RR DONNELLEY & SONS CO

FORM 10-K
(Annual Report)

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SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D. C. 20549

FORM 10-K

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 1993

OR

[_] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

COMMISSION FILE NUMBER 1-4694

R. R. DONNELLEY & SONS COMPANY

(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

DELAWARE (STATE OR OTHER JURISDICTION OF INCORPORATION OR ORGANIZATION)	36-1004130 (I.R.S. EMPLOYER IDENTIFICATION NO.)
77 WEST WACKER DRIVE, CHICAGO, ILLINOIS (ADDRESS OF PRINCIPAL EXECUTIVE OFFICES)	60601 (ZIP CODE)

REGISTRANT'S TELEPHONE NUMBER--(312) 326-8000

SECURITIES REGISTERED PURSUANT TO SECTION 12(B) OF THE ACT:

TITLE OF EACH CLASS	NAME OF EACH EXCHANGE ON WHICH REGISTERED
COMMON (PAR VALUE $1.25)	NEW YORK, CHICAGO AND PACIFIC STOCK EXCHANGES
PREFERRED STOCK PURCHASE RIGHTS	NEW YORK, CHICAGO AND PACIFIC STOCK EXCHANGES

INDICATE BY CHECK MARK WHETHER THE REGISTRANT (1) HAS FILED ALL REPORTS REQUIRED TO BE FILED BY SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934 DURING THE PRECEDING 12 MONTHS (OR FOR SUCH SHORTER PERIOD THAT THE REGISTRANT WAS REQUIRED TO FILE SUCH REPORTS), AND (2) HAS BEEN SUBJECT TO THE FILING REQUIREMENTS FOR THE PAST 90 DAYS.
YES X NO

INDICATE BY CHECK MARK IF DISCLOSURE OF DELINQUENT FILERS PURSUANT TO ITEM 405 OF REGULATION S-K IS NOT CONTAINED HEREIN, AND WILL NOT BE CONTAINED, TO THE BEST OF REGISTRANT'S KNOWLEDGE, IN DEFINITIVE PROXY OR INFORMATION STATE- MENTS INCORPORATED BY REFERENCE IN PART III OF THIS FORM 10-K OR ANY AMENDMENT TO THIS FORM 10-K. [X]

AS OF MARCH 1, 1994, 154,221,434 SHARES OF COMMON STOCK WERE OUTSTANDING, AND THE AGGREGATE MARKET VALUE OF THE SHARES OF COMMON STOCK (BASED ON THE CLOSING PRICE OF THESE SHARES ON THE NEW YORK STOCK EXCHANGE--COMPOSITE TRANSACTIONS ON MARCH 1, 1994) HELD BY NONAFFILIATES WAS APPROXIMATELY $4,490,393,042.

DOCUMENTS INCORPORATED BY REFERENCE

PORTIONS OF THE REGISTRANT'S DEFINITIVE PROXY STATEMENT DATED FEBRUARY 17, 1994 ARE INCORPORATED BY REFERENCE INTO PART III OF THIS FORM 10-K.

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PART I

ITEM 1. BUSINESS

R. R. Donnelley & Sons Company (the company), incorporated in the state of Delaware in 1956 as the successor to a business founded in 1864, is a major participant in the information industry, providing a broad range of services in print and digital media. The company believes it is the largest supplier of commercial print and print-related services in the United States. It is a major supplier in the United Kingdom and also provides services in Mexico, other locations in Europe and in Asia. Services provided to customers include presswork and binding, including on-demand customized publications; conventional and digital pre-press operations, including desktop publishing and filmless color imaging, necessary to create a printed image; software replication, translation and localization; list, list enhancement, database management and mail production services (provided primarily through Metromail); design and related creative services (provided through Mobium); cartographic services; electronic communication networks for simultaneous worldwide product releases; digital services to publishers; and, through R. R. Donnelley Logistic Services, the planning for and fulfillment of truck, rail, mail and air distribution for products of the company and its customers, as well as third parties. The company's pre-press, presswork and binding operations have accounted for over 90% of the company's revenues for each of the last five years. In 1990, the company acquired the Meredith/Burda companies, thereby enhancing the company's service capabilities by adding four printing plants.

The company provides these services to more than 4,000 customers, including publishers of consumer and trade magazines, books and telephone and other directories; direct mail (catalog) and in-store merchandisers; software publishers and computer hardware manufacturers; and financial institutions and other firms requiring substantial amounts of printing and other related information services. Due to the range of services it provides, the company believes it is uniquely positioned to meet the information and communication needs of its customers.

The relative contribution of each of the company's major product areas to its total sales for the five-year period ended December 31, 1993, is presented in the table below. In 1993, international printing operations represented less than 9% of consolidated results and assets.

	1993	1992	1991	1990	1989
REVENUE BY PRODUCT TYPE					
Catalogs, Inserts and Specialty Products	32%	35%	39%	37%	33%
Magazines	18	17	17	18	20
Directories	14	16	16	17	18
Books	13	11	11	11	13
Computer Documentation Services	12	10	8	7	6
Financial	6	5	4	4	4
Other	5	6	5	6	6

Most of the company's sales are made pursuant to term contracts with customers, with the remainder being made on a single-order basis. For some customers, the company prints and provides related services for several different publications under different contracts. The company's contracts with its larger customers normally run for a period of years (usually three to five years but longer in the case of contracts requiring significant capital investment) or for an indefinite period subject to termination on specified notice by either party. Such sales contracts generally provide for timely price adjustments to reflect price changes for materials, wages and utilities. No single customer has a relationship with the company that accounted for 3% or more of the company's sales in 1993. The company's dependence for sales from its ten largest customers has declined in the past eleven years to approximately 22% of sales in 1993, down from 35% of sales in 1983.

The various phases of the information industry in which the company is involved are highly competitive. While the company has contracts with its customers as indicated above, there are numerous competing companies and renewal of such contracts is dependent, in part, on the ability of the company to continue to differentiate itself from the competition. Differentiation results, in part, from the company's broad range of value-added services, which include Selectronic(R) imaging and gathering; list maintenance, database management and targeted mail programs; expansive mailing and distribution services; in-plant reception from customer desktop publishing systems; fulfillment and returned books inventory management; replication of magnetic media products; electronic data management and distribution; and design. Although the company believes it is the largest commercial printer in the United States, it estimates that its revenues represent approximately 7% of the total sales in the industry. Although the company's plants are well located for the national or regional distribution of its products, competitors in some areas of the United States have a competitive advantage in some instances due to such factors as freight rates, wage scales and customer preference for local services. In addition to location, other important competitive factors are price and quality as well as the range of available services.

An excess of supply versus demand exists for most grades of paper. The list price of paper remains stable, although discounting is prevalent for certain grades of paper. Existing paper supply contracts (at prevailing market prices) will cover the company's requirements through 1994, and management believes that extensions and renewals of these purchase contracts will provide adequate paper supplies in the future. Ink and ink materials are currently available in sufficient amounts, and the company believes that it will have adequate supplies in the future.

The company estimates that its capital expenditures in 1994 and 1995 to comply with federal, state and local provisions for environmental controls, as well as expenditures, if any, for the company's share of costs to clean hazardous waste sites that have received waste from the company, will not be material and will not have a material effect upon its earnings or its competitive position.

The company employed an average of approximately 32,100 persons in 1993 (34,000 persons at December 31, 1993), of whom more than 11,000 had been with the company for more than 10 years and over 2,700 for 25 years or longer.

ITEM 2. PROPERTIES

R. R. Donnelley & Sons Company's corporate office is located in leased facilities in Chicago, Illinois. Production facilities leased by the company are listed in the chart beginning on page 6. Printing and other plants that are owned and operated by the company (or through wholly owned subsidiaries) are listed below and continuing on the next page.

OWNED LOCATION(S)	DATE OF ACQUISITION OR OPERATIONS BEGAN	DATE OF LATEST ADDITION	SQUARE FEET	PRINCIPAL PRODUCTS OR SERVICES
Chicago, IL	1912	1974	1,190,000	Magazines, Financial
Crawfordsville, IN	1923	1992	1,838,000	Books, Computer Documentation Services
Willard, OH	1956	1987	912,000	Books, Directories, Computer Documentation Services

OWNED LOCATION(S)	DATE OF ACQUISITION OR OPERATIONS BEGAN	DATE OF LATEST ADDITION	SQUARE FEET	PRINCIPAL PRODUCTS OR SERVICES
Warsaw, IN	1959	1987	881,000	Catalogs, Inserts
Old Saybrook, CT	1959	1986	292,000	Magazines, Catalogs
Lancaster, PA	1959	1987	1,437,000	Directories, Catalogs, Inserts, Magazines, Financial
Mattoon, IL	1968	1989	668,000	Magazines, Catalogs, Inserts
Dwight, IL	1968	1987	434,000	Directories, Catalogs, Inserts, Magazines
Glasgow, KY	1970	1987	461,000	Magazines, Catalogs, Inserts
Gallatin, TN	1975	1987	528,000	Catalogs, Inserts, Magazines
York, England	1978	1985	291,000	Directories, Magazines, Catalogs
Los Angeles, CA	1978	1986	252,000	Magazines, Catalogs, Inserts, Financial
Harrisonburg, VA	1980	1993	613,000	Books
Spartanburg, SC	1980	1989	545,000	Catalogs, Inserts, Magazines
Gateshead, England	1983	1989	189,000	Directories
Danville, KY	1985	1992	361,000	Magazines, Catalogs, Inserts
Portland, OR	1986	1989	247,000	Directories, Computer Documentation Services
Greeley, CO	1986	--	165,000	Directories
Reno, NV	1987	--	393,000	Catalogs, Inserts
Pittsburgh, PA	1987	--	70,000	Financial
Lincoln, NE	1987	1988	233,000	Mail Production, Data Center
Rutland, VT	1987	1987	113,000	Mail Production
Mt. Pleasant, IA	1987	--	211,000	Mail Production
Seward, NE	1987	--	161,000	Mail Production
Thorp Arch, England	1989	--	146,000	Computer Documentation Services
South Daytona, FL	1990	1993	237,000	Magazines, Catalogs, Inserts
Des Moines, IA	1990	--	627,000	Magazines, Catalogs, Inserts
Lynchburg, VA	1990	--	412,000	Catalogs, Inserts
Newton, NC	1990	--	455,000	Catalogs, Inserts, Magazines
Casa Grande, AZ	1990	--	316,000	Catalogs, Inserts
Reynosa, Mexico	1990	--	260,000	Books
Singapore	1990	1993	160,000	Computer Documentation Services
Houston, TX	1991	--	41,000	Financial
San Juan del Rio, Mexico	1992	1993	80,000	Catalogs
Provo, UT	1992	--	126,000	Computer Documentation Services
Mendota, IL	1992	--	110,000	Magazines
Seymour, IN	1992	--	45,000	Specialty Products
Allentown, PA	1993	--	23,000	Books
Bloomsburg, PA	1993	--	105,000	Books
Pontiac, IL	1993	--	240,000	Magazines
Scranton, PA	1993	--	399,000	Books
Senatobia, MS	1993	--	140,000	Magazines
Newbern, TN	1993	--	33,000	Books

LEASED LOCATIONS	SQUARE FEET
R. R. DONNELLEY & SONS COMPANY	
Columbus, OH	15,000
Crawfordsville, IN	48,000
Elgin, IL	65,000
Fremont, CA	183,000
Glasgow, KY	25,000
Hudson, MA	141,000
Lancaster, PA	41,000
Los Angeles, CA	45,000
New York, NY	92,000
Newark, CA	52,000
Orem, UT	33,000
Raleigh, NC	58,000
Wheeling, IL	65,000
Willowbrook, IL	55,000
R. R. DONNELLEY NEDERLAND, B.V.	
Apeldoorn, The Netherlands	60,000
Amsterdam, The Netherlands	15,000
R. R. DONNELLEY NORWEST INC.	
Beaverton, OR	50,000
Seattle, WA	89,000
Tigard, OR	140,000
Preston, WA	70,000
LABORATORIO LITO COLOR, S.A. DE C.V.	
Mexico City, Mexico	15,000
R. R. DONNELLEY PRINTING COMPANY	
Lynchburg, VA	22,000
METROMAIL CORPORATION	
Lincoln, NE	28,000
Lombard, IL	100,000
St. Louis, MO	13,000
R. R. DONNELLEY (U.K.) LIMITED	
London, England	20,000
Cumbernauld, Scotland	53,000
MOBIUM CORPORATION FOR DESIGN AND COMMUNICATION	
Chicago, IL	10,000
IRISH PRINTERS HOLDINGS	
Dublin, Ireland	104,000
Kildare, Ireland	63,000
DONNELLEY CARIBBEAN GRAPHICS, INC.	
Bridgetown, Barbados	29,000

The company has historically followed the practice of adding capacity to meet customer requirements, and has retained a substantial portion of its earnings for reinvestment in plant and equipment for this purpose. Management believes that growth in 1994 will be financed in large part by internally-generated funds. The amount of capital expenditures in future years will depend upon the requirements of the company's existing and future customers.

ITEM 3. LEGAL PROCEEDINGS

On July 13, 1990, the Federal Trade Commission ("FTC") filed a complaint in the U.S. District Court for the District of Columbia ("District Court") seeking a preliminary injunction enjoining the company from consummating its acquisition of the Meredith/Burda companies. The complaint alleged that consummation of the acquisition might substantially lessen competition in certain alleged rotogravure printing markets. The District Court denied the motion of the FTC for an injunction as well as a further motion for injunction pending appeal. The acquisition was closed on September 4, 1990.

On October 11, 1990, the FTC Staff initiated its administrative action challenging the acquisition of the Meredith/Burda companies. The complaint alleged the same issues as did the complaint before the District Court. Trial before an administrative law judge ("ALJ") of the FTC concluded in June, 1993. On December 30, 1993, the FTC's ALJ issued his initial decision upholding the position of the FTC Staff. The ALJ found that the acquisition by the company of the Meredith/Burda companies created a "dominant firm" and significantly increased concentration in a "high-volume publication rotogravure market," thus increasing the likelihood of anti-competitive conduct and actual or tacit collusion among the firms participating in that market. The ALJ ordered the divestiture of the Meredith/Burda companies and prohibited the acquisition by the company of any other firms participating in the U.S. "rotogravure market" without FTC approval for a period of ten years.

The company has filed its appeal of the ALJ's decision, asking the FTC Commissioners to dismiss the FTC complaint. The appeal has the effect of staying the ALJ's order. If the appeal by the company is not granted, the company intends to file a further appeal to a U.S. Court of Appeals.

The company continues to believe that the acquisition of the Meredith/Burda companies was legally proper and will ultimately be upheld.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matters were submitted to a vote of security holders during the quarter ended December 31, 1993.

EXECUTIVE OFFICERS OF R. R. DONNELLEY & SONS COMPANY

NAME, AGE AND POSITIONS WITH THE COMPANY	OFFICER SINCE	BUSINESS EXPERIENCE DURING PAST FIVE YEARS(1)
J. R. Walter 47, Director, Chairman of the Board and Chief Executive Officer(2)	1985	Management responsibilities as Chairman of the Board and Chief Executive Officer. Prior management responsibilities as Chief Executive Officer and President.
J. R. Donnelley 58, Director, Vice Chairman of the Board	1983	Management responsibilities as Vice Chairman of the Board. Prior management responsibility for Corporate Development.
R. J. Cowan 41, Executive Vice President, and Director, Information Resources Sector(2)	1988	Management responsibilities for Information Services, Technology, Database Technology Services, Information Systems and Metromail. Prior management responsibilities for Book, Financial Services, Global Software Services, Information Services and Technology; prior sales and manufacturing responsibility for Global Software Services.

NAME, AGE AND POSITIONS WITH THE COMPANY	OFFICER SINCE	BUSINESS EXPERIENCE DURING PAST FIVE YEARS(1)
F. R. Jarc 51, Executive Vice President and Chief Financial Officer(2)	1987	Management responsibilities for treasury, controller, corporate development, internal audit and taxes.
W. E. Tyler 41, Sector President, Networked Services Sector(2)	1989	Management responsibilities for Financial Services, Global Software Services, Book Publishing Services and Europe. Prior sales and manufacturing responsibility for Global Software Services; prior management responsibility for Technology.
J. P. Ward 39, Sector President, Commercial Print Sector(2)	1991	Management responsibilities for Telecommunications, Merchandise Media and Magazine Publishing Services. Prior sales and manufacturing responsibility for Merchandise Media; prior sales and manufacturing responsibility for Financial Services.
J. D. Butler 56, President, Book Publishing Services	1991	Sales and manufacturing responsibility for Book Publishing Services. Prior sales and marketing responsibilities in Book Publishing Services.
E. P. Duffy 52, President, Telecommunications(1)	1990	Sales and manufacturing responsibility for Telecommunications. Prior sales and manufacturing responsibility for Merchandise Media; prior experience as Senior Vice President, Marketing, of the Meredith/Burda companies which were acquired by the company in 1990.
B. L. Faber 46, President, Information Services(2)	1989	Sales and manufacturing responsibility for Information Services. Prior management responsibility for Corporate Development.
E. E. Lane 42, President, Magazine Publishing Services	1991	Sales responsibility for Magazine Publishing Services and sales and manufacturing responsibility for Europe. Prior sales and manufacturing responsibility for Magazine Publishing Services.
T. M. Leahy 38, President, Global Software Services	1994	Sales and manufacturing responsibility for Global Software Services. Prior manufacturing responsibility for Global Software Services; prior sales experience in Global Software Services.
R. S. MacQueen 41, President, Financial Services	1993	Sales and manufacturing responsibility for Financial Services. Prior responsibilities in Financial Services.
J. D. McQuaid 56, Chairman of the Board, President and Chief Executive Officer, Metromail Corporation	1991	Management responsibilities as Chairman of the Board, President and Chief Executive Officer of Metromail Corporation, a wholly owned subsidiary.
R. J. Weir 38, President, Technology	1990	Management responsibility for Technology, Database Technology Services and Information Systems. Prior responsibilities in Technology.

NAME, AGE AND POSITIONS WITH THE COMPANY	OFFICER SINCE	BUSINESS EXPERIENCE DURING PAST FIVE YEARS(1)
S. J. Baumgartner 42, Senior Vice President, Human Resources, Compensation and Benefits(1)(2)	1993	Management responsibilities for Human Resources, Compensation and Benefits. Prior experience as a co-owner and member of board of directors of FRC Management Inc., and as a Senior Vice President, Human Resources and Public Affairs at Rhone-Poulenc Rorer/Rorer Group, Inc.
J. S. Oberhill 52, Senior Vice President, Corporate Manufacturing Services(2)	1988	Management responsibilities for Purchasing, Donnelley Logistic Services and certain manufacturing operations. Prior management responsibilities for Europe and Chairman of the Board of R. R. Donnelley Limited; prior sales and manufacturing responsibility for Telecommunications; prior sales and manufacturing responsibility for Magazine.
F. J. Uvena 60, Senior Vice President, Law and Corporate Staffs	1975	Management responsibilities for legal services, corporate relations, environmental functions and corporate real estate. Prior responsibility as General Counsel.

(1) Each officer named has carried on his principal occupation and employment in R. R. Donnelley & Sons Company for more than five years with the exception of S. J. Baumgartner and E. P. Duffy as noted in the above table.

(2) Member of the company's management committee.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

The common stock is listed and traded on the New York Stock Exchange, Chicago Stock Exchange and Pacific Stock Exchange and is accorded unlisted trading privileges on the Boston and Cincinnati Stock Exchanges.

