

RR DONNELLEY
2007 ANNUAL REPORT

Every minute, every hour, everywhere
we touch lives around the world

RR Donnelley is the world's largest provider of printing and related business services. We use our unparalleled capabilities to help our customers prepare, produce, deliver, and process printed and digital content. You may touch the products that we produce, or be touched by them, every day. A circular that arrives in your morning paper, a bill that you check online, the documents that enable commerce, magazines or books you read at night. RR Donnelley's global platform is at work to produce all of these and more, with exceptional speed, quality, and value.

RR Donnelley around the world in a single minute



Chennai

2:22 am

A page taking shape on a computer operated by an RR Donnelley employee in Chennai, India will soon come to life on a press in Pennsylvania. Speed to market is a precious business advantage and our professionals slash the time required to prepare content to be deployed to the Internet, printed, or even broadcast in commercials. “Premedia” refers to activities such as design, page composition and layout, digital asset management, photography, proofing and other services. From more than 30 locations around the world – including facilities that are on-site with customers – RR Donnelley uses a set of integrated, proprietary premedia systems to help our customers maintain brand integrity, reduce costs and cut cycle times.



4:52 am Shenzhen

In concert with RR Donnelley's book printing facilities in North and Latin America, our China book manufacturing operations help publishers to inform, entertain, educate, and delight readers around the world. All of these facilities produce products of exceptional and enduring quality. Our entire North America and China platform has earned Forest Stewardship Council certification – to provide customers the option to select papers whose chain-of-custody demonstrates that they originated from responsibly managed, sustainable forest resources. During 2007 our Shenzhen facility achieved an important safety milestone – 16 million working hours without a day-away injury. We regard our employees' safety as the first and most important measure of operational excellence.



