

R.R. Donnelley

2001 Annual Report

A Single Source to Reach a Widening World



R.R. Donnelley works with content owners to build their brands and communicate more effectively with their consumers. We capture their images digitally, manage their content and workflow, format their content for print or electronic media, produce and transport their printed products, and deliver their packages straight to local post offices for fast, reliable, cost-effective delivery to consumers — striving to revolutionize the effectiveness of their communications every step of the way.

Closing the Loop

For more than 135 years, we have been part of a process that begins with a communications idea: someone has a story to tell, merchandise to sell, information to convey or knowledge to share. They bring their message to us, and we turn it into as many copies as they want. Then we watch what happens. People buy the book or they don't. They order from the catalog or they don't. The creative people base their next design on what worked the last time, and what didn't. Our process is a loop — of sorts.

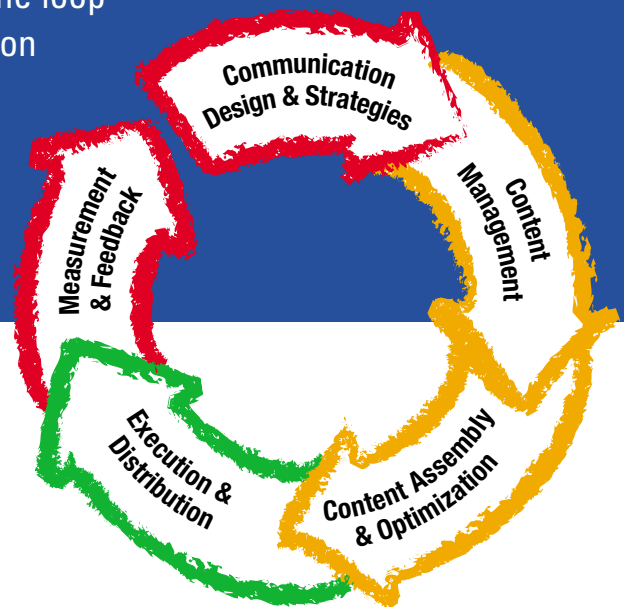
At R.R. Donnelley today, we are looking at the total loop. We are convinced that each piece can and should flow naturally into the next; that the gaps between each piece can and should be closed; that the waste and costs that live in those gaps can and must be eliminated; and that amazing things will happen when we bring more timely, accurate and actionable measurement and feedback from the marketplace back into communication design and strategies.

Contents

2	Financial Highlights
3	Letter to Shareholders
9	Q&A
11	Leadership
12	Board of Directors
13	Form 10-K
IBC	Additional Information

Why would a printer be thinking about anything but the execution and distribution pieces of the loop? Because every year 40 million pages of content fly through our doors on their way to a press. That's billions of words and images, plus information about where they came from, where they're going and what to do with them. All of it is in digital form. It arrives unstructured, and we add structure to it. We do it as part of the printing function, but that same structured data holds answers to important questions all through the loop. We have created something that has value far beyond its original intent.

Building on our strength in a single piece of an historically disjointed loop, we can become a single source for our customers, helping them succeed in a widening world of consumer interests and media options. We are rapidly transforming ourselves to play this larger role — to close the loop and start the flow of knowledge and information that will help our customers succeed in new ways. You might say, in revolutionary ways.



Financial Highlights

IN THOUSANDS, EXCEPT

PER-SHARE DATA AND RATIOS

	2001	% Change	2000	% Change	1999
Continuing Operations					
Net sales	\$ 5,297,760	(8.1)%	\$ 5,764,335	6.4%	\$ 5,415,642
Value-added revenue	3,000,489	(9.2)	3,305,318	(0.1)	3,307,343
Gross profit	910,451	(17.1)	1,098,863	(5.2)	1,159,007
Earnings from operations	147,271	(70.6)	501,040	(5.5)	530,427
Income from operations					
Excluding one-time items*	173,635	(33.0)	258,992	(9.2)	285,171
Including one-time items	24,988	(90.6)	266,900	(14.3)	311,515
Earnings per diluted share					
Excluding one-time items*	1.47	(30.3)	2.11	(4.1)	2.20
Including one-time items	0.21	(90.3)	2.17	(9.6)	2.40
Results After Discontinued Operations					
Loss from discontinued operations, net of taxes	\$ —	N/A	\$ —	N/A	\$ (3,201)
Net income	24,988	(90.6)	266,900	(13.4)	308,314
Earnings per diluted share	0.21	(90.3)	2.17	(8.8)	2.38
Other Financial Data					
EBITDA before one-time items*	\$ 732,240	(18.7)	\$ 901,166	(2.7)	\$ 926,240
Net cash flow from operations	548,394	(26.0)	740,585	16.6	635,317
Operating working capital ¹	156,564	(43.9)	279,161	(19.0)	344,451
Free cash flow ²	275,054	(45.4)	503,478	40.1	359,491
Return on average invested capital ³	10.0%	(24.2)	13.2%	(7.7)	14.3%
Share Information					
Full year average diluted shares	118,498	(3.7)	123,093	(5.0)	129,566
Diluted shares outstanding at December 31	115,190	(6.1)	122,684	(0.5)	123,362
Annual dividend per common share	\$ 0.94	4.4	\$ 0.90	4.7	\$ 0.86

