NEWS
FROM ADVO, INC.

ADVO Reports First Quarter Results

WINDSOR, Conn. – January 20, 2005 – ADVO, Inc. (NYSE: AD) today reported that revenue for its first fiscal quarter ended December 25, 2004 grew to $350.1 million, increasing $47.7 million, or 15.8%, over the prior year quarter. Diluted E.P.S. for the quarter was $0.26 versus $0.37 in the prior year period. The current quarter included the expected additional distribution expense related to the Company's advertising program expansions in Southern California, Pittsburgh, Raleigh-Durham, and rural Shared Expansion Zone ("SEZ") program.

The Company's first quarter revenue growth was driven by continued strength in advertising piece volumes, which were up 17.5% over the prior year quarter, to 8.3 billion pieces. Total shared advertising packages were up 21.5%, driven by growth in the frequency and reach of advertising programs in response to client demand. Pieces per package were down 3.3% and revenue per thousand pieces was up 0.2%. As anticipated, the Company's advertising program expansions in Southern California, Pittsburgh, Raleigh-Durham, and SEZ program increased the number of advertising packages distributed, and reduced pieces per package. Excluding the effect of these expansions, total packages increased 5.6%, and pieces per package increased 4.9%, driven by continuing strength in the Company's core advertising programs (see table below).

Gross margin as a percentage of revenue was 23.2% for the quarter, down 3.6 percentage points versus the prior year period driven by the Company's investment in distribution expense for the new expansion programs. Excluding the expansions, gross margin as a percentage of revenue was down just 0.6 percentage points. SG&A for the quarter was $67.2 million, up $5.9 million versus the prior year period. Year-over year increases in SG&A included investments in the Company's selling capabilities, incentive compensation, and benefits costs. The Company's balance sheet showed continued strength, with the only outstanding debt $124.9 million of 10-year notes, $15.2 million in cash, and record shareholders equity of $148.9 million.

Scott Harding, ADVO's Chief Executive Officer, stated, "Our results demonstrate our continuing strong sales momentum and success of our growth strategy. We delivered revenue growth this quarter, which was well in excess of the industry, with increases across virtually all of our top categories and geographies. Additionally, our new growth platforms are performing very well. In fact, in Southern California and Pittsburgh, two markets with our most significant expansions, we generated revenue growth of 28.1% and 15.9%, respectively. Given our first quarter results, we remain comfortable with our ability to achieve full-year fiscal 2005 E.P.S. in line with previous guidance of $1.80-1.85."

The Company will hold an analyst conference call to discuss its first quarter earnings today at 5:15-6:00 p.m. ET. The call in number is 1-800-289-0569, and the replay number is 888-203-1112 (access code #223240). The replay will be available until midnight February 20, 2005. The call will also be available via webcast through the Investor Relations section of ADVO's website at www.advo.com.

Key Statistics – 1Q05 Results and Growth vs. 1Q04

	Total	Expansion Programs	Total Adjusted For Expansion Programs ("Same Program Results")*
Advertising Pieces *(millions)*	8,269.3	477.4	7,791.9
Advertising Piece Growth	17.5%		10.8%
Advertising Packages *(millions)*	1,046.6	137.6	909.0
Ad Package Growth	21.5%		5.6%
Pieces per Package	7.9	3.5	8.6
Pieces per Package Growth	-3.3%		4.9%
Revenue per Thousand Pieces	$39.06	$37.49	$39.15
Revenue per Piece Growth	0.2%		0.4%
% Underweight	22.8%	56.9%	19.4%
Percentage Point Decrease (Increase)	-2.9pp		0.6pp

** "Same Program Results" reflect ADVO's shared mail program revenue statistics for all geographies and frequencies except the new start-up programs in Southern California, Pittsburgh, Raleigh-Durham, and rural Shared Expansion Zone ("SEZ") program. % Underweight statistic excludes Southern California, Pittsburgh, and Raleigh-Durham only.*

Diluted Earnings per Share: Reconciliation of GAAP to Non-GAAP Measures**

	Three Months Ended	
	December 25, 2004	December 27, 2003
Diluted Earnings per share – As Reported	$0.26	$0.37
Charge – Refinancing (1Q04)	--	0.03
Diluted Earnings per share – Pro Forma	$0.26	$0.40

** This non-GAAP financial measure reconciliation is provided because management believes the charges the Company incurred in its first quarter of fiscal 2004 is not directly related to operating results for the period, and that reconciling E.P.S. in this manner facilitates comparisons to prior period results. The non-GAAP E.P.S. measure is also comparable to earnings forecasts made by securities analysts and others, which have generally excluded these special items. The above non-GAAP E.P.S. calculation should not be considered a substitute for GAAP E.P.S.

This report contains certain forward looking statements regarding the Company's results of operations and financial position within the meaning of Sections 21E of the Securities Exchange Act of 1934, as amended. Such forward looking statements are based on current information and expectations and are subject to risks and uncertainties which could cause the Company's actual results to differ materially from those in the forward looking statements. The Company'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 week to week, depending on its customers' promotional needs, inventories, and other factors. In any particular quarter these transactional fluctuations are difficult to predict, and can materially affect the Company's revenue and profit results. The Company'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 the Company's distribution system; postal and paper prices; possible governmental regulation or legislation affecting aspects of the Company's business; the efficiencies achieved with technology upgrades; the amount of shares the Company repurchases in the future under its buyback program; fluctuations in interest rates related to the outstanding debt; and other general economic factors.

