NEWS
FROM ADVO, INC.

ADVO Reports Third Quarter Results

WINDSOR, CT – August 2, 2006 – ADVO, Inc. (NYSE: AD) today reported that revenue for its third fiscal quarter ended July 1, 2006 was $386.8 million versus $353.6 million in the prior year quarter, and operating income was $12.7 million versus $22.4 million in the prior year quarter. Diluted E.P.S. was $0.22 versus $0.41 in the prior year quarter. The third fiscal quarter of 2006 contained a planned extra week versus the prior year period due to the Company's 52/53 week fiscal year.

Both this year's third quarter and the prior year's third quarter contained certain non-recurring costs. Included in the third fiscal quarter of 2006 was a charge of $0.03 in E.P.S. related to the previously announced closure of its Memphis production facility, the new newspaper agreement in Southern California, and the outsourcing of its graphics print services. The Company also incurred expenses of approximately $0.05 in E.P.S. related to its anticipated merger with Valassis. In addition to these non-recurring costs, the Company incurred additional expenses of $0.03 in E.P.S. year-over-year related to the adoption of FAS123(R). The prior year period E.P.S. included a charge of $0.07 per share related to an organizational realignment. The chart below details third quarter E.P.S. impacts for both years.

Third quarter fiscal 2006 distribution expense and print and paper expense as a percent of revenue increased 3.2 percentage points and 0.3 percentage points, respectively. All other costs of sales netted no change as a percent of revenue, resulting in a gross margin decrease of 3.5 percentage points of revenue. SG&A for the third quarter increased $4.4 million, or 6.8%, which was a 0.4 percentage point improvement as a percent of revenue. Third quarter fiscal 2006 operating income as a percent of revenue declined 3.1 percentage points versus the prior year period. The Company's margins were negatively impacted by costs associated with the transition to the new order entry system during the quarter, which the Company estimates to be in the range of $0.06-$0.09 in E.P.S.

The Company's shared advertising packages grew 8.9% to 1.1 billion (up 2.7% after adjusting the fiscal calendar to the comparable prior year period). Pieces per package were 8.4, down 0.2%. Total shared advertising piece volumes grew 8.6% to 9.5 billion (up 3.1% after adjusting the fiscal calendar to the comparable prior year period). Revenue per piece declined 1.9% driven by declines in ShopWise® Wrap revenue and lighter grocery circulars. Total zone products (ShopWise® Wrap and Missing Child Card) revenue declined $5 million year-over-year after adjusting the fiscal calendar to the comparable prior year period, an improvement versus the $7 million year-over-year decline in the second fiscal quarter.

Scott Harding, ADVO's Chief Executive Officer stated, "We have successfully converted to our new order entry system during the quarter. This is an accomplishment that has been four years in the making. I am proud of the tremendous efforts given by ADVO associates across the organization to overcome the normal challenges associated with the implementation of an enterprise wide system and successfully go live. As we put this system transition behind us, we are confident in our ability to gain focus and momentum in our core business operations as we close fiscal 2006 and move into fiscal 2007."

Mr. Harding went on to state, “We are working closely with Valassis to develop and, after closing, execute a successful integration of the two companies. This merger will create a diversified company, combining complementary capabilities, product and service offerings and clients. The combined Company will be well positioned for future growth with an expanded product portfolio which can serve the diverse media needs in today’s marketplace. We are excited about the opportunities this will bring for employees, shareholders and clients as we create the nation’s largest integrated media solutions provider.”

The Company will hold an analyst conference call to discuss its third quarter earnings today at 5:15-6:00 p.m. ET. The call in number is 1-800-818-5264, and the replay number is 1-888-203-1112 (access code #4270918). The replay will be available until midnight August 25, 2006. The call will also be available via webcast through the Investor Relations section of ADVO’s website at www.advo.com.

Key Statistics – Fiscal 2006 Results and Growth vs. Fiscal 2005

	1Q06	2Q06	3Q06	YTD06
Advertising Packages *(millions)*	1,041.0	1,072.6	1,125.9	3,239.5
Advertising Package Growth	-0.5%	3.3%	8.9%	3.8%
Pieces per Package	8.35	8.36	8.41	8.37
Pieces per Package Growth	5.6%	2.7%	-0.2%	2.6%
Advertising Pieces *(millions)*	8,689.8	8,962.7	9,467.8	27,120.3
Advertising Pieces Growth	5.1%	6.0%	8.6%	6.6%
Revenue per Thousand Pieces	$38.12	$35.62	$36.71	$36.80
Revenue per Thousand Pieces Growth	-2.4%	-3.7%	-1.9%	-2.7%
% Underweight	20.7%	23.5%	23.3%	22.6%
Percentage Point Improvement	2.1pp	-0.1pp	-1.1pp	0.2pp