San Francisco

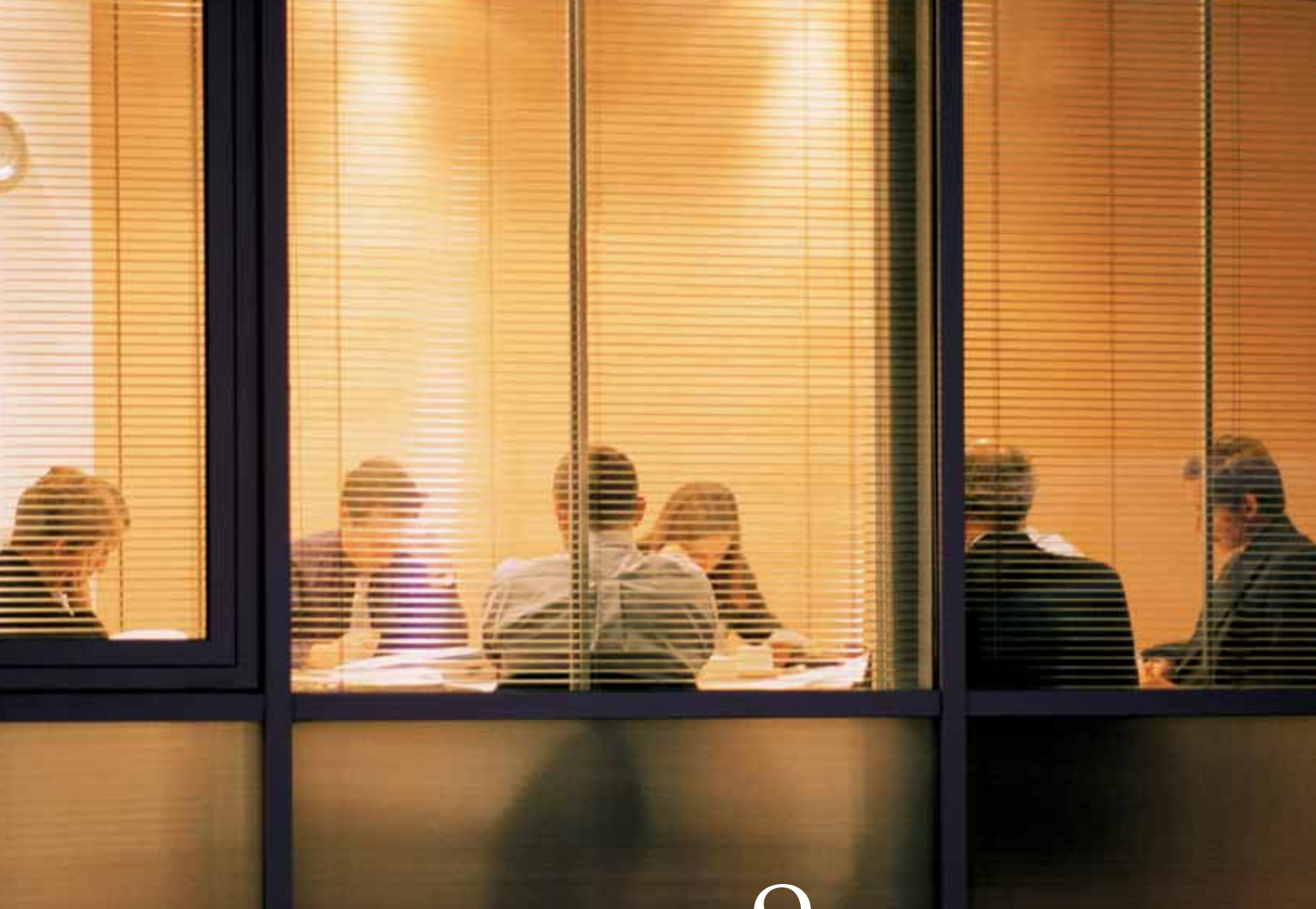
I:52 pm

RR Donnelley accelerates the wheels of commerce as we surround retailers with products and services. We help retailers build traffic online and in brick-and-mortar stores with the direct mail, advertising circulars, phone directories, catalogs, and magazines that we produce. RR Donnelley outfits stores with everything from signs in the windows to training materials in the back office. We have even developed a proprietary Internet-based system to help retailers assure that each of their stores receive precisely the right merchandising materials in the right amounts. Make a purchase in a store and you could carry home a receipt from a roll that we produced. Buy online and your package could arrive thanks to a label that we printed. Open the package and inside you may even discover additional printed offers that we manufactured. Reconcile your credit card statement and you could be viewing a document that we produced as well.



4:52 pm New York

A commuter sees a newsstand, stops, scans the titles and chooses a favorite. Behind that scene is the depth of RR Donnelley's product and service offering to magazine publishers. Across four continents, our diverse manufacturing capabilities find the right match, whether for the highest circulation title or the most highly specialized medical journal. Sophisticated premedia capabilities and robust logistics systems save precious cycle time and costs to help publishers meet challenging deadlines and budgets. Specialized co-mailing systems that we operate help publishers achieve the best postage rates. Our shorter run commercial printing resources help equip publishers' advertising representatives and event marketers with everything from digitally printed banners and posters to media kits. Publishers draw on RR Donnelley's world class direct mail capabilities to win new and renewing subscribers.



London

8:52 pm

An IPO, a merger, an acquisition. Lawyers, investment bankers, and accountants are gathered at RR Donnelley, prepared to work straight through into the morning. Last second edits flood in as the deal comes to conclusion. Serving the unique and complex requirements of global capital and investment markets demands sophisticated deal management and regulatory expertise, lightning-quick page composition, precise translation services, responsive digital printing resources, and a range of other production options. We deliver. From 43 locations around the world, our professionals provide transaction and compliance documents and other vital information to investors. And once a deal is done? Newly combined organizations can turn to us for their freshly branded brochures, annual reports, collateral materials, operating forms and labels, statement printing, and the industry's broadest range of print management services.

FINANCIAL HIGHLIGHTS

(in millions, except per share data)	2007	2006	% change
Net sales ⁽¹⁾	\$ 11,587.1	\$ 9,316.6	24.4%
Income from continuing operations	315.1	750.7	(58.0%)
Net earnings (loss) from continuing operations ^{(1)*}	(48.4)	402.6	(112.0%)
Net earnings (loss) from continuing operations per diluted share ^{(1)*}	(0.22)	1.84	(112.0%)
Income (loss) from discontinued operations, net of tax	(0.5)	(2.0)	75%
Net earnings (loss)*	(48.9)	400.6	(112.2%)
Net earnings (loss) per diluted share*	(0.22)	1.83	(112.0%)
Net cash provided by operating activities	1,176.1	903.5	30.2%

⁽¹⁾ Reflects results of acquisitions from the relevant acquisition dates and excludes results of discontinued operations.

