

The Valassis logo is located in the top left corner of the page. It features the word "Valassis" in a bold, black, sans-serif font. A red checkmark is positioned above the letter "V".

Valassis

The background of the entire page is a photograph of an open, light-colored door leading to a lush garden. Sunlight filters through the trees, creating dappled shadows on the door and the ground. A potted plant with bright pink flowers sits on the porch, and a newspaper lies on the ground near the door.

An Open Invitation

2003 ANNUAL REPORT
AND FORM 10-K

From Our House to Yours

VALASSIS IS THE ONLY COMPANY THAT PROVIDES A COMBINATION OF HOME-DELIVERED MEDIA PRODUCTS AND SERVICES AT THE MARKET, NEIGHBORHOOD AND HOUSEHOLD TARGETED LEVELS, AND CAN INTEGRATE ALL THREE LEVELS OF TARGETING INTO A SINGLE SOLUTION.

Our products, from the co-op free-standing insert (FSI) welcomed into nearly 60 million homes, to a direct mail piece customized to a retailer's most loyal customers, are invited guests into the homes of consumers.

Valassis coupons are as welcome at the kitchen table as that first cup of morning coffee. Before you open the newspaper to catch up on the latest news or sports scores, you may find a product sample, coupon or advertisement on the polybag in which your newspaper was delivered. In your mailbox, you may find a customized direct-mail promotion sent to you because of your past buying habits. A special offer may arrive in an e-mail or via the Internet. Just as you invite guests into your home through your front door, a door hanger or sample may greet you.

All of these are among the products and services Valassis offers to a wide range of customers including leading consumer packaged goods manufacturers, retailers, direct marketers, grocers, franchisees and telecommunication, automotive and technology companies. In addition, the acquisition of NCH Marketing Services provides Valassis with a strong international presence, as well as a global platform for expansion.

The door has been opened and the welcome mat is on the doorstep. Welcome to Valassis, a company whose marketing products and services are readily invited into the home.



Invited Media

Valassis Products & Services



Market

Co-op Insert

Color, multi-page free-standing insert (FSI) with coupons and advertisements from multiple customers, delivered in the Sunday newspaper to nearly 60 million homes

Hispanic Co-op Insert

- Reaches over 3.9 million Hispanic households

Retail Connection®

- Features a brand coupon and a retailer sale price for the brand

Themed Events

- Ties brands to a common cause or event

C&D County Co-op Insert

- Reaches over 5.4 million households in less populated counties

Custom Co-op

- Features multiple brands from a single customer

ROP (Run of Press)

Brokering of advertising printed directly on the pages of more than 13,000 newspapers

Household

Solo Direct Mail

Single-customer direct mail piece

Cooperative Direct Mail

Retailer-branded mailer featuring offers from multiple consumer brands; utilizes frequent shopper data to identify best customers

Valassis Relationship Marketing Systems (VRMS), LLC

Loyalty marketing software provider

PreVision Marketing®, LLC

Direct marketing agency

Internet-delivered Promotions

Targeted programs via the Internet

Neighborhood

Preprinted Insert

Color, highly flexible multi-format print promotion delivered via the newspaper or other welcomed media

Express Insert

- Formatted for quick turn-around and small quantities

C&D County Solo Insert

- Single-customer program delivered to less populated counties

Newspouch®

Color advertisement printed on the polybag that surrounds home-delivered newspapers;

includes a pouch containing a product sample and/or brochure

Newspac®

Flat sample with advertisement inserted into the newspaper

Brand Bag™ and Brand Bag+™

Color advertisement printed on the polybag that surrounds home-delivered newspapers; Brand Bag+ also includes a coupon, sweepstakes or other promotion

Direct-to-Door

Product sample and advertisement hung on consumers' doors

A Valassis Integrated Solution



International & Services

NCH Marketing Services, Inc.

Promotion information management products, marketing services and coupon clearing in:

- United States
- France
- Germany
- Italy
- Mexico
- Spain
- United Kingdom

Valassis Canada

Promotional products and services available in Canada including:

Shop & Save

- FSI reaching over 5 million Canadian households

Coupons, Inc.