Diluted Earnings per Share: Reconciliation of
The Pro Forma Impact of the Adoption of FAS123(R) and Other One-time Charges*

	Three Months Ended	
	July 1, 2006	June 25, 2005
Diluted Earnings per share – As Reported	$0.22	$0.41
Realignment charge (3Q05)	--	0.07
Severance expense (3Q06 Strategic Initiatives)	0.03	--
Merger related expenses	0.05	--
Incremental expense related to adoption of FAS123(R)	0.03	--
Diluted Earnings per share – Pro Forma **	$0.33	$0.48

* This non-GAAP financial measure reconciliation is provided because 3Q06 as reported E.P.S. includes incremental expenses the Company incurred as a result of various strategic initiatives and the adoption of new accounting rules related to FAS123(R). 3Q05 as reported E.P.S. includes a charge related to an organizational realignment. Management believes that reconciling E.P.S. in this manner facilitates comparisons to prior period results and assists securities analysts and others when comparing actual results to their expectations. The above non-GAAP E.P.S. calculation should not be considered a substitute for GAAP E.P.S.

**This non-GAAP financial measure does not adjust for estimated margin impact of $0.06-$0.09 in E.P.S. related to the transition to the Company’s new order entry system in 3Q06.

This press release may contain certain statements regarding ADVO's business outlook, prospects, future economic performance, anticipated profitability, revenues, expenses or other financial items, future contracts, market opportunities and other statements that are not historical facts, such statements are "forward looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, each as amended. Such forward looking statements are based on current information and expectations and are subject to risks and uncertainties which could cause ADVO's actual results to differ materially from those in the forward looking statements. ADVO's business is promotional in nature, and ADVO serves its clients on a "just in time" basis. As a result, fluctuations in the amount, timing, pages, weight, and kinds of advertising pieces can vary significantly from period to period, depending on its customers' promotional needs, inventories, and other factors. In any particular period these transactional fluctuations are difficult to predict, and can materially affect ADVO's revenue and profit results. ADVO's business contains additional risks and uncertainties which include, but are not limited to: general changes in customer demand and pricing; the possibility of consolidation in the retail sector; the impact of economic or political conditions on advertising spending and ADVO's distribution system; postal and paper prices; possible governmental regulation or legislation affecting aspects of ADVO's business; the efficiencies achieved with technology upgrades; fluctuations in interest rates; the ability and timing for the closing conditions to be satisfied in connection with ADVO's merger agreement with Valassis and other general economic factors.

ADVO is the nation's leading direct mail media company, with annual revenues of nearly $1.4 billion. Serving 17,000 national, regional and local retailers, the company reaches 114 million households, more than 90% of the nation's homes, with its *ShopWise*® shared mail advertising.

The company's industry-leading targeting technology, coupled with its unparalleled logistics capabilities, enable retailers seeking superior return on investment to target, version and deliver their print advertising directly to consumers most likely to respond.

Demonstrating ADVO's effectiveness as a print medium, the company's "Have You Seen Me?®" missing child card, distributed with each ShopWise® package, is the most recognized mail in America. This signature public service program has been responsible for safely recovering 142 children. The program was created in partnership with the National Center for Missing & Exploited Children and the U.S. Postal Service in 1985.

ADVO employs 3,700 people at its 24 mail processing facilities, 33 sales offices and headquarters in Windsor, CT. The company can be visited online at www.ADVO.com.

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ADVO, Inc.
Consolidated Statements of Operations (Unaudited)
(In thousands, except per share data)

	Three months ended		Nine months ended	
	July 1, 2006	*June 25, 2005*	*July 1, 2006*	*June 25, 2005*
Revenues	**$ 386,753**	**$ 353,642**	**$ 1,099,759**	**$1,042,459**
Cost of sales	304,101	265,723	860,282	795,122
Selling, general and administrative	69,928	65,497	195,842	192,307
Operating income	**12,724**	**22,422**	**43,635**	**55,030**
Interest expense	(2,619)	(1,798)	(6,685)	(5,038)
Equity earnings in joint ventures	787	405	2,352	1,478
Other income (expense), net	102	(58)	190	(338)
Income before income taxes	10,994	20,971	39,492	51,132
Provision for income taxes	4,038	7,952	15,066	19,574
Net income	**$ 6,956**	**$ 13,019**	**$ 24,426**	**$ 31,558**
Basic earnings per share	**$ 0.22**	**$ 0.42**	**$ 0.78**	**$ 1.02**
Diluted earnings per share	**$ 0.22**	**$ 0.41**	**$ 0.78**	**$ 1.01**
Dividends declared per share	**$ 0.11**	**$ 0.11**	**$ 0.33**	**$ 0.33**
Weighted average basic shares	31,421	31,083	31,344	30,932
Weighted average diluted shares	31,531	31,407	31,513	31,330