As of March 1, 1994 there were approximately 10,400 stockholders of record. Information about the quarterly prices of the common stock, as reported on the New York Stock Exchange-Composite Transactions, and dividends paid during the two years ended December 31, 1993, is contained in the chart below:

	DIVIDENDS PAID		COMMON STOCK PRICES			
			1993		1992	
	1993	1992	HIGH	LOW	HIGH	LOW
First Quarter	$0.130	$0.125	$32 3/4	$27 1/8	$26 1/8	$23 7/8
Second Quarter	0.130	0.125	31 3/4	26 1/8	29	23 3/4
Third Quarter	0.140	0.130	31 3/8	27 3/4	30 1/2	27 1/16
Fourth Quarter	0.140	0.130	31 1/8	27 3/8	33 3/4	28 7/8
Full Year	0.540	0.510	32 3/4	26 1/8	33 3/4	23 3/4

1992 reflects the 2 for 1 stock split effective September 1, 1992.

ITEM 6. SELECTED FINANCIAL DATA

SELECTED FINANCIAL DATA
(NOT COVERED BY AUDITORS' REPORT)

(THOUSANDS OF DOLLARS, EXCEPT SHARE DATA)

	YEAR ENDING DECEMBER 31,				
	1993	1992	1991	1990	1989
INCOME STATEMENT DATA:					
Net sales	$4,387,761	$4,193,072	$3,914,828	$3,497,943	$3,122,331
Earnings from operations*	325,607	405,501	363,128	361,836	332,701
Net income from operations before cumulative effect of accounting changes	178,920	234,659	204,919	225,846	221,857
Net income**	109,420	234,659	204,919	225,846	221,857
PER COMMON SHARE***					
Net income from operations before cumulative effect of accounting changes	1.16	1.51	1.32	1.45	1.43
Net income**	0.71	1.51	1.32	1.45	1.43
Dividends	0.54	0.51	0.50	0.48	0.44

	DECEMBER 31,				
	1993	1992	1991	1990	1989
BALANCE SHEET DATA:					
Total assets	$3,654,026	$3,410,247	$3,206,826	$3,147,486	$2,311,981
Noncurrent liabilities	1,124,594	949,537	940,544	1,064,333	454,189

* 1993 earnings from operations includes the one-time adjustment for a restructuring charge ($90 million). ** 1993 net income and net income per share include one-time adjustments for the restructuring charge ($60.8 million or $0.39 per share); the net cumulative effect of accounting changes ($69.5 million or $0.45 per share); and the deferred income tax charge related to the federal income tax rate increase ($6.2 million or $0.04 per share). *** Reflects the 2 for 1 stock split effective September 1, 1992.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS

COMPARISON OF 1993 WITH 1992

Net sales grew at a rate of 4.6% (first half growth was 0.5%; second half growth was 8.2%). The year-to-year growth was due to an increased volume of services provided to customers, including volume added through the company's global expansion into new areas. Strong demand for global software services, financial printing services and services for book publishers and volume increases associated with recent acquisitions in new product areas, including specialty products and special interest magazines, were partially offset by the negative effects of a stronger dollar (lower translation of foreign revenues, particularly those of the company's U.K. operations) and lower catalog volume primarily associated with the decision by Sears, Roebuck & Co., a customer, to discontinue its catalog operations.

Gross profit grew at a greater rate than net sales, 6.3%, reflecting better coverage of fixed costs through higher volume, a more favorable mix of sales and a favorable LIFO inventory credit. Earnings from operations included a $90 million restructuring charge recorded during the first quarter (an after-tax charge of $0.39 per share) related primarily to the closing of the company's Chicago manufacturing facility following the decision by Sears to discontinue its catalog operations. Excluding this charge, earnings from operations would have been $415.6 million, a 2.5% increase over the prior year, reflecting the gross profit improvement

partially offset by higher selling and administrative expenses (10.1% increase) resulting primarily from the additional costs associated with newly acquired and start-up operations and the expansion of the company's global sales presence.

The $4.6 million increase in total other expense-net resulted from higher interest expense (higher outstanding debt balances due to recent acquisitions, investments in joint ventures and additional VEBA funding for employee benefits) and increased expenses associated with life insurance programs, which were partially offset by improved earnings on investments.

The 1993 provision for income taxes included the one-time effect of the new, higher federal statutory income tax rate on deferred taxes, which reduced net income $6.2 million (equivalent to $0.04 per share); excluding this one-time charge, the 1993 effective tax rate of 33.1% would have been lower than the 1992 rate of 35.0%, reflecting the benefits associated with life insurance programs and credits associated with affordable housing investments, partially offset by the impact of the higher federal statutory income tax rate on current year earnings ($2.8 million). Net income from operations before cumulative effects of accounting changes reflected the restructuring charge and increased selling and administrative expenses partially offset by the favorable factors discussed above with respect to gross profit. Excluding the restructuring charge and deferred income tax charge, net income from operations before cumulative effects of accounting changes would have been $245.9 million (equivalent to $1.59 per common share).

During the first quarter of 1993, the company adopted two new accounting standards for postretirement benefits and income taxes. The one-time charge for postretirement benefits, net of associated tax benefits of $80.1 million, was $127.7 million (equivalent to $0.82 per share). Ongoing annual expense increases resulting from this new accounting requirement have been mitigated through an investment program to partially prefund the related postretirement liabilities. Nevertheless, in 1993, the new accounting standard for postretirement benefits resulted in additional expenses which reduced operating income by $0.05 per share. The new accounting standard for income taxes resulted in a one-time credit of $58.2 million (equivalent to $0.37 per share). As discussed above, the new income tax standard also required the company to increase its 1993 income tax provision by $6.2 million. This new standard will not have an ongoing material effect as long as statutory income tax rates remain at current levels.

COMPARISON OF 1992 WITH 1991

The growth in net sales (7.1% higher than 1991) is represented by an increased volume of services provided to customers, including volume added through the company's global expansion into new markets. A large portion of this increase was due to the introduction of new products by documentation services customers and the strong demand for financial printing services resulting from favorable capital market conditions in 1992.

Gross profit grew at a greater rate than net sales, 12.5%, reflecting several factors: higher volume, a more favorable mix of sales, improved productivity and cost control, lower start-up costs and a LIFO inventory credit. Higher depreciation expense, increased reserve provisions and expenses related to the companywide stock purchase plan and incentive compensation plans partially offset the favorable factors. Selling and administrative expenses increased 13.4% over 1991 as a result of higher volume-related commission expenses, a higher provision for doubtful accounts receivable, the increased costs of expanding the company's global sales presence and expenses related to the companywide stock purchase plan and incentive compensation plans. Earnings from operations also grew at a rate greater than net sales, 11.7%, reflecting the gross profit improvement partially offset by the higher selling and administrative expenses.

The $1.5 million increase in total other expense-net resulted from lower interest expense (lower interest rates and outstanding debt balances) which was more than offset by start-up expenses associated with recent international and domestic joint venture investments. The effective tax rate of 35.0% in 1992 was lower than the 36.0% in 1991 reflecting the benefits associated with a life insurance program. Net income for the full year increased 14.5%, as a consequence of the net favorable factors discussed above.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION

The Consolidated Balance Sheet presents the company's financial position at the end of each of the last two years. The statement lists the company's assets and liabilities, and the equity of its shareholders. Major changes in the company's financial position are summarized in the Consolidated Statement of Cash Flows which appears on page F-4. The Cash Flows Statement summarizes the changes in the Company's cash and equivalents balance for each of the last three years and helps to show the relationship between operations (presented in the Consolidated Statement of Income) and liquidity and financial resources (presented in the Consolidated Balance Sheet).

With the growth in cash flow and the credit facilities and shelf registration discussed below, management believes the company has the financial flexibility to fund current operations and growth. In 1993, net income from operations before cumulative effect of accounting changes plus depreciation and amortization represented $453.7 million of the net cash provided by operating activities. Excluding the restructuring charge and the charge related to the impact of higher income tax rates on deferred income tax balances, net income from operations before cumulative effect of accounting changes plus depreciation and amortization would have been $520.7 million, compared to $492.8 million in 1992. Cash flow from operations was used primarily to fund capital investments and pay dividends.

The company's working capital continued to be adequate for the operation and expansion of the business. Working capital--particularly cash, accounts receivable and inventories--is closely controlled and continually monitored. Emphasis continues on overall balance sheet management. Working capital increased by $14.6 million from December 31, 1992, due to working capital balances of newly acquired businesses, the additional funding of the Voluntary Employee's Beneficiary Associations, increase in inventory resulting from the reduced LIFO reserve, as well as increased inventory quantities to support revenue growth and the reclassification of short-term debt (which reflects management's estimate of near-term repayments). Other noncurrent liabilities and deferred income tax balances at December 31, 1993 reflect the impacts of the adoption of new accounting standards for postretirement benefits and income taxes. A valuation allowance has not been provided on deferred tax asset balances due to the company's projection of future taxable income (supported by existing long-term customer contracts that are expected to provide future revenues and earnings) in excess of such tax assets.

In 1993, capital expenditures totaled $307 million ($228 million in 1992) and an additional $178 million ($84 million in 1992) was invested in various acquisitions and joint ventures. This capital investment reflects the company's continued program to expand and upgrade operations, including new equipment and operations to meet the growing needs of present and new customers. The expenditures were financed by internally generated funds and the issuance of debt. Management currently estimates capital investment in 1994 will be approximately $375 million, and, once again, capital investment will be substantially financed through operating cash flows. Other expenditures in 1994 are expected to be in line with the growth in sales, earnings and cash flows.

At December 31, 1993, the company had revolving credit facilities totaling $550 million with a number of banks (see the Notes to Consolidated Financial Statements). These credit facilities provide support for the issuance of commercial paper and other credit needs. Under an effective shelf registration, in January, 1993, the company issued $110 million of 7.0% (7.2% effective rate after consideration of placement costs and discounts) notes due January, 2003. As of December 31, 1993, the company had effective shelf registration statements permitting it to issue, from time to time, up to $500 million in additional debt securities.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The financial information required by Item 8 is contained in Item 14 of Part IV and listed on page F-1.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

Information concerning the directors and officers of the company is contained on pages 2-5 and 8 of the company's definitive Proxy Statement dated February 17, 1994 and is incorporated herein by reference. See also the list of the company's executive officers and related information under "Executive Officers of R. R. Donnelley & Sons Company" at the end of Part I of this Report.

ITEM 11. EXECUTIVE COMPENSATION

Information concerning executive compensation for the year ended December 31, 1993, and, with respect to certain of such information, prior years, is contained on pages 8-14 of the company's definitive Proxy Statement dated February 17, 1994 and is incorporated herein by reference (excluding the information on page 14 under the caption, "Compensation Committee Report on Executive Compensation").

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Information concerning the beneficial ownership of the company's common stock is contained on pages 5-8 of the company's definitive Proxy Statement dated February 17, 1994 and is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Information concerning certain relationships and related transactions for the year ended December 31, 1993, is contained on pages 5 and 14 of the company's definitive Proxy Statement dated February 17, 1994 and is incorporated herein by reference (excluding the information on page 14 under the caption, "Compensation Committee Report on Executive Compensation").

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K

(a)1. Financial Statements The financial statements listed in the accompanying index (page F-1) to the financial statements are filed as part of this annual report.
2. Financial Statement Schedules The financial statement schedules listed in the accompanying index (page F-1) to the financial statements are filed as part of this annual report.
3. Exhibits The exhibits listed on the accompanying index to exhibits (pages E-1 through E-2) are filed as part of this annual report.
(b)Reports on Form 8-K None
(c)Exhibits The exhibits listed on the accompanying index (Pages E-1 through E-2) are filed as part of this annual report.
(d)Financial Statements omitted-- Separate financial statements of the parent company have been omitted since it is primarily an operating company and the minority interest and indebtedness to persons other than the parent of the subsidiaries included in the consolidated financial statements are less than 5% of total consolidated assets. Certain schedules have been omitted because the required information is included in the consolidated financial statements or notes thereto or because they are not applicable or not required.

SIGNATURES

PURSUANT TO THE REQUIREMENTS OF SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934, THE REGISTRANT HAS DULY CAUSED THIS REPORT TO BE SIGNED ON ITS BEHALF BY THE UNDERSIGNED, THEREUNTO DULY AUTHORIZED, ON THE 28TH DAY OF MARCH, 1994.

R. R. DONNELLEY & SONS COMPANY

By William L. White
_____
William L. White,
Vice President, Controller

PURSUANT TO THE REQUIREMENTS OF THE SECURITIES EXCHANGE ACT OF 1934, THIS REPORT HAS BEEN SIGNED BELOW BY THE FOLLOWING PERSONS ON BEHALF OF THE REGISTRANT AND IN THE CAPACITIES INDICATED, ON THE 28TH DAY OF MARCH, 1994.

SIGNATURE AND TITLE	SIGNATURE AND TITLE
John R. Walter --- John R. Walter Chairman of the Board, Chief Executive Officer and Director (Principal Executive Officer)	Robert A. Hanson --- Robert A. Hanson Director Thomas S. Johnson --- Thomas S. Johnson Director
Frank R. Jarc --- Frank R. Jarc Executive Vice President and Chief Financial Officer (Principal Financial Officer)	Richard M. Morrow --- Richard M. Morrow Director
William L. White --- William L. White Vice President, Controller (Principal Accounting Officer)	John M. Richman --- John M. Richman Director
Martha Layne Collins --- Martha Layne Collins Director	William D. Sanders --- William D. Sanders Director
James R. Donnelley --- James R. Donnelley Director	Jerre L. Stead --- Jerre L. Stead Director
Charles C. Haffner III --- Charles C. Haffner III Director	Bide L. Thomas --- Bide L. Thomas Director H. Blair White --- H. Blair White Director

ITEM 14(A). INDEX TO FINANCIAL STATEMENTS AND FINANCIAL STATEMENT SCHEDULES

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R.R. DONNELLEY & SONS COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF INCOME

	YEAR ENDING DECEMBER 31,		
	1993	1992	1991
	(THOUSANDS OF DOLLARS)		
Net sales	$4,387,761	$4,193,072	$3,914,828
Cost of sales	3,518,168	3,375,214	3,187,925
Gross profit	869,593	817,858	726,903
Selling and administrative expenses	453,986	412,357	363,775
Restructuring charge	90,000	--	--
Earnings from operations	325,607	405,501	363,128
Interest expense	(45,436)	(38,659)	(46,660)
Other income (expense)--net	(3,609)	(5,828)	3,718
Total other expense--net	(49,045)	(44,487)	(42,942)
Earnings before income taxes and cumulative effect of accounting changes	276,562	361,014	320,186
Income taxes	97,642	126,355	115,267
Net income from operations before cumulative effect of accounting changes	178,920	234,659	204,919
Cumulative effect of change in accounting for:			
Postretirement benefits other than pensions (net of $80.1 million in tax benefits)	(127,700)	--	--
Income taxes	58,200	--	--
Net Income	$ 109,420	$ 234,659	$ 204,919
Income (charge) per common share:			
Operations before cumulative effect of accounting changes	$ 1.16	$ 1.51	$ 1.32
Cumulative effect of change in accounting for:			
Postretirement benefits other than pensions (net of in tax benefits)	(0.82)	--	--
Income taxes	0.37	--	--
Net Income per Share of Common Stock	$ 0.71	$ 1.51	$ 1.32

See accompanying Notes to Consolidated Financial Statements.

R.R. DONNELLEY & SONS COMPANY AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

Assets

	DECEMBER 31, 1993	DECEMBER 31, 1992
	(THOUSANDS OF DOLLARS)	
Cash and equivalents	$ 10,716	$ 12,348
Receivables, less allowances for doubtful accounts of $14,795 in 1993 and $17,745 in 1992	825,207	791,869
Inventories, principally at LIFO cost	243,714	197,961
Prepaid expenses	30,277	19,419
Total Current Assets	1,109,914	1,021,597
Net property, plant and equipment, at cost, less accumulated depreciation of $1,686,779 in 1993 and $1,490,683 in 1992	1,674,476	1,532,248
Goodwill, net of accumulated amortization of $67,735 in 1993 and $53,448 in 1992	493,672	448,486
Other	375,964	407,916
Total Other Assets	869,636	856,402
Total Assets	$3,654,026	$3,410,247

Liabilities

Accounts payable	$ 333,862	$ 254,608
Accrued compensation	78,284	79,764
Short-term debt	37,428	45,001
Current and deferred income taxes	40,698	35,925
Other accrued liabilities	195,169	196,435
Total Current Liabilities	685,441	611,733
Long-term debt	673,422	522,563
Deferred income taxes	272,959	400,796
Other noncurrent liabilities	178,213	26,178
Total Noncurrent Liabilities	1,124,594	949,537
Shareholders' equity		
Common stock at stated value ($1.25 par value) Authorized shares: 500,000,000; Issued: 158,608,800 in 1993 and 1992	330,612	330,612
Retained earnings, including ($13,140) in 1993 and ($10,019) in 1992 of cumulative translation adjustments	1,629,673	1,602,401
Reacquired common stock, at cost	(116,294)	(84,036)
Total Shareholders' Equity	1,843,991	1,848,977
Total Liabilities and Shareholders' Equity	$3,654,026	$3,410,247

See accompanying Notes to Consolidated Financial Statements.

R.R. DONNELLEY & SONS COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS

	YEAR ENDING DECEMBER 31		
	1993	1992	1991
	(THOUSANDS OF DOLLARS)		
Cash flows provided by (used in) operating activities:			
Net income from operations before cumulative effect of accounting changes	$ 178,920	$ 234,659	$ 204,919
Depreciation and amortization	274,804	258,169	241,166
Net change in assets and liabilities	(4,342)	(41,530)	(30,797)
Other	3,241	743	3,490
Net Cash Provided By Operating Activities	452,623	452,041	418,778
Cash flows from (used for) investing activities:			
Capital expenditures	(306,512)	(228,002)	(286,880)
Other capital investments including acquisitions	(177,743)	(83,771)	(20,891)
Proceeds from sale/leaseback transaction	--	--	8,526
Net Cash Used For Investing Activities	(484,255)	(311,773)	(299,245)
Cash flows from (used for) financing activities:			
Net increase (decrease) in borrowings	143,286	(56,275)	(84,930)
Disposition of reacquired common stock	19,693	13,068	18,532
Acquisition of common stock	(47,513)	(28,298)	(12,365)
Cash dividends on common stock	(83,465)	(79,242)	(77,683)
Net Cash From (Used For) Financing Activities	32,001	(150,747)	(156,446)
Net effect of foreign currency transactions	(2,001)	(1,313)	1,107
Net Decrease in Cash and Equivalents	(1,632)	(11,792)	(35,806)
Cash and Equivalents at Beginning of Year	12,348	24,140	59,946
Cash and Equivalents at End of Year	$ 10,716	$ 12,348	$ 24,140

The changes in assets and liabilities, net of balances assumed through acquisitions, were as follows:

	1993	1992	1991
Decrease (Increase) in Assets:			
Receivables--net	$ 5,835	$ (87,970)	$ (3,453)
Inventories--net	(32,156)	(32,568)	(1,184)
Prepaid expenses	(8,463)	80,133	(12,426)
Other assets	31,609	(125,065)	(23,234)
Increase (Decrease) in Liabilities:			
Accounts payable	41,988	37,079	9,667
Accrued compensation	(3,146)	22,108	6,265
Current and deferred income taxes	4,773	(3,859)	1,069
Deferred income taxes	9,725	18,821	1,195
Other accrued liabilities	(1,110)	53,748	(3,231)
Other noncurrent liabilities	(53,397)	(3,957)	(5,465)
Net Change in Assets and Liabilities	$ (4,342)	$ (41,530)	$ (30,797)

See accompanying Notes to Consolidated Financial Statements.