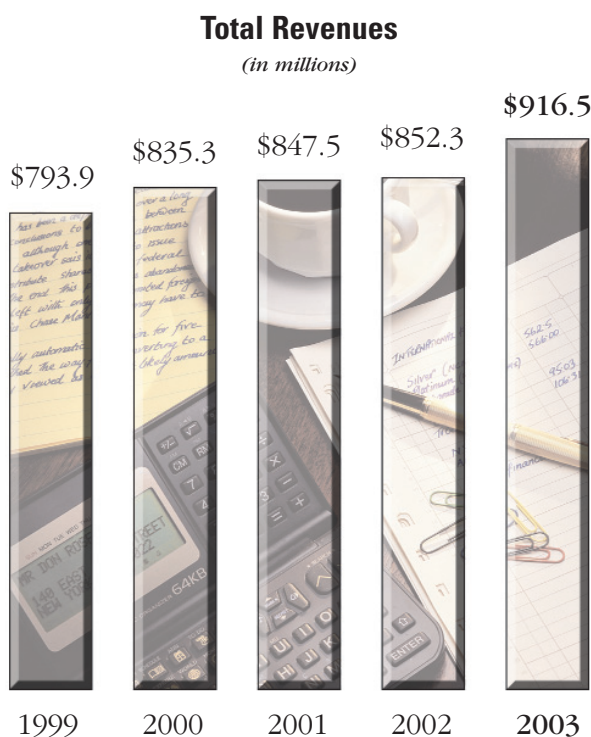
- Online couponing and marketing services

Promotion Watch, Inc.

Premier provider of promotion security and consulting services

Financial Highlights: 2003 at a Glance

Year Ended Dec. 31	2003	2002	% change
<i>(in millions, except per share data)</i>			
Total Revenues	\$916.5	\$852.3	+7.5%
Earnings Prior to Refinance Charge and Writedowns	\$106.2	\$130.6	-18.7%
Refinance Charge/Writedowns, net of tax	\$2.5 ¹	\$35.3 ²	
Net Earnings	\$103.7	\$95.3	+8.9%
Earnings Per Share, diluted	\$1.98	\$1.77	+11.9%
Earnings Per Share, Prior to Refinance Charge and Writedowns, diluted	\$2.03	\$2.43	-16.5%
At Year End	2003	2002	
<i>(in thousands)</i>			
Total Assets	\$692,754	\$386,079	
Total Debt, net of cash	\$104,301	\$160,124	
Average Shares Outstanding	52,269	53,752	



¹ A \$3.9 million (\$2.5 million, net of tax) refinance charge, which is equivalent to a \$0.05 reduction in earnings per share, was incurred in the second quarter of 2003 related to the partial buyback of the convertible debt issued in 2001.

² A \$55.3 million (\$35.3 million, net of tax) impairment charge, which is equivalent to a \$0.66 reduction in earnings per share, was taken in the fourth quarter of 2002 to record impairment of goodwill related to PreVision and VRMS and the writedown of a cost-basis Internet investment.

To Our Shareholders

AS I LOOK BACK ON 2003, IT WAS A YEAR THAT BROUGHT US CLOSER TO OUR VISION OF BEING AN INNOVATIVE AND INTEGRATED MARKETING SOLUTIONS COMPANY. I AM PLEASED WITH OUR ACCOMPLISHMENTS AND THE STRENGTH OF VALASSIS, ENDING THE YEAR WITH THE STRONGEST BALANCE SHEET IN THE COMPANY'S 33-YEAR HISTORY.

Our customer base is more diversified than ever, ranging from top consumer packaged goods manufacturers to leaders in telecommunications, technology and specialty retail. In 2003, we reaffirmed our position as a leader in the marketing services industry, signing exclusive direct-mail contracts with two of the nation's largest grocery retailers, Kroger and Safeway.

