been published in the same community.

(c) The number of issues to be credited, as paid circulation on an unexpired subscription shall, at the option of the publisher, is ascertained by one of the following methods. The decision shall be subject to approval by the managing director.

(1) By dividing the sum of money still due the subscriber at the basic annual subscription price of the discontinued newspaper by the price per copy of the surviving newspaper, said per copy price to be a pro rata of the basic annual subscription price of the surviving publication.

(2) By counting the number of copies of the discontinued newspaper still due the subscriber and crediting the same number of copies of the substituted newspaper as paid, providing the basic annual subscription price of the discontinued newspaper is at least 50 percent of the basic annual subscription price of the substituted publication or provided that the pro rata single copy price (basic annual subscription price divided by number of copies published annually) of the discontinued newspaper is

at least 50 percent of the pro rata single copy price of the continued publication.

(d) Not more than six months may elapse between the cessation of service to the subscriber of the newspaper subscribed for and the beginning of service by the newspaper substituted therefore.

(e) When a merger of newspapers is affected, the first Publisher's Statement thereafter shall contain a consolidated statement of the circulation in the appropriate paragraph(s) but the other analyses in the report shall be made separately on each of the merged newspapers. Analyses of member newspapers involved shall be based upon the latest Bureau reports. Those not previously members of the Bureau shall be analyzed as thoroughly as may be possible under the circumstances and inability to state any specific fact called for by Bureau reports shall be noted with explanation. Separate analyses may be continued thereafter, if, in the judgment of the managing director, such procedure is necessary to give essential information.

#### C 25.15 ~~C-5.15~~ Purchase of Subscription List

When a newspaper purchases a subscription list of another newspaper that has ceased or is about to cease publication, the subscribers of the discontinued newspaper served with copies of the going publication may be included in Bureau reports in paid circulation under the following conditions:

(a) The newspapers must be homogeneous.

(b) In the case of daily newspapers, or other publications of predominantly local appeal, both newspapers must have been published in the same DMA or within a 100-mile radius.

(c) The number of issues to be credited as paid circulation on an unexpired subscription shall, at the option of the

publisher, be determined by one of the following methods. The decision shall be subject to approval by the managing director.

(1) By dividing the sum of money still due the subscriber at the basic annual subscription price of the discontinued newspaper by the price per copy of the surviving publication, said per copy price to be a pro rata of the basic annual subscription price of the surviving newspaper.

(2) By counting the number of copies of the discontinued newspaper still due the subscriber and crediting the same number of copies of the substituted publication as paid, providing the basic annual subscription price of the discontinued publication is at least 50 percent of the basic annual subscription price of the substituted publication, or provided that the pro rata single copy price (basic annual subscription price divided by number of copies published annually) of the discontinued newspaper is at least 50 percent of the pro rata single copy price of the continued publication.

(d) Not more than six months may elapse between the cessation of service to the subscriber of the newspaper subscribed for and the beginning of service by the newspaper substituted therefore.

(e) Copies served in arrears to subscribers of the purchased newspaper shall not be included in paid circulation.

(f) If the option is given to the subscriber of receiving in cash what is due on the old subscription, but the subscriber chooses to be served instead with copies of the purchasing newspaper and authorization to serve the publication instead of the cash is satisfactorily established in the judgment of the managing director, the subscription shall be counted the same as if the subscriber had subscribed for the purchasing newspaper in the first place, subject to provisions of Paragraph (c) of this rule.

(g) The first Publisher's Statement after the inclusion of the purchased subscription list shall contain a consolidated statement of the circulation in the appropriate paragraph,

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but the other analyses in the report shall be made separately on each of the newspapers involved. Analyses of member newspapers involved shall be based upon the latest Bureau reports. Those not previously members of the Bureau shall be analyzed as thoroughly as may be possible under the circumstances and inability to state any specific fact called for by Bureau Reports shall be noted with explanation. Separate analyses may be continued thereafter, if, in the judgment of the managing director, such procedure is necessary to give essential information.

#### C 25.16 ~~C-5.16~~ Transfers from One Going Newspaper to Another

When one going newspaper transfers subscriptions to another going newspaper, the subscribers so transferred may be included in Bureau Reports in paid circulation under the following conditions:

(a) The newspapers must be homogeneous.

(b) In the case of daily newspapers or other publications of predominantly local appeal, both publications must have been published in the same community.

(c) The subscriber proposed to be transferred must have had the option of being transferred or remaining on the list of the newspaper subscribed to; or the subscriber must have had the option of receiving in cash what is due on the old subscription or of accepting the substitution of the other newspaper; and authorization by the subscriber in the case of any of these options must be of record.

(d) The number of issues to be credited as paid circulation on an unexpired subscription shall, at the option of the publisher, be determined by one of the following methods. The decision shall be subject to approval by the managing director.

(1) By dividing the sum of money still due the subscribers at the basic annual

price of the transferring publication by the price per copy of the publication to which the subscription is transferred, said per copy price in the case of each publication to be a pro rata of the basic annual subscription price.

(2) By counting the number of copies of the transferring newspaper still due the subscriber and crediting the same number of copies of the newspaper to which the subscription is transferred, provided the basic annual subscription price of the transferring publications, is at least 50 percent of the basic annual subscription price of the publication to which the subscription is transferred or provided that the pro rata single copy price (basic annual subscription price divided by number of copies published annually) of the transferring newspaper is at least 50 percent of the pro rata of the newspaper to which the subscription is transferred.

(e) Copies served in arrears to the transferred subscribers shall not be included in paid circulation.

(f) The first Publisher's Statement after the transfer shall contain a consolidated statement of the circulation in the appropriate paragraph but the other analyses in the report shall be made separately on each of the publications involved. Analyses of member publications involved shall be based upon the latest Bureau Reports. Those not previously members of the Bureau shall be analyzed as thoroughly as may be possible under the circumstances and inability to state any specific fact called for by Bureau Reports shall be noted with explanation. Separate analyses may be continued thereafter, if, in the judgment of the managing director, such procedure is necessary to give essential information.

#### C 25.17 ~~C-5.17~~ Transfers from Suspended Publication to Others

When the subscribers to a publication which has discontinued issuance are offered a choice from a list of two or more other publications, the subscriptions transferred through exercise of such option may be included as paid circulation by the other publications under the following conditions:

(a) Choice of other publications must be offered within six months after last publication date of publication which has discontinued issuance.

(b) The subscriptions of the discontinued publication must conform fully to all other Bureau regulations.

(c) At least one of the publications offered as a substitute must be homogeneous in editorial content to that of the suspended publication.