* The following one-time items have been excluded: 2001 restructuring and impairment charges of \$196 million (\$137 million after-tax, or \$1.15 per diluted share); 2001 gain on the sale of investment of \$7 million (\$7 million after-tax, or \$0.05 per diluted share); and 2001 loss on investment write-downs of \$19 million (\$19 million after-tax, or \$0.16 per diluted share); 2000 gain on the sale of shares received from the demutualization of the company's basic life insurance carrier of \$13 million (\$8 million after-tax, or \$0.06 per diluted share); 1999 gains on the sale of businesses and investments of \$43 million (\$27 million after-tax, or \$0.20 per diluted share).

¹ Operating working capital represents accounts receivable, inventories and prepaid expenses, and other liabilities (excludes restructuring/impairment reserves).

² Free cash flow represents net cash flow from operations minus capital expenditures.

³ Computed on 12-month rolling net income excluding restructuring and impairment charges and other one-time items divided by a 13-month average of debt and equity.

The Power of Transformation

Dear Fellow Shareholder,

Our current economic climate will change and the recession will end. And when this happens, R.R. Donnelley will be ready — strongly positioned to meet the needs of an evolving communications world.

In 2001 decreased demand for printing services spread throughout the United States and global markets in virtually every end market served by R.R. Donnelley. The recession deepened in the second half of the year and most of our markets simultaneously suffered double-digit declines. The effect on our business was equally profound. Without a doubt, we are in the most difficult recession I have experienced in my 36-year career. And, our expectation is that it will continue into the next year.

I am disappointed with our overall 2001 financial results as they mask the tremendous progress we made during the year. Our decision during this recession was to take advantage of reduced work levels and accelerate our transformation. Our plan is aggressive, designed to permanently change our cost structure and how we run our business. Looking back over the past year and seeing the results of our efforts makes me so very proud of our people and their resolve. More than ever I'm optimistic and confident about our future and our ability to get back on track with the earnings growth we delivered consistently from 1997 to 2000.

In 2001 two financial accomplishments are noteworthy: Our working capital-to-sales ratio dropped to 5.5 percent, an improvement of 60 basis points from the year earlier, reflecting strong inventory and receivables management. Our debt balance — while up less than \$60 million from a year ago — is impressive in light of the numerous items we funded, such as \$110 million in dividend payments, \$273 million in share repurchases and \$273 million in capital spending.

Another noteworthy achievement is the turnaround of our logistics business. As we reported in late 2000, after we doubled our logistics business through acquisition, issues in our package delivery operations emerged. In 2001 we



William L. Davis
Chairman, President and Chief Executive Officer

overcame them. The results: For the year, in a down market, our package volume increased 21 percent and value-added revenue improved 59 percent.

We expanded our logistics capabilities by increasing our delivery penetration to local post offices, adding an end-to-end package tracking feature and introducing a package return service for consumers. Our experience over the last year has convinced us that our logistics strategies provide excellent opportunity for increased value for R.R. Donnelley customers and shareholders.

Competitive Cost Position

Because of the additional price pressure we experienced during this recession, we accelerated our actions to improve our cost structure. By the end of the fourth quarter of 2002, we will have permanently reduced our costs by over \$160 million compared to 2000. This includes benefits from our restructuring activities, including plant closures, workforce reductions and the general and administrative reductions we announced in 2001.

At the same time, we are increasingly getting more production out of our assets. In our printing platform, we have improved the output of individual presses and binding lines by as much as 10 to 15 percent. Across our platform, that means more capacity from existing equipment. I am confident that through our restructuring and continuous improvement actions, we will emerge from this recession with a very competitive cost position.