Our expansive product portfolio offers customers a wide range of solutions to customize their promotions. Marketers can reach their targeted audiences and achieve a higher return on their promotional spend. Valassis is the only company that can integrate promotions targeted at the market, neighborhood and household levels. This is a unique position of strength.

Throughout the year we focused on providing our customers with integrated solutions, incorporating three or more of our products and services in a single campaign. This innovative way of doing business distinguishes us among our competitors. In 2003, 18 customers used these synergistic,

multi-product solutions in 20 different campaigns to reach their target audiences and improve their return. Integrated solutions are essential to our Vision and we remain committed to expand our product portfolio, grow our existing customers and broaden our customer base.

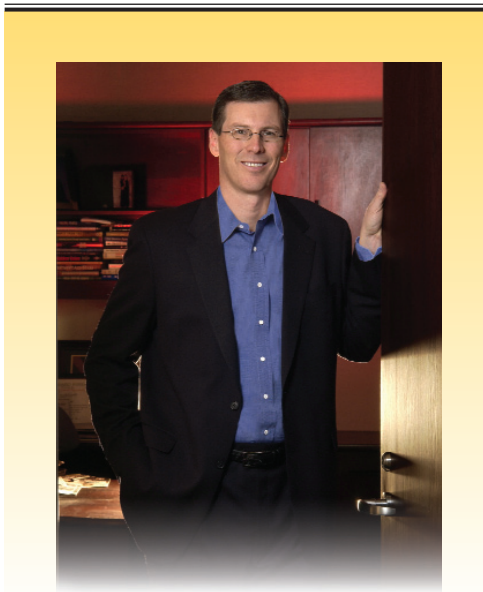
Our acquisition of NCH Marketing Services, Inc. in February of 2003 provided us with a platform to expand our geographic reach. Today, in addition to

the United States, Canada and Mexico, we now have operations in France, Germany, Italy, Spain and the United Kingdom. We will test new media products in Europe in 2004. I am excited about the prospects for expansion as we pursue unique strategies in each country.

Our employee base more than doubled with the acquisition of NCH. We now have more than 4,000 employees around the world; more than half of them live outside the United

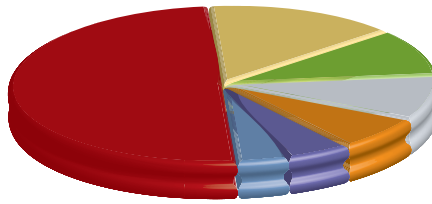
States. I am proud of the caliber of our employees. They are key to Valassis being named to *FORTUNE* magazine's list of the "100 Best Places to Work For" for the seventh consecutive year. This positive energy in the workplace translates into a productive work environment and strong customer focus.

2003 was a year of revenue growth despite an intense competitive pricing environment in the



% of Revenue by Customer Segments for 2003

- Consumer Packaged Goods 50%
- Specialty Retail 15%
- Franchise Food 10%
- Direct Marketers 9%
- Consumer Services 7%
- Grocery Retail* 5%
- Other 4%



* Also includes drug, wholesale & mass merchants

traditional co-op free-standing insert industry. We are successfully executing our market share recovery plan and expect to bring market share back to the 50% level by 2005. Our balance sheet is strong, and the year-end cash balance of \$207 million provides us with excellent options and flexibility for the future. We expect to generate an additional \$82-\$92 million in free cash flow in 2004. Our Board of Directors has authorized us to allocate up to 75% of our free cash flow toward share repurchase and we will carefully evaluate all of the options available with our shareholders' interests driving our decisions. Our business is inherently strong and we are well positioned for long-term growth.

In 2004, favorable macro industry and economic trends, combined with our commitment to our customers, will continue to help drive revenue growth. Valassis home-delivered media is welcomed at a time when marketers are struggling to reach consumers. Traditional vehicles like TV are increasingly fragmented and the availability of commercial-blocking technology allows consumers to eliminate advertisements. Consumer demand for the National Do Not Call Registry and "Do Not Fax" list, compounded with anti-spam legislation, even further validates that consumers are becoming more difficult to reach. More than 55 million numbers have been registered on the Do Not Call Registry alone. An estimated \$6 billion in advertising spent on telemarketing will move to other forms of promotional media. We believe our product portfolio is well positioned to benefit from these changes.