R.R. DONNELLEY & SONS COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY
(THOUSANDS OF DOLLARS)

	COMMON STOCK		REACQUIRED COMMON STOCK			
	SHARES	AMOUNT	SHARES	AMOUNT	RETAINED EARNINGS	TOTAL
Balance at December 31, 1990	79,304,400	$231,481	(1,839,562)	$ (71,737)	$1,435,872	$1,595,616
Net income					204,919	204,919
Treasury stock purchases			(272,135)	(12,365)		(12,365)
Cash dividends					(77,683)	(77,683)
Cost of common shares issued under stock programs			482,148	17,587	945	18,532
Translation adjustments					1,367	1,367
Balance at December 31, 1991	79,304,400	231,481	(1,629,549)	(66,515)	1,565,420	1,730,386
Net income					234,659	234,659
Par value of common shares issued for stock split effective September 1, 1992	79,304,400	99,131	(1,629,549)		(99,131)	--
Treasury stock purchases			(967,370)	(28,298)		(28,298)
Cash dividends					(79,242)	(79,242)
Cost of common shares issued under stock programs			646,486	10,777	2,291	13,068
Translation adjustments					(21,596)	(21,596)
Balance at December 31, 1992	158,608,800	330,612	(3,579,982)	(84,036)	1,602,401	1,848,977
Net income before cumulative effects of accounting changes					178,920	178,920
Cumulative effect of change in accounting for:						
Other postretirement benefits, net of tax benefits					(127,700)	(127,700)
Income taxes					58,200	58,200
Treasury stock purchases			(1,601,296)	(47,513)		(47,513)
Cash dividends					(83,465)	(83,465)
Cost of common shares issued under stock programs			730,511	15,255	4,438	19,693
Translation adjustments					(3,121)	(3,121)
Balance at December 31, 1993	158,608,800	$330,612	(4,450,767)	$(116,294)	$1,629,673	$1,843,991

See accompanying Notes to Consolidated Financial Statements.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Consolidation--

The consolidated financial statements include the accounts of the company and its subsidiaries. Intercompany items and transactions are eliminated in consolidation.

Nature of Operations--

The operations of the company are in the information industry. The company produces a wide variety of print and print-related services for specific customers, virtually always under contract. Some contracts provide for progress payments from customers as certain phases of the work are completed; however, revenue is not recognized until the production process has been completed in accordance with the terms of the contracts. Some customers furnish paper for their work, while in other cases the company purchases and sells the paper. International operations represent less than 9% of consolidated results and of consolidated assets.

Cash and Equivalents--

The company considers all highly liquid debt instruments purchased with original maturities of three months or less to be cash equivalents.

Inventories--

Inventories include material, labor and factory overhead and are substantially carried at Last-In, First-Out (LIFO) cost. This method reflects the effect of inventory replacement costs in earnings; accordingly, charges to cost of sales reflect recent costs of material, labor and factory overhead.

Foreign Currency Translation--

Gains and losses arising from the translation of the company's international subsidiaries' financial statements are reflected in Retained Earnings.

Net Income Per Share of Common Stock--

Net income per share is computed on the basis of average shares outstanding during each year. No material dilution would result if effect were given to the exercise of outstanding stock options and the vesting of stock units.

Benefit Plans--

The company's Retirement Benefit Plan (the Plan) is a non-contributory defined benefit plan covering substantially all employees. Normal retirement age is 65 but provision is made for earlier retirement. As required, the company uses the projected unit credit actuarial cost method to determine pension cost for financial reporting purposes. In conjunction with this method, the company amortizes deferred gains and losses (using the corridor method), prior service costs and the transition credit (the excess of Plan assets plus balance sheet accruals over the projected obligation, as of January 1, 1987) over 19 years, representing the average remaining service life of its active employee population. For tax and funding purposes, the attained age normal actuarial cost method is used. Compared to the projected unit credit method, the attained age normal method attributes a greater proportion of the total retirement obligation to an employee's early years of service.

Capitalization, Depreciation and Amortization--

Property, plant and equipment are stated at cost. Depreciation is computed principally on the straight-line method. Maintenance and repair costs are charged to expense as incurred. Major overhauls are capitalized as reductions to accumulated depreciation. When properties are retired or disposed, the costs and related depreciation reserves are eliminated and the resulting profit or loss is recognized in income. Goodwill and other intangible assets are amortized principally over periods ranging from 10 to 40 years.

Income Taxes--

Deferred income taxes relate principally to the use of accelerated depreciation methods for tax reporting purposes, the investment in safe harbor leases, pension costs, net postretirement medical and death benefit costs and contributions to fund the Voluntary Employees' Beneficiary Associations (VEBAs).

RESTRUCTURING CHARGE

On January 25, 1993, Sears Roebuck and Co., a customer, announced its decision to discontinue catalog operations during 1993. In response to Sears' announcement, the company incurred a one-time charge of $60.8 million (net of the associated tax benefit) in the first quarter of 1993. The charge primarily covered the costs associated with closing the company's manufacturing facility in Chicago, Illinois, where the company printed the Sears catalogs. The loss of this work will have no ongoing material effect on operating results.

INVENTORIES

The components of the company's inventories as of December 31, 1993 and 1992, were as follows:

	1993	1992
	(THOUSANDS OF DOLLARS)	
Raw materials	$142,739	$141,294
Work in process	154,477	158,178
Operating supplies	32,192	25,350
Progress billings	(40,299)	(53,479)
LIFO reserve	(45,395)	(73,382)
Total	$243,714	$197,961

VOLUNTARY EMPLOYEES' BENEFICIARY ASSOCIATIONS

The company maintains two Voluntary Employees' Beneficiary Associations to fund employee welfare benefits and postretirement medical and death benefits. The balances of the VEBAs (net of associated liabilities) in the accompanying Consolidated Balance Sheet are classified as either current or noncurrent depending on the ultimate expected payment date of the underlying liabilities. As of December 31, 1993, a net current asset of $9.8 million was included in Prepaid Assets representing the current position of the company's employee welfare benefit plans funded by one of the VEBAs ($33.2 million included in Other Accrued Liabilities at December 31, 1992). The VEBA established to partially fund the company's liability for postretirement medical and death benefits ($135 million at December 31, 1993) is included in other noncurrent liabilities as an offset to the related liability. (The initial VEBA fund of $104 million was recorded as a Noncurrent Asset at December 31, 1992). For additional information, refer to the notes on "Other Retirement Benefits."

PROPERTY, PLANT AND EQUIPMENT

The following table summarizes the components of Property, Plant and Equipment (at cost):

	1993	1992
	(THOUSANDS OF DOLLARS)	
Land	$ 39,033	$ 34,807
Buildings	551,103	493,113
Machinery and equipment	2,771,119	2,495,011
Total	$3,361,255	$3,022,931

COMMITMENTS AND CONTINGENCIES

Authorized expenditures on incomplete projects for the purchase of property, plant and equipment, as of December 31, 1993, totaled $418.8 million. Of this total, $143.9 million has been paid and an additional $120.7 million has been committed for payment upon completion of the contracts. The company has a variety of commitments with suppliers for the purchase of paper, ink and other materials for delivery in future years at prevailing market prices.

The company has operating lease commitments approximating $390.2 million extending through various periods to 2066. The lease commitment is $60.8 million for 1994, and ranges from $26.8 million to $47.4 million in each of the years 1995-1998 and totals $186.1 million for future periods.

The company does not believe an accounts receivable credit risk exists due to the diversity of industry classification, distribution channels and geographic location of its customers. In addition, the company is a party to certain litigation (other than the FTC matter described below) arising in the ordinary course of business which, in the opinion of management, will not have a material adverse effect on the operations of the company. The company also has future annual commitments to invest in various affordable housing limited partnerships which provide annual tax benefits and credits in amounts greater than the annual investments.

The company has appealed a recent decision in the Federal Trade Commission (FTC) challenge to the company's 1990 acquisition of the Meredith/Burda companies. An FTC administrative law judge found the acquisition has or may substantially lessen competition in an alleged "high-volume publication gravure printing" market and ordered the divestiture of the Meredith/Burda companies. The company's appeal has the effect of staying the divestiture order. The ruling is contrary to an earlier ruling by a Federal District Court which allowed the acquisition to be consummated. Company management continues to believe this acquisition was legally proper.

RETIREMENT BENEFIT PLAN

Net pension credits included in operating results for the Retirement Benefit Plan (the Plan) were:

	1993	1992	1991
	(THOUSANDS OF DOLLARS)		
Service cost	$ 25,097	$ 20,455	$ 14,940
Interest cost on the projected benefit obligation	47,295	43,252	41,117
Actual return on Plan assets	(106,595)	(85,115)	(174,208)
Amortization of excess Plan net assets at adoption of SFAS No. 87 and deferrals--net	20,306	5,127	98,846
Total	$ (13,897)	$(16,281)	$ (19,305)

For financial reporting purposes the actuarial computations that derived the above amounts assumed a discount rate on projected benefit obligations of 7.5% (7.8% at December 31, 1992 and December 31, 1991), an expected long-term rate of return on Plan assets of 9.5% and annual salary increases of 5%.

Plan assets include primarily government and corporate debt securities and marketable equity securities, and, to a lesser extent, commingled funds, real estate and a group annuity contract purchased from a life insurance company. The funded status and prepaid pension cost (included in Other Assets on the accompanying Consolidated Balance Sheet) are as follows:

	DECEMBER 31, 1993	JANUARY 1, 1993
	(THOUSANDS OF DOLLARS)	
Fair value of Plan assets	$962,153	$890,297
Actuarial present value of benefit obligations:		
Vested	590,214	535,640
Non-vested	10,488	8,325
Total accumulated benefit obligations	600,702	543,965
Additional amounts related to projected wage increases	95,155	79,746
Projected benefit obligations for services rendered to date	695,857	623,711
Excess of Plan assets over projected benefit obligations	266,296	266,586
Unrecognized net deferrals	6,385	2,047
Unrecognized net excess Plan assets to be amortized through the year 2005	(118,197)	(128,046)
Prepaid pension costs	$154,484	$140,587

In the event of Plan termination, the Plan provides that no funds can revert to the company and any excess assets over Plan liabilities must be used to fund retirement benefits.

OTHER RETIREMENT BENEFITS

In addition to pension benefits, the company provides certain health care and life insurance benefits for retired employees. Substantially all of the company's domestic, full-time employees become eligible for those benefits upon reaching age 55 while working for the company and having ten years continuous service at retirement. Beginning in 1992, the company began a program to partially fund the liabilities associated with these plans through a tax-exempt trust. The trust is invested in various assets, primarily life insurance covering some of the company's employees.

Effective January 1, 1993, the company adopted Statement of Financial Accounting Standards No. 106 (SFAS 106), "Employers' Accounting for Postretirement Benefits Other Than Pensions." SFAS 106 requires companies to charge to expense the expected costs of postretirement health care and life insurance (and similar benefits) during the years that the employees render service. Previously, such costs were expensed as actual claims were paid (cash basis). The company elected to immediately recognize the transition obligation for future benefits to be paid related to past employee services, resulting in a noncash charge of $207.8 million before deferred income tax benefits ($127.7 million after-tax or $0.82 per share) that represents the cumulative effect of the change in accounting for the years prior to 1993.

The net accrual-basis expense for postretirement benefits during 1993 included the following components:

	1993
	(THOUSANDS OF DOLLARS)
Service cost	$11,580
Interest cost on the projected benefit obligations	17,486
Actual return on assets	(5,545)
Deferrals--net	(3,832)
Total	$19,689

The above table does not include a $23 million charge for postretirement medical benefits associated with the closing of the company's Chicago manufacturing facility; such amount was included in the restructuring charge (see separate note above). The expense for postretirement medical and death benefits for 1992 and 1991 (recognized on a cash basis) was $12.4 million and $9.8 million, respectively.

The liability (included in Other Noncurrent Liabilities on the accompanying Consolidated Balance Sheet at December 31, 1993) for postretirement benefits, net of the partial funding, is as follows:

	DECEMBER 31, 1993	JANUARY 1, 1993
	(THOUSANDS OF DOLLARS)	
Actuarial present value of benefit obligations:		
Retirees	$ 152,334	$ 137,733
Fully eligible active plan participants	4,413	6,711
Other active plan participants	87,077	63,376
Total accumulated benefit obligations	243,824	207,820
Fair value of Plan assets	(134,731)	(104,186)
Unrecognized net deferrals	(805)	--
Excess of accumulated benefit obligation over plan assets	$ 108,288	$ 103,634

For financial reporting purposes the 1993 actuarial computations assumed a discount rate of 7.5% to determine the accumulated postretirement benefit obligation, an expected long-term rate of return on plan assets of 9.0% and a health care cost trend rate of 8.4% initially, declining gradually to 5.4% in 2053, to measure the accumulated postretirement benefit obligation.

Effective January 1, 1993, certain features of the plan were amended. For future retirees, the company introduced retiree cost-sharing and implemented programs intended to stem rising costs. Also, the company has adopted a provision which limits its future obligation to absorb health care cost inflation. The features of the new plan provisions have been reflected in the assumed health care cost trend rate disclosed above. However, a one-percentage- point increase in the assumed health care cost trend rate would increase the 1993 postretirement benefit expense (service cost and interest cost) by $1.6 million and the accumulated postretirement benefit obligations as of December 31, 1993 by $10.4 million.

INCOME TAXES

Effective January 1, 1993, the company adopted Statement of Financial Accounting Standards No. 109 (SFAS 109), "Accounting for Income Taxes." SFAS 109 requires, among other things, the application of current statutory income tax rates to deferred income tax balances. In the first quarter of 1993, the company recognized the cumulative effect, through January 1, 1993, of the accounting change, reflecting the difference between current statutory tax rates and the generally higher rates that were used to establish the deferred income tax balances, resulting in noncash income of $58.2 million (equivalent to $0.37 per share).

Cash payments for income taxes were $75.2 million, $105.9 million and $106.2 million in 1993, 1992 and 1991, respectively. The components of income tax expense for the years ending December 31, 1993, 1992 and 1991, were as follows:

	1993	1992	1991
	(THOUSANDS OF DOLLARS)		
Federal			
Current	$72,049	$108,494	$ 93,186
Deferred*	7,339	(5,966)	1,269
State	18,254	23,827	20,812
Total	$97,642	$126,355	$115,267

*The 1993 deferred income tax expense includes $6.2 million for the one-time adjustment of previously recorded deferred taxes due to the increase in the U.S. statutory rate.

The significant deferred tax assets and liabilities at December 31, 1993 and January 1, 1993, were as follows:

	DECEMBER 31, 1993	JANUARY 1, 1993
	(MILLIONS OF DOLLARS)	
Deferred tax liabilities:		
Accelerated depreciation	$176	$165
Investments in safe harbor leases	46	56
Pensions	57	51
Other	72	76
Total Deferred Tax Liabilities	351	348
Less deferred tax assets:		
Postretirement benefits	43	40
Purchase accounting	30	27
Other	19	31
Total Deferred Tax Assets	92	98
Net deferred tax liabilities	$259	$250

The following table reconciles the difference between the U.S. statutory tax rates and the rates used by the company in the determination of net income:

	1993	1992	1991
Federal statutory rate	35.0%	34.0%	34.0%
State and local income taxes, net of U.S. federal income tax benefit	4.3	4.4	4.3
Differences resulting from purchase accounting	2.0	1.1	1.3
Benefits resulting from life insurance program	(5.5)	(3.2)	(2.1)
Affordable housing investment credits	(2.5)	--	--
Other	(0.2)	(1.3)	(1.5)
Subtotal	33.1	35.0	36.0
Adjustment of deferred taxes for the increase in the U.S. federal statutory income tax rate	2.2	--	--
Total	35.3%	35.0%	36.0%

DEBT FINANCING AND INTEREST EXPENSE

The company's debt at December 31, consisted of the following:

	1993	1992
	(THOUSANDS OF DOLLARS)	
9.125% Debentures due December 1, 2000	$199,502	$199,430
7.0% Notes due January 1, 2003	109,647	--
8.875% Debentures due April 15, 2021	149,638	149,625
Commercial paper	218,664	175,978
Other	33,399	42,531
Total	$710,850	$567,564

Based upon the interest rates currently available to the company for borrowings with similar terms and maturities, the fair value of the company's debt is approximately $788 million. The company's debentures are not actively traded and contain no call provisions. The company's other financial instruments are either carried at fair value or do not materially differ from fair value.

At December 31, 1993, the company had available credit facilities of $550 with a group of domestic and foreign banks. The credit arrangements provide support for the issuance of commercial paper and other credit needs. Borrowings under the facilities (none during the past three years) bear interest at various rates not exceeding the banks' prime rates. The company pays annual fees ranging from 0.1% to 0.15% on the total unused credit facilities.

At December 31, 1993, the company had $233.0 million of commercial paper and short-term debt outstanding, of which $37.4 million represents management's current estimate of 1994 net repayment. The remaining $195.6 million is classified as long term since the company has the ability and intent to maintain such debt on a long term basis. The weighted average interest rate on all commercial paper debt outstanding during 1993 was 3.2% (3.3% at December 31, 1993).

The following table summarizes interest expenses included in the Consolidated Statement of Income:

	1993	1992	1991
	(THOUSANDS OF DOLLARS)		
Interest incurred	$51,922	$43,882	$55,889
Amount capitalized as property, plant and equipment	(6,486)	(5,223)	(9,229)
Total	$45,436	$38,659	$46,660

Interest paid, net of capitalized interest, was $42.9 million, $38.4 million, $51.8 million in 1993, 1992 and 1991, respectively. As of December 31, 1993, the company had effective shelf registrations permitting it to issue, from time to time, up to $500 million of debt securities. The proceeds of any debt securities issued would be used for general corporate purposes.

STOCK AND INCENTIVE PROGRAMS FOR MANAGEMENT EMPLOYEES

Stock Unit Awards and Restricted Stock Awards--At December 31, 1993 and 1992, the company had outstanding 80,000 and 171,000 stock units, respectively, which had been granted to officers and selected managers prior to 1990. Certain of these units are payable upon or subsequent to termination of employment and others are payable upon vesting, normally five years after the date of grant. Payment of these awards will be made in shares of common stock equal to the number of units awarded, in cash equal to the market value at the date of distribution, or a combination thereof, at the company's option. The expense for these grants was recognized in the year granted. When an award of stock units is paid, the recipient will receive an additional amount in cash equal to dividends paid on an equivalent number of shares of common stock during the vesting period, plus interest. The values of the dividends and interest accounts, were $232 thousand and $409 thousand at December 31, 1993 and 1992, respectively.

At December 31, 1993 and 1992, the company had outstanding 275,000 and 223,000, respectively, restricted shares granted to certain officers. These shares are registered in the names of the recipients, but are subject to conditions of forfeiture and restrictions on sale or transfer for five years from the grant date. Dividends on the restricted shares are paid currently to the recipients and, accordingly, the restricted shares are treated as outstanding shares. The expense of the grant is recognized evenly over the vesting period.