* Includes the following significant items affecting comparability:

- For 2007: pre-tax restructuring and impairment charges of \$839.0 million and a tax benefit of \$9.3 million from the reduction in net deferred tax liabilities due to a decrease in the statutory tax rate in the United Kingdom.
- For 2006: pre-tax restructuring and impairment charges of \$206.1 million, a write-down of investments in affordable housing of \$16.9 million, a gain on sale of investments of \$7.0 million, and a tax benefit from the realization of a deferred tax asset of \$23.5 million.

PREPARE

Color Services & Prepress
Composition
Content Conversion for the Web
Creative Services
Digital Asset Management
Digital Workflow Solutions
Direct Marketing Campaigns
Facilities Management
Packaging Design
Photography
Soft Proofing & Collaboration
Translation Services

PRODUCE

Books
Catalogs
Sheet-fed, Web and Offset
Commercial Printing
Financial Printing
Digital Printing
Direct Mail Printing, Imaging
and Fulfillment
Directories
Document Organization
and Storage
Electronic and Printed
Billing Statements
Forms and Labels
HTML Conversion
Magazines
Retail Inserts
SEC EDGAR® Filings
Signage and Banners
TOPS® Office Products

DELIVER

Compliance Management
Expedited Services
Fulfillment
International Mail
Inventory Management
Print Distribution
Print Systems Integration
Third Party Logistics Management
Tracking and Measurement
USPS Drop Shipping

PROCESS

Business Communication Services
Business Process Outsourcing
Call Centers
Database Services
Document Outsourcing and Management
Document Print and Mail Services
Financial Analysis and Reporting
Global Real Estate Services
Litigation Support
Market Research
Print and Document Management
Print and Media Solutions
Supply Chain Management Solutions

DEAR FELLOW SHAREHOLDERS

In 2007 your company again achieved record revenues. RR Donnelley grew revenues for the full year by 24.4% to nearly \$11.6 billion and expanded cash flow from operations by more than 30% to nearly \$1.2 billion. Our “one RR Donnelley” strategy continues to deliver value.

As the year began, we completed the acquisitions of Banta Corporation and Perry Judd's, and announced that we would acquire Von Hoffmann. These additions expanded our core printing offering of books, magazines, catalogs, labels, commercial printing, direct mail, and more. They also increased the scale of our prepress and logistics capabilities, extended our geographic reach, and added new customers to whom we could sell the full range of our products and services. As the year drew to a close, we completed the acquisition of Cardinal Brands, which enhanced our office and consumer products offering.

These acquisitions involved integrating sales teams; multiple manufacturing, distribution and service sites; thousands of employees; a variety of human resources policies, and a number of different computer systems. As our results indicate, our employees were up to the challenge. These were among the fastest and most professionally executed integrations that our leadership team has ever been involved with.

This was also the year during which “one RR Donnelley” publicly became much more than a vision for how we operate and how we present our unparalleled offering to customers and prospects. In June we honorably retired a variety of brand and other names that had been used by companies that RR Donnelley had acquired in recent years. These were all renamed and unified under the RR Donnelley brand.

This change was not merely cosmetic. It reinforced the signal to our customers that through RR Donnelley they can draw on end-to-end solutions that deliver added efficiencies and cost savings.

We use the word “platform” to describe the facilities, capacity, and capabilities that we draw on to prepare, produce, and deliver printed products and to process transactions and perform other knowledge-based work for our customers. Integrating our platform allows RR Donnelley to achieve significant internal efficiencies as we more centrally manage utilization rates across our facilities, leverage our own buying power for equipment and raw materials, and standardize procedures to facilitate functions such as safety practices, training, and quality processes. RR Donnelley continues to be noted for exceptional quality as our employees' craftsmanship was recognized with Gold Ink and other prestigious industry awards. Customers too value RR Donnelley's quality. For the third year in a row Wal-Mart recognized RR Donnelley with a quality award, this time as its Offset Tab Printer of the Year.

The Value Of Our Integrated Platform

The RR Donnelley platform offers important advantages to customers as well. Our platform helps us provide cost and cycle time reductions. For example, our book manufacturing platform features facilities in the United States, Latin America, and China. When a publisher has a longer cycle

time available, our facilities in Latin America and China offer a distinct cost advantage. At the same time, when a book's sales take off, our domestic facilities can deliver copies to Internet and brick-and-mortar bookstores quickly. For example, when a title was selected by a popular book club, we helped the publisher respond to the ensuing surge in demand by coordinating production in three RR Donnelley facilities. They combined to produce more than 3.5 million copies of this #1 best selling title in just two weeks. The speed-to-market advantage that we deliver is highly prized by our customers.