(d) The number of issues to be credited, as paid circulation on an unexpired subscription shall, at the option of the publisher, be ascertained by one of the following methods. The decision shall be subject to approval by the managing director.

(1) By dividing the sum of money still due the subscriber at the basic annual subscription price of the discontinued publication by the price per copy of the surviving publication, said per copy price to be a pro rata of the basic annual subscription price of the surviving publication.

(2) By counting the number of copies of the discontinued publication still due the subscriber and crediting the same number of copies of the substituted publication as paid, providing the basic annual subscription price of the discontinued publication is at least 25 percent of the basic annual subscription price of the substituted publication, or provided that the pro rata single copy price (basic annual subscription price divided by the number of copies published annually) of the discontinued publication is at least 25 percent of the pro

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rata single copy price of the continued publication.

(e) Copies served in arrears to subscribers of the suspended publication shall not be included in paid circulation.

(f) If the option is given to the subscriber of receiving in cash what is due on the old subscription but the subscriber chooses to be served instead with copies of the purchasing publication and authorization to serve the publication instead of the cash is satisfactorily established in the judgment of the managing director, the subscription shall be counted the same as if the subscriber had subscribed for the purchasing publication in the first place, subject only to the provisions of Paragraph (d) of this rule.

(g) The first Publisher's Statement which includes the transferred subscriptions as paid circulation shall contain a statement naming the publication from which the subscriptions were transferred, the number of transferred subscriptions received and the basis on which fulfillment to the subscriber has been made. The publisher may, if desired, report the number of copies served on such subscriptions during the period covered by the statement. This explanation shall continue in subsequent Publisher's Statements for such periods in which transferred subscriptions are received. The Bureau reserves the right to require a more detailed explanation than above specified if in the judgment of the managing director such procedure is necessary to give essential information.

#### C 25.18 ~~C-5.18~~ Credit Subscriptions

*(Also see ABC Policy relating to Carrier Delivery - Office Collect Subscriptions and Pay-In-Office Subscriptions on Independent Carrier Routes reported in Newspaper Publisher's Statements and Audit Reports)*

(a) A subscription which is sold on a promise-to-pay basis shall be regarded as a

"Credit Subscription" and such subscriptions will qualify as paid circulation provided:

(1) The term of the obligation to pay is not for more than three months.

(2) The subscriber pays the sum billed.

(3) That the amount charged is sufficient to meet the requirements of the Bureau's rules in all other respects.

(b) If in any case the publisher is obliged to cancel the subscription because of non-payment, the number of copies served thereon shall be established and deducted from paid circulation and included in unpaid distribution.

(c) To qualify as paid circulation, credit subscriptions must be paid as follows:

~~(1) If sold within the U.S./Canada and the West Indies, p~~ Payment must be made within six months after start of service for business publications and newspapers; within seven months after start of service for magazines and farm publications.

~~(2) If sold outside the U.S./Canada and the West Indies, payment must be made within nine months after start of service.~~

Copies served on subscriptions, which are not paid in accordance with ~~(c)(1) or (c)(2)~~ above and have not been previously cancelled shall automatically be ineligible for inclusion in paid circulation and shall be included in unpaid distribution.

#### C 25.19 ~~C-5.19~~ Installment Subscriptions

On a subscription payable in installments, or payable on delivery, only those copies shall be shown in paid circulation that are actually paid for (until at least one cent ~~25 percent of the basic annual subscription price~~ has been paid, when the subscription automatically qualifies as paid for one year).

#### C 25.20 ~~C-5.20~~ In-House Credits

From time-to-time retailers and/or civic or social organizations may offer consumers "in-house" credits to be redeemed at the

organization's facility (such as credits issued to new members of a museum that are to be redeemed at the museum gift shop). The value of that "in-house" credit may be used toward the purchase of a newspaper subscription under the following conditions:

(a) The credit is part of a presentation made by the retailer, civic or social organization, not the newspaper, or its agents.

(b) The credit has a specific expiration date.

(c) The presentation is made in a manner that provides equal prominence and position for all good(s)/service(s) offered.

(d) The value of the credit is identified in monetary terms to the subscriber and is equal to no less than one cent ~~25% of the pro rata of the basic price of the term of the subscription offered.~~

(e) Adequate records regarding the order, transmittal of funds, and manner in which the value of the credit is determined, must be available for the auditor's review.

(f) The transactions are fully explained in the Publisher's Statements and Audit Reports.

#### C 25.21 ~~C-5.21~~ Hawker (Street) Sales

(a) Newspapers electing to claim as paid circulation copies of newspapers sold through hawkers (street salespeople) are required to maintain a reporting environment and records that will accurately determine sales from hawkers and support an ABC audit.

(b) Recordkeeping requirements to support hawker sales include, but are not limited to, contemporaneous daily records by hawker, by location, identifying draw, returns, selling times, hawker compensation and cash collections. Records will also be available showing credit and compensation policies for independent distributors involved with hawker distribution.

*Note, Audit Implications. The nature, timing and extent of audit procedures to be applied to claimed circulation for hawkers will*

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*be based on an assessment of the control environment, structure and reporting, historical results and other relevant conditions. From time-to-time, certain conditions may exist that could necessitate expansion of the audit program. This expansion may include extensive testing and/or direct hawker sales observations. These conditions include, but are not limited to, distributor and hawker pricing structure, sales incentives, return policies and the condition of the records involved. The conditions above would be reviewed by Bureau auditors in order to determine the appropriate audit procedures to be applied.*

#### C 26.1 ~~C-6.1~~ Publisher's Statements

(a) All newspaper members shall be required to file semi-annual Publisher's Statements for the periods from October 1 to March 31 and April 1 to September 30.

(b) Publisher's Interim Statements may be filed for quarterly periods April 1 through June 30 and/or October 1 through December 31 only.

(c) Publishers using the four week - 13-month calendar billing system may report the circulation averages for the 13-week and/or 26-week period nearest the end of the calendar quarter.

#### C 26.2 ~~C-6.2~~ Consolidated Newspaper Publisher's Statements and Audit Reports

Consolidated reports showing the circulation data for individual newspapers as well as total circulation for all individual ABC newspapers in the group may be issued for publishers requesting such service providing advertising is sold in combination for all newspapers included in the group. The reports shall be issued in accordance with standard forms furnished by the Bureau for periods ending March 31 and September 30.

The reports, whenever issued, shall include a map prepared by the Bureau

showing the geographical location of the city of publication for each ABC newspaper included in the group.