Economic growth should result in increased marketing budgets and more customer new product

introductions to promote. Marketers continue to want to calculate a return on their marketing spending and our products perform exceptionally well in this regard. Also, as private label products increase their power, branded products enhance coupon use to decrease the price gap for price-sensitive consumers.

As these trends increase the dollars allocated to home-delivered promotional media, Valassis' product portfolio is already welcomed into the home. We also continue to invest in our business, enhancing the use of analytics and technology, developing new offerings and improving manufacturing efficiencies to strengthen the low-cost producer status our customers have come to know from Valassis.

20 Valassis INTEGRATED SOLUTIONS WERE sold IN 2003.

We accomplished much in 2003. I am even more excited about what 2004 will bring as we leverage the synergies of our businesses and expand our products and services internationally. The future will be a positive one as we continue to execute our long-term growth strategy.

Alan F. Schultz
Chairman, President and CEO

Home-delivered Media is Welcome

VALASSIS HAS BEEN MEETING CUSTOMER NEEDS FOR OVER 30 YEARS. We are the company that built the co-op free-standing insert (FSI) industry beginning in the early 1970s. Since that time, Valassis has become an international leader in the marketing services industry specializing in home-delivered promotional and advertising products. We consult with our customers to plan, execute and evaluate their marketing promotions, helping them reach the more evasive consumer. Our unique capabilities in targeting, media integration and analytics allow us to connect our customers with the consumers they want to reach at the market, neighborhood and household levels.

Products That Reach Markets

Our mass products reach large markets at a low cost.



The Valassis co-op insert is welcomed into nearly 60 million U.S. households in Sunday newspapers 40 times a year. The co-op FSI industry is the source of 87% of all consumer packaged goods (CPG) coupons distributed nationwide.¹ It is a marketer's first choice whenever the broadest possible reach is critical to a program's success. The co-op FSI industry achieved more than 6% unit growth in 2003. Unit growth is expected to continue as marketing dollars shift and smaller companies increase their FSI use, following the lead of larger, successful CPG companies.

While Valassis plans to continue to regain market share in 2004, the intense competitive pricing pressure experienced in the traditional co-op FSI industry will still impact our revenue and earnings in the coming year. This will be offset, in part, by our broadened customer base, expanded products and services portfolio and progress with integrated solutions.

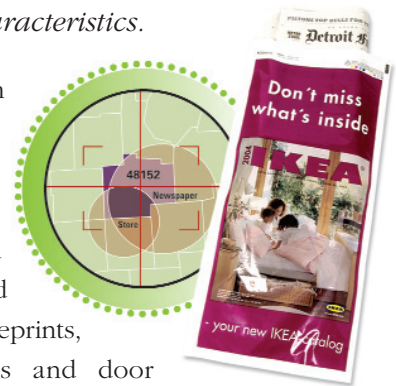
Run of press (ROP) had revenue growth of 34% in 2003. Our ROP business, the brokering of advertising space on behalf of newspapers, is expected to grow its operating margin dollars by 10-15% in 2004.

VALASSIS IS THE ONLY COMPANY THAT INTEGRATES *home-delivered products and services* AT THE MARKET, NEIGHBORHOOD AND HOUSEHOLD LEVELS.

Products That Reach Neighborhoods

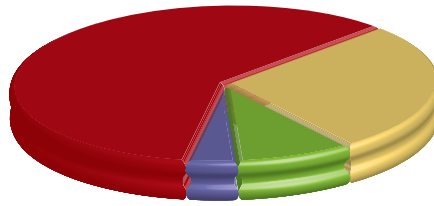
Our cluster-targeted products reach neighborhoods based on geographic and demographic characteristics.