The value of the stock units and restricted stock awards was $11.0 million and $12.9 million based upon the closing price of the company's stock price at each year end ($31.13 and $32.75 at December 31, 1993 and 1992, respectively). Charges to expense for both stock plans were $1.1 million, $1.2 million, and $0.9 million in 1993, 1992 and 1991, respectively.

Stock Purchase Plan--

The company has a stock purchase plan for selected managers and key staff employees. Under the plan, the company is required to contribute an amount equal to 70% of participants' contributions, of which 50% is applied to the purchase of stock and 20% is paid in cash. The number of shares required for the plan for the year 1993 will depend upon the extent to which eligible participants subscribe during the subscription period in the first quarter of 1994 and the price of the stock on March 16, 1994. Amounts charged to expense for this plan were $6.2 million in 1993 and $5.8 million in 1992. No amounts were charged to expense for the 1991 plan year since participation was not allowed according to the plan terms because the company's earnings did not meet the required performance goal under the plan.

Incentive Compensation Plans--

The company has incentive compensation plans covering selected officers. Amounts charged to expense for supplementary compensation, which is determined from participants' base salaries and factors relating to various performance measures, were $2.6 million in 1993, $2.7 million in 1992 and $0.7 million in 1991.

Stock Options--

The company has granted stock options annually from 1983 to 1993. Exercise prices are 100% of the market price of common stock on the date of grant. The options vest over four or five years and may be exercised, once vested, up to ten years from the date of grant. Under the 1991 Stock Incentive Plan, a maximum of 2.9 million shares were available for future grants of stock options and restricted stock awards as of December 31, 1993. Information relating to stock options for the years ended December 31 is shown on the following table.

	1993		1992	
	NUMBER OF SHARES	PER SHARE OPTION ON DATE OF GRANT	NUMBER OF SHARES	PER SHARE OPTION ON DATE OF GRANT
Stock options granted....	1,399,200	$28.94 to $30.19	1,261,800	$25.31 to $31.38
Stock options canceled or expired.....	17,040	$19.63 to $31.38	50,460	$17.72 to $23.94
Stock options exercised..	248,201	$11.00 to $23.94	548,348	$11.30 to $23.94
At end of year				
Stock options outstanding.....	7,685,105	$11.44 to $31.38	6,551,146	$11.00 to $31.38
Stock options exercisable.....	3,850,079	$11.44 to $31.38	2,936,312	$11.00 to $23.94

Other Information--

Under the stock programs, authorized unissued shares or treasury shares may be used. If authorized unissued shares are used, not more than 11.3 million shares may be issued in the aggregate. The company intends to reacquire shares of its common stock to meet the stock requirements of these programs in the future.

EMPLOYEE STOCK OWNERSHIP PLAN

Contributions to the company's Employee Stock Ownership Plan were discontinued in response to the change in tax law that eliminated the previously available tax credit. Under this plan, 1.2 million shares are held in trust as of December 31, 1993, for formerly eligible employees. There are no charges to operations for this plan, except for certain administrative expenses.

STOCK SPLIT

On July 23, 1992, the Board of Directors declared a 2-for-1 common stock split. The split was completed on September 1, 1992, by the distribution of one share of common stock, par value $1.25 per share, for each share held by stockholders of record on August 7, 1992. Information relating to stock options, stock units rights, reacquired common stock, the Shareholders Rights Plan, and the net income and dividends per share included in the Consolidated Financial Statements and related footnotes reflect the stock split.

PREFERRED STOCK

The company has two million shares of $1.00 par value preferred stock authorized for issuance. The Board of Directors may divide the preferred stock into one or more series and fix the redemption, dividend, voting, conversion, sinking fund, liquidation and other rights. The company has no present plans to issue any preferred stock. One million of the shares are reserved for issuance under the Shareholder Rights Plan discussed below.

SHAREHOLDER RIGHTS PLAN

The company maintains a Shareholder Rights Plan (the Plan) designed to deter coercive or unfair takeover tactics, to prevent a person or group from gaining control of the company without offering fair value to all shareholders and to deter other abusive takeover tactics which are not in the best interest of shareholders.

Under the terms of the Plan, each share of common stock is accompanied by one-quarter of a right; each full right entitles the shareholder to purchase from the company, one one-hundredth of a newly issued share of Series A Junior Preferred Stock at an exercise price of $225.

The rights become exercisable ten days after a public announcement that an acquiring person (as defined in the Plan) has acquired 20% or more of the outstanding common stock of the company (the Stock Acquisition Date) or ten days after the commencement of a tender offer of which would result in a person owning 30% or more of such shares. The company can redeem the rights for $.05 per right at any time until twenty days following the Stock Acquisition Date (the 20-day period can be shortened or lengthened by the company). The rights will expire on August 8, 1996 unless redeemed earlier by the company.

If, subsequent to the rights becoming exercisable, the company is acquired in a merger or other business combination at any time when there is a 20% or more holder, the rights will then entitle a holder to buy shares of the acquiring company with a market value equal to twice the exercise price of each right. Alternatively, if a 20% holder acquires the company by means of a merger in which the company and its stock survives, or if any person acquires 30% or more of the company's common stock, each right not owned by a 20% or more shareholder, would become exercisable for common stock of the company (or, in certain circumstances, other consideration) having a market value equal to twice the exercise price of the right.

ACQUISITIONS

The company made several acquisitions, joint venture and equity investments in 1993, 1992 and 1991, none of which, either individually or in the aggregate, were material to the company's financial statements. The acquisitions were accounted for using the purchase method; accordingly, the assets and liabilities of the acquired entities have been recorded at their estimated fair values at their respective dates of acquisition.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Stockholders of
R.R. Donnelley & Sons Company:

We have audited the accompanying consolidated balance sheets of R. R. Donnelley & Sons Company (a Delaware corporation) and Subsidiaries as of December 31, 1993 and 1992, and the related consolidated statements of income, shareholders' equity and cash flows for each of the three years ended December 31, 1993. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion the financial statements referred to above present fairly, in all material respects, the financial position of R. R. Donnelley & Sons Company and Subsidiaries as of December 31, 1993 and 1992, and the results of its operations and its cash flows for each of the three years ended December 31, 1993, in conformity with generally accepted accounting principles.

As explained in the Notes to Consolidated Financial Statements, effective January 1, 1993, the company changed its method of accounting for postretirement benefits other than pensions and its method of accounting for income taxes.

Arthur Andersen & Co. Chicago, Illinois
January 27, 1994

UNAUDITED INTERIM FINANCIAL INFORMATION

THOUSANDS OF DOLLARS EXCEPT PER SHARE DATA

	YEAR ENDING DECEMBER 31				
	FIRST QUARTER	SECOND QUARTER	THIRD QUARTER	FOURTH QUARTER	FULL YEAR
1993					
Net sales.....	$960,341	$ 993,964	$1,123,848	$1,309,608	$4,387,761
Gross profit.....	174,835	195,351	232,022	267,385	869,593
Net income (loss) from operations before cumulative effect of accounting changes.....	(22,108)	52,771	69,451	78,806	178,920
Cumulative effect of accounting changes.....	(69,500)	--	--	--	(69,500)
Net income (loss).....	(91,608)	52,771	69,451	78,806	109,420
Per common share					
Net income (loss) from operations before cumulative effect of accounting changes...	(0.14)	0.34	0.45	0.51	1.16
Cumulative effect of accounting changes...	(0.45)	--	--	--	(0.45)
Net income (loss).....	(0.59)	0.34	0.45	0.51	0.71
1992					
Net sales.....	$938,172	$1,006,856	$1,038,781	$1,209,263	$4,193,072
Gross profit.....	162,644	190,158	219,128	245,928	817,858
Net income.....	35,514	53,693	72,360	73,092	234,659
Net income per common share.....	0.23	0.34	0.47	0.47	1.51

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS ON

FINANCIAL STATEMENT SCHEDULES

To the Stockholders of
R.R. Donnelley & Sons Company:

We have audited, in accordance with generally accepted auditing standards, the financial statements included in the Company's Annual Report to Shareholders included in this Form 10-K, and have issued our report thereon dated January 27, 1994. Our audit was made for the purpose of forming an opinion on those statements taken as a whole. The schedules listed in the index to the financial statements and financial statement schedules are the responsibility of the Company's management and are presented for purposes of complying with the Securities and Exchange Commission's rules and are not part of the basic financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly state in all material respects the financial data required to be set forth therein in relation to the basic financial statements taken as a whole.

Arthur Andersen & Co.

Chicago, Illinois,
January 27, 1994

SCHEDULE V

PROPERTY, PLANT AND EQUIPMENT

Depreciation of plant and equipment is computed principally on the straight- line basis primarily at the following rates: buildings, 3%-5% and machinery and equipment, 6 2/3%-33 1/3%.

	BALANCE AT BEGINNING OF YEAR	ACQUI-SITIONS AT COST	ADDITIONS AT COST	RETIRE-MENTS OR SALES	TRANSLATION AND OTHER ADJUSTMENTS	BALANCE AT END OF YEAR
	(IN THOUSANDS OF DOLLARS)					
1993--						
Land	$ 34,807	$ 3,251	$ 1,104	$ (97)	$ (32)	$ 39,033
Buildings	493,113	28,600	34,465	(4,887)	(188)	551,103
Machinery & equipment	2,495,011	59,564	286,652	(66,884)	(3,224)	2,771,119
	$3,022,931	$91,415	$322,221	$(71,868)	$ (3,444)	$3,361,255
1992--						
Land	$ 53,678	$ 1,756	$ 322	$(20,836)	$ (113)	$ 34,807
Buildings	474,566	7,633	26,325	(12,786)	(2,625)	493,113
Machinery & equipment	2,317,897	35,871	199,420	(49,268)	(8,909)	2,495,011
	$2,846,141	$45,260	$226,067	$(82,890)	$(11,647)	$3,022,931
1991--						
Land	$ 53,283	$ --	$ 1,122	$ (1,583)	$ 856	$ 53,678
Buildings	465,021	--	20,260	(11,824)	1,186	474,643
Machinery & equipment	2,117,824	--	257,081	(55,772)	(1,313)	2,317,820
	$2,636,128	$ --	$278,463	$(69,179)	$ 729	$2,846,141

SCHEDULE VI

ACCUMULATED DEPRECIATION AND AMORTIZATION OF PROPERTY, PLANT AND EQUIPMENT

	BALANCE AT BEGINNING OF YEAR	ADDITIONS	RETIREMENTS OR SALES	TRANSLATION AND OTHER ADJUSTMENTS	BALANCE AT END OF YEAR
	(IN THOUSANDS OF DOLLARS)				
1993--					
Buildings.....	$ 178,495	$ 21,673	$ (482)	$ (114)	$ 199,572
Machinery & equipment..	1,312,188	230,853	(48,205)	(7,629)	1,487,207
	$1,490,683	$252,526	$(48,687)	$(7,743)	$1,686,779
1992--					
Buildings.....	$ 163,091	$ 20,158	$ (6,078)	$ 1,324	$ 178,495
Machinery & equipment..	1,139,021	215,188	(49,195)	7,174	1,312,188
	$1,302,112	$235,346	$(55,273)	$ 8,498	$1,490,683
1991--					
Buildings.....	$ 145,659	$ 19,721	$ (2,152)	$ (137)	$ 163,091
Machinery & equipment..	1,008,289	189,036	(56,866)	(1,438)	1,139,021
	$1,153,948	$208,757	$(59,018)	$(1,575)	$1,302,112

SCHEDULE VIII

VALUATION AND QUALIFYING ACCOUNTS

Transactions affecting the allowances for doubtful accounts during the years ended December 31, 1993, 1992 and 1991 were as follows:

	1993	1992	1991
	(IN THOUSANDS OF DOLLARS)		
Allowance for trade receivable losses:			
Balance, beginning of year.....	$ 17,745	$ 23,928	$ 29,514
Balance, acquired companies at acquisition.....	312	1,066	--
Provisions charged to income.....	22,658	12,931	8,995
	40,715	37,925	38,509
Uncollectible accounts written off, net of recoveries.....	(25,920)	(20,180)	(14,581)
Balance, end of year.....	$ 14,795	$ 17,745	$ 23,928

SCHEDULE IX

SHORT-TERM BORROWINGS

	1993	1992	1991
	(IN THOUSANDS OF DOLLARS)		
Commercial Paper*:			
As of December 31	$ 23,120	$ 29,620	$75,137
Weighted average interest rate at December 31	3.3%	3.6%	5.0%
Maximum balance during the year	32,500	79,882	75,137
Average amount outstanding over the periods the indebtedness was outstanding	29,150	75,305	47,409
Weighted average interest rate during the period	3.2%	3.9%	5.7%
Other, as of December 31	14,308	15,381	21,160
Total short-term debt as of December 31	$ 37,428	$ 45,001	$96,297

*At December 31, 1993 the Company had $218.7 million of commercial paper ($176.0 million and $215.7 million at December 31, 1992 and December 31, 1991, respectively) of which the $23.1 million represents management's current estimate of 1994 repayments. The remaining $195.6 million, at December 31, 1993, is classified as long term since the Company has the ability and intent to maintain such debt on a long term basis.

SCHEDULE X

SUPPLEMENTARY INCOME STATEMENT INFORMATION

Amounts charged to expense for the years ended December 31, 1993, 1992 and 1991 were as follows:

	1993	1992	1991
	(IN THOUSANDS OF DOLLARS)		
Maintenance and repairs	$102,990	$100,850	$92,345

INDEX TO EXHIBITS*

DESCRIPTION	EXHIBIT NO.
Certificate of Incorporation(10)	3(i)(a)
Certificate of Stock Designation filed as Exhibit A to the Rights Agreement dated July 24, 1986 between R. R. Donnelley & Sons Company and Morgan Shareholder Services Trust Company(2)	3(i)(b)
By-Laws	3(ii)(a)
Amendments to By-Laws adopted January 27, 1994	3(ii)(b)
Form of Rights Agreement, dated as of July 24, 1986 between R. R. Donnelley & Sons Company and Morgan Shareholder Services Trust Company(2)	4(a)
First Amendment to Rights Agreement, dated as of March 24, 1988 between R. R. Donnelley & Sons Company and Morgan Shareholder Services Trust Company(4)	4(b)
Instruments Defining the Rights of Security Holders(1)	4(c)
Indenture dated as of November 1, 1990 between the Company and Citibank, N.A. as Trustee(8)	4(d)
Directors' Retirement Benefit Plan, as amended(6)**	10(a)
Directors' Deferred Compensation Agreement**	10(b)
Donnelley Shares Stock Option Plan	10(c)
1993 Stock Ownership Plan for Non-Employee Directors(9)**	10(d)
Senior Management Annual Incentive Plan, as amended(8)**	10(e)
Form of Severance Agreement for Senior Officers, as amended**	10(f)
1993 Stock Purchase Plan for Selected Managers and Key Staff Employees(9)**	10(g)
1981 Stock Incentive Plan(5)**	10(h)
1986 Stock Incentive Plan(5)**	10(i)
1991 Stock Incentive Plan, as amended(11)**	10(j)
Unfunded Supplemental Benefit Plan(8)**	10(k)
Amendment to Unfunded Supplemental Benefit Plan adopted on April 25, 1991(7)**	10(l)
Agreement with John R. Walter for 1988 award of stock units(3)**	10(m)
Agreement with C. K. Doty (11)**	10(n)
Statement of Computation of Ratio of Earnings to Fixed Charges	12
Subsidiaries of R. R. Donnelley & Sons Company	21
Consent of Independent Public Accountants dated March 28, 1994	23

*Filed with the Securities and Exchange Commission. Each such exhibit may be obtained by a shareholder of the Company upon payment of $5.00 per exhibit.
**Management contract or compensatory plan or arrangement.

(1) Instruments, other than that described in 4(d), defining the rights of holders of long-term debt not registered under the Securities Exchange Act of 1934 of the registrant and of all subsidiaries for which consolidated or unconsolidated financial statements are required to be filed are being omitted pursuant to paragraph (4)(iii)(A) of Item 601 of Regulation S-K. Registrant agrees to furnish a copy of any such instrument to the Commission upon request.

(2) Filed as Exhibit with Form SE filed on July 31, 1986, and incorporated herein by reference.

(3) Filed as Exhibit with Form SE filed on March 24, 1988, and incorporated herein by reference.

(4) Filed as Exhibit with Form SE filed on May 10, 1988, and incorporated herein by reference.

(5) Filed as Exhibit with Form SE filed on March 23, 1990, and incorporated herein by reference.

(6) Filed as Exhibit with Form SE filed on March 25, 1991, and incorporated herein by reference.

(7) Filed as Exhibit with Form SE filed on May 9, 1991 and incorporated herein by reference.

(8) Filed as Exhibit with Form SE filed on March 26, 1992 and incorporated herein by reference.
(9) Filed as Exhibit with Form SE filed on March 30, 1993 and incorporated herein by reference.
(10) Filed on May 14, 1993 as Exhibit to Quarterly Report on Form 10-Q for the quarterly period ended March 31, 1993.
(11) Filed on November 12, 1993 as Exhibit to Quarterly Report on Form 10-Q for the quarterly period ended September 30, 1993.

EXHIBIT 3(ii)(a)

As Amended through January 27, 1994

BY-LAWS OF
R. R. DONNELLEY & SONS COMPANY

ARTICLE I

SECTION 1.1. PRINCIPAL OFFICE. The principal office in the State of Delaware shall be in the City of Wilmington, County of New Castle, State of Delaware, and the name of the resident agent in charge thereof is The Corporation Trust Company.

SECTION 1.2. OTHER OFFICES. The corporation may also have offices at such other places both within and without the State of Delaware as the Board of Directors may from time to time determine or the business of the corporation may require.

ARTICLE II

Meetings of Stockholders

SECTION 2.1. ANNUAL MEETING. The annual meeting of the stockholders shall be held on the fourth Thursday in March of each year for the purpose of electing Directors of the class for which the term expires on that date and for the transaction of such other business as may properly be brought before the meeting. Such meeting shall be held at ten o'clock in the morning or such other time during normal business hours as may be fixed by the Board of Directors and stated in the notice of the meeting. If the day fixed for the annual meeting shall be a legal holiday, the Board of Directors may, subject to the provisions of Article X hereof, designate another day on which such meeting shall be held. If the election of Directors shall not be held on the date designated for any annual meeting, or any adjournment thereof, the Board of Directors shall cause the election to be held at a special meeting of the stockholders as soon thereafter as conveniently may be.