The Transformation Continues

Our transformation efforts gained significant momentum in 2001 in each of these two critical areas:

- traditional print and bind operations, and
- services extending upstream from the printing platform toward our customers and downstream toward the consumer.



A Single Source

>>We play a broader role in producing and distributing catalogs for The Spiegel Group brands: Newport News, Eddie Bauer and Spiegel. Our photographers capture digital images of Eddie Bauer's products. Our graphic designers work on Spiegel's premises to build catalog pages. Our database experts archive thousands of digital images and make them available over secure Web links for use in both printed products and online. Our printing teams produce quality catalogs. Working with the clients, our logistics professionals get the right catalogs to the right consumers at the right time — and also simplify merchandise returns for the consumer.

In 2001 we positioned R.R. Donnelley for future growth, instilling an entrepreneurial approach in each of these actions:

- We created R.R. Donnelley Print Solutions, bringing together our traditional print businesses — catalog, retail, magazine, book and telecommunications — under one management team. This structure marshals all our printing resources behind a single business model based on making the best use of our production capacity and providing a level of service that sets us apart in the minds of our customers.
- As part of the new organization, we launched a comprehensive upgrade of our assets to enable us to serve our customers with the industry's most cost-effective, integrated and flexible printing platform.
- Six Sigma methodology continued to drive benefits in reducing manufacturing cost and working capital while improving the overall quality of our work. For example: In manufacturing, we have reduced cycle time on book reprints by 25 percent. In one administrative application, we reduced — by 30 percent — the time it takes to produce an invoice after we have shipped the product.
- In our premedia business, we opened a number of new operations to better serve our customers' content management and communications needs, including facilities in Manhattan, in Portland, Oregon, and in Warsaw, Poland. Over the past three years, we have tripled the number of premedia centers offering a complete range of digital photography, content management and prepress services to our customers. Our success in this area is why customers like Eddie Bauer and Fred Meyer stores now look to R.R. Donnelley for their premedia needs as we implement workflow solutions that save them valuable time.
- Since 1995, we've made substantial progress in Poland, growing that business from nothing to a solid market position. As a result of our success, in 2001 we opened a second printing plant in Krakow and established European print sales offices in Germany and Russia. We now sell to 20 countries in Europe.
- We are building a \$30 million printing facility in Shanghai, China, through our joint venture with the Shanghai Press and Publications Administration. This facility will provide new opportunities for local publishers to expand their businesses and Western publishers to penetrate the enormous Chinese market. Our eight years of success with customers in Shenzhen give us the knowledge and confidence to grow profitably in Shanghai.
- We launched our Investor Communications Europe initiative, building on the Customized Communications Solutions technology we developed in

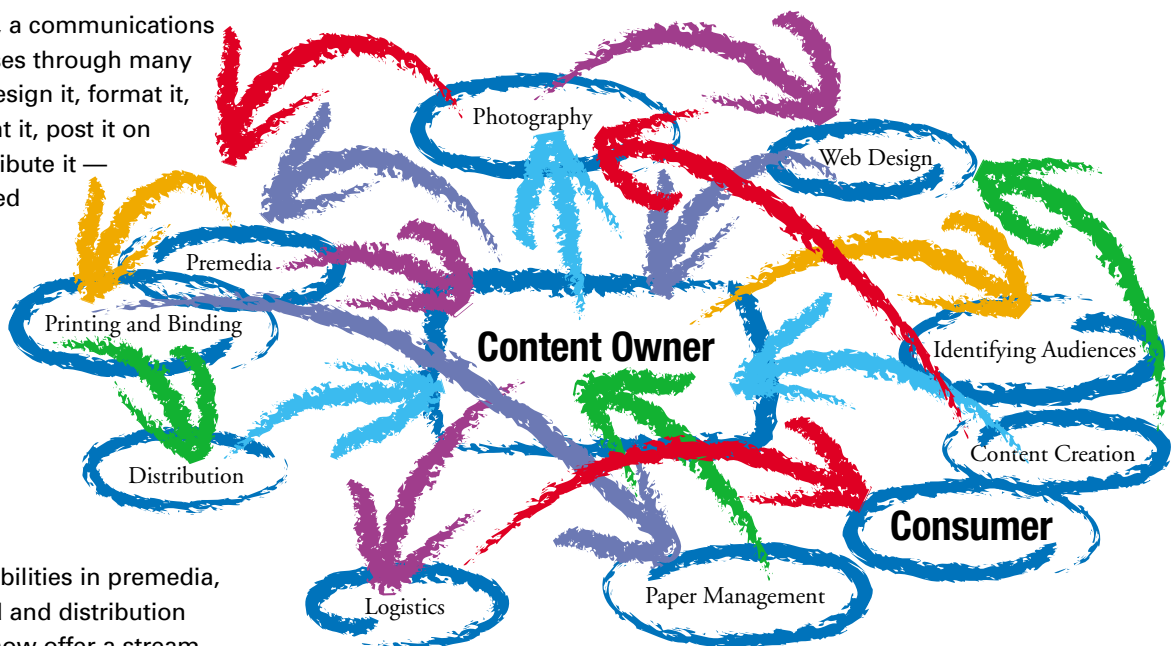
U.S. markets to tap the rapidly growing European mutual fund and 401(k) market. To be effective in this fragmented market, investor communications must be highly customized, customer-friendly, and delivered in multiple media and in several languages. We have these capabilities and we are taking the lead in delivering communications quickly and cost-effectively for our customers in Europe.