#### C 27.1 ~~C-7.1~~ Reporting Options

(a) Newspapers may, at their option, show in Publisher's Statements and Audit Reports the average paid circulation, within an area defined as the "Newspaper Designated Market."

(b) A newspaper may petition the managing director for permission to eliminate reporting circulation averages by zones and substitute the reporting of circulation averages by a "Newspaper Designated Market."

The petition must be filed in writing and the facts in support of the request must be included in the communication.

(c) Newspapers electing to report average paid circulation data according to a newspaper designated market in lieu of city and retail trading zones may, at their option, continue to report paid averages for the city zone or for the retail trading zone.

(d) Any change in a reporting zone shall become effective at the beginning of the Publisher's Statement period within which the new alignment has been approved, provided such statement period is the first statement period of the audit period. If the new alignment is not approved in the first Publisher's Statement period of the audit period, it shall go into effect with the first day of the next audit period.

(e) The circulation of all newspapers published in the same city, with the exception of national newspapers, shall be given uniformly within the prescribed zone.

#### C 27.2 ~~C-7.2~~ Circulation in City of Another Member

(a) When a newspaper claims circulation in any other independent corporate municipality, in which there is another newspaper member, and such

circulation claim amounts to 15 percent or more of the paid circulation of the local member, the Audit Bureau shall analyze this circulation on a paid basis, provided that a specific request is made to the Bureau by the member newspaper located in the municipality for which this breakdown is required. The request must be made before the close of the next annual audit period.

The analysis shall be made by the Bureau's auditor and shown in Paragraph 3 of the Audit Report immediately following the listing of the gross distribution for the city requested. Explanatory comment concerning the basis for the listing shall appear as a footnote.

The paid circulation figures shown in the listing in Paragraph 3, as a result of the request, shall include the circulation distributed within the corporate city or the city zone established for the city making the request with proper allocation of the remainder of the paid circulation.

(b) If the circulation of one newspaper is broken down as provided for in Paragraph (a) a similar analysis shall be made at the same time for each other member newspaper in the same city.

(c) If the member requesting the analysis questions the accuracy of the analysis as shown by the Audit Bureau of Circulations' data and published in the Audit Report the rules governing outside investigations shall apply.

(d) The member making the request will also show an analysis of paid circulation in Paragraph 3 of its Audit Report.

(e) When only a postal code analysis is made, the newspaper making the request shall identify the specific postal codes within its corporate municipality wherein distribution claims amount to 15 percent or more of its paid circulation.

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### C 27.3 ~~C-7.3~~ City Zone

(a) A city zone shall be established by the managing director, after consultation with the publishers in the city of publication in accordance with the principles of procedure approved by the Board of Directors.

(b) The managing director from time to time, and after consultation with the publishers involved, may revise boundaries in accordance with the principles of procedure approved by the Board of Directors.

~~(c) Any change in a city zone shall become effective at the beginning of the Publisher's Statement period within which the new alignment has been approved, provided such statement period is the first statement period of the audit period. If the new alignment is not approved in the first Publisher's Statement period of the audit period, it shall go into effect with the first day of the next audit period.~~

### C 27.4 ~~C-7.4~~ Retail Trading Zone

(a) A Retail Trading Zone shall be established by the managing director, after consultation with the publishers in the city of publication in accordance with the principles of procedure approved by the Board of Directors.

(b) The managing director from time to time, and after consultation with the publishers involved, may revise boundaries in accordance with the principles of procedure approved by the Board of Directors.

(c) Boundaries of Retail Trading Zone shall be established according to census units, and population figures shown shall be from census reports, and it shall be within the discretion of the managing director to determine whether areas may be included in the retail trading zone for which there are no established census unit boundaries, and to

determine and provide the source for population figures.

~~(d) The circulation of all newspapers published in the same city shall be given uniformly within the prescribed zone.~~

~~(e)~~(d) Publisher members may at any time petition with the Bureau for a revision in an existing retail trading zone. Upon such petition, the Bureau shall undertake a study of the proposed revision in the retail-trading zone. If such change affects or involves the city and/or retail-trading zone of another publisher member, the managing director shall advise the affected publisher member or members of the proposed change.

~~(f) Any change in a retail trading zone shall become effective at the beginning of the Publisher's Statement period within which the new alignment has been approved, provided such statement period is the first statement period of the audit period. If the new alignment is not approved in the first Publisher's Statement period of the audit period, it shall go into effect with the first day of the next audit period.~~

~~(g)~~(e) In establishing or revising a retail trading zone, the managing director shall use the services of such staff members or such outside recognized fact-finding agencies as may be needed to establish the facts required for determining the boundaries of the retail trading zone in question within the principles of procedure. The expenses of such studies shall generally be borne by the petitioning member (or members) of the Bureau.

### C 27.5 ~~C-7.5~~ Newspaper Designated Market

(a) The Newspaper Designated Market shall be designated by the newspaper subject to approval of the managing director.

~~The establishment of, or any change in, a newspaper designated market shall become effective at the beginning of the Publisher's Statement period within which the new alignment has been approved,~~

~~provided such statement period is the first statement period of the audit period. If the new alignment is not approved in the first Publisher's Statement period of the audit period, it shall go into effect with the first day of the next subsequent audit period.~~

The newspaper designated market of a newspaper member is considered to be that geographical area which is considered to be the market served by the newspaper.

(b) Factors which are to be given consideration in determining whether an area qualifies for inclusion in a newspaper designated market shall include, but not be limited to, the following:

(1) Evidence that the area included is that geographical area in which the newspaper is marketed.

(2) Area included shall consist of abutting census units.

~~(3) The ratio between the average paid circulation and ABC's current estimate of occupied households within each county or portion thereof, shall be considered.~~

(c) Newspapers reporting average paid circulation for a newspaper designated market shall meet the following requirements:

(1) Newspapers with a newspaper designated market shall report in Publisher's Statements filed with the Bureau the average paid circulation for the area and may report average paid circulation data for each county or portion thereof within the area.

(2) Any newspaper exercising the option of reporting circulation for a newspaper designated market shall include in Audit Reports issued for the publication a map prepared by ABC in accord with applicable criteria set forth in C 22.12, of the rules and include the boundaries of the newspaper designated market.

(3) Newspapers reporting average paid circulation for a newspaper designated market shall include ABC-compiled occupied household data and may also include the ratio between circulation and occupied households, by county or parts thereof expressed as a percent.

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(d) A newspaper that exercises the option of reporting circulation for a newspaper designated market instead of zones shall be required to report in Paragraph 35 of the Audit Report a complete breakdown of distribution for each town, city or recognized community within the newspaper designated market receiving 25 or more copies according to their county of location.