ADVO, Inc.
Consolidated Balance Sheets
(In thousands, except share data)

	July 1, 2006 (Unaudited)	September 24, 2005
ASSETS		
Current assets:		
Cash and cash equivalents	$ 21,551	$ 46,238
Accounts receivable, net	239,576	162,542
Inventories	4,317	2,500
Prepaid postage	889	10,747
Prepaid expenses and other current assets	7,834	6,360
Federal income taxes receivable	--	2,884
Deferred income taxes	13,599	10,996
Total current assets	287,766	242,267
Property, plant and equipment	445,277	420,738
Less accumulated depreciation and amortization	(249,117)	(226,735)
Net property, plant and equipment	196,160	194,003
Investment in deferred compensation plan	15,920	15,134
Goodwill	22,880	22,824
Other assets	3,655	4,502
TOTAL ASSETS	**$ 526,381**	**$ 478,730**
LIABILITIES		
Current liabilities:		
Current portion of long-term debt	21,000	--
Accounts payable	49,642	55,276
Accrued compensation and benefits	26,103	27,919
Customer advances	13,828	7,302
Federal and state income taxes payable	2,356	325
Other current liabilities	25,985	25,468
Total current liabilities	138,914	116,290
Long-term debt	123,199	124,867
Deferred income taxes	26,774	29,641
Deferred compensation plan	16,806	16,172
Other liabilities	12,430	6,475
STOCKHOLDERS' EQUITY		
Preferred stock, $.01 par value (Authorized 5,000,000 shares, none issued)	---	---
Common stock, $.01 par value (Authorized 80,000,000 shares, issued 32,039,693 and 31,719,419 shares, respectively)	320	317
Additional paid-in capital	185,596	180,510
Unamortized deferred compensation	--	(3,846)
Accumulated earnings	31,189	17,182
Less shares of common stock held in treasury at cost	(8,887)	(8,124)
Less shares of common stock held in deferred compensation trust	(885)	(1,038)
Accumulated other comprehensive income	925	284
Total stockholders' equity	208,258	185,285
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	**$ 526,381**	**$ 478,730**

ADVO, Inc.
Consolidated Statements of Cash Flows (Unaudited)
(In thousands)

	Nine Months Ended July 1, 2006	*Nine Months Ended* June 25, 2005
Cash flows from operating activities:		
Net income	$ 24,426	$ 31,558
Adjustments to reconcile net income to net cash flows (used) provided by operating activities:		
Depreciation	31,541	28,644
Stock-based compensation	5,867	1,947
Amortization of debt issue costs	415	416
Deferred income taxes	(5,795)	4,930
Provision for bad debts	4,609	6,327
Equity earnings from joint ventures	(2,352)	(1,478)
Other	(40)	34
Change in operating assets and liabilities, net of effects of acquisitions:		
Accounts receivable	(81,772)	(25,874)
Inventories	(1,816)	(303)
Prepaid postage	9,857	(10)
Prepaid expenses and other current assets	(1,471)	(2,195)
Investment in deferred compensation plan	50	(296)
Other assets	500	1,581
Accounts payable	(5,486)	(8,895)
Accrued compensation and benefits	(1,825)	1,575
Deferred compensation plan	(50)	296
Customer advances	6,523	(3,560)
Federal and state income taxes payable	4,786	1,985
Other liabilities	5,614	(1,390)
Distributions from equity joint ventures	2,284	1,583
Net cash (used) provided by operating activities	**(4,135)**	**36,875**
Cash flows from investing activities:		
Expenditures for property, plant and equipment	(34,156)	(30,992)
Proceeds from disposals of property, plant and equipment	504	1,722
Net cash used by investing activities	**(33,652)**	**(29,270)**
Cash flows from financing activities:		
Revolver line credit – net	21,000	---
Proceeds from exercise of stock options	2,713	10,281
Tax benefit from stock transactions	486	---
Treasury stock transactions related to stock awards	(762)	(1,400)
Cash dividends paid	(10,408)	(10,220)
Net cash provided (used) by financing activities	**13,029**	**(1,339)**
Effect of exchange rate changes on cash and cash equivalents	71	41
Change in cash and cash equivalents	**(24,687)**	**6,307**
Cash and cash equivalents at beginning of period	**46,238**	**30,284**
Cash and cash equivalents at end of period	**$ 21,551**	**$ 36,591**