Except as otherwise provided by statute or the certificate of incorporation, the only business which properly shall be conducted at any annual meeting of the stockholders shall (i) have been specified in the written notice of the meeting (or any supplement thereto) given as provided in Section 2.4, (ii) be brought before the meeting by or at the direction of the Board of Directors or the officer of the corporation presiding at the meeting or (iii) have been specified in a written notice (a "Stockholder Meeting Notice") given to the corporation, in accordance with all of the following requirements, by or on behalf of any stockholder who is entitled to vote at such meeting. Each Stockholder Meeting Notice must be delivered

personally to, or be mailed to and received by, the Secretary of the corporation at the principal executive offices of the corporation in the City of Chicago, State of Illinois, not less than 60 days nor more than 90 days prior to the annual meeting; provided, however, that in the event that less than 75 days' notice or prior public disclosure of the date of the annual meeting is given or made to stockholders, notice by the stockholder to be timely must be received not later than the close of business on the tenth day following the day on which such notice of the date of the annual meeting was mailed or such public disclosure was made, whichever first occurs. Each Stockholder Meeting Notice shall set forth: (i) a description of each item of business proposed to be brought before the meeting and the reasons for conducting such business at the annual meeting; (ii) the name and record address of the stockholder proposing to bring such item of business before the meeting and the reasons for conducting such business at the annual meeting; (iii) the class and number of shares of stock held of record, owned beneficially and represented by proxy by such stockholder as of the record date for the meeting (if such date shall then have been made publicly available) and as of the date of such Stockholder Meeting Notice and (iv) all other information which would be required to be included in a proxy statement filed with the Securities and Exchange Commission if, with respect to any such item of business, such stockholder were a participant in a solicitation subject to Section 14 of the Securities Exchange Act of 1934. No business shall be brought before any annual meeting of stockholders of the corporation otherwise than as provided in this Section; provided, however, that nothing contained in this Section shall be deemed to preclude discussion by any stockholder of any business properly brought before the annual meeting. The officer of the corporation presiding at the annual meeting of stockholders shall, if the facts so warrant, determine that business was not properly brought before the meeting in accordance with the provisions of this Section and, if he should so determine, he should so declare to the meeting and any such business so determined to be not properly brought before the meeting shall not be transacted. (Amended 3/24/88)

SECTION 2.2. SPECIAL MEETINGS. Special meetings of the stockholders, for any purpose or purposes, unless otherwise prescribed by statute or by the certificate of incorporation, may be called by the Chief Executive Officer, President, or the Chairman of the Board, and shall be called by the Secretary pursuant to a resolution duly adopted by the affirmative vote of a majority of the whole Board of Directors. Such call shall state the purposes of the proposed meeting. Business transacted at any special meeting shall be limited to the general objectives stated in the call. (Amended 12/15/88)

SECTION 2.3. PLACE OF MEETING. All meetings of stockholders for the election of Directors shall be held in the City of Chicago, County of Cook, State of Illinois and the Board of Directors is authorized to fix the place within the City of Chicago for the holding of such meeting. Meetings of stockholders for any

other purpose may be held at such place, within or without the State of Delaware, and time as shall be stated in the notice of the meeting or in a duly executed waiver of notice thereof. (Amended 1/9/57)

SECTION 2.4. NOTICE OF MEETINGS. Written or printed notice stating the place, day and hour of the meeting and, in case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered not less than ten nor more than fifty days before the date of the meeting, either personally or by mail, by or at the direction of the Board of Directors, the Chief Executive Officer, the Chairman of the Board or the President, to each stockholder of record entitled to vote at such meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail in a sealed envelope addressed to the stockholder at his address as it appears on the records of the corporation, with postage thereon prepaid. (Amended 12/15/88)

SECTION 2.5. CLOSING TRANSFER BOOKS OR FIXING RECORD DATE. The Board of Directors may close the stock transfer books of the corporation for a period not exceeding fifty (50) days preceding the date of any meeting of stockholders, or the date for payment of any dividend, or the date for the allotment of rights or the date when any change, or conversion or exchange of capital stock shall go into effect or for a period of not exceeding fifty (50) days in connection with obtaining the consent of stockholders for any purpose. In lieu of closing the stock transfer books as aforesaid, the Board of Directors may fix in advance a date, not exceeding fifty (50) days preceding the date of any meeting of the stockholders, or the date for payment of any dividend, or the date for the allotment of rights, or the date when any change, or conversion or exchange of capital stock shall go into effect, or a date in connection with obtaining such consent, as a record date for the determination of the stockholders entitled to notice of, and to vote at, any such meeting and any adjournment thereof, or entitled to receive payment of any such dividend, or to any such allotment of rights, or to exercise the rights in respect of any such change, conversion or exchange of capital stock, or to give such consent and in such case such stockholders and only such stockholders as shall be stockholders of record on the date so fixed shall be entitled to such notice of and to vote at, such meeting and any adjournment thereof, or to receive payments of such dividend, or to receive such allotment of rights, or to exercise such rights, or to give such consent, as the case may be notwithstanding any transfer of any stock on the books of the corporation after any such record date fixed as aforesaid.

SECTION 2.6. VOTING LIST. At least ten days before every election of Directors, a complete list of the stockholders entitled to vote at such election, arranged in alphabetical order with the residence of and the number of voting shares held by each, shall be prepared by the Secretary. Such list shall be open at the place where said election is to be held for ten days, to the examination of any stockholders, and shall be produced and kept at the time and place of election

during the whole time thereof, and subject to the inspection of any stockholder who may be present.

SECTION 2.7. QUORUM. The holders of a majority of the stock issued and outstanding and entitled to vote thereat, present in person or represented by proxy, shall constitute a quorum at any meeting of stockholders for the transaction of business except as otherwise provided by statute or by the certificate of incorporation. If, however, such quorum shall not be present or represented at any meeting of stockholders, the stockholders entitled to vote thereat, present in person or represented by proxy, shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented. At such adjourned meeting at which a quorum shall be present or represented any business may be transacted which might have been transacted at the meeting as originally notified.

SECTION 2.8. PROXIES. At all meetings of stockholders a stockholder may vote by proxy executed in writing by the stockholder or by his duly authorized attorney-in-fact. Such proxy shall be filed with the Secretary of the corporation before or at the time of the meeting. No proxy shall be valid after eleven months from the date of its execution, unless otherwise provided in the proxy.

SECTION 2.9. VOTING. When a quorum is present at any meeting of stockholders, the affirmative vote of the holders of a majority of the shares present in person or represented by proxy at the meeting and entitled to vote on the subject matter shall decide any question brought before such meeting, unless the question is one upon which, by express provision of the statutes, the certificate of incorporation or these by-laws, a different vote is required, in which case such express provision shall govern and control the decision of such question. Every stockholder having the right to vote shall be entitled to vote in person, or by proxy appointed by an instrument in writing subscribed by such stockholder and bearing a date not more than eleven months prior to voting, unless such instrument provides for a longer period. Every such stockholder shall have one vote for each share of stock having voting power registered in his name on the books of the corporation. Except where the transfer books of the corporation shall have been closed or a date shall have been fixed as a record date for the determination of its stockholders entitled to vote, no share of stock shall be voted on at any election for Directors which has been transferred on the books of the corporation within twenty days next preceding such election of Directors. (Amended 1/28/93)

SECTION 2.10. VOTING OF STOCK OF CERTAIN HOLDERS. Shares standing in the name of another corporation, domestic or foreign, may be voted by such officer, agent or proxy as the by-laws of such corporation may prescribe or, in the absence of such provision, as the Board of Directors of such corporation may

determine. Shares standing in the name of a deceased person may be voted by executor or administrator of such deceased person, either in person or by proxy. Shares standing in the name of a guardian, conservator or trustee may be voted by such fiduciary, either in person or by proxy, but no such fiduciary shall be entitled to vote shares held in such fiduciary capacity without a transfer of such shares into the name of such fiduciary. Shares standing in the name of a receiver may be voted by such receiver. A stockholder whose shares are pledged shall be entitled to vote such shares, unless in the transfer by the pledger or on the books of the corporation, he has expressly empowered the pledgee to vote thereon, in which case only the pledgee, or his proxy, may represent the stock and vote thereon.

SECTION 2.11. TREASURY STOCK. The corporation shall not vote shares of its own stock directly or indirectly; and such shares shall not be counted in determining the total number of outstanding shares.

SECTION 2.12. ELECTION OF DIRECTORS. When a quorum is present at any meeting of stockholders, directors shall be elected by a plurality of the votes of the shares present in person or represented by proxy at such meeting of stockholders and entitled to vote on the election of directors. (New Section 10/22/92)

ARTICLE III

Directors

SECTION 3.1. GENERAL POWERS. The property and business of the corporation shall be managed by its Board of Directors which may exercise all such powers of the corporation and do all such lawful acts and things as are not by statute or by the certificate of incorporation or by these by-laws directed or required to be exercised or done by the stockholders. (Amended 9/28/90)

Without limiting the generality of the foregoing, it shall be the responsibility of the Board of Directors to establish broad objectives and the general course of the business, determine basic policies, appraise the adequacy of overall results, and generally represent and further the interests of the Company's stockholders and insure the most effective use of the Company's assets.

Several examples of the responsibilities of the Board are as follows:

1. Establish broad Company objectives and basic policies and maintain overall control of the business.

2. Make necessary revisions of the by-laws (in accordance with Article X).

3. Determine dividend action (in accordance with Article VIII).

4. Authorize necessary action with respect to issuance of new securities and listing securities for trading on exchanges.

5. Fix time and place and take other necessary action with respect to stockholders meetings (in accordance with Article II).

6. Approve issuance of stock certificates to replace those lost or destroyed (in accordance with Section 7.2).

7. Fill Vacancies in the Board of Directors (in accordance with Section 3.8).

8. Elect the officers of the corporation (in accordance with Section 4.2.) and appraise their performance.

9. Determine the basic organization structure of the business.

10. Authorize any necessary action with respect to loans and pledging of assets (in accordance with Section 6.2.).

11. Designate officers authorized to buy or sell corporate investment securities.

12. Designate persons authorized to execute contracts and other documents requiring signatures of officers or specific individuals (in accordance with Section 6.1).

13. Select, or designate those authorized to select, depositaries for corporate funds and investment securities and designate check signatories and persons authorized to have access to safe deposit boxes (in accordance with Sections 6.3 and 6.4).

14. Approve proposals to convey corporate-owned land or buildings or designate those authorized to take such action.

15. Designate the person or persons authorized to appoint proxies to vote stock in subsidiary and other concerns in which the corporation has a significant interest and the person or persons authorized to determine

who shall serve as Directors in representing the parent corporation in such concerns.

16. Designate stock transfer agents, registrars, and paying agents with respect to corporate securities and other special purpose agents.

17. Procure special professional services required by and for the Board.

18. Provide for issuance of an annual report to stockholders and such other reports and notices as the Board deems advisable.

19. Employ, upon recommendation of the Audit Committee (in accordance with Section 3.13), public accountants to audit the corporation's financial statements.

20. Review and approve new employee benefit plans and major revisions of employee stock incentive plans.

21. Review and approve the actions of the Executive Committee as reported in the minutes of their meetings.

22. Approve the annual operating budget.

23. Review and approve the annual capital budget.

24. Direct the manner of handling matters outside the ordinary course of business of the corporation.

SECTION 3.2. NUMBER, ELECTION AND TERM. Effective immediately, the number of Directors which shall constitute the whole Board shall be twelve (12) of whom four (4) shall be Directors of the First Class, four (4) shall be Directors of the Second Class and four (4) shall be Directors of the Third Class. The term of office of each class shall be three years, with the term of one class expiring in each year, and the successors to the class of Directors whose terms shall expire shall be elected at each annual election or adjournment thereof. Each Director shall hold office until his successor shall be elected and shall qualify or until his earlier resignation or removal. Directors need not be residents of Delaware or stockholders. (Amended 1/27/94)

SECTION 3.3. MEETINGS. The Board of Directors may hold meetings, both regular and special, either within or without the State of Delaware. Regular meetings of the Board of Directors may be held without notice at such time and such place as may from time to time be determined by the Board. Special meetings of the Board of Directors may be called by or at the request of the Chief

Executive Officer, the Chairman of the Board, a Vice Chairman, President, or any two directors. (Amended 12/15/88)

SECTION 3.4. NOTICE. Notice of any special meeting of the Board of Directors stating the place, date and hour of the special meeting shall be given in writing to each director, either personally, or by mail, telex, telegram or cable, addressed to the director's residence or usual place of business, not less than two days before the date of such meeting, or by such other means, whether or not in writing, and within such lesser period, as circumstances require in the reasonable judgment of the person calling the meetings. If mailed, such notice shall be deemed to be given at the time when it is deposited in the United States mail with first class postage prepaid. Notice by telegram or cable shall be deemed given when the notice is delivered to the telegraph or cable company; notice by telex shall be deemed given when the notice is transmitted by telex. Any director may waive notice of any meeting. The attendance of a director at any meeting shall constitute a waiver of notice at such meeting, except where the director attends the meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any special meeting of the Board of Directors need be specified in the notice or waiver of notice of such meeting, unless otherwise provided by statute, the Certificate of Incorporation or these By-Laws. (Amended 6/24/76)

SECTION 3.5. QUORUM. A majority of the Board of Directors shall constitute a quorum for the transaction of business at any meeting of the Board of Directors, provided, that if less than a majority of the Directors are present at said meeting, a majority of the Directors present may adjourn the meeting from time to time without further notice. (Renumbered 6/24/76)

SECTION 3.6. MANNER OF ACTING. The act of the majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board of Directors. (Renumbered 6/24/76)

SECTION 3.7. USE OF COMMUNICATIONS EQUIPMENT. Members of the Board of Directors, or any committee thereof, may participate in a meeting of the Board of Directors or committee by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting pursuant to this section shall constitute presence in person at such meeting. (New Section 6/24/76)

SECTION 3.8. VACANCIES AND ADDITIONAL DIRECTORS. Any director may resign at any time upon written notice to the corporation. If any vacancy occurs in the Board of Directors caused by death, resignation, retirement, disqualification or

removal from office of any Director, or otherwise, or if any new directorship is created by any increase in the authorized number of Directors, a majority of the Directors then in office, though less than a quorum may choose a successor or fill the newly created directorship; and a Director so chosen shall hold office until the next annual election at which Directors of the class to which he was chosen are elected and until his successor shall be duly elected and shall qualify or until his earlier resignation or removal. (Amended 3/26/70)

SECTION 3.9. COMPENSATION. Directors who are not full-time employees of the Company shall receive a stated salary and may receive options to purchase shares of the Company's stock as provided under the Company's stock plans, for their services, and, in addition thereto, shall receive a fixed fee and expenses, if any, for attendance at each regular or special meeting of the Board of Directors from time to time. Directors who are full-time employees of the Company shall not receive any compensation for their services as such; provided that nothing herein contained shall be construed to preclude any Director from serving the corporation in any other capacity and receiving compensation thereof. (Amended 3/28/91)

SECTION 3.10. EXECUTIVE COMMITTEE. The Board of Directors, by resolution adopted by a majority of the whole Board, may designate three, four or five Directors to constitute an Executive Committee. The Chairman of the Executive Committee shall be the Chief Executive Officer. The Executive Committee shall have and exercise all of the authority of the Board of Directors in the management of the corporation, except that such Committee shall not have the power to take specific actions which have been delegated to other committees of the Board and shall not be empowered to take action with respect to: declaring dividends; issuing bonds, debentures, or the borrowing of moneys except within limits expressly approved by the Board of Directors; amending by-laws; filling vacancies and newly created directorships in the Board of Directors; removing Directors of the corporation; mergers or consolidations; the sale, lease or exchange of all or sub-stantially all of the assets of the corporation; dissolution; or any other action requiring the approval of stockholders. The designation of such Committee and the delegation thereto of authority shall not operate to relieve the Board of Directors or any member thereof of any responsibility imposed upon it or him by law. (Amended 9/28/90)

SECTION 3.11. FINANCE COMMITTEE. The Board of Directors, by resolution adopted by a majority of the whole Board, may designate three, four or five Directors, a majority of whom shall not be employees of the Company, to constitute a Finance Committee, which Committee is charged with reviewing the overall financial policies of the Company and making recommendations to the Board regarding the Company's financial condition and requirements for and disposition of funds, including: capital structure, raising long-term capital,

dividend policy, and material changes in the Company's financial position with respect to cash, investments, debt and accounts receivable. The Committee shall review the performance and management of the Company's Retirement Benefit Plan including the investment policy, the performance of the Investment Trustee on a regular periodic basis, the reasonableness of the actuarial assumptions in relation to investment performance, the funding status of the Plan and shall make recommendations with respect to the selection of one or more investment trustees or other investment agencies, and undertake such other studies and make such other recommendations to the Board as it may deem desirable with respect to the Investment Trust of the Retirement Benefit Plan. (Amended and Renamed 9/28/90)

SECTION 3.12. COMPENSATION COMMITTEE. The Board of Directors, by resolution adopted by a majority of the whole Board, may designate three, four or five Directors who are not employees of the Company, to constitute a Compensation Committee. The Compensation Committee shall determine the annual salary, bonus and other benefits of selected senior officers and key management employees of the Company and review, as appropriate, performance standards under compensation programs for key employees. The Compensation Committee shall also recommend to the Board candidates for election as corporate officers.

The Compensation Committee shall recommend new employee benefit plans and changes to stock incentive plans to the Board, approve amendments to the non- stock employee benefit plans of the Company and oversee the administration of all of the Company's employee benefit plans. The Compensation Committee may delegate to one or more officers of the Company the power to approve any amendment of any non-stock employee benefit plan of the Company or the Donnelley Tax Credit Stock Ownership Plan which in the reasonable opinion of such officer will not materially affect the costs to the Company of, or benefits under, such plans. (Amended 7/22/93)

SECTION 3.13. AUDIT COMMITTEE. The Board of Directors, by resolution adopted by a majority of the whole Board, may designate three, four or five Directors who are not employees of the Company to constitute an Audit Committee, which Committee shall review on behalf of the stockholders of the Company: the qualifications and services of the independent public accountants employed by the Company from time to time to audit the books of the Company, the scope of their audits, the adequacy of their audit reports, and recommendations made by them. The Committee may also make such reviews of internal financial audits and controls as the Committee considers desirable.

The Audit Committee will recommend to the Board the selection of the independent public accountants.