Revolutionizing Communications Effectiveness

Each of these accomplishments is guided by our commitment to communications effectiveness, which we define as getting our customers' content in the hands of exactly the right consumers, with more precise timing, less waste, lower total delivered costs and greater results. Our aspiration is not just to improve communications effectiveness, but to revolutionize it.

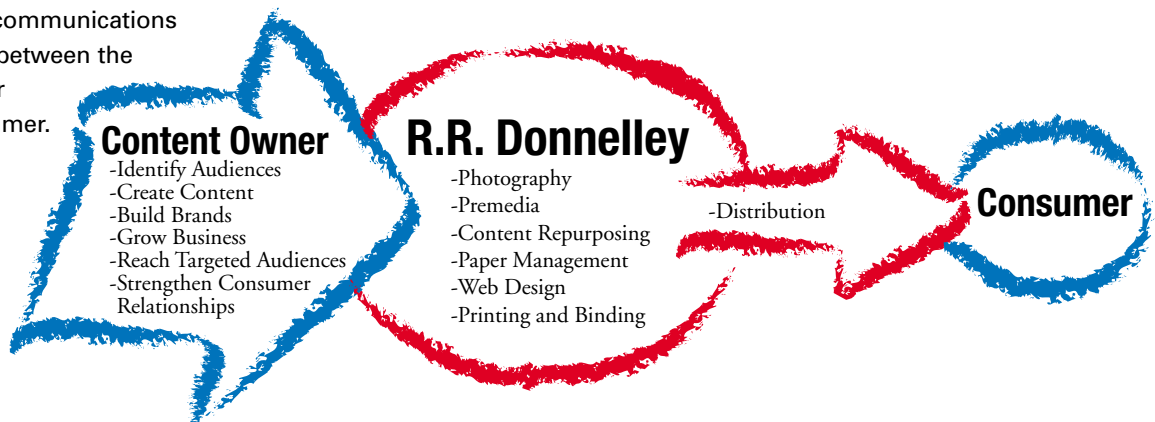
Traditional Process

>>Between the content owner and the consumer, a communications message passes through many hands — to design it, format it, archive it, print it, post it on the Web, distribute it — creating wasted time and overlapping effort at every step.



New Process

>>With our capabilities in premedia, print-and-bind and distribution logistics, we now offer a streamlined path of communications effectiveness between the content owner and the consumer.



From our foundation in printing, we are transforming ourselves to play a much broader role in the entire communications process. We are focused on finding new ways to substantially streamline the many steps it takes to develop content and deliver it to the intended end user. The value we bring extends beyond our printing and logistics expertise. It is a deeper knowledge about methods and processes that can dramatically enhance the effectiveness of the entire communication chain. We believe the ultimate objective in revolutionizing communications effectiveness is to create a data-rich, closed-loop feedback system that supplies our customers with actionable measurement and market information. This insight can then be used to create and continuously fine-tune highly targeted and personalized communications.

Already, our customers are benefiting from our transformation efforts. R.R. Donnelley Print Solutions' keen focus on distinctive service and asset optimization is giving customers:

- condensed production schedules, which allow them more time to sell more ads, minimize inventories, lower costs and, in the case of catalogers, additional time to make merchandising and pricing decisions, and
- the highest level and quality of color reproduction — to help merchandisers accurately portray their products.