#### C 27.6 ~~C 7.6~~ MSA/CMA

Areas comprising ~~Metropolitan Statistical Areas as established by the U.S. Office of Management and Budget and Census Metropolitan Areas by Statistics Canada~~ shall be so designated in the county listing in Paragraph 35 of Audit Reports, and totals for these areas may, at the option of the publisher, be shown in Paragraph 35 of Audit Reports. The figures or tabulation shall carry the appropriate heading "~~Metropolitan Statistical Area/Census Metropolitan Area, County (Counties) of \_\_\_\_\_ only.~~" Where only a part of a county is included in the area, the listed name of the county shall be followed by "~~(part MSA) or (part CMA).~~" Where the area total is shown in an Audit Report, the total retail trading zone circulation, and/or total "all other" circulation, and/or total paid circulation, and/or newspaper designated market circulation, may at the option of the publisher, also be shown following the area total.

If ~~MSA or CMA~~ totals are shown in an Audit Report, the same figures may be repeated in the explanatory paragraph of subsequent Publisher's Statements at the option of the publisher. The totals shown in Publisher's Statements must be identical to the figures shown in latest released Audit Reports and so identified in the Publisher's Statements.

#### C 27.7 ~~C 7.7~~ Other Reporting Areas

(a) ~~Metropolitan Statistical Area, Consolidated Metropolitan Statistical Area or Census Metropolitan Area or county of publication.~~

Publishers may, at their option, show in the explanatory paragraph of newspaper Audit Reports and Publisher's Statements the average paid circulation either for the county of publication, for those newspapers not published in the central city of a metropolitan area; or if published in the central city of a metropolitan area, the average paid circulation for the Metropolitan Statistical Area and/or Consolidated Metropolitan Statistical Area or Census Metropolitan Area. Separate figures for circulation outside MSA and/or CMA and/or CMA may, at the publisher's option, be reported, included in Paragraph 1D. In addition, population and occupied household data will be shown.

If the ~~Metropolitan Statistical Area and/or Consolidated Metropolitan Statistical Area and/or Census Metropolitan Area~~ for the city of publication is comprised of more than one county or portion of more than one county, circulation and occupied household data may be shown for each of one or more counties, provided the circulation and occupied household data is also shown for the complete ~~MSA and/or CMA and/or CMA.~~

(b) ~~Designated Market Area.~~

~~Publishers may at their option also show in the explanatory paragraph of newspaper Audit Reports and Publisher's Statements the average paid circulation in the DMA (Designated Market Area) as established by the A. C. Nielsen Company. In addition, population and occupied household data will be shown for the area defined.~~

#### C 27.8 ~~C 7.8~~ All Other

Circulation outside of the limits described in the newspaper form as "City Zone" and "Retail Trading Zone" shall be designated as "All Other."

Circulation outside area described as newspaper designated market shall be designated as "circulation outside newspaper designated market."

#### C 27.9 ~~C 7.9~~ Home Delivery Circulation

~~A paper delivered regularly by newspaper employee, agent or independent contractor or via the postal service into the home, or office, or other place of business and paid for in accord with C 1.1 and C 1.2 shall be classed as "Home Delivery," in Bureau Reports.~~

#### C 27.9 ~~C 7.10~~ Market Segments

A market segment shall be considered those copies of a publication, which are directed to a group of subscribers with similar non-geographic characteristics for whom the publisher has obtained individual information and for which the publisher has elected to establish a basic price ~~in accord with C 1.2.~~

(a) Average circulation distributed to each defined market segment shall be reported in the explanatory paragraph, and reported in such a manner as to show the type and character of the market segment(s) (such as "senior citizens," "students," etc.). In addition, Bureau reports shall contain a definition of each market segment to include the criteria used to determine eligibility of subscribers to be included in the market segment.

(b) The eligibility of subscribers to be included in any market segment must be based upon information obtained from questionnaires completed by the subscribers, directories or other acceptable documentation.

All such data must be preserved for the auditor's examination.

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No information may be used to classify eligibility which was obtained more than two years prior to the ending period in which the audit is being made.

If documentation is not available to confirm subscriber eligibility for a particular market segment all copies served to subscribers so classified will be transferred to "Home Delivery," assuming they meet the criteria of that category as defined by C 21.2. If such copies do not meet the "Home Delivery" criteria, they shall be excluded from paid circulation and reported as unpaid distribution.

(c) Newspapers electing to establish and report circulation by market segments must also publish an analysis of distribution by postal code (~~see C 7.13 (c)(8)~~).

(d) Newspapers may establish no more than 10 market segments.

#### ~~C 27.11~~ C 7.11 Single Copy Sales

~~Street vendors, honor box and vending machine sales, copies sold through newsdealers and publisher's counter sales shall be reported under the category "Single Copy Sales."~~

#### ~~C 27.10~~ C 7.12 List of Towns Receiving 25 or More Copies

(a) All publishers of newspapers shall furnish a complete analysis of distribution either by towns receiving 25 or more copies per day, arranged alphabetically by counties or an analysis of circulation by U.S. ZIP Codes or Canadian Postal Codes receiving 25 or more copies in alphanumeric numerical order, to be included in Paragraph 3 of Audit Reports.

This data must be submitted to ABC within 30 days of the member's assigned audit period end date. Failure to submit the data on time may result in exclusion from the applicable ABC FAS-FAX report.

Publishers may at their option also furnish an analysis of distribution to be filed

with regular Publisher's Statements for release as a Supplemental Report. The breakdown will be subject to audit at the time of the regularly scheduled audit. "Total Average Projected ~~Paid~~ Circulation" ~~referred to in sub-sections (c) (4) and (d) (2) will not be included in the Supplemental Report.~~

Those newspapers opting to report by towns may also include an analysis by ~~ZIP~~ postal code. Those newspapers electing to report by ~~ZIP~~ postal code only shall also include total distribution statistics by counties. ~~Canadian~~ Newspapers electing to report by postal code only must do so by providing an analysis by three-digit postal codes.

(1) The list shall include a breakdown of the total distribution for one Monday to Friday day for each "All Day," "Morning," "Evening" and/or "Saturday" or "Sunday" issue published. The date or dates selected for the listing in Paragraph 35 of Audit Reports shall show circulation that which is representative, subject to approval of the Bureau.

(2) The Audit Reports of newspapers published in the same city shall use the same date or dates for the listing. If the newspapers cannot agree on the date(s) to be used, the Bureau shall select the date(s).

In order for any newspaper to report by postal code only, all newspapers in the same city must agree to report likewise. If agreement cannot be reached, the default reporting format shall be by towns, with the option of including the postal code analysis.