The Audit Committee shall review the Company's financial disclosure documents, management perquisites, significant developments in accounting principles and significant proposed changes in financial statements. The Audit Committee shall also review and monitor the Company's codes of conduct to guard against significant conflicts of interest and dishonest, unethical or illegal activities. The Audit Committee shall review periodically the performance of the Company's accounting and financial personnel, and shall review material litigation and regulatory proceedings and other issues relating to potentially significant corporate liability. (Amended 9/28/90)

SECTION 3.14. NOMINATING COMMITTEE. The Board of Directors, by resolution adopted by a majority of the whole Board, may designate three, four or five Directors to constitute a Nominating Committee, which Committee shall recommend to the Board nominees for election to the Board of Directors in connection with any meeting of stockholders at which directors are to be elected and persons for appointment to fill any Board vacancy which the Board of Directors is authorized under the By-Laws to fill. The Committee may also recommend to the Board policies or guidelines concerning criteria for Board membership, the structure and composition of Board Committees, the size and composition of the Board and the selection, tenure and retirement of Directors and matters related thereto.
(Amended 9/28/90)

SECTION 3.15. OTHER COMMITTEES. The Board of Directors, by resolution adopted by a majority of the whole Board, may designate two or more Directors to constitute committees other than the Executive Committee, Finance Committee, Compensation Committee, Audit Committee and Nominating Committee, which committees shall have and exercise such authority as may be provided for in the resolution creating such committee. (Amended 9/28/90)

SECTION 3.16. HONORARY DIRECTORS. The Board of Directors may select from time to time, and for such periods of time as it may deem appropriate, one or more past Chairmen of the Board, Presidents or Chief Executive Officers elected a Director prior to September 28, 1990, to serve as Honorary Directors. Honorary Directors shall be entitled to receive notice of and to attend all meetings of the Board of Directors, to receive copies of all reports or other communications made to the Board of Directors, to give counsel and advice on any subject, to receive such fees and expense reimbursements as may be provided from time to time by the Board of Directors. The Board of Directors, Chief Executive Officer, Chairman of the Board or President may invite an Honorary Director to attend meetings of any committee of the Board of Directors or to undertake temporary assignments, but this shall not preclude any other arrangements, consulting or otherwise, between the corporation and an Honorary Director. The presence or absence of an Honorary Director shall not be counted for purposes or determining the existence of a quorum. Honorary Directors shall not have the right to vote on

any matters voted on by the Board of Directors or any of the rights, duties, privileges, or responsibilities of Directors of the corporation. (Amended 9/28/90)

SECTION 3.17. NOMINATION OF DIRECTORS. Except as otherwise fixed pursuant to the certificate of incorporation relating to the rights of the holders of any one or more classes or series of Preferred Stock issued by the corporation, acting separately by class or series, to elect, under specified circumstances, directors at a meeting of stockholders, nominations for the election of directors may be made by the Board of Directors or a committee appointed by the Board of Directors pursuant to Section 3.14 or by any stockholder entitled to vote in the election of directors generally. However, any stockholder entitled to vote in the

election of directors generally may nominate one or more persons for election as directors at a meeting at which directors are to be elected only if written notice of such stockholder's intent to make such nomination or nominations has been delivered personally to, or been mailed to and received by, the Secretary of the corporation at the principal executive offices of the corporation in the City of Chicago, State of Illinois, not less than 60 days nor more than 90 days prior to the meeting; provided, however, that, in the event that less than 75 days' notice or prior public disclosure of the date of the meeting is given or made to stockholders, notice by the stockholder to be timely must be so received not later than the close of business on the tenth day following the day on which such notice of the date of the meeting was mailed or such public disclosure was made, whichever first occurs. Each such notice shall set forth: (i) the name and record address of the stockholder who intends to make the nomination; (ii) the name, age, principal occupation or employment, business address and residence address of the person or persons to be nominated; (iii) the class and number of shares of stock held of record, owned beneficially and represented by proxy by such stockholder and by the person or persons to be nominated as of the record date for the meeting (if such date shall then have been made publicly available) and of the date of such notice; (iv) a representation that the stockholder intends to appear in person or by proxy at the meeting to nominate the person or persons specified in the notice; (v) a description of all arrangements or understandings between such stockholder and each nominee and any other person or persons (naming such person or persons) pursuant to which the nomination or nominations are to be made by such stockholder; (vi) such other information regarding each nominee proposed by such stockholder as would be required to be included in a proxy statement filed pursuant to the Securities Exchange Act of 1934 and the proxy rules of the Securities and Exchange Commission; and (vii) the consent of each nominee to serve as a director of the corporation if so elected. The corporation may require any proposed nominee to furnish such other information as may reasonably be required by the corporation to determine the eligibility of such proposed nominee to serve as a director of the corporation. The officer of the corporation presiding at the annual meeting of stockholders shall, if the facts so warrant, determine that a nomination was not made in accordance with the provisions of this Section, and

if he should so determine, he should so declare to the meeting and the defective nomination shall be disregarded. No person shall be eligible for election as a director of the corporation unless nominated in accordance with the procedures set forth herein. (Added 3/24/88)

ARTICLE IV

Officers of the Corporation

SECTION 4.1. OFFICERS AND NUMBER. The officers of the corporation shall be a Chief Executive Officer, a Chairman of the Board, one or more Vice Chairmen, a President, one or more Executive Vice Presidents, one or more Sector Presidents, one or more Business Unit Presidents, one or more Senior Vice Presidents, one or more Vice Presidents, a Secretary, a Treasurer, a Controller, a General Counsel, one or more Assistant Secretaries, one or more Assistant General Counsels, one or more Assistant Treasurers and one or more Assistant Controllers. Any two or more offices may be held by the same person except the offices of President and Secretary. The Chief Executive Officer shall be either the Chairman, a Vice Chairman or the President, as designated by the Board of Directors. The Board of Directors may elect one or more Vice Chairmen of the Board and one or more Executive Vice Presidents. The Board of Directors may elect an Honorary Director to the office of Honorary Chairman of the Board. (Amended 1/27/94)

SECTION 4.2. ELECTION AND TERM OF OFFICE. The officers of the corporation shall be elected annually by the Board of Directors at the first meeting of the Board of Directors held after each annual meeting of the stockholders. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as conveniently may be. Vacancies may be filled or new offices created and filled at any meeting of the Board of Directors. Each officer shall hold office until his successor shall have been duly elected and shall have qualified or until his death or until he shall resign or shall have been removed in the manner hereinafter provided. (Adopted 10/21/60)

SECTION 4.3. REMOVAL. Any officer elected by the Board of Directors may be removed by the Board of Directors whenever in its judgment the best interests of the corporation would be served thereby. (Amended 12/15/88)

SECTION 4.4. VACANCIES. A vacancy in any office because of death, resignation, removal, disqualification or otherwise, may be filled by the Board of Directors for the unexpired portion of the term. (Adopted 10/21/60)

SECTION 4.5. SALARIES. No officer shall be prevented from receiving a salary for his services as an officer by reason of the fact that he is also a Director of the corporation.

SECTION 4.6. CHIEF EXECUTIVE OFFICER. The Chief Executive Officer shall have overall supervision of, and responsibility for, the business, and shall direct the affairs and policies of the corporation. (Adopted 12/15/88)

SECTION 4.7. CHAIRMAN OF THE BOARD. The Chairman of the Board shall preside at all meetings of the stockholders and Board of Directors. The Chairman of the Board shall perform such other duties and responsibilities as may be assigned to him by the Board of Directors. (Amended 9/28/90)

SECTION 4.8. VICE CHAIRMEN OF THE BOARD. The Vice Chairmen of the Board shall, in the absence of the Chairman of the Board (in the order prescribed by the Board), preside at all meetings of the stockholders and Board of Directors, and shall perform such other duties as may be assigned to them by the Board of Directors. (Amended 12/15/88)

SECTION 4.9. HONORARY CHAIRMAN OF THE BOARD. The Honorary Chairman of the Board shall consult with the Chief Executive Officer and other officers of the corporation, as he or they shall determine, with respect to the general policies and affairs of the corporation, and shall have such authority and perform such duties as from time to time may be prescribed by the Board of Directors or as may be granted by the Chief Executive Officer. (Renumbered 9/28/90)

SECTION 4.10. PRESIDENT. Subject to the supervision and direction of the Chief Executive Officer, the President shall have responsibility for such of the operations and other functions of the corporation as may be assigned to him. The President shall perform such other duties and responsibilities as may be assigned to him by the Chief Executive Officer. In the absence of the Chairman of the Board and Vice Chairmen of the Board, the President shall preside at meetings of the stockholders and Board of Directors. (Renumbered and Amended 9/28/90)

SECTION 4.11. VICE PRESIDENTS. Each Vice President shall have such corporate powers, if any, as may be assigned to him from time to time by the Board of Directors, Chief Executive Officer, Chairman of the Board or the President. (Renumbered 9/28/90)

SECTION 4.12. SENIOR VICE PRESIDENTS. Each Senior Vice President shall have such corporate powers, if any, as may be assigned to him by the Board of Directors, Chief Executive Officer, Chairman of the Board or the President.
(Renumbered 9/28/90)

SECTION 4.13. SECTOR PRESIDENTS. The Board of Directors may from time to time designate as Sector President one or more of the individuals who occupies the position of senior officer heading a Sector consisting of one or more business units and to whom one or more of the Business Unit Presidents reports.
(Amended 1/27/94)

SECTION 4.14. BUSINESS UNIT PRESIDENTS. The Board of Directors may from time to time designate as Business Unit President one or more of the individuals who occupies the position of senior officer heading a business unit consisting of one or more divisions and one or more sales units and who reports to one or more of the Sector Presidents or other senior officers of the corporation.
(Added 1/27/94)

SECTION 4.15. EXECUTIVE VICE PRESIDENTS. The Board of Directors may designate as an Executive Vice President the officer to whom one or more other senior officers of this corporation reports. (Amended and Renumbered 1/27/94)

SECTION 4.16. ORDER OF SUCCESSION. Such of the directors of the corporation as shall be designated by resolution of the Board of Directors, and in the order of such designation, shall in the absence of the Chairman of the Board perform the duties of the Chairman of the Board and shall have all of the powers and shall be subject to any restrictions imposed upon the Chairman.

Such of the officers of the corporation as may be designated by resolution of the Board of Directors, and in the order of such designation, shall in the absence of the Chief Executive Officer, perform the duties of the Chief Executive Officer and when so acting shall have all the powers of and be subject to any restrictions imposed upon the Chief Executive Officer.

Such of the officers of the corporation as may be designated by resolution of the Board of Directors, and in the order of such designation, shall in the absence of the President perform the duties of the President and when so acting shall have all the powers of and be subject to any restrictions imposed upon the President. (Renumbered 1/27/94)

SECTION 4.17. SECRETARY. The Secretary shall keep the minutes of all meetings of the stockholders and Board of Directors of the corporation, shall have charge of the corporate records and the corporate seal, and shall have the power to attach the seal to all instruments which shall require sealing after the same shall have been signed as authorized by the Board of Directors.
(Renumbered 1/27/94)

SECTION 4.18. TREASURER. The Treasurer shall be responsible for the receipt, custody and disbursement of all funds of the corporation in the form of both cash and securities. He may delegate the details of his office to someone in his stead,

but this shall nowise relieve him of the responsibilities and liability of his office. The Treasurer shall have the power to attach the seal to all instruments which shall require sealing after the same shall have been signed as authorized by the Board of Directors. (Renumbered 1/27/94)

SECTION 4.19. CONTROLLER. The Controller reports to the Chief Executive Officer directly or through such other management executives as the Chief Executive Officer may direct. The Controller, however, may directly submit any matter to the Board of Directors for their consideration. The Controller shall maintain adequate records of all assets, liabilities, and transactions of the corporation, and in conjunction with other officers and department heads, shall initiate and enforce measures and procedures whereby the business of the corporation shall be conducted with the maximum of safety, efficiency and economy. He shall attend that part of the meetings of the Board of Directors which is concerned with the review of the financial and operating reports of the business, except when, in the discretion of the Board, he shall be asked not to attend. (Renumbered 1/27/94)

SECTION 4.20. GENERAL COUNSEL. The General Counsel shall be the chief legal officer of the corporation and have legal responsibility for all aspects of the business. The General Counsel shall have the power to attach the seal to all instruments which shall require sealing after the same shall have been signed as authorized by the Board of Directors. (Renumbered 1/27/94)

SECTION 4.21. ASSISTANT TREASURERS. The Assistant Treasurers shall in the absence of the Treasurer perform all functions and duties of the Treasurer and in addition shall perform such functions and duties as the Treasurer may delegate, but this shall in nowise relieve the Treasurer of the responsibilities and liability of his office. (Renumbered 1/27/94)

SECTION 4.22. ASSISTANT SECRETARIES. The Assistant Secretaries shall in the absence of the Secretary perform all functions and duties of the Secretary and in addition shall assume such functions and duties as the Secretary may delegate, but this shall in nowise relieve the Secretary of the responsibilities and liability of his office. (Renumbered 1/27/94)

SECTION 4.23. ASSISTANT GENERAL COUNSELS. The Assistant General Counsels shall in the absence of the General Counsel perform all functions and duties of the General Counsel and in addition shall assume such functions and duties as the General Counsel may delegate, but this shall in nowise relieve the General Counsel of the responsibilities and liabilities of his office. (Renumbered 1/27/94)

SECTION 4.24. ASSISTANT CONTROLLERS. The Assistant Controllers shall in the absence of the Controller perform all functions and duties of the Controller and in

addition shall assume such functions and duties as the Controller may delegate, but this shall in nowise relieve the Controller of the responsibilities and liabilities of such office. (Renumbered 1/27/94)

ARTICLE V

Appointed Officers

The Chief Executive Officer may appoint officials assigned to a particular Sector or other business unit as such officers of such Sector or business unit and having such titles as he shall deem appropriate. Any such officer appointed by the Chief Executive Officer may be removed by the Chief Executive Officer whenever in his judgment the best interests of the corporation would be served thereby. The term of office, compensation, powers and duties and other terms of employment of appointed officers shall be such as the Chief Executive Officer may from time to time deem proper, and the authority of such officers shall be limited to acts pertaining to the business of such Sector or business unit. (Amended 1/27/94)

ARTICLE VI

Contracts, Loans, Checks and Deposits

SECTION 6.1. CONTRACTS. The Board of Directors may authorize any officer or officers, agent or agents, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the corporation, and such authority may be general or confined to specific instances.

SECTION 6.2. LOANS. No loans shall be contracted on behalf of the corporation and no evidence of indebtedness shall be issued in its name unless authorized by a resolution of the Board of Directors (or a resolution of a committee of Directors pursuant to authority conferred upon that committee). Such authority may be general or confined to specific instances.

SECTION 6.3. CHECKS, ETC. All checks, demands, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the corporation shall be signed by such officer or officers or such agent or agents of the corporation, and in such manner, as may be designated by the Board of Directors or by one or more officers of the corporation named by the Board of Directors for such purpose.

SECTION 6.4. DEPOSITS. All funds of the corporation not otherwise employed shall be deposited from time to time to the credit of the corporation in such banks, trust companies and other depositaries as the Board of Directors may select.

(Entire Article Renumbered 6/28/84)

ARTICLE VII

Certificates of Stock and Their Transfer

SECTION 7.1. CERTIFICATES OF STOCK. Certificates of stock of the corporation shall be in such form as may be determined by the Board of Directors, shall be numbered and shall be entered in the books of the corporation as they are issued. They shall exhibit the holder's name and number of shares and shall be signed by the Chief Executive Officer, Chairman of the Board or President or a Vice President and by the Secretary or Assistant Secretary or the Treasurer or an Assistant Treasurer. If any stock certificate is signed manually (a) by a transfer agent other than the corporation or its employee or (b) by a registrar other than the corporation or its employee, any other signature on the certificate may be a facsimile.

In case any officer, transfer agent, or registrar who has signed or whose facsimile has been placed upon a certificate shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, such certificate may nevertheless be issued by the corporation with the same effect as if he were such officer, transfer agent, or registrar at the date of issue. All certificates properly surrendered to the corporation for transfer shall be cancelled and no new certificates shall be issued to evidence transferred shares until the former certificate for at least a like number of shares shall have been surrendered and cancelled and the corporation reimbursed for any applicable taxes on the transfer, except that in the case of a lost, destroyed or mutilated certificate, a new one may be issued therefor upon such terms, and with such indemnification (if any) to the corporation, as the Board of Directors may prescribe specifically or in general terms or by delegation to a transfer agent for the corporation. Certificates shall not be issued representing fractional shares of stock. (Amended 12/15/88)

SECTION 7.2. LOST CERTIFICATES. The Board of Directors may direct a new certificate or certificates to be issued in place of any certificate or certificates theretofore issued by the corporation alleged to have been lost or destroyed upon the making of an affidavit of that fact by the person claiming the certificate of stock to be lost or destroyed. When authorizing such issue of a new certificate or certificates, the Board of Directors may, in its discretion and as a condition precedent to the issuance thereof, require the owner of such lost or destroyed

certificates, or his legal representative, to advertise the same in such manner as it shall require and/or to give the corporation a bond in such sum as it may direct as indemnity against any claim that may be made against the corporation with respect to the certificate alleged to have been lost or destroyed.

SECTION 7.3. TRANSFERS. Upon surrender to the corporation or the transfer agent of the corporation of a certificate for shares duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, it shall be the duty of the corporation to issue a new certificate to the person entitled thereto, cancel the old certificate and record the transaction upon its books. Transfers of shares shall be made only on the books of the corporation by the registered holder thereof or by his attorney thereunto authorized by power of attorney and filed with the Secretary or transfer agent of the corporation.

SECTION 7.4. REGISTERED STOCKHOLDERS. The corporation shall be entitled to treat the holder of record of any share or shares of stock as the holder in fact thereof and, accordingly, shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of Delaware.

(Entire Article Renumbered 6/28/84)

ARTICLE VIII

Dividends

SECTION 8.1. DECLARATION. Dividends upon the capital stock of the corporation, subject to the provisions of the certificate of incorporation, if any, may be declared by the Board of Directors at any regular or special meeting, pursuant to law. Dividends may be paid in cash, in property, or in shares of the capital stock, subject to the provisions of the certificate of incorporation.

SECTION 8.2. RESERVE. Before payment of any dividend, there may be set aside out of any funds of the corporation available for dividends such sum or sums as the Directors from time to time, in their absolute discretion, think proper as a reserve or reserves to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the corporation, or such other purposes as the Directors shall think conducive to the interest of the corporation, and the Directors may modify or abolish any such reserve in the manner in which it was created.

(Entire Article Renumbered 6/28/84)

ARTICLE IX

Miscellaneous

SECTION 9.1. FISCAL YEAR. Unless otherwise fixed by the resolution of the Board of Directors, the fiscal year of the corporation shall be the calendar year.

SECTION 9.2. SEAL. The corporate seal shall have inscribed thereon the name of the corporation and the words "Corporate Seal, Delaware." The seal may be used by causing it or a facsimile thereof to be impressed or affixed or otherwise reproduced.

SECTION 9.3. BOOKS. The books of the corporation may be kept (subject to any provision contained in the statutes) outside the State of Delaware at the offices of the corporation at Chicago, Illinois, or at such other place or places as may be designated from time to time by the Board of Directors.

(Entire Article Renumbered 6/28/84)

ARTICLE X

Amendment

These by-laws may be altered or repealed at any regular meeting of the Board of Directors or at any special meeting of the Board of Directors if notice of such alteration or repeal be contained in the notice of such special meeting, provided that no amendment of these by-laws shall conflict with the provisions of the Certificate of Incorporation, whether relating to the number of Directors which shall constitute the whole Board or the number of Directors of any class or otherwise. (Renumbered 6/28/84)

EXHIBIT 3(ii)(b)

R. R. DONNELLEY & SONS COMPANY

AMENDMENTS TO BYLAWS

Section 3.2, 4.1, and 4.13 were amended, a new section 4.14 was added, sections 4.14 through 4.23 were renumbered and Section 4.15 was amended.

RESOLVED, That the By-Laws be and hereby are amended to delete the first sentence of Section 3.2 thereof and to substitute the following therefor:

Effective immediately, the number of Directors which shall constitute the whole Board shall be twelve (12) of whom four (4) shall be Directors of the First Class, four (4) shall be Directors of the Second Class and four (4) shall be Directors of the Third Class.

NOW, THEREFORE, BE IT RESOLVED That the By-Laws of the corporation be and hereby are amended, effective immediately, as follows:

FURTHER RESOLVED, That the first sentence of ARTICLE IV, Section 4.1 is deleted and the following is substituted therefor:

"The officers of the corporation shall be a Chief Executive Officer, a Chairman of the Board, one or more Vice Chairmen, a President, one or more Executive Vice Presidents, one or more Sector Presidents, one or more Business Unit Presidents, one or more Senior Vice Presidents, one or more Vice Presidents, a Secretary, a Treasurer, a Controller, a General Counsel, one or more Assistant Secretaries, one or more Assistant General Counsels, one or more Assistant Treasurers and one or more Assistant Controllers."

FURTHER RESOLVED, That Section 4.13 is deleted and the following is substituted therefor:

"Section 4.13. Sector Presidents. The Board of Directors may from time to time designate as Sector President one or more of the individuals who occupies the position of senior officer heading a Sector consisting of one or more business units and to whom one or more of the Business Unit Presidents reports."