Our integrated computer network permits customers to use our proprietary CustomPoint® system to process self-service orders. For example, they can use virtually real time interfaces to order digitally produced documents that will be printed and finished on-demand, to release shipments from our warehouses, to view inventory and other reports on their own computer screens, and much more. Throughout a typical business day, a customer will access CustomPoint to place an order about once every five seconds.

Our proprietary systems are even integrated with select third party's resources to deliver added value to our customers. In 2007 the United States Postal Service presented RR Donnelley with its Partnership For Progress Award. Our OneSiteSM logistics reporting system was the first to combine a printer's post-production shipment tracking with USPS network tracking into one synchronized report.

The Value Of Our Diverse Platform

Vendor consolidation is a continuing trend, as customers look for innovative ways to group more of their purchases through a single supplier that can provide end-to-end solutions. No company in our industry is better positioned to help customers achieve the benefits of supplier consolidation.

RR Donnelley's ability to help customers prepare, produce, deliver, and even process printed communications offers compelling supplier consolidation advantages. Even more, we use our innovative capabilities and expertise to make communications themselves more productive. For example, we integrate our direct response, sophisticated computer programming, production, and mail management capabilities to help customers use 'transpromo'. Transpromo refers to the growing trend of using transactional documents (such

as billing statements) to carry personalized promotional messages. We make transpromo more effective and affordable by using proprietary high speed color digital printing technology, developed and patented by RR Donnelley.

Customers often choose to enact their vendor consolidation strategies through longer-term contractual agreements. Our financial strength, consistent performance, and continuing ability to develop and offer new capabilities are significant points of competitive differentiation. Customers seeking a stable and growing partner are presenting us with fresh opportunities.

The Value Of Social Responsibility

RR Donnelley was named among Corporate Responsibility Officer magazine's Best Corporate Citizens for 2007. This reflected their evaluation in categories including environment, human rights, and climate change. In 2007, we quickly helped facilities that we acquired achieve Forest Stewardship Council (FSC) chain-of-custody certifications. Our entire North America and China platforms offer customers the opportunity to use FSC papers, which originate from well managed and responsibly harvested forest resources. You will see the respected FSC logo on the back of this report. Four of our facilities recently achieved Sustainable Forestry Initiative (SFI) chain-of-custody certifications, which offer our customers another means of demonstrating that the products that we produce on their behalf contribute to sustainability.

To promote sustainability we are working with customers and with our supply chain across a broad set of programs that help to reduce waste and emissions, to encourage recycling, and to re-examine processes to make them more efficient. We believe that sustainability initiatives do not require making a choice between being cost-effective and being conscious of environmental impacts – they integrate the two.

Among the many milestones that RR Donnelley reached during 2007, we regard those involving safety as the most important. Many of our facilities were recognized for achieving safety records, and our facility in Shenzhen, China posted 16 million working hours without a day-away injury. We believe, as do many of our customers, that safety is a leading indicator of operational excellence. Since 2000, RR Donnelley's employees and processes have helped to improve our incident rate, a key safety measure, by 63%.

In 2008, we intend to continue to execute our strategy by ...

- Focusing on customers. We will continue to expand our existing relationships and win new customers by selling all of the products and services that our unsurpassed platform offers.
- Continuing to strive for operational excellence and to be a low cost producer. We have made financial discipline a pillar of competitive advantage. Cost control is not an initiative; it is how we do business every day.
- Managing and investing our shareholders' capital with a goal of maximizing returns over the long term.

We are proud of our employees for their commitment to excellence in every aspect of performance. We are grateful to our customers for the opportunities that they give us to serve them, and to you our shareholders for your continued confidence.

Across 14 different time zones, on four continents, and in nearly 40 countries, RR Donnelley employees remain committed to delivering exceptional value.

Sincerely,



Thomas J. Quinlan III
President & Chief Executive Officer
April 2008

A MESSAGE FROM THE CHAIRMAN

Dear Fellow Shareholders,

On behalf of your Board of Directors, I am pleased to join with RR Donnelley's management in thanking your company's employees for their performance in 2007. RR Donnelley achieved strong financial results, expanded the breadth and depth of its offering, introduced innovative, proprietary products and services, and added to its enviable roster of customers. We have closely aligned employees' interests with our shareholders'.