(3) All publishers shall have the option of reporting distribution for each town receiving 25 or more copies by the following subdivisions:

(a) Total

(b) Single Copy Sales, Home Delivery, and Motor Route

(c) Home Delivery (carriers including Motor Route) and Single Copy Sales.

~~(b)(4)~~ Subscriptions and/or copies distributed by dealers or agents for which payment is more than three months in arrears shall be eliminated from the above analysis.

(5) All Single Copy circulation will be reported by point of sale.

(6) Circulation may be segregated by: copies sold at 50% of basic or more; copies sold at less than 50 percent of basic; third party sales and non-paid distribution.

(b) Circulation totals for each county shall be shown and counties shall be listed in alphabetical order by provinces. "Total Average Projected Circulation" shall be shown for each county in the column adjacent to the total circulation figure for each county. The Bureau will compute the "Total Average Projected Circulation".

(c) The list by town shall include the following:

(1) Circulation shall be shown for each town, city or recognized community receiving 25 or more copies, including, at publisher's option, those places outside the corporate city of publication, but within the established city zone.

Towns, cities, or recognized communities receiving 25 or more copies but with a population of less than 500 may, at the option of the publisher, have the distribution reported in the "Balance in County" of the county in which the copies are served or shown, by county, under the rural route for the town from which mail is distributed.

(2) In addition, circulation figures shall be shown as a total for the City Zone and shall include separate sub-totals for each county wholly or partially within the city zone.

~~(3) Circulation for towns (townships) shall not be shown in lieu of cities, communities or other recognized places receiving 25 or more copies, but may be listed as sub-headings for cities, communities or other recognized places located within the town (township) that each received 25 or more copies.~~

Rule changes are effective immediately unless noted otherwise and are the result of ABC's usual two-step approval process unless designated as approved by "unanimous consent."

~~(4)~~ Circulation totals for each county shall be shown and counties shall be listed in alphabetical order by states. "Average Projected Paid Circulation" shall be shown for each county in the column adjacent to the total circulation figure for each county. The "Average Projected Paid Circulation" will be computed by the Bureau.

~~(5)~~ All publishers of newspapers published outside of Canada shall have the option of reporting distribution for each town receiving 25 or more copies by the following subdivisions:

~~(a)~~ Individually Paid, Other Paid, Total, or

~~(b)~~ Home Delivery, Single Copy, Other Paid, Total. Canadian publishers shall have the option of reporting distribution by total only for each town receiving 25 or more copies, or by the following subdivisions: Single Copy Sales, Home Delivery, and Motor Route; or Home Delivery (carriers including Motor Route) and Single Copy Sales. Those newspapers that elect to create and report by market segments may use the following subdivisions: Home Delivery; Market Segment (specific to each of the Paragraph 1 categories); and Single Copy Sales.

~~(3)(6)~~ The Bureau will add occupied household figures based on data established by the Bureau of the Census and/or Statistics Canada for all counties, established city zones and for all towns, cities or communities with 2,500 or more occupied households within the City Zone, Retail Trading Zone and/or Newspaper Designated Market or Designated Market Area.

~~(4)(7)~~ A total of the distribution in each state or province shall be included in the list showing distribution in towns receiving 25 copies or more. If any state or province does not have distribution in cities of 25 or more copies, there shall be two options:

(a) Show the total distribution in each such state province.

(b) Show the distribution in all such states provinces in one total; using the words "Total all other states provinces."

~~(8)~~ Publishers may supply a separate analysis of newspaper circulation by the City Zone, Retail Trading Zone and/or Newspaper Designated Market by U.S. ZIP Codes receiving 25 or more copies in numerical ZIP Code order. Towns in each ZIP Code will be identified. Publishers may also make an analysis of circulation in All Other by U.S. ZIP Codes. Publishers of newspapers published outside of Canada shall have the option of reporting distribution for each ZIP Code receiving 25 or more copies by the following subdivisions: (1) Individually Paid, Other Paid, Total, or (2) Home Delivery, Single Copy, Other Paid, Total. Canadian publishers shall have the option of reporting distribution by total only for each ZIP Code receiving 25 or more copies, or by the following subdivisions: Single Copy Sales, Home Delivery, and Motor Route; or Home Delivery (carriers including Motor Route) and Single Copy Sales. Those newspapers that elect to create and report by market segments may use the following subdivisions: Home Delivery, Market Segment (specific to each of the Paragraph 1 categories), and Single Copy Sales. All Single Copy circulation will be reported by point of sale. Distribution of the audited ZIP Code analysis will be made by ABC with the Audit Report or by the publisher at the publisher's option. The Audit Report will contain a statement that the separate audit analysis is available from the publisher. This analysis is also optional, based on the above criteria, by postal code area for Canadian newspapers. Such reporting will be by Forward Sortation Areas and may be by the full postal code in rural areas without letter carrier delivery.

"Average Projected Paid Circulation" shall be shown for each ZIP/Postal Code in the column adjacent to the gross distribution total for each ZIP/Postal Code. The "Average Projected

Paid Circulation" will be computed by the Bureau.

(d) The list by postal code shall include the following:

(1) Circulation shall be shown for each postal code receiving 25 or more copies. Towns included in each postal code will be identified. When an analysis of distribution by towns is also reported, the newspaper may omit postal code analysis in All Other (or Outside Newspaper Designated Market). When a by-town analysis is not included, analysis by postal code for distribution in All Other (or Outside Newspaper Designated Market) shall be made.

~~(2)~~ Circulation totals for each county shall be shown and counties shall be listed in alphabetical order by states. "Average Projected Paid Circulation" shall be shown for each county in the column adjacent to the total circulation figure for each county. The "Average Projected Paid Circulation" will be computed by the Bureau.

(3) Publishers shall have the option of reporting distribution by total only for each town receiving 25 or more copies, or by the following subdivisions: Single Copy Sales and Carriers, Motor Route; or Home Delivery (carriers including Motor Route) and Single Copy Sales.

(4) For newspapers published outside of Canada, when the number of copies to be reported between 25 percent and 50 percent of basic price exceeds 20 percent of Individually Paid Circulation within a given ZIP Code, a breakout of the copies sold at prices between 25 percent and 50 percent of basic prices will be required for that ZIP Code.

(5) For newspapers published outside of Canada, when the average number of copies sold between 25 percent and 50 percent of basic price exceeds 20 percent of Individually Paid Circulation, a breakout of the copies sold at prices between 25 percent and 50 percent of basic prices will be required for all ZIP Codes.

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All Single Copy circulation will be reported by point of sale.