Valassis uses both quantitative and qualitative data to efficiently identify, locate and reach customers' targeted audiences with preprints, samples, polybags and door hanger promotions. A rebound in product sampling and continued growth in polybag advertising and



2003 Share of Revenue

- Market (Mass) 60%
- Neighborhood (Cluster Targeted) 27%
- International & Services 9%
- Household (1 to 1) 4%



preprints led this segment to reach \$250.7 million in revenue in 2003, representing 26% year-over-year growth. This segment was grown organically from a zero-dollar base.

Our 2004 goal for this segment is to grow revenue between 10-15% while improving the gross margin percentage. This projected increase is attributed to an expanding customer base and more customer new product introductions to advertise and sample.

Products That Reach Households

Our 1 to 1 products and services pinpoint individuals or households to build loyalty to a brand.



This segment offers data-driven solutions including direct mail and loyalty marketing software. Valassis increased ownership of Valassis Relationship Marketing Systems (VRMS) and PreVision Marketing to 100% in 2003. We integrated operations of these businesses and repositioned the product portfolio. In 2004 the company is projecting a 20-25% revenue increase, driven by the growth of Valassis' home-grown direct-mail business and the continuing development of this segment's sales and marketing efforts.

International & Services

These marketing products and services are available in the United States, Canada, France, Germany, Italy, Mexico, Spain and the United Kingdom.



This segment includes NCH Marketing Services, Inc., a global leader in both coupon processing and promotion information management; Valassis Canada, a producer of promotions throughout Canada; and Promotion Watch, Inc., a provider of promotion security and consulting.

NCH, a recognized leader both in the United States and abroad, is the largest component of this segment. NCH management met or exceeded all financial goals in the 10½ months of 2003 since the acquisition. Focused on long-term growth, NCH and Valassis developed a global initiative identifying the most viable promotional products and distribution methods to introduce in select European countries. In 2003, approximately 50% of NCH's revenue was generated internationally.

¹ 2004, NCH Marketing Services, Inc.

Board of Directors...Leadership, Experience and Integrity



PATRICK F. BRENNAN ^{(A) (C)}
*Retired President and CEO
 Consolidated Papers, Inc.*

Expert in the paper industry for 33 years. Under his leadership, Consolidated was the largest producer of coated papers in North America. Expertise complements Valassis' strategic sourcing strategies.



ROBERT L. RECCHIA ^(E)
*Executive Vice President and CFO
 Valassis*

Leader of finance, information technology and media purchasing. Joined Valassis in 1982; leadership role in numerous financial and business initiatives. CPA with audit experience at Deloitte and Touche.



KENNETH V. DARISH ^{(A) (G)}
*Director of Business Operations
 BBDO Detroit, an Omnicom company*

CPA with extensive financial and audit experience at Deloitte & Touche. Served as Senior Vice President and CFO at FCB Detroit, an Interpublic company. Twenty years experience in the advertising industry.



MARCELLA A. SAMPSON ^{(C) (G)}
*Retired Dean of Students and
 Director of Career Services
 Central State University, Ohio*

Nationally recognized career development expert with 35 years of experience at one of the nation's leading Historically Black Colleges and Universities. Recipient of numerous awards including a presidential commendation.



SETH GOLDSTEIN ^(A)
*CEO
 Majestic Research, LLC*

Entrepreneur with high-growth businesses complementing Valassis' technology-based marketing solutions. Founder of several successful new technology-based enterprises and advisor to a number of early-stage ventures.



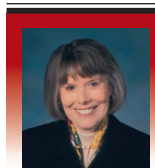
ALAN F. SCHULTZ ^(E)
*Chairman of the Board,
 President and CEO
 Valassis*

Chairman, President and CEO since 1998; joined Valassis in 1984. Has worked in every facet of the company including prior leadership roles in finance, operations, marketing and sales. CPA with audit experience at Deloitte and Touche. American Advertising Federation treasurer.