ADVO, Inc. (NYSE: AD) is the largest targeted in-home print advertising company in the United States, with annual revenues in excess of $1.2 billion. The Company's shared mail advertising programs reach, on average, 78 million US households weekly, and 112 million households monthly. This includes its core ShopWise™ branded programs, and the reach of its ADVO National Network Extension (A.N.N.E.) program. Additionally, the Company's SuperCoups® advertising solutions provide targeted advertising for local neighborhood businesses. ADVO launched the America's Looking For Its Missing Children® program in partnership with the National Center for Missing & Exploited Children and the United States Postal Service in 1985, and ADVO's missing child cards are responsible for safely recovering 136 children. ADVO has 25 mail processing facilities and 33 sales offices nationwide and in Canada. ADVO's corporate headquarters are located at One Targeting Centre, Windsor, Connecticut 06095, and the Company can be visited at its Web site at www.advo.com.

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ADVO, Inc.
Results of Operations (Unaudited)
Quarter and Year Ended December 25, 2004
(In thousands, except per share data)

	Quarter and Year Ended	
	December 25, 2004	*December 27, 2003*
Revenues	**$350,053**	**$302,377**
Cost of sales	268,726	221,358
Selling, general & administrative	67,181	61,261
Operating Income	**14,146**	**19,758**
Interest expense	(1,546)	(1,384)
Write-off debt issue costs	---	(1,401)
Equity earnings in joint ventures	655	682
Other expense, net	(155)	(134)
Income before income taxes	13,100	17,521
Provision for income taxes	5,011	6,308
Net Income	**$8,089**	**$11,213**
Basic earnings per share	**$0.26**	**$0.37**
Diluted earnings per share	**$0.26**	**$0.37**
Weighted average basic shares:	30,729	29,939
Weighted average diluted shares:	31,133	30,447

ADVO, Inc.
Consolidated Balance Sheets (Unaudited)
(In thousands)

	December 25, 2004	*September 25, 2004*
Assets		
Current assets:		
Cash and cash equivalents	$ 15,213	$ 30,284
Accounts receivable, net	177,898	149,606
Inventories	3,052	2,123
Prepaid expenses and other current assets	7,537	7,788
Deferred income taxes	16,229	15,484
Total Current Assets	219,929	205,285
Property, plant and equipment – net	177,398	177,937
Investment in deferred compensation plan	14,452	12,800
Goodwill	22,548	22,514
Other assets	6,681	8,873
Total Assets	**$ 441,008**	**$ 427,409**
Liabilities		
Current liabilities:		
Current portion of long-term debt	$ ---	$ ---
Accounts payable	47,897	51,880
Accrued compensation and benefits	33,293	28,050
Customer advances	8,817	8,650
Federal and state income taxes payable	8,076	3,405
Accrued other expenses	23,506	24,088
Total Current Liabilities	$ 121,589	$116,073
Long-term debt	124,866	125,159
Deferred income taxes	24,586	25,330
Deferred compensation plan	15,681	13,821
Other liabilities	5,432	5,205
Stockholders' Equity		
Preferred Stock, $.01 par value	---	---
Common Stock, $.01 par value	312	310
Additional paid-in capital	164,503	160,145
Unamortized deferred compensation	(3,569)	(1,879)
Accumulated deficit	(4,373)	(9,073)
Common stock held in treasury at cost	(6,772)	(6,547)
Common stock held in deferred compensation trust	(1,230)	(1,021)
Accumulated other comprehensive loss	(17)	(114)
Total Stockholders' Equity	$ 148,854	$ 141,821
Total Liabilities and Stockholders' Equity	**$ 441,008**	**$ 427,409**

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

	Year ended December 25, 2004	*Year ended December 27, 2003*
Cash flows from operating activities:		
Net income	$ 8,089	$ 11,213
Adjustments to reconcile net income to net cash flows provided by operating activities:		
Depreciation	9,280	9,516
Amortization of intangibles and deferred compensation	737	343
Amortization of debt issue costs	138	211
Deferred income taxes	(1,503)	1,237
Provision for bad debts	1,844	599
Equity earnings from joint ventures	(655)	(682)
Write off of debt issue costs	--	1,401
Other	4	13
Change in operating assets and liabilities, net of effects of acquisitions:		
Accounts receivable	(30,053)	(13,864)
Inventories	(926)	(423)
Prepaid expenses and other current assets	249	540
Investment in deferred compensation plan	(447)	(413)
Other assets	2,133	2,001
Accounts payable	(4,043)	(2,141)
Accrued compensation and benefits	5,230	802
Deferred compensation plan	447	413
Customer advances	165	780
Federal and state income taxes payable	4,944	(3,045)
Other liabilities	(623)	4,383
Net cash (used) provided by operating activities	**(4,990)**	**12,884**
Cash flows from investing activities:		
Expenditures for property, plant and equipment	(8,768)	(13,950)
Proceeds from disposals of property, plant and equipment	30	68
Distributions from equity joint ventures	577	525
Net cash used by investing activities	**(8,161)**	**(13,357)**
Cash flows from financing activities:		
Payments on term loan	--	(101,250)
Revolving line of credit – net	--	(25,000)
Proceeds on private placement notes	--	125,000
Proceeds from exercise of stock options	1,653	1,861
Treasury stock transactions	(225)	(2,159)
Payment of debt issue costs	--	(2,173)
Cash dividends paid	(3,378)	(3,291)
Net cash used by financing activities	**(1,950)**	**(7,012)**
Effect of exchange rate changes on cash and cash equivalents	30	34
Change in cash and cash equivalents	(15,071)	(7,451)
Cash and cash equivalents at beginning of year	30,284	17,012
Cash and cash equivalents at end of year	**$ 15,213**	**$ 9,561**