Your Board has taken a leadership role in assuring that RR Donnelley's employees are provided regular training in the myriad and complex rules governing how your company conducts its business across the world. Online, interactive training and regular communications assure that our written policies regarding ethics and compliance are not merely concepts, but living guidelines in which our employees are regularly schooled. Our shareholders, customers, and other stakeholders deserve nothing less.

We continue to work with your management to set RR Donnelley's strategic direction and remain committed to providing active counsel and oversight toward the goal of creating value for our shareholders.

Sincerely,



Stephen M. Wolf
Chairman of the Board of Directors
April 2008

CURRENT MEMBERS OF THE BOARD OF DIRECTORS

Thomas J. Quinlan III

45, President and Chief Executive Officer, RR Donnelley. Director since 2007. Background: Finance and operations. Directorships: none.

Stephen M. Wolf

66, Chairman of the Board of Directors, RR Donnelley; Chairman, Lehman Brothers Private Equity Advisory Board; Managing Partner, Alpillis, LLC. Director since 1995. Background: Airline industry. Directorship: Altria Group, Inc.

Lee A. Chaden (1)

66, Retired Executive Chairman, Hanesbrands Inc., former CEO, Sara Lee Branded Apparel, a division of Sara Lee Corporation. Director since 2008. Background: Consumer products. Directorships: Carlson Companies; Hanesbrands Inc.

E.V. (Rick) Goings (3)

62, Chairman and Chief Executive Officer, Tupperware Brands Corporation. Director since 2008. Background: Consumer products. Directorships: Tupperware Brands Corporation.

Judith H. Hamilton (2)

63, Retired President and CEO, Classroom Connect Inc., division of Harcourt Inc./Reed Elsevier PLC. Director since 1995. Background: Information technology. Directorships: Artistic Media Partners, Inc.; MarketTools, Inc.

Thomas S. Johnson (3)

67, Retired Chairman and CEO, GreenPoint Financial Corp. Director since 1990. Background: Banking and financial services. Directorships: Alleghany Corporation; The Phoenix Companies, Inc.; Federal Home Loan Mortgage Corp. (Freddie Mac).

John C. Pope (1,4)

59, Chairman, PFI Group, LLC, and Waste Management, Inc. Director since 1996. Background: Airline and railroad equipment industries. Directorships: Con-way, Inc.; Dollar Thrifty Automotive Group, Inc.; Kraft Foods, Inc.; Waste Management, Inc.

Michael T. Riordan (1,3,4)

57, Former Chairman, President and CEO, Paragon Trade Brands, Inc. Director since 1999. Background: Paper industry. Directorships: Potlatch, Inc.

Lionel H. Schipper, C.M. (1,3,4)*

75, President, Schipper Enterprises Inc., and Chairman, Fallbrook Holdings Ltd. Director since 2001. Background: Law. Directorships: Clairvest Group Inc.; Four Seasons Hotels Inc.

Oliver R. Sockwell (2)

64, Retired President and CEO, Construction Loan Insurance Corporation (Connie Lee) and subsidiary, Connie Lee Insurance Company. Director since 1997. Background: Financial services, insurance, education, government. Directorships: Liz Claiborne, Inc.; Wilmington Trust Corporation.

Bide L. Thomas (1)*

72, Retired President, Commonwealth Edison Company. Director since 1987. Background: Production and sale of electric energy.

Norman H. Wesley (2,3)*

58, Chairman and former CEO, Fortune Brands, Inc. Director since 2001. Background: Consumer products. Directorships: Acco Brands; Fortune Brands, Inc.; Pactiv Corporation.

(1) Audit Committee

(2) Corporate Responsibility & Governance Committee

(3) Human Resources Committee

(4) Director service includes services as a director of Moore Wallace Incorporated, Moore Corporation Limited and Wallace Computer Services, Inc.

*Not standing for re-election

CORPORATE INFORMATION

Corporate Headquarters

RR Donnelley
111 South Wacker Drive
Chicago, Illinois 60606-4301
312.326.8000
www.rrdonnelley.com

Annual Meeting of Shareholders

The 2008 meeting will be held at 9:00 a.m. Central Time on Wednesday, May 28, 2008, at the Renaissance Chicago O'Hare Suites Hotel, 8500 Bryn Mawr Avenue, Chicago, Illinois 60631.