~~(2)(6)~~ The Bureau will add occupied household figures based on data established by the Bureau of the Census and/or Statistics Canada for all counties, established city zones and for all postal codes with 2,500 or more occupied households within the city zone, retail trading zone and/or newspaper designated market or Designated Market Area.

~~(3)(7)~~ Where by-town analysis is included, distribution of the audited postal code analysis will be made by ABC with the Audit Report or by the publisher at the publisher's option. If the publisher exercises the latter option of distribution, the Audit Report will contain a statement that the separate audited analysis is available from the publisher.

(e) In addition to the list described above, each publisher may, at his option, prepare separate lists from the information prepared for Paragraph 3 as follows:

(1) The total distribution of the newspaper shall be broken down as follows:

- (a) States and Provinces
- (b) City Zone
- (c) Retail Trading Zone
- (d) Newspaper Designated Market

(e) U.S. Metropolitan Statistical Area (MSA) and/or Consolidated Metropolitan Statistical Area (CMSA) and/or Canadian Census Metropolitan Area (CMA) (optional)

(f) Counties

(g) Cities, Towns or Communities

~~(h) Townships (optional as sub-divisions only)~~

~~(h)(f)~~ Total Distribution

Occupied household and total average projected paid-circulation shall be shown for each of the above subtotals.

~~(2)~~ A list for each state of total circulation for each county arranged in alphabetical order and showing occupied

household and "Average Projected Paid Circulation" figures for each county.

~~(3)~~ A list for each state of all cities, towns or communities receiving 25 or more copies arranged alphabetically without grouping by counties. Each place listed shall be further identified as to the county in which it is located. Occupied household figures shall be shown for each place or city zone having 2,500 or more.

~~(4)~~ U.S. Metropolitan Statistical Area (MSA) and/or Consolidated Metropolitan Statistical Area (CMSA) and/or Canadian Census Metropolitan Area (CMA) (optional).

~~(5)~~ A separate analysis of newspaper circulation by the City Zone, Retail Trading Zone and/or Newspaper Designated Market by U.S. ZIP Codes or Canadian Postal Code boundaries receiving 25 or more copies in numerical ZIP Code or Canadian Postal Code order. Towns included in each ZIP Code or Canadian Postal Code boundary will be identified. Publishers may also make an analysis of circulation in All Other by U.S. ZIP Codes or Canadian Postal Code boundaries.

Publishers for newspapers published outside of Canada shall have the option of reporting distribution for each ZIP Code receiving 25 or more copies by the following subdivisions: (1) Individually Paid, Other Paid, Total, or (2) Home Delivery, Single Copy, Other Paid, Total. Canadian publishers shall have the option of reporting distribution by total only for each ZIP Code or Canadian Postal Code boundary receiving 25 or more copies, or by the following subdivisions: Single Copy Sales, Home Delivery, and Motor Route; or Home Delivery (carriers including Motor Route) and Single Copy Sales. Those newspapers that elect to create and report by market segments may use the following subdivisions: Home Delivery, Market Segment (specific to each of the Paragraph 1 categories), and Single Copy Sales.

### ~~C 7.13~~ Seasonally Occupied Households

U.S. newspaper members may, at their option, include an analysis of total households by county in ABC reports, based on the latest census. The analysis is to include occupied units plus vacant units broken down as follows: seasonal & migratory; held for occasional use; for sale or rent; other. Data will be reported for only those counties comprising the City Zone and Retail Trading Zone or Newspaper Designated Market, whichever applies, plus any other county in which the newspaper has five (5) percent or more coverage.

### ~~C 27.11~~ ~~C 7.14~~ Non-Paid Distribution of Two-Year Weeklies

In the case of weekly newspapers audited every other year where the non-paid distribution is less than 10 percent of the total paid circulation, the publisher shall have the option of analyzing unpaid distribution as provided for in Bureau reports or of showing only one total for unpaid distribution.

### ~~C 28~~ ~~C 8.1~~ Employment of ABC Auditors

In the event that newspapers in the same city have been audited or reviewed for the same period by the same Bureau employee (either a field auditor or other employee who directly participated in or reviewed either audit) and one of the newspapers employs or contracts to employ such person within 12 months after the release of its audit, then the other newspaper shall be entitled to a reaudit or review of its own audit. In such cases, the newspaper hiring or contracting to hire the Bureau employee shall pay for such reaudit or review.

Rule changes are effective immediately unless noted otherwise and are the result of ABC's usual two-step approval process unless designated as approved by "unanimous consent."

### C 29.1 ~~C-9.1~~ Supplemental Analysis: Non-Paid Newspapers

Publisher members may make available an analysis of Total Market Coverage (TMC), Extended Market Coverage (EMC), or similar publication not otherwise eligible for membership on a stand-alone report the following conditions:

(a) The TMC, EMC or similar publication must be owned and/or operated by the member newspaper or associate member that is a parent company of an ABC newspaper member.

~~(b) The TMC, EMC or similar publication's distribution must be delivered primarily to the recipient's home (this provision is not applicable to Canadian publications).~~

~~(b)(c)~~ The initial Report shall not be released until verified by audit.

~~(c)(d)~~ All data and records pertaining to information produced on the Report must be preserved for the auditor's examination. If records are considered inadequate to substantiate the publisher's claims, the Report will not be released.

~~(d)(e)~~ In those cases where a newspaper member owns and/or operates multiple TMC, EMC or similar publication, a separate analysis and report will be required for each. An optional combined report may also be included provided advertising may be purchased in combination.

~~(e)(f)~~ The "Definition of Recipient" for TMC, EMC or similar publications shall be a statement describing the designated households within specific geographic areas to which the distribution is directed. It shall exclude statements of a promotional value and be subject to editing by the managing director.

~~(f)(g)~~ A total allowance of up to 15% for random/occasional delivery errors and false no goods will be permitted in evaluating the results of in-field testing of Address-Specific Home Delivered copies.

### C 29.2 ~~C-9.2~~ Home Delivery, Address Specific

(a) Distribution of TMC, EMC or similar publications to individual households, residences and/or businesses as defined by the Definition of Recipient Statement, and where such recipients are non-subscribers of the member newspaper, shall be analyzed as "Home Delivery, Address Specific" (or "Mail," whichever is applicable) provided distribution is made to the individual address. Claimed distribution must be supported by lists of recipients and carrier/distributor manifests.

(b) In those cases where TMC, EMC or similar publication is distributed to subscribers of the member newspaper and, as per (a) above, such distribution shall be analyzed as "Home Delivery - Delivered to Subscribers of (paid member name)."