FURTHER RESOLVED, That the following be added as a new Section 4.14 and that each of the existing Sections 4.14 through 4.23 be renumbered as Sections 4.15 through 4.24, respectively, to follow in consecutive order the new Section 4:14:

"Section 4.14. Business Unit Presidents. The Board of Directors may from time to time designate as Business Unit

President one or more of the individuals who occupies the position of senior officer heading a business unit consisting of one or more divisions and one or more sales units and who reports to one or more of the Sector Presidents or other senior officers of the corporation."

FURTHER RESOLVED, That the new Section 4.15 (Section 4.14, prior to the effectiveness of these resolutions) is deleted and the following is substituted therefor:

"Section 4.15. Executive Vice Presidents. The Board of Directors may designate as an Executive Vice President the officer to whom one or more other senior officers of this corporation reports."

FURTHER RESOLVED, That the word "Group" be deleted in each of the three places that it appears in ARTICLE V and that the word "Sector" be substituted therefor.

EXHIBIT 10(b)

R.R. DONNELLEY & SONS COMPANY NON-EMPLOYEE DIRECTOR DEFERRED COMPENSATION AGREEMENT

This AGREEMENT made this _____ day of _____, 19_____, by and between R.R. DONNELLEY & SONS COMPANY, a Delaware corporation (hereinafter called the "Company"), and _____, (hereinafter called "Director").

W I T N E S S E T H

WHEREAS, the Director is a member of the board of directors of the Company, or has been nominated for election as a member of the board of directors of the Company;

WHEREAS, the Director is not also an employee of the Company; and

WHEREAS, the Company and the Director desire to enter into this Agreement with respect to compensation earned by the Director from the Company for the period commencing with the first to occur of (i) the calendar year beginning immediately after the date hereof and (ii) the Director's election, and continuing so long as the Director shall continue to serve as a director of the Company or until terminated by the board of directors of the Company in accordance with Section 4;

NOW, THEREFORE, in consideration of the Director's service as a member of the board of directors of the Company, it is agreed:

1. As compensation for such services, the Company agrees to pay to the Director during the period specified in Section 2(b) the aggregate amount credited on the books of the Company to the account provided for in
Section 2(a).

2. (a) The Company shall set up on its books an account in the name of the Director to which shall be credited:

(i) An amount equal to the fixed retainer or compensation to be paid for services as a director as from time to time determined by the board of directors, to be credited monthly for each month or part thereof during which the Director serves as a director of the Company subsequent to the effective date of this Agreement;

(ii) An amount equal to the fixed fee for attendance at each meeting and any additional fee payable for service on any committee of the board of directors of the Company, as from time to time determined by the board of directors, in respect of services performed subsequent to the effective date of this Agreement;

(iii) An amount equivalent to interest on the balance (including interest theretofore credited) from time to time credited to such account, to be credited quarterly at a rate equal to the then current yield obtainable on United States government bonds having a maturity date of approximately five years.

The amounts properly to be credited to such account shall in the event of dispute be determined by the board of directors, and such determination shall be binding and conclusive.

(b) Commencing with the first day of the calendar month next following (i) termination of the Director's service as a director of the Company or
(ii) the Director attaining age 65, whichever later occurs, the Company shall pay to the Director the amount then credited to his or her reserve account, together with interest to be thereafter credited to said account as above provided, in equal (as nearly as possible) annual installments, the number of which shall be the lesser of ten and the number of years during which the Director served as a director of the Company after the date of this Agreement.

(c) Upon the death of the Director prior to complete distribution to the Director of the amount credited to the Director's account, any undistributed amount shall be paid, as soon as practicable after the Director's death, in a lump sum to such beneficiaries and in such proportions among them as the Director shall have designated in the latest instrument in writing filed by the Director with the Company, provided, however, that the Director may specify that such undistributed amount (together with interest to be thereafter credited to such account as above provided) shall be paid to the

Director's spouse in equal (as nearly as possible) annual installments, commencing as soon as practicable after the Director's death, the aggregate number of which (including installments, if any, paid to the Director before the Director's death) shall be the lesser of ten and the number of years during which the Director served as a director after the date of this Agreement. If there shall be no beneficiary designated or in existence at the Director's death, any undistributed amount shall be paid to the executor or administrator of the Director's estate. If payments are being made in installments to the Director's spouse, then upon the spouse's death, any amount then undistributed shall be paid as soon as practicable after such spouse's death, in one lump sum to the executor or administrator of the spouse's estate.

3. The Director may have all or a portion of the amounts which would otherwise be credited with respect to the services referred to in subparagraphs (i) and (ii) of paragraph 2(a) for any calendar year during the term of this Agreement paid to him or her in cash by filing with the Company on or before the December 31 immediately preceding such calendar year a written direction to such effect. Any such written election shall be effective only for the year for which it is made and once made, may not be revoked.

4. The board of directors of the Company may, by action taken before any annual meeting of the stockholders of the

Company, terminate the continued effectiveness of Section 2 of this Agreement, so that no further amounts (other than interest as provided in Section 2(a)(iii)) are credited to the account of the Director from and after such annual meeting date. The Director may, by filing with the COmpany a written direction to such effect, terminate the continued effectiveness of Section 2 of this Agreement so that no further amounts (other than interest as provided in Section 2(a)(iii)) are credited to the account of the Director from and after the calendar year beginning after the filing of such direction. No termination pursuant to this Section shall adversely affect the rights of the Director, the Director's personal representative or designated beneficiary, to receive the amounts theretofore credited to the Director's account, with interest thereon as provided in this Agreement.

5. The Director shall have no power to commute, encumber, sell or otherwise dispose of the rights provided herein and such rights shall be nonassignable and nontransferable.

6. The Company shall not be obligated to set aside any assets to satisfy its obligations hereunder. Neither the Director nor any spouse or other beneficiary shall have any claim against any specific assets of the Company, but shall have only the rights of a general creditor of the Company.

7. This Agreement shall be construed and interpreted in accordance with the laws (other than those pertaining to conflicts of law) of the State of Illinois, and shall be

binding upon and inure to the benefit of the Director, the Company and the heirs, executors, administrators, assigns and successors of each.

IN WITNESS WHEREOF, the parties have signed this Agreement on the day and year first above written.

R.R. DONNELLEY & SONS COMPANY

By_____ By_____ Director Title

EXHIBIT 10(c)

Approved by Board of
Directors on January 27, 1994

DONNELLEY SHARES STOCK OPTION PLAN

1. Plan. The purpose of this Donnelley Shares Stock Option Plan (the "Plan") is to provide incentives to employees through rewards based upon the ownership and performance of the common stock of R. R. Donnelley & Sons Company (the "Company"). The Committee hereinafter designated shall grant options to purchase shares of common stock, par value $1.25 per share, of the Company (the "Common Stock") to eligible employees on the terms and subject to the conditions stated in the Plan.

2. Eligibility. All employees (other than officers) of the Company and all of its direct or indirect wholly-owned subsidiaries (the "Employers") who have completed at least two (2) years of continuous service with any one or more of the Employers shall be eligible, upon selection by the Committee, to receive options under the Plan; provided, however, that an otherwise eligible employee whose terms and conditions of employment are covered by a collective bargaining agreement shall be eligible to receive options under the Plan only if expressly provided for in a collective bargaining agreement or supplemental letter of understanding signed by such employee's Employer and the recognized representative of the collective bargaining unit in which the employee is a member. An employee granted an option pursuant to the Plan shall be referred to herein from time to time as an "Optionee".

3. Limitation on Shares Available. Subject to adjustment as provided in Section 5 of the Plan, the maximum number of shares of Common Stock available for all grants made under the Plan shall be 6,000,000. Shares of Common Stock subject to grants made hereunder which, by reason of the expiration, cancellation, forfeiture or other termination of such grants prior to purchase, are not purchased shall again be available for future grants.

Shares of Common Stock to be delivered may be authorized and unissued shares of stock, treasury stock or a combination thereof. The Company reserves the right to purchase shares of Common Stock for the Plan in the open market.

4. Administration of the Plan. The Plan shall be administered by a committee (the "Committee") designated by the Board of Directors of the Company (the "Board"). Except as otherwise set forth in the Plan, the Committee shall, subject to the terms of the Plan, select groups of eligible employees for participation in the Plan and, with respect to such groups of eligible employees, shall determine the number of shares of Common Stock subject to each option granted hereunder, the terms and conditions of exercise of such option and all other terms and conditions of such option. The Committee shall, subject to the terms of the Plan, have the authority to interpret the Plan, establish rules and regulations for the administration of the Plan and impose, incidental to the grant of an option, conditions with respect to the grant. All such rules, regulations and interpretations adopted by the

Committee shall be conclusive and binding on all parties. The Committee may delegate its authority to interpret all or part of the Plan to designated officers of the Company.

5. Adjustments for Changes in Capitalization. The Committee shall make appropriate adjustments to the number of shares available under the Plan, the option exercise price and the number of shares subject to any option granted hereunder in order to give effect to any stock split, stock dividend, merger, consolidation, reorganization, spin-off, liquidation or other similar change in capitalization or event that occurs after the effective date of the Plan, such adjustments to be made in the case of outstanding options without a change in the aggregate purchase price. If any adjustment would result in a fractional security being available under the Plan or subject to a grant under the Plan, such fractional security shall be disregarded.

6. Effective Date and Term of Plan. The Plan shall become effective on January 27, 1994 (the "Effective Date"). The Plan shall terminate five (5) years after the Effective Date unless terminated prior thereto by action of the Board. No further grants shall be made under the Plan after termination, but termination shall not affect the rights of any Optionee under any grants made prior to termination.

7. Amendments. The Plan may be amended or terminated by the Board in any respect and at any time, provided that such action shall not adversely affect any rights or obligations with respect to any outstanding grants under the Plan.

8. Grants. (a) Options to purchase 100 shares of Common Stock shall be granted on March 24, 1994 to eligible employees employed on such date who had completed at least two (2) years of continuous service with any one or more of the Employers as of December 31, 1993; provided, however, that employees who, as of March 24, 1994, are members of a collective bargaining unit shall be deemed eligible employees for purposes of this paragraph 8(a) only if a collective bargaining agreement or supplemental letter of understanding providing for the receipt of such options by such employees was fully executed by such employee's Employer and the recognized representative of the collective bargaining unit prior to March 1, 1994; and provided further, that eligible employees who are not employed in the United States of America as of March 24, 1994 shall not receive such options. All options granted on March 24, 1994 shall become exercisable in full on December 31, 1996.

(b) Additional options may be granted, in the sole and absolute discretion of the Committee, to groups of eligible employees at any time.

(c) The option price per share of Common Stock purchasable upon the exercise of any option granted pursuant to the Plan shall be the fair market value of a share of Common Stock on the date of grant of such option. For purposes of the Plan, the fair market value shall be determined by reference to the average of the high and low transaction prices in trading of the Common Stock as reported in the New York Stock Exchange-Composite Transactions on the date of grant.

(d) All options granted hereunder shall be evidenced by a certificate substantially in the form of Exhibit A hereto. Each certificate shall be dated and signed by an officer of the Company as of the date of the grant.

9. Terms of Options. (a) No option shall be exercisable earlier than one (1) year, nor more than ten (10) years, after the date of grant. Each option granted hereunder shall become exercisable in full on the third anniversary of the date of the grant, unless otherwise determined by the Committee and except as otherwise set forth in Section 8(a). Notwithstanding the foregoing, if an Optionee is no longer employed by at least one of the Employers for any reason (including due to death or long-term disability but excluding due to termination of employment upon retirement at normal retirement age or early retirement at or after age 55 with the consent of the Company), each option held by such Optionee which is not exercisable on the date of termination of employment shall terminate automatically on such date. Options held by an Optionee who retires at normal retirement age or who takes early retirement at or after age 55 with the consent of the Company, regardless of whether or not such options are exercisable at the date of retirement, shall not terminate as a result of such retirement but shall continue to remain outstanding and subject to the terms and conditions of the Plan; provided, however, that in the event that such an Optionee dies, each option held by such Optionee which is not exercisable on the date of death of such Optionee shall terminate automatically upon the death of such Optionee. Additionally, after an option held by an Optionee has become exercisable, if such Optionee is no longer employed by at least one of the Employers for any reason (other than retirement at normal retirement age or early retirement at or after age 55 with the consent of the Company or for any of the reasons specified in Section 9(c)) and/or such Optionee dies, then such Optionee (or in the case of death, such Optionee's executor, administrator, personal representative, beneficiary or similar person) may exercise such exercisable option until ninety (90) days from the date of such termination of employment and/or the date of death, as the case may be, or until the expiration of the term of such option, whichever is earlier.

(b) No option hereunder shall be transferable other than by will or the laws of descent and distribution. Each option shall be exercisable during the Optionee's lifetime only by the Optionee or the Optionee's guardian, legal representative or similar person, provided that evidence of such person's identity and rights with respect to such exercise are acceptable to the Committee. Except as permitted by the first sentence of Section 9 (b) of the Plan, no option hereunder shall be sold, transferred, assigned, pledged, hypothecated, encumbered or otherwise disposed of (whether by operation of law or otherwise) or be subject to execution, attachment or similar process. Any such attempt to so sell, transfer, assign, pledge, hypothecate, encumber or otherwise dispose of any option hereunder shall be null and void and no person shall be entitled to any rights hereunder by virtue of any attempted execution, attachment or similar process. In the event of the death of an Optionee, any unexercised portion of an option that, but for the death of the Optionee, would have been exercisable on the date of such Optionee's death by such Optionee may be exercised by the executor, administrator, personal representative, beneficiary or similar person of such deceased Optionee within ninety (90) days of the death of such Optionee, but not after the expiration of the term of the option; provided that evidence of such person's identity and rights with respect to such exercise are acceptable to the Committee.

(c) Notwithstanding anything contained herein to the contrary, in the event the Committee shall determine that an Optionee's employment was terminated by the Optionee's Employer on account of (i) an unauthorized disclosure of confidential information or trade secrets of any Employer, (ii) unlawful trading in the securities of the Company or any customers of any of the Employers, or (iii) fraud, theft or embezzlement with respect to any of the Employers or any breach of the Optionee's duties to the Optionee's Employer or any of the other Employers, then such Optionee shall forfeit all rights to the unexercised portion of any option held by the Optionee under the Plan, and all such options shall automatically terminate.

(d) Options must be exercised in full. No partial exercise is permitted. No shares of Common Stock may be purchased under any option granted under the Plan unless prior to or simultaneously with the purchase, the Optionee shall have delivered by such means as have been identified by the Committee notice to the Company, accompanied by payment therefor in full of the option price, any brokerage fees associated with the exercise of the options (the "Brokerage Fees"), and any local, state, federal or other taxes required to be withheld and paid over to governmental taxing authorities by the Company due to such exercise ("Taxes") (or arrangement made for such payment to the satisfaction of the Company). Upon exercise, the option price, the Brokerage Fees and the Taxes may be paid according to procedures established by the Committee as follows: (i) in cash or (ii) by electing to sell, through an agent or broker designated by the Company, whole shares of Common Stock issuable upon exercise of the option having a fair market value determined on the date of exercise as close as is practicable to the sum of (A) the option price for shares of Common Stock subject to such exercise, (B) the Brokerage Fees associated with such exercise and (C) the Taxes associated with such exercise, provided that the number of whole shares sold shall be sufficient to pay in full the option price, the Brokerage Fees and the Taxes. No option may be exercised by an Optionee through any agent or broker other than an agent or broker designated by the Company. Notwithstanding the foregoing, in the event that an Optionee has notified the Company through the Company's electronic system that such Optionee is exercising an option and is paying cash for the option price and the Taxes and such cash is not received within 30 calendar days following such notice, then the Company may automatically order the sale, through the designated agent or broker, of whole shares of Common Stock to pay in full the option price, the Brokerage Fees and the Taxes and deliver any whole shares of Common Stock not so applied to the Optionee, plus any cash owed in lieu of fractional shares. The Committee shall have sole discretion to disapprove of an election pursuant to clause (ii). No shares of Common Stock shall be delivered to the Optionee until the full option price, the Brokerage Fees and the Taxes have been paid. Optionees shall be required to receive all shares acquired under an option in the form of stock certificates; cash shall not be paid to an Optionee in lieu of the delivery of stock certificates upon the exercise of any option, except to the extent necessary to compensate for fractional shares.

(e) Optionees shall be entitled to the privilege of ownership with respect to shares of Common Stock subject to options granted hereunder only as to shares of Common Stock purchased and delivered to an Optionee upon exercise of an option.

10. Miscellaneous.

(a) Effect of Leaves of Absence. Leaves of absence for periods and purposes conforming to the personnel policies of the Company and approved by the Employer shall not be deemed terminations of employment or interruptions of continuous service.

(b) Restrictions on Shares. Notwithstanding any provision of the Plan to the contrary, unless a registration statement under the Securities Act of 1933, as amended (the "Securities Act"), is in effect as to the shares purchasable under any option granted under the Plan, no shares of Common Stock may be purchased under such option. In addition, notwithstanding any provision of this Plan to the contrary, any option granted under the Plan is subject to the condition that if at any time the Company determines that the listing, registration or qualification of the shares of Common Stock subject to such option upon any securities exchange or under any law, the consent or approval of any regulatory body, or the taking of any other action is necessary or desirable as a condition of, or in connection with, the delivery of the shares thereunder, such shares shall not be delivered unless such listing, registration, qualification, consent, approval or other action shall have been effected or obtained, free of any conditions not acceptable to the Company.

(c) No Right to Employment. Neither the Plan nor the grant of options hereunder shall be construed as giving any employee any right to be retained in the employ of any Employer.

(d) Governing Law. The Plan shall be governed by and interpreted in accordance with the laws of the State of Delaware.

(e) Nature of Option. The options granted under the Plan shall not be treated as incentive stock options within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended.

11. Acceleration of Options Upon a Change in Control. If while any option remains unexercised and outstanding under the Plan:

(a) any "person", as such term is defined in Section 3(a)(9) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), as modified and used in Section 13(d) and 14(d) thereof (but not including (i) the Company or any of its subsidiaries, (ii) a trustee or other fiduciary holding securities under an employee benefit plan of the Company or any of its subsidiaries, (iii) an underwriter temporarily holding securities pursuant to an offering of such securities, or (iv) a corporation owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of stock of the Company) (hereinafter a "Person") is or becomes the beneficial owner, as defined in Rule 13d-3 of the Exchange Act, directly or indirectly, of securities of the Company (not including in the securities beneficially owned by such Person any securities acquired directly from the Company or its affiliates) representing 50% or more of the combined voting power of the Company's then outstanding securities; or

(b) during any period of two (2) consecutive years, individuals who at the beginning of such period constitute the Board and any new director (other than a director designated by a Person who has entered into any agreement with the Company to effect a transaction described in clause (a),
(c) or (d) of this Section) whose election by the Board or nomination for election by the Company's stockholders was approved by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was previously so approved, cease for any reason to constitute a majority thereof; or

(c) the stockholders of the Company approve a merger or consolidation of the Company with any other corporation, other than (i) a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity), in combination with the ownership of any trustee or other fiduciary holding securities under an employee benefit plan of the Company, at least 50% of the combined voting power of the voting securities of the Company or such surviving entity outstanding immediately after such merger or consolidation, or (ii) a merger or consolidation effected to implement a recapitalization of the Company (or similar transaction) in which no Person acquires more than 50% of the combined voting power of the Company's then outstanding securities; or

(d) the stockholders of the Company approve a plan of complete liquidation of the Company or an agreement for the sale or disposition by the Company of all or substantially all the Company's assets;

(any of such events being hereinafter referred to as a "Change in Control"), then from and after the date on which public announcement of the acquisition of such percentage shall have been made, or the date on which the change in composition of the Board set forth above shall have occurred, or the date of any such stockholder approval of a merger, consolidation, plan of complete liquidation or an agreement for the sale of the Company's assets as described above occurs (the applicable date being hereinafter referred to as the "Acceleration Date"), all such outstanding and unexercised options, whether or not then exercisable, shall be fully and immediately exercisable.