Looking ahead, our customers have mixed views regarding when their industries will begin to turn positive, with some expecting the slowdown to last throughout 2002 and others expecting a rebound in the second half. We are prudently planning for the downturn to last throughout the year. Regardless of when the recovery starts, we will be ready: with better capabilities, more capacity from existing assets and lower costs due to the hard work of all of our people.

Director and Leadership Transitions

We welcome two new Directors, Gregory Q. Brown and Norman H. Wesley, who bring us valuable expertise in technology and consumer marketing. I also thank George A. Lorch, who retired from our Board this year, for the contributions he made during his five-year tenure.

In addition, we welcome Ronald E. Daly to the new position of President, R.R. Donnelley Print Solutions. Ron most recently led our Telecommunications business. An experienced, customer-focused leader, he is the ideal person to lead Print Solutions.

Connecting People in Troubled Times

On September 11, we were fortunate that no physical harm was suffered by any of the 400 R.R. Donnelley employees stationed at our financial services facility a block from 7 World Trade Center. I am extremely proud of the way our people took care of each other — and then rallied to take care of our customers under the most difficult circumstances. I also appreciate the way employees throughout our company came forward to meet the challenges generated by terrorism. We saw one of our values — *One team committed to common goals* — in action, many times over, in the aftermath of that morning.

Only last year we agreed on these words in our vision: “To enrich lives by connecting people with the power of words and images.” The ink was barely dry when we found ourselves striving to connect people in ways much more basic than enrichment. We were rushing into print with words and images to help people comprehend the incomprehensible. As we continue to partner with our customers and help them with content preparation, printing, logistics and integrated communication solutions, it is not just with an emphasis on enriching lives. It is also with a new commitment to protect and extend free enterprise and the flow of information to all corners of the world.

Last year in this letter, I said I had never been more excited about our future. This year, I must add: I have never been more proud of our role in bringing people together in troubled times, and the manner in which our employees step up whenever they are called upon — to connect people with the power of words and images.

Sincerely,



William L. Davis
Chairman, President and Chief Executive Officer

February 3, 2002



A Special Connection

>>Stuyvesant High School is five blocks from The World Trade Center site. Following the September 11th attack, students planned a special edition of their school magazine, *The Spectator*, in which to tell their stories of the tragedy. *The New York Times* agreed to distribute the magazines as an insert to one of its weekday editions. R.R. Donnelley volunteered press capacity for more than 800,000 issues of the 24-page edition, with Stora Enso contributing the paper.

Q&A Management answers shareholder questions about our new printing organization, revolutionizing communications effectiveness, cash flow, continuous improvement and cost position.

Q: What will be different as a result of the Print Solutions organization?

A: Ronald E. Daly, President, R.R. Donnelley Print Solutions Our new organization increases our focus on market dynamics. We have separated our sales and marketing organizations from the manufacturing platform. In doing so we have freed up our industry leaders to focus more keenly on their markets and customers. At the same time we have combined all of the former business units' manufacturing functions into a single organization. This organization is free to move best practices across platforms in a more efficient manner. R.R. Donnelley knows a lot about printing and publishing. We have broken down the barriers that limited the movement of this knowledge. This organization will allow us to capitalize on our investments in information technology by building a common system across platforms that will allow for greater information dissemination, quality reporting and, more importantly, customer information and feedback. You can expect to see greater use of customer satisfaction metrics. Customers should see greater responsiveness in demands for information. They should also see more market-focused solutions.

Q: What unmet customer needs are you addressing with your commitment to revolutionizing communications effectiveness?

A: Joseph C. Lawler, Executive Vice President Revolutionizing communications effectiveness means helping our customers communicate better with their customers. The cost-saving and revenue-generating potential for both of us is enormous. Just consider that only two or three catalogs out of every 100 mailed ever drive a purchase decision. Credit card solicitations don't even achieve that level of success. We are working on solutions that will better target our customers' communications to significantly increase these response rates. Think about the opportunity in other markets: 60 percent of magazines delivered to newsstands are never purchased; 97 to 98 percent of direct marketing emails never generate a response; 30 to 40 percent of best-seller books are never sold; 65 to 75 percent of Internet shopping carts are abandoned before checkout, and the list goes on. Those are the kinds of unmet customer needs we are addressing with our commitment to revolutionizing communications effectiveness.

Q: Your cash flow generation has always been outstanding. How was it affected by the economy?