(c) Distribution to households which are determined to be unoccupied by Bureau auditors shall be set up as "Home Delivery, Unoccupied House/olds." The average distribution, and issue-specific data shown in ABC Publisher's Statements and Audit Reports shall be calculated from the Bureau's test(s) results.

### C 29.3 ~~C-9.3~~ Home Delivery, Market Coverage

Distribution to individual households within defined geographic areas for which address specific lists are not available shall be analyzed as "Home Delivery, Market Coverage." Auditable documentation to substantiate the quantity of households within the defined distribution area must be available for auditor review. In addition, documentation at the carrier/distributor level supporting claimed distribution must be accessible to the auditor.

### C 29.4 ~~C-9.4~~ Public Access Distribution

Multiple copies of a TMC, EMC or similar publication distributed to public places for redistribution to consumers shall be analyzed as "Public Access" distribution. Examples of such distribution might include, but are not limited to: common entryways of apartment complexes, street racks, and retail establishments where the recipients are unknown to the newspaper. Records must be kept on an issue by issue basis to show gross distribution. Publisher's Statements and Audit Reports shall show copies distributed to designated areas but make no inference as to their final disposition and shall be fully explained in the paragraph devoted to general explanations.

### C 29.4 ~~C-9.4~~ Public Access Distribution

Multiple copies of a TMC, EMC or similar publication distributed to public places for redistribution to consumers shall be analyzed as "Public Access" distribution. Examples of such distribution might include, but are not limited to: common entryways of apartment complexes, street racks, and retail establishments where the recipients are unknown to the newspaper. Records must be kept on an issue by issue basis to show gross distribution. Publisher's Statements and Audit Reports shall show copies distributed to designated areas but make no inference as to their final disposition and shall be fully explained in the paragraph devoted to general explanations.

### C 29.5 ~~C-9.5~~ Analysis of TMC, EMC or Similar Newspapers

(a) The TMC/EMC or similar publication Report shall include an analysis for all such distribution for one issue. The issue to be analyzed shall be the same issue used to report a geographic analysis. Format for the analysis shall be determined by the managing director working with the publisher.

Rule changes are effective immediately unless noted otherwise and are the result of ABC's usual two-step approval process unless designated as approved by "unanimous consent."

The format may be geographic in nature and may relate to the availability of advertising options.

(b) In addition, the Report for all such members making the analysis above shall include a complete analysis of distribution by ZIP Codes or Postal Codes and by recognized towns and communities receiving 25 or more copies per issue, arranged numerically and alphabetically, respectively.

### ~~C 29.6~~ ~~C 9.6~~ Supplemental Analysis Distribution

Publisher's Statements and Audit Reports may contain maps identifying the geographic area of distribution.

### C 10.1 Paid Circulation

~~Paid circulation, for newspapers published in Canada, is hereby defined as copies which have been paid for by purchasers, not for resale, at any price.~~

~~Subscriptions for which payment is at least 50 percent of the publisher's basic price for the term and frequency may be served arrears copies as outlined in C 1.1 and in the Policy Relating to Carrier Delivery Office Collect Subscriptions and Pay In Office Subscriptions on Independent Carrier Routes.~~

~~Subscriptions for which payment is less than 50 percent of the publisher's basic price for the term and frequency may not be served arrears copies as "paid" circulation.~~

~~Basic prices, as defined by C 1.1 and C 1.2 shall be applicable to Canadian newspapers.~~

### C 10.2 Reporting

(a) Paragraphs 1 and 2 of Publisher's Statements and Audit Reports shall report paid circulation for copies/subscriptions sold at 50 percent or more of basic prices and

~~copies/subscriptions sold at less than 50 percent of basic prices, respectively.~~

~~(b) "Third Party Sales" circulation is as defined in C 3.3 except that copies/subscriptions purchased at any price may be so defined. Third Party Sales shall be included in all calculations defining "paid" circulation (note Bylaw 2.11).~~

~~(c) Average circulation shall be reported for daily dates (Monday through Friday) separate from Saturday and separate from Sunday. In addition, the provisions of C 2.5 Circulation Above or Below Average for Other Days shall be applicable based on total paid circulation.~~

~~(d) Paragraph 2 of Publisher's Statements and Audit Reports shall report total circulation by one or more geographic market as defined in Article 7 of this section of the rules.~~

### C 10.3 Copies/Subscriptions Sold at 50 Percent of Basic Price, or More

~~In order to qualify for classification in this category, sales must adhere to all qualification standards identified in Chapters B and C of these Bylaws and Rules and which are applicable in defining "paid" circulation for other than Canadian newspapers.~~

### C 10.4 Copies/Subscriptions Sold at Less Than 50 Percent of Basic Price

(a) ~~Distribution classified in this category of paid circulation shall include only copies distributed to individuals for which the recipient has ordered and made payment for a specific term and frequency.~~

(b) ~~To qualify as paid circulation for this category, the recipient must pay a positive amount, net of the value of all other inducements or considerations.~~

(c) ~~The publication must include as an analysis of such sales, information regarding the price at which the subscription/single copy purchase was made, a calculation of~~

~~the price relative to the publication's "basic price" for the same term and frequency, and the amount of sales generated in the reporting period at the price. The analysis shall be of all prices offered during the period.~~

~~(d) The publication shall also include an analysis of all inducements such as premiums, combination sales, etc. which were offered during the period. This analysis shall include the price paid by the purchaser, the value of the "inducement" offered and the net amount paid (total price minus inducement value). In addition, the volume of sales associated with each inducement and price must be provided.~~

~~(e) In situations where two or more publications are offered or sold in combination, and where all publications wish to make an analysis of such sales in this category of circulation, the amount paid by the purchaser must be a "positive" amount and none of the publications involved in the offer shall be identified as "free."~~

~~(f) Copies served beyond the expiration date of the term of the sale shall be included in non-paid distribution.~~

### C 10.5 Third Party Sales

(a) ~~The publication must include as an analysis of Third Party Sales information regarding the prices at which the subscription/single copy purchases were made. Such an analysis shall be of average Third Party Sales for the period by variable price ranges.~~

(b) ~~To qualify as Third Party Sales, the purchaser must pay a positive amount, net of the value of all other inducements or considerations.~~

### C 22.15 ~~C 10.6~~ Non-Paid Distribution

(a) ~~Copies classified as non-paid may include distribution made to individuals who have requested the service. In such cases, the publication shall maintain documentation~~

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to substantiate the request and the dates of delivery.

(b) Other sampled copies shall be supported with documentation to indicate households that received the distribution, and dates of delivery.

