

Tray Dolly Implementation Update

As you will be aware we have been working for some time on developing a solution for handover of DSA mail in trays on Tray Dollys rather than in Yorks. I am pleased to provide you with an update on progress and next steps in order that you can carry out planning within your operation to accommodate the new Tray Dolly.

Following the tender process that included test products to select a supplier I can advise that Loadhog have been selected by Royal Mail to supply the Tray Dolly.

Training for safe handling and use of the Tray Dolly is currently taking place in Mail Centres.

Royal Mail intends to purchase its own stock of Tray Dollys to facilitate 'one for one swaps' with those customers who wish to use their own stock of Tray Dollys to handover DSA mail in trays. In order to assess what volume of stock Royal Mail will need to purchase in order to successfully manage 'one for one swaps' with all customers wishing to use Tray Dollys, customers will need to confirm to Royal Mail what volumes they are intending to use for daily handover. Once volumes are known, we intend to raise a purchase order in January, subject to authorisation from Royal Mail Operations.

Given Loadhog's lead times, we anticipate Royal Mail's ability to start one for swaps on Tray Dollys in February 2011.

All customers wishing to use Tray Dollys will need to sign an agreement with Royal Mail before we can accept use of them for handover of DSA mail. A draft is currently being prepared by our legal team and we are aiming to get a copy of the agreement out to customers in December.

If you are intending to purchase your own stock of Tray Dollys for handover of DSA mail, or you have any queries in the meantime, please contact your Wholesale account manager as soon as possible.

Yours sincerely,

Mel Tomlin Operations Director

7th December 2010