A: Gregory A. Stoklosa, Executive Vice President and Chief Financial Officer All of the markets we serve were hurt by the economy. In 2001, advertising pages were down 12 percent, affecting our magazine printing business; Standard A mail was down 4 percent, a good proxy for overall catalog activity; total domestic capital markets filings were down 23 percent, with initial public offerings down 81 percent, and capital markets activity in Europe and Asia was down 71 percent, affecting our financial printing business. Not surprisingly, our operating cash flow also was down, from \$741 million in 2000 to \$548 million in 2001. However, our disciplined approach to investments and working capital management still allowed us to fund \$273 million of capital expenditures, \$110 million of dividends and \$273 million of share repurchases, while increasing debt less than \$60 million. In the best economies and the worst economies, we are committed to maintaining our financial health and flexibility.

Q: How is your investment in continuous improvement paying off?

A: Ronald E. Daly From day one continuous improvement has paid off for us in reduced cost and waste. It has allowed us to free up latent capacity and in the process provide solutions to our customers such as cycle time reduction. Time is money to our customers, and improved manufacturing methods have allowed us to more fully focus on their time to market. We are applying the same continuous improvement methods to administrative functions and customer service. We really believe continuous improvement will be a key tool in revolutionizing communications effectiveness. We expect our customers will find it easy to work with us in addressing lower waste and cost, improved quality and effective communications. Beyond all of this is the incredible investment we are making in our people. As we train our people in continuous improvement tools we are creating a more potent workforce possessing skills beyond those of basic craft training. As our people absorb these new skills they become more adept at embracing the rapid change we see in the market and better able to respond to the increasing demands of our customers.

Q: What is your position on cost reduction?

A: Gregory A. Stoklosa The printing industry has suffered price decreases, by our measurement, in eight of the last nine years. These decreases compound and impact margins tremendously. To be able to invest what is necessary to provide the services and capabilities our customers need for their success, we must substantially and continuously reduce our cost structure. We have made strong progress through our restructuring, continuous improvement and shared services efforts so far, enabling us to set increasingly aggressive cost reduction targets going forward.

Leadership

Executive Staff and Principal Officers



William L. Davis
(58; 5)* Chairman, president and chief executive officer since 1997. Senior executive vice president, Emerson Electric Company, 1993 to 1997.



Michael B. Allen
(42; 20) Executive vice president since 2000; president, Book Publishing Services, 1997 to 2000; president, Information Services, 1996 to 1997; president, Retail Services, 1994 to 1996.



Haven E. Cockerham
(54; 4) Senior vice president, human resources since 1998. Vice president of human resources, Detroit Edison Company, 1994 to 1998.



Ronald E. Daly
(55; 38) President, R.R. Donnelley Print Solutions since 2001; president, Telecommunications, 1995 to 2001; senior vice president, Operations Americas Global Software Services, 1994 to 1995; and president, R.R. Donnelley Norwest, Inc., 1993 to 1994.



Monica M. Fohrman
(52; 23) Senior vice president, general counsel and corporate secretary since 1999. Vice president, law, assistant general counsel and corporate secretary, 1997 to 1999; vice president, law and assistant general counsel, 1994 to 1997.



Joseph C. Lawler
(52; 7) Executive vice president since 2000; president, Merchandise Media, 1996 to 2000; president, Catalog Services, 1995 to 1996. President and chief executive officer, Gander Mountain, Inc., 1992 to 1995.



Richard R. McClish
(54; 4) Senior vice president and chief process officer since 2002; senior vice president and chief manufacturing officer, 1998 to 2002. Manufacturing management positions, General Electrics Plastics Division, 1979 to 1998.



Paul A. Masterton
(45; 19) President, R.R. Donnelley Financial since 1998. Senior vice president, manufacturing, Financial Services, 1997 to 1998; and senior vice president, sales, Financial Services, 1993 to 1996.



Victoria A. Shire
(46; 1) Senior vice president, corporate communication since 2001. Managing director, Burson-Marsteller, 2000 to 2001; assistant vice president, marketing and corporate communications, Nicor Inc., 1997 to 2000.



Gregory A. Stoklosa
(46; 9) Executive vice president and chief financial officer since 2000; vice president and controller, 1999 to 2000; vice president and treasurer, 1996 to 1999; assistant treasurer of global corporate finance, 1993 to 1996.



Gary L. Sutula
(57; 5) Senior vice president and chief information officer since 1997. Senior vice president and chief information officer, Transamerica Financial Services, 1994 to 1997.

