

RR Donnelley Print Logistics

Surviving the Economic Challenges



Presentation Topics

- 2008 Challenges
 - Game Plan
 - Successes
- What we are doing in 2009 to hold our Market Place Position
- How, we as companies can work together to overcome some of these challenges
 - Network Channeling

2008 Challenges

- Volume Decreases for Printed Matter
- Unpredictability in Fuel Costs
- Volatility in Carrier Market
- Service Expectations Remain High

Game Plan

- Value of One Campaign
 - Teaching our employees the value that one change can make to the bottom line
 - Jeopardy
 - Gathering improvement ideas for our front line experts
 - Top 5 Competition
- Improve Technology
 - Continued to invest Capital in Technology
 - Optimization
 - Warehouse
 - CTK
- Cost Containment Initiatives
- Service Improvement Initiatives
- New Network Channeling

RR Donnelley Logistics Strategy (Six Sigma Model)

Example of some of the tools we use in our initiatives (as applicable)

- **D**efine
 - Identify Improvement Opportunity
 - XY Matrix
 - Set Problem Statement & Objective
- **M**easure
 - Document Current Process Flows
 - Create Standard Operating Procedures
 - Fishbone (experiential knowledge based)
 - Trend
- **A**nalyze
 - Pareto
 - FMEA (Failure Mode Effect Analysis)
 - Scatter
- **I**mprove
 - Update Process Flows
 - Update Procedures
 - Training
- **C**ontrol
 - Internal Audit Plan
 - Control Charts

2008 Success Stories

▪ **Process**

- Implemented New Optimization Software for entire Print Network
- Implemented New Warehouse Management System in Bolingbrook

▪ **Service**

- Improved Truck Load On Time Pick Up by 16%
- Improved Truck Load On Time Delivery by 18%
- Implemented New Customer Tracking Tool (CTK)

▪ **Cost**

- Finish 2.9 MM above budget in Cost Savings Efforts for 2008

▪ **Finance**

- Unbilled percentage < 7 days by 18%

▪ **Market Demand**

- Co Pal Tray (Co-palletization for Tray Mail for additional postal savings)

What We Are Doing in 2009 to Hold our Market Place Position

- Grow Network Channeling Opportunity
- Identify Opportunities to Partner with Other Logistics Providers
- Continued and New Projects to Increase Cost Savings and Service Improvements
- New Corporate Quality Program
 - Document Current Process Flows
 - SOP's
 - Customer Surveys
 - Clearly Defined Metrics
 - Internal Audits
 - Communication
 - Identify Improvement Opportunities
- Additional Technology Solutions
 - Continue to Invest Capital
 - New tools to support the growing 3 PL Business
 - Improved EDI Capabilities to Support New Partnerships
- USPS Compliance
 - Intelligent Mail Bar Code
 - Mail.Dat Spec
 - FAST Rating

How, We as Companies Can Work Together

- Partnering
- Thinking Outside of the Box

Open Discussion / Questions -

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