BARRY P. HOFFMAN
*Executive Vice President and
 General Counsel
 Valassis*

Leader of legal, human resources and corporate communications. Joined Valassis in 1982; leadership role in numerous legal and business initiatives. Recognized expert in the field of promotion law.



**AMBASSADOR FAITH
 WHITTLESEY** ^{(C) (E)}
*Chairman of the Board
 American Swiss Foundation, New York;
 The Institute of World Politics,
 Washington D.C.*

Notable professional in government and law at the local, state and national levels. Served as U.S. Ambassador to Switzerland twice and a member of the senior White House staff. Brings a broad range of experience in business and government to Valassis.



DR. WALTER H. KU, PH.D ^(G)
*Professor of Electrical and
 Computer Engineering
 University of California, San Diego*

Consultant to international businesses and governments. Well-known scientist, published scholar and holder of patents. Visiting professorships in China and Taiwan. Brings a wealth of technical and international business experience.

BOARD COMMITTEES:

- A – AUDIT
- C – COMPENSATION/STOCK OPTION
- E – EXECUTIVE
- G – CORPORATE GOVERNANCE/NOMINATING

Executive Committee

ALAN F. SCHULTZ

*Chairman of the Board, President
and CEO*

BARRY P. HOFFMAN

*Executive Vice President and
General Counsel*

ROBERT L. RECCHIA

Executive Vice President and CFO

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*Executive Vice President, U.S. Sales
Valassis Sales & Marketing
Services, Inc.*

WILLIAM F. HOGG, JR.

*Executive Vice President,
Manufacturing
Valassis Manufacturing Company*

BRIAN J. HUSSELBEE

*President and CEO
NCH Marketing Services, Inc.*

Leadership Council

LARRY A. BERG

*Vice President, ROP and Media Sales
Valassis Sales & Marketing
Services, Inc.*

WILLIAM H. BLACKMER

Vice President, Strategic Sourcing

SUZANNE C. BROWN

*Vice President, Sales Development
Valassis Sales & Marketing
Services, Inc.*

AMY S. COURTER

*Vice President, Information
Technology*

LOUIS J. CZANKO

*Vice President, Retail Sales
Valassis Sales & Marketing
Services, Inc.*

FRANKLYN J. FARACE

*Vice President, Western Sales
Valassis Sales & Marketing
Services, Inc.*

BLAINE G. GERBER

*Vice President, Durham Printing
Valassis Manufacturing Company*

RONALD L. GOOLSBY

*Vice President and Managing
Director of PreVision Marketing
Valassis Sales & Marketing
Services, Inc.*

SUZANNE E. GRIFFIN

*Vice President and General
Manager, 1 to 1 Solutions
Valassis Sales & Marketing
Services, Inc.*

TIMOTHY J. HALFMANN

*Vice President, Midwest Sales
Valassis Sales & Marketing
Services, Inc.*

MARCIA L. HYDE

*Vice President, Human Resources
and Communications Center*

MICHAEL F. KOWALCZYK

*Vice President, Northeast Sales
Valassis Sales & Marketing
Services, Inc.*

RUTH N. LIBBEY

*Vice President, Customer Operations
Valassis Manufacturing Company*

WAN LING MARTELLO

*CFO and COO
NCH Marketing Services, Inc.*

ROBERT A. MASON

*Vice President of Sales, Targeted
Print & Media Solutions
Valassis Sales & Marketing
Services, Inc.*

MARYANN D. RIVERS

*Vice President, New Business
Development and
Product Management
Valassis Sales & Marketing
Services, Inc.*

LINDA J. SCHALEK

*Vice President and
Corporate Controller*

STEPHEN L. SWANSON

*Vice President of Sales,
1 to 1 Solutions
Valassis Sales & Marketing
Services, Inc.*

AARON Z. TRAGER

*Vice President, Richard N.
Anderson Printing
Valassis Manufacturing Company*

MICHAEL A. WOOD

*Vice President, Wichita Printing
Valassis Manufacturing Company*

GARY A. YOST

*Vice President, Marketing
Valassis Sales & Marketing
Services, Inc.*

Shareholder Information

INVESTOR RELATIONS

A copy of the Valassis Annual Report on Form 10-K filed with the Securities and Exchange Commission for fiscal 2003 is also available on the Company Web site or by contacting:

Investor Relations
19975 Victor Parkway
Livonia, MI 48152
(734) 591-3000
www.valassis.com

STOCK EXCHANGE LISTING

New York Stock Exchange (NYSE)
Ticker Symbol: VCI

TRANSFER AGENT AND REGISTRAR

Inquiries regarding stock certificate holdings, changes in registration or address, lost certificates and other shareholder account matters should be directed to Valassis' transfer agent:

National City Bank
Corporate Trust Operations
P.O. Box 92301, Dept. 5352
Cleveland, OH 44193-0900
(800) 622-6757
shareholder.inquiries@nationalcity.com

ANNUAL MEETING

Shareholders are invited to attend the Company's annual meeting, to be held Tuesday, May 11, 2004 at 9:00 a.m. (EDT) at Valassis World Headquarters, 19975 Victor Parkway, Livonia, MI 48152

WRITTEN BY: Cindy Hopman, Valassis

DESIGNED BY: Heidi Rock, Natalie Simovski, Valassis

PREPPED AND PRINTED USING COMPUTER-TO-PLATE TECHNOLOGY BY: Valassis' Customer Operations Division, Plymouth, Michigan and Richard N. Anderson Printing, Livonia, Michigan

Valassis offers a wide range of marketing services to consumer packaged goods manufacturers, retailers, technology companies and other customers with operations in the United States, Europe, Mexico and Canada. Valassis' Connective Media™ portfolio includes: newspaper advertising & inserts, sampling, direct mail, 1 to 1 marketing programs, coupon clearing and consulting and analytic services. Valassis has been listed as one of Fortune Magazine's "Best Companies to Work For" for seven consecutive years. Valassis subsidiaries and investments include Valassis Canada, PreVision Marketing®, LLC, Coupons, Inc., Promotion Watch, Valassis Relationship Marketing Systems, LLC and NCH Marketing Services, Inc. For additional information, visit the Company Web site at <http://www.valassis.com>.

Certain statements found in this document constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such

forward-looking statements involve known and unknown risks and uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, among others, the following: price competition from the Company's existing competitors; new competitors in any of the Company's businesses; a shift in customer preference for different promotional materials, strategies or coupon delivery methods; an unforeseen increase in the Company's paper costs; economic disruptions caused by terrorist activity, armed conflict or changes in general economic conditions; or changes which affect the businesses of our customers and lead to reduced sales promotion spending. The Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Global Presence



VALASSIS WORLD HEADQUARTERS
19975 Victor Parkway
Livonia, MI 48152

NCH MARKETING SERVICES, INC. HEADQUARTERS
155 Pfingsten Road, Suite 200
Deerfield, IL 60015

PREVISION MARKETING, LLC HEADQUARTERS
55 Old Bedford Road
Lincoln, MA 01773

VALASSIS RELATIONSHIP MARKETING SYSTEMS, LLC HEADQUARTERS
6 Armstrong Road
Shelton, CT 06484

MANUFACTURING AND PRODUCTION

- Calexico, California
- Delicias, Mexico
- Durham, North Carolina
- El Paso, Texas
- Juarez, Mexico
- Livonia, Michigan
- Mexicali, Mexico
- Nuevo Laredo, Mexico
- Plymouth, Michigan
- Wichita, Kansas

UNITED STATES SALES OFFICES

- Cincinnati, Ohio
- Cleveland, Ohio
- Dallas, Texas
- Deerfield, Illinois
- Livonia, Michigan
- Seal Beach, California
- Shelton, Connecticut

INTERNATIONAL OFFICES

- Aranjuez, Spain
- Boulogne-Billancourt, France
- Hamburg, Germany
- Milan, Italy
- Northants, England
- Toronto, Canada



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 **Valassis**