John C. Campanelli
(44; 22) President, R.R. Donnelley Logistics

Susan L. Henricks
(51; 2) President, Telecommunications Solutions, R.R. Donnelley Print Solutions

Daniel L. Knotts
(37; 16) President, Magazine Solutions, R.R. Donnelley Print Solutions

Edward E. Lane
(50; 26) President, Book Solutions, R.R. Donnelley Print Solutions

Robert E. Logan Jr.
(44; 10) President, R.R. Donnelley Latin America

James T. Mauck
(42; 18) President, R.R. Donnelley Europe

Robert S. Pyzdrowski
(48; 26) President, Solution Delivery, R.R. Donnelley Print Solutions

Andrea Robertson
(44; 6) Vice president and treasurer

Mary Lee Schneider
(39; 10) President, Premedia Technology Solutions, R.R. Donnelley Print Solutions

Virginia L. Seggerman
(42; 8) Vice president and corporate controller

Timothy M. Stratman
(40; 18) President, RRD Direct

Steven E. Zuccarini
(45; 22) President, Catalog and Retail Solutions, R.R. Donnelley Print Solutions

* The numbers in parentheses indicate age and number of years with R.R. Donnelley, respectively.

Board of Directors



Joseph B. Anderson, Jr. (1, 2)
58, Chairman and CEO, Chivas Industries, L.L.C., Sterling Heights, Michigan. Director since July 1998. Background: Automotive manufacturing. Directorships: Quaker Chemical Corporation; ArvinMeritor Automotive, Inc. Re-election date: 2002



Gregory O. Brown (1, 2)
41, Chairman and CEO, Micromuse, Inc., Arlington Heights, Illinois. Director since November 2001. Background: Information technology and telecommunications. Directorships: Micromuse, Inc.; Walter Kaitz Foundation. Re-election date: 2003.



Martha Layne Collins (1, 2)
65, President, Martha Layne Collins & Associates; Executive scholar in residence, Georgetown College, Georgetown, Kentucky. Director since December 1987. Background: Education, government. Directorships: Eastman Kodak Company; Mid-America Bancorp (dba Bank of Louisville); PURCHASEPRO.com, Inc. Re-election date: 2004.



William L. Davis (3*)
58, Chairman, president and CEO, R.R. Donnelley & Sons Company, Chicago. Director since March 1997. Background: Print manufacturing, industrial and consumer products manufacturing and marketing. Re-election date: 2004.



James R. Donnelley (3, 4)
66, Partner, Stet & Query Limited Partnership, Chicago. Director since January 1976. Background: Print manufacturing. Directorships: Sierra Pacific Resources; PMP Limited. Re-election date: 2003.



Judith H. Hamilton (1, 2*)
57, President and CEO, Classroom Connect Inc., division of Harcourt Inc./Reed Elsevier PLC, Foster City, California. Director since September 1995. Background: Information technology. Directorships: Artistic Media Partners, Inc.; Evolve, Inc.; Lante Corporation. Re-election date: 2002.



Thomas S. Johnson (4, 5*)
61, Chairman and CEO, GreenPoint Financial Corp. and GreenPoint Bank, New York. Director since February 1990. Background: Banking and financial services. Directorships: Alleghany Corporation; Greenpoint Financial Corp. and GreenPoint Bank; Online Resources & Communications Corporation; The Phoenix Companies, Inc. Re-election date: 2003.



Oliver R. Sockwell (2, 5)
58, Executive-in-residence, Columbia University Graduate School of Business, New York. Director since September 1997. Background: Financial services, insurance, education and government. Re-election date: 2004.



Bide L. Thomas (1*, 3, 4)
66, Retired president, Commonwealth Edison Company, Chicago. Director since March 1987. Background: Production and sale of electric energy. Directorships: The Northern Trust Corporation. Re-election date: 2002.



Norman H. Wesley (3, 4, 5)
52, Chairman and CEO, Fortune Brands, Inc., Lincolnshire, Illinois. Director since November 2001. Background: Consumer products. Directorships: Fortune Brands, Inc., Pactiv Corporation. Re-election date: 2003.



Stephen M. Wolf (4*, 5)
60, Chairman, US Airways Group, Inc. and US Airways, Inc., Arlington, Virginia. Director since January 1995. Background: Airline industry. Directorships: Philip Morris Companies, Inc.; US Airways Group, Inc.; US Airways, Inc. Re-election date: 2004.