A severance agreement in this form has been executed by and between the Company and each of its executive officers.

EXHIBIT 10(f)

AGREEMENT

THIS AGREEMENT dated as of _____, is made by and between R.R. Donnelley & Sons Company, a Delaware corporation ("Donnelley"; Donnelley and its Subsidiaries being hereafter referred to as the "Company"), and _____ (the "Executive").

WHEREAS the Company considers it essential to the best interests of its stockholders to foster the continuous employment of key management personnel; and

WHEREAS the Board of Directors of Donnelley (the "Board") recognizes that, as is the case with many publicly held corporations, the possibility of a Change in Control (as defined in the last Section hereof) exists and that such possibility, and the uncertainty and questions which it may raise among management, may result in the departure or distraction of management personnel to the detriment of the Company and its stockholders; and

WHEREAS the Board has determined that appropriate steps should be taken to reinforce and encourage the continued attention and dedication of members of the Company's management, including the Executive, to their assigned duties without distraction in the face of potentially disturbing circumstances arising from the possibility of a Change in Control;

NOW THEREFORE, in consideration of the promises and the mutual covenants herein contained, the Company and the Executive hereby agree as follows:

1. Defined Terms. The definition of capitalized terms used in this Agreement is provided in the last Section hereof.

2. Term of Agreement. This Agreement shall commence on the date hereof and shall continue in effect through December 31, 199X; provided, however, that commencing on January 1, 199X and each January 1 there-after, the term of this Agreement shall automatically be extended for one additional year unless, not later than September 30 of the preceding year, the Company or the Executive shall have given notice not to extend this Agreement or a Change in Control shall have occurred prior to such January 1; provided, however, if a Change in Control shall have occurred during the term of this Agreement, this Agreement shall continue in effect for a period of not less than twenty-four (24) months beyond the month in which such Change in Control occurred.

3. Company's Covenants Summarized. In order to induce the Executive to remain in the employ of the Company and in consideration of the Executive's covenants set forth in Section 4 hereof, the Company agrees, under the conditions described herein, to pay the Executive the Severance Payments and the other payments and benefits

described herein in the event the Executive's employment with the Company is terminated following a Change in Control and during the term of this Agreement. No amount or benefit shall be payable under this Agreement unless there shall have been (or, under the terms hereof, there shall be deemed to have been) a termination of the Executive's employment with the Company following a Change in Control. This Agreement shall not be construed as creating an express or implied contract of employment and, except as otherwise agreed in writing between the Executive and the Company, the Executive shall not have any right to be retained in the employ of the Company.

4. The Executive's Covenants. The Executive agrees that, subject to the terms and conditions of this Agreement, in the event of a Potential Change in Control during the term of this Agreement, the Executive will remain in the employ of the Company until the earliest of (i) a date which is six (6) months from the date of such Potential Change of Control, (ii) the date of a Change in Control, (iii) the date of termination by the Executive of the Executive's employment for Good Reason (determined by treating the Potential Change in Control as a Change in Control in applying the definition of Good Reason), by reason of death, Disability or Retirement, or (iv) the termination by the Company of the Executive's employment for any reason.

5. Compensation Other Than Severance Payments.

5.01 Following a Change in Control and during the term of this Agreement, during any period that the Executive fails to perform the Executive's full- time duties with the Company as a result of incapacity due to physical or mental illness, the Company shall pay the Executive's full salary to the Executive at the rate in effect at the commencement of any such period, together with all compensation and benefits payable to the Executive under the terms of any compensation or benefit plan, program or arrangement maintained by the Company during such period, until the Executive's employment is terminated by the Company for Disability.

5.02 If the Executive's employment shall be terminated for any reason following a Change in Control and during the term of this Agreement, the Company shall pay the Executive's full salary to the Executive through

the Date of Termination at the rate in effect at the time the Notice of Termination is given, together with all compensation and benefits payable to the Executive through the Date of Termination under the terms of any compensation or benefit plan, program or arrangement maintained by the Company during such period.

5.03 If the Executive's employment shall be terminated for any reason following a Change in Control and during the term of this Agreement, the Company shall

pay the Executive's normal post-termination compensation and benefits to the Executive as such payments become due; provided that, in no event shall any severance pay which might be payable to the Executive pursuant to the Company's Standard Practice Manual or Special Severance Plan be paid if the Executive is entitled to the Severance Payments as a result of such termination. Such post-termination compensation and benefits shall be determined under, and paid in accordance with, the Company's retirement, insurance and other compensation or benefit plans, programs and arrangements.

6. Severance Payments.

6.01 The Company shall pay the Executive the payments described in this Section 6.01 (the "Severance Payments") upon the termination of the Executive's employment following a Change in Control and during the term of this Agreement, in addition to the payments and benefits described in
Section 5 hereof, unless such termination is (i) by the Company for Cause,
(ii) by reason of death or Disability or (iii) by the Executive without Good Reason. The Executive's employment shall be deemed to have been terminated following a Change in Control by the Company without Cause or by the Executive with Good Reason if the Executive's employment is terminated prior to a Change in Control without Cause at the direction of a Person who has entered into an

agreement with the Company the consummation of which will constitute a Change in Control or if the Executive terminates his employment with Good Reason prior to a Change in Control (determined by treating a Potential Change in Control as a Change in Control in applying the definition of Good Reason) if the circumstance or event which constitutes Good Reason occurs at the direction of such Person.

(A) Provided that the Executive has been in the employ of the Company for at least one year, in lieu of any further salary payments to the Executive for periods subsequent to the Date of Termination and in lieu of any severance benefit otherwise payable to the Executive, the Company shall pay to the Executive a lump sum severance payment, in cash, equal to an amount determined as follows:
(i) in the event the Executive has been in the employ of the Company, as of the Date of Termination, for a period equal to or greater than one year but less than two years, one (1) or, if less, the number of years, including fractional parts thereof, from the Date of Termination until the Executive reaches Normal Retirement Age, times the Executive's Planned Compensation; (ii) in the event the Executive has been in the employ of the Company, as of the Date of Termination, for a period

equal to or greater than two years but less than three years, two (2), or, if less, the number of years, including fractional parts thereof, until the Executive reaches Normal Retirement Age, times the Executive's Planned Compensation; or (iii) in the event the Executive has been in the employ of the Company, as of the Date of Termination, for a period equal to or greater than three years, three (3), or, if less, the number of years, including fractional parts thereof, until the Executive reaches Normal Retirement Age, times the Executive's Planned Compensation;

(B) Notwithstanding any provision of any Bonus Plan, the Company shall pay to the Executive a lump sum amount, in cash, equal to the sum of (i) any incentive compensation which has been allocated or awarded to the Executive for a completed year or other measuring period preceding the Date of Termination under any such Bonus Plan but has not yet been paid (pursuant to Section 5.02 hereof or otherwise), and (ii) the aggregate value of all contingent incentive compensation awards to the Executive for all uncompleted periods under any such Bonus Plan, assuming (a) any and all target levels of achievement for the period with respect to which such awards have been made have been met and

(b) any period of continued employment specified in such awards upon which such awards are contingent have been completed;

(C) Notwithstanding any provision of the Stock Plans, the Company shall pay to the Executive, in lieu of any stock bonus awards granted to the Executive under the Stock Plans, a lump sum payment, in cash, equal to the sum of (i) the amount determined by multiplying the number of outstanding stock units granted at any time to the Executive under the Stock Plan, whether or not vested, by the higher of the Exchange Price and the Transaction Price and (ii) the amount of any dividends and interest credited to the Executive's cash account in connection with the grant of such units;

(D) In lieu of Company Shares issuable upon exercise of outstanding Options (which Options shall be canceled upon the making of the payment referred to below), the Company shall pay the Executive a lump sum amount, in cash, equal to the product of (i) the excess of (x) in the case of ISOs granted after the date hereof, the Exchange Price, or in the case of all other Options, the higher of the Exchange Price and the Transaction Price, over (y) the per share exercise price of each such Option held by the Executive (whether or not then fully

exercisable), times (ii) the number of Company Shares covered by each such Option;

(E) In addition to the retirement benefits to which the Executive is entitled under the Pension Plan or any successor plans thereto, the Company shall pay the Executive a lump sum amount, in cash, equal to the actuarial equivalent of the excess of (i) the retirement pension (determined as a straight life annuity commencing at Normal Retirement Age) which the Executive would have accrued under the terms of the Pension Plan (without regard to any amendment to the Pension Plan made subsequent to a Change in Control and on or prior to the Date of Termination, which amendment adversely affects in any manner the computation of retirement benefits thereunder), determined as if the Executive were fully vested thereunder and had accumulated (after the Date of Termination) thirty-six (36) (or, if less, a number equal to the number of months, including fractional parts thereof, from the Date of Termination until the Executive reaches Normal Retirement Age) additional months of service credit thereunder at the Executive's highest annual rate of compensation during the twelve (12) months immediately preceding the Date of Termination, and (ii) the retirement pension (determined as a

straight life annuity commencing at Normal Retirement Age) which the Executive had then accrued pursuant to the provisions of the Pension Plan. For purposes of this Section 6.01(E), "actuarial equivalent" shall be determined using the same assumptions utilized under the Pension Plan immediately prior to the Date of Termination.

F. For a twenty-four (24) month period after the Date of Termination, the Company shall arrange to provide the Executive with life, disability, accident and health insurance benefits substantially similar to those which the Executive is receiving immediately prior to the Notice of Termination (without giving effect to any reduction in such benefits subsequent to a Change in Control which reduction constitutes Good Reason); provided, however, that, in the event the date upon which the Executive attains Normal Retirement Age occurs during such twenty-four month period, the Executive shall thereafter receive such life, disability, accident and health insurance benefits as would be provided to him as a retiree. Benefits otherwise receivable by the Executive pursuant to this Section 6.01(F) shall be reduced to the extent comparable benefits are actually received by or made available to the Executive without cost during the

twenty-four (24) month period following the Executive's termination of employment (and any such benefits actually received by the Executive shall be reported to the Company by the Executive).

6.02 (A) Whether or not the Executive becomes entitled to the Severance Payments, if any of the Total Payments will be subject to the Excise Tax, the Company shall pay to the Executive an additional amount (the "Gross-Up Payment") such that the net amount retained by the Executive, after deduction of any Excise Tax on the Total Payments and any federal, state and local income tax and Excise Tax upon the payment provided for by this Section 6.02, shall be equal to the excess of the Total Payments over the payment provided for by this Section 6.02.

(B) For purposes of determining whether any of the Total Payments will be subject to the Excise Tax and the amount of such Excise Tax, (i) any payments or benefits received or to be received by the Executive in connection with a Change in Control or the Executive's termination of employment (whether pursuant to the terms of this Agreement or any other plan, arrangement or agreement with the Company, any Person whose actions result in a Change in Control or any Person affiliated with the Company or such Person) (the

"Total Payments") shall be treated as "parachute payments" (within the meaning of section 280G(b)(2) of the Code) unless, in the opinion of tax counsel selected by the Company's independent auditors and reasonably acceptable to the Executive, such payments or benefits (in whole or in part) do not constitute parachute payments, including by reason of section 280G(b)(4)(A) of the Code, and all "excess parachute payments" (within the meaning of section 280G(b)(1) of the Code) shall be treated as subject to the Excise Tax unless, in the opinion of such tax counsel, such excess parachute payments (in whole or in part) represent reasonable compensation for services actually rendered (within the meaning of section 280G(b)(4)(B) of the Code), or are otherwise not subject to the Excise Tax, and (ii) the value of any noncash benefits or any deferred payment or benefit shall be determined by the Company's independent auditors in accordance with the principles of sections 280G(d)(3) and (4) of the Code. For purposes of determining the amount of the Gross-Up Payment, the Executive shall be deemed to pay federal income taxes at the highest marginal rate of federal income taxation in the calendar year in which the Gross-Up Payment is to be made and state and local income taxes at the highest

marginal rate of taxation in the state and locality of the Executive's residence on the Date of Termination, net of the maximum reduction in federal income taxes which could be obtained from deduction of such state and local taxes.

(C) In the event that the Excise Tax is subsequently determined to be less than the amount taken into account hereunder at the time of termination of the Executive's employment, the Executive shall repay to the Company, at the time that the amount of sucreduction in Excise Tax is finally determined, the portion of the Gross-Up Payment attributable to such reduction (plus that portion of the Gross- Up Payment attributable to the Excise Tax and federal, state and local income tax imposed on the Gross-Up Payment being repaid by the Executive to the extent that such repayment results in a reduction in Excise Tax and/or a federal, state or local income tax deduction) plus interest on the amount of such repayment at the rate provided in section 1274(b)(2)(B) of the Code. In the event that the Excise Tax is determined to exceed the amount taken into account hereunder at the time of the termination of the Executive's employment (including increases in the Excise Tax resulting from any payment the existence or amount of which

could not be determined at the time of the Gross-Up Payment), the Company shall make an additional Gross-Up Payment in respect of such excess (plus any interest, penalties or additions payable by the Executive with respect to such excess) at the time that the amount of such excess is finally determined. The Executive and the Company shall each reasonably cooperate with the other in connection with any administrative or judicial proceedings concerning the existence or amount of liability for Excise Tax with respect to the Total Payments.

6.03 The payments provided for in Section 6.01 (other than Section 6.01(F)) and 6.02 hereof shall be made not later than the fifth (5th) day following the Date of Termination; provided, however, that, if the amounts of such payments cannot be finally determined on or before such day, the Company shall pay to the Executive on such day an estimate, as determined in good faith by the Company, of the minimum amount of such payments to which the Executive is clearly entitled and shall pay the remainder of such payments (together with interest at the rate provided in section 1274(b)(2)(B) of the Code) as soon as the amount thereof can be determined but in no event later than the thirtieth (30th) day after the Date of Termination. In the event that the amount of

the estimated payments exceeds the amount subsequently determined to have been due, such excess shall constitute a loan by the Company to the Executive, payable on the fifth (5th) business day after demand by the Company (together with interest at the rate provided in section 1274 (b)(2)(B) of the Code). At the time that payments are made under this Section, the Company shall provide the Executive with a written statement setting forth the manner in which such payments were calculated and the basis for such calculations including, without limitation, any opinions or other advice the Company has received from outside counsel, auditors or consultants (and any such opinions or advice which are in writing shall be attached to the statement).

6.04 The Company also shall pay to the Executive all legal fees and expenses incurred by the Executive as a result of a termination which entitles the Executive to the Severance Payments (including all such fees and expenses, if any, incurred in disputing any such termination or in seeking in good faith to obtain or enforce any benefit or right provided by this Agreement or in connection with any tax audit or proceeding to the extent attributable to the application of section 4999 of the Code to any payment or benefit provided hereunder). Such payments shall be made within five (5) business days after delivery of the Executive's written requests for

payment accompanied with such evidence of fees and expenses incurred as the Company reasonably may require.

7. Termination Procedures and Compensation During Dispute.

7.01 Notice of Termination. After a Change in Control and during the term of this Agreement, any purported termination of the Executive's employment (other than by reason of death) shall be communicated by written Notice of Termination from one party hereto to the other party hereto in accordance with Section 10 hereof. For purposes of this Agreement, a "Notice of Termination" shall mean a notice which shall indicate the specific termination provision in this Agreement relied upon and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive's employment under the provision so indicated. Further, a Notice of Termination for Cause is required to include a copy of a resolution duly adopted by the affirmative vote of not less than three- quarters (3/4) of the entire membership of the Board at a meeting of the Board which was called and held for the purpose of considering such termination (after reasonable notice to the Executive and an opportunity for the Executive, together with the Executive's counsel, to be heard before the Board) finding that, in the good faith opinion of the Board, the Executive was guilty of

conduct set forth in clause (i) or (ii) of the definition of Cause herein, and specifying the particulars thereof in detail.

7.02 Date of Termination. "Date of Termination," with respect to any purported termination of the Executive's employment after a Change in Control and during the term of this Agreement, shall mean (i) if the Executive's employment is terminated for Disability, thirty (30) days after Notice of Termination is given (provided that the Executive shall not have returned to the full-time performance of the Executive's duties during such thirty (30) day period), and (ii) if the Executive's employment is terminated for any other reason, the date specified in the Notice of Termination (which, in the case of a termination by the Company, shall not be less than thirty (30) days (except in the case of a termination for Cause) and, in the case of a termination by the Executive, shall not be less than fifteen (15) days nor more than sixty (60) days, respectively, from the date such Notice of Termination is given).

7.03 Dispute Concerning Termination. If within fifteen (15) days after any Notice of Termination is given, or, if later, prior to the Date of Termination (as determined without regard to this Section 7.03), the party receiving such Notice of Termination notifies the

other party that a dispute exists concerning the termination, the Date of Termination shall be the date on which the dispute is finally resolved, either by mutual written agreement of the parties or by a final judgment, order or decree (which is not appealable or with respect to which the time for appeal therefrom has expired and no appeal has been perfected) of a court of competent jurisdiction; provided, however, that the Date of Termination shall be extended by a notice of dispute only if such notice is given in good faith and the party giving such notice pursues the resolution of such dispute with reasonable diligence.

7.04 Compensation During Dispute. If a purported termination occurs following a Change in Control and during the term of this Agreement, and such termination is disputed in accordance with Section 7.03 hereof, the Company shall continue to pay the Executive the full compensation in effect when the notice giving rise to the dispute was given (including, but not limited to, salary) and continue the Executive as a participant in all compensation, benefit and insurance plans in which the Executive was participating when the notice giving rise to the dispute was given, until the dispute is finally resolved in accordance with Section 7.03 hereof. Amounts paid under this Section 7.04 are in addition to all other amounts due under this Agreement (other than

those due under Section 5.02 hereof) and shall not be offset against or reduce any other amounts due under this Agreement.

8. No Mitigation. The Company agrees that, if the Executive's employment by the Company is terminated during the term of this Agreement, the Executive is not required to seek other employment or to attempt in any way to reduce any amounts payable to the Executive by the Company pursuant to Section 6 or Section 7.04 hereof. Further, the amount of any payment or benefit provided for in Section 6 (other than Section 6.01(F)) or Section 7.04 hereof shall not be reduced by any compensation earned by the Executive as the result of employment by another employer, by retirement benefits, by offset against any amount claimed to be owed by the Executive to the Company, or otherwise.

9. Successors; Binding Agreement.

9.01 In addition to any obligations imposed by law upon any successor to Donnelley, Donnelley will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business or assets of Donnelley to expressly assume and agree to perform this Agreement in the same manner and to the same extent that Donnelley would be required to perform it if no such succession had taken place. Failure of Donnelley to obtain such

assumption and agreement prior to the effectiveness of any such succession shall be a breach of this Agreement and shall entitle the Executive to compensation in the same amount and on the same terms as the Executive would be entitled to hereunder if the Executive were to terminate the Executive's employment for Good Reason after a Change in Control, except that, for purposes of implementing the foregoing, the date on which any such succession becomes effective shall be deemed the Date of Termination.

9.02 This Agreement shall inure to the benefit of and be enforceable by the Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. If the Executive shall die while any amount would still be payable to the Executive hereunder (other than amounts which, by their terms, terminate upon the