(c) Non-paid may also include copies made available for pick-up in public locations. If such are to be included, the explanatory paragraph shall include a reference to the number of such locations and the range of newspapers available at the locations. The publisher must maintain documentation to indicate the number of newspapers placed at each location, and the time of day each location is serviced with newspapers.

#### ~~C 10.7 List of Towns (and Postal Codes) Receiving 25 or More Copies~~

Canadian newspapers must follow the requirements of Bylaw C 7.13 (paragraphs (d)(4) and (d)(5) are not applicable to Canadian newspapers) except that the circulation may be segregated by: copies sold at 50 percent of basic or more; copies sold at less than 50 percent of basic; third party sales and non-paid distribution.

#### ~~C 10.8 Miscellaneous Reporting Requirements~~

Canadian newspapers shall adhere to the reporting requirements established in the following rules:

~~C 2.4 Separate Editions~~

~~C 2.8 Extras~~

~~C 2.10 One Day Figures for Supplement Statements~~

~~C 2.11 Intermittent Subscriptions~~

~~C 2.12 Audit Report Maps~~

~~C 3.1 Employee, Correspondent and Agent Copies~~

~~C 3.4 Group (Subscriptions to Businesses for Designated Employees)~~

~~C 3.5 Association Subscriptions~~

~~C 4.1 Timing of Audit~~

~~C 4.2 Initial Audit~~

~~C 6.1 Publisher's Statements~~

~~C 6.2 Consolidated Newspaper Publisher's Statements and Audit Reports~~

~~C 7.14 Non-Paid Distribution of Two-Year Weeklies~~

~~C 8.1 Employment of ABC Auditors~~

~~C 9.1 Supplemental Analysis: Non-Paid Newspapers~~

~~C 9.2 Home Delivery, Address Specific~~

~~C 9.3 Home Delivery, Market Coverage~~

~~C 9.4 Public Access Distribution~~

~~C 9.5 Analysis of TMC, EMC or Similar Newspapers~~

~~C 9.6 Supplemental Analysis Distribution~~

~~C 10.2 Reporting~~

~~C 10.5 Third Party Sales~~

#### ~~C 11.1 Optional Analysis~~

Newspapers wishing to provide an analysis of distribution which does not qualify as paid circulation may do so on a format approved by the ABC Board of Directors. Elements of circulation which are eligible for such an analysis include: Other Sales and Third Party Sales (not eligible for inclusion in paid circulation); and Non-Paid Distribution. The analysis may be of any or all of these circulation elements.

If this optional analysis is not made, these circulation elements shall be reported as "Average Unpaid Distribution" or "Third Party Sales," whichever is applicable.

With the exception of Third Party Sales, these "Other Circulation Elements" shall be limited to thirty percent of total (net) distribution within a postal code.

#### ~~C 11.2 Other Analyzed Distribution~~

(a) Distribution classified as "Other Sales" shall include only copies distributed to individuals for which the recipient has

~~ordered and made payment for a specific term and frequency.~~

(b) ~~To qualify as "Other Sales," the recipient must pay a positive amount, net of the value of all other inducements or considerations.~~

(c) ~~The publication must include as an analysis of "Other Sales" information regarding the price at which the subscription/single copy purchase was made, a calculation of the price relative to the publication's "basic price" for the same term and frequency, and the amount of sales generated in the reporting period at the price. The analysis shall be of all prices offered during the period.~~

(d) ~~The publication shall also include an analysis of all inducements such as premiums, combination sales, etc. which were offered during the period. This analysis shall include the price paid by the purchaser, the value of the "inducement" offered, and the net amount paid (total price minus inducement value). In addition, the volume of sales associated with each inducement and price must be provided.~~

(e) ~~In situations where two or more publications are offered or sold in combination, and where all publications wish to make an analysis of such sales as "Other Sales," the amount paid by the purchaser must be a "positive" amount and none of the publications involved in the offer shall be identified as "free."~~

(f) ~~Copies served beyond the expiration date of the term of the "Other Sales" shall be included in Non-Paid Distribution.~~

#### ~~C 11.3 Third Party Sales~~

(a) ~~Third Party Sales (which are not eligible for inclusion in paid circulation) may be reported with other circulation elements on the form approved by the ABC Board of Directors, or may be reported on traditional Publisher's Statements and Audit Reports for these newspapers not electing to make any optional analysis.~~

Rule changes are effective immediately unless noted otherwise and are the result of ABC's usual two-step approval process unless designated as approved by "unanimous consent."

~~(b) The publication must include as an analysis of Third Party Sales information regarding the prices at which the subscription/single copy purchases were made. Such an analysis shall be of average Third Party Sales for the period by variable price ranges.~~

~~(c) To qualify as Third Party Sales, the purchaser must pay a positive amount, net of the value of all other inducements or considerations.~~

#### **C-11.4 Analyzed Non-Paid Distribution**

~~(a) Copies classified as "requested delivery" shall represent distribution to individuals who have made a specific request for such delivery. The publications shall maintain documentation to substantiate the request and the dates of delivery.~~

~~(b) "Sampled Copies" shall be supported with documentation to indicate households that received the distribution, and dates of delivery.~~

~~(c) Arrears (post expire) copies shall include distribution not eligible for inclusion in paid circulation in accord with either C-1.1 or the Policy Relating to Carrier Delivery-Office Collect Subscriptions and Pay In-Office Subscriptions on Independent Carrier Routes. Documentation must be maintained to indicate recipients and dates of delivery.~~

~~(d) Other non-paid may include copies made available for pick up in public locations. If such are to be included, the explanatory paragraph shall include a reference to the number of such locations and the range of newspapers available at the locations. The publisher must maintain documentation to indicate the number of newspapers placed at each location, and the time of day each location is serviced with newspapers.~~

#### **C-11.5 List of Towns (and Postal Codes) Receiving 25 or More Copies**

~~Publishers opting to report other circulation elements must provide separate analysis of same for the issue analyzed for Paragraph 3 of Audit Reports. Such analysis shall list "Other Analyzed Distribution," and Non-Paid Distribution in separate columns for each town and postal code. In addition, those newspapers electing to provide the optional analysis must also publish a postal code analysis within the body of the ABC Audit Report.~~

#### **C-11.6 National Newspaper Reporting**

~~National newspapers will not be required to provide an analysis by postal code if the option to provide an analysis of distribution which does not qualify as paid circulation is invoked. In addition, national newspapers shall be limited to reporting "Third Party Sales" which does not qualify in accord with Rule C-3.3 to 30 percent of total (net) distribution within the state in which the transactions occur.~~