- 1 Audit Committee
- 2 Corporate Responsibility & Governance
- 3 Executive
- 4 Finance
- 5 Human Resources
- * Chairman of Committee

Additional Information

Corporate Headquarters

RR DONNELLEY & SONS COMPANY

77 West Wacker Drive
Chicago, Illinois 60601-1696
312-326-8000
www.rrdonnelley.com

Annual Meeting of Shareholders

The 2002 meeting will be held at 9:00 a.m. on Thursday, March 28, 2002, at Bank One Center, Monroe and Dearborn Streets, Chicago, Illinois.

Stock Exchange Listings

Chicago Stock Exchange, New York Stock Exchange, Pacific Exchange. Symbol: DNY

Shareholders of Record

As of December 31, 2001: 8,882.

Investor Relations

Shareholders, securities analysts, portfolio managers and representatives of financial institutions seeking information about the company should contact Christopher Curtis, Director, Investor Relations, at the company's address (above), by calling 312-326-8313 or via email to investor.info@rrd.com.

Ordering Additional Annual Reports

R.R. Donnelley's 2001 Annual Report may be obtained without charge by filling out and submitting the form on the Web site www.rrdonnelley.com, by writing to Investor Relations at the company's address or by calling 312-326-8018 during business hours.

Community Relations Annual Report

Copies of R.R. Donnelley's 2001 Community Relations Annual Report, which will be available in June 2002, may be obtained without charge upon request to: Susan M. Levy, Director, Community Relations, at the company's address above. The report also will be available online on the company's Web site at www.rrdonnelley.com/public/community, and may be ordered by completing and submitting the online form.

Environmental, Health and Safety Report

Copies of R.R. Donnelley's Environmental, Health and Safety Report may be obtained without charge upon request to: Arthur J. Gibson, Senior Vice President, Environmental, Health and Safety, at the company's address above. The report also is available online on the company's Web site at www.rrdonnelley.com/public/environment, and may be ordered by completing and submitting the online form.

Stock Transfer Agent and Registrar

EquiServe Trust Company, N.A.
P.O. Box 2500
Jersey City, NJ 07303-2500

Telephone:

Inside the United States: 800-446-2617
Outside the United States: 201-324-0498

TDD/TTY for hearing impaired: 201-222-4955
(Operators are available Monday–Friday, 8:30 a.m. to 7:00 p.m. Eastern Time. An interactive automated system is available around the clock every day).

Internet:

www.equiserve.com

Debt Trustee

Citibank, N.A.
Corporate Trust Services
120 Wall Street
New York, NY 10043

Reinvestment and Direct Deposit of Dividends

R.R. Donnelley shareholders have the opportunity to increase their holdings through a Dividend Reinvestment Plan, which permits either dividend reinvestment, voluntary cash investments or both, without incurring brokerage commissions or other administrative costs. Also, R.R. Donnelley shareholders may elect to have their dividends directly deposited electronically in a checking or savings account.

Shareholders may request additional information about the Dividend Reinvestment Plan and Direct Deposit of Dividends by writing or calling the Stock Transfer Agent (see above).

Information Contacts

EquiServe Trust Company N.A. Automated Telephone Response Center may be reached 24 hours a day at 800-446-2617. Personnel in the center are available from 8:30 a.m. to 7:00 p.m., Eastern Time, Monday through Friday, and will perform the following functions over the telephone when a shareholder identifies his or her account by providing a taxpayer identification number, registration of the securities and the address of record:

- information regarding stock transfer requirements
- address changes
- replacement of dividend checks
- duplicate 1099 forms and W-9 tax certification forms
- transcripts of shareholder accounts
- duplicate reinvestment statements
- requests for dividend reinvestment brochures and authorization cards
- information regarding the Direct Deposit of Dividends.

Requests for information on topics not covered above should be sent in writing, with reference to the company, to the address noted above for the Stock Transfer Agent and Registrar.

R.R. Donnelley is revolutionizing communications effectiveness.

Once,
Putting it on paper was enough.
Content was ink on a page.
Data was for accountants.
Communication was a straight line.
End of story.

Now,
Information reigns,
Content is king,
Knowledge is power,
And communication is a web of options.

Welcome to the next chapter in our life,
Where we have new connections to make,
Relationships to be explored,
Ideas to be exchanged,
And lives to enrich.

After all,
Where does a story come to life?
On a printed page or
In someone's heart.

We are that point of contact.
Print. Logistics. Integrated communication.
A single source to reach a widening world.
R.R. Donnelley.