Stock Exchange Listings

New York Stock Exchange, Chicago Stock Exchange. Symbol: RRD

Investor Relations

Shareholders, securities analysts, portfolio managers and representatives of financial institutions seeking information about the company should contact Investor Relations at the company's address, by calling 800.742.4455 or emailing investor.info@rrd.com.

Ordering Additional Annual Reports

RR Donnelley's 2007 Annual Report may be obtained without charge by completing and submitting the form at our website, by writing to Investor Relations at the company's address or by calling 312.326.8018 during business hours.

Forms 10-K & 10-Q

A copy of our Annual Report on Form 10-K for fiscal 2007 is included with this document and available at our website. Additional copies of our Annual Report on Form 10-K or interim financial reports filed with the SEC may be obtained by contacting our Investor Relations Department at 800.742.4455.

Production Notes

Form 10-K printed and bound by RR Donnelley's Hillside plant.

Cover and narrative printed by RR Donnelley's Bruce plant. The 4-page cover and 10-page narrative printed using 4-color process inks, overall gloss UV coating and a strike-through spot dull varnish. Both cover and narrative were printed on a 40", 8-color Heidelberg Speedmaster CD 102 with in-line UV coating. All paper stocks used in this Annual Report are FSC certified.

Image on page 1 photographed in RR Donnelley's Anna Nagar facility in Chennai, India.

Image on page 2 photographed in RR Donnelley's Shenzhen, China facility.

The time zones represented on pages 1, 2, 3, 4 and 5 are as of March 21, 2008.

Corporate Social Responsibility

RR Donnelley recognizes that businesses impact customers, employees, shareholders, communities, and the environment. We work to go beyond legal obligations as we take steps to further improve the quality of life for employees and their families as well as for the local communities in which we live and work.

Please visit the RR Donnelley Corporate Social Responsibility report at www.rrdonnelley.com to learn about our company's efforts relating to:

- Diversity and Inclusion
- Environmental, Health and Safety
- Ethics and Compliance
- External Affairs/Community Relations
- Wellness Programs

Stock Transfer Agent and Registrar

Computershare Trust Company, N.A.
P.O. Box 43069
Providence RI 02940-3069
Telephone:

Inside the United States:

800.446.2617

Outside the United States:

781.575.2723

TDD/TTY for hearing impaired:

800.952.9245. Operators are available 9:00 a.m. to 5:00 p.m., Eastern Standard Time, Monday-Friday. An interactive automated system is available around the clock every day. Internet: www.computershare.com

Reinvestment and Direct Deposit of Dividends

RR 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, RR 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.

Information Contacts

Computershare Trust Company N.A. Automated Telephone Response Center may be reached 24 hours a day at 800.446.2617. Operators are available from 9:00 a.m. to 5:00 p.m., Eastern Standard Time, Monday-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 here should be sent in writing, with reference to the company, to the address noted above for the Stock Transfer Agent and Registrar.

Safe Harbor Statement

This document includes forward-looking statements. We have based these forward-looking statements on our current expectations and projections about future results. When we use words such as "anticipates," "believes," "expects," "estimates," "intends," "plans" and similar expressions, we do so to identify forward-looking statements. Our actual results may differ materially from those anticipated in these forward-looking statements, which involve assumptions, risks and uncertainties.

As of December 31, 2007, the Company had approximately 65,000 employees.

As of February 15, 2008, there were approximately 9,568 stockholders of record of our common stock.

GLOBAL PRODUCTS AND SERVICES

books
business communication services
business process outsourcing
catalogs
commercial print
direct mail
directories
distribution, logistics and print fulfillment & kitting
document outsourcing & management
e-business solutions
financial printing and communications
forms, labels and office products
magazines
premedia technologies
product usage documentation and in-box materials
retail inserts
RFID and barcoding
supply chain management solutions

RR DONNELLEY

Corporate Headquarters
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Chicago, Illinois 60606-4301
U.S.A.

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www.rrdonnelley.com

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The Forest Stewardship Council (FSC) is an international non-profit organization that has developed principles that define and promote responsible management of the world's forests. RR Donnelley supports responsible forest management with more than 120 FSC certified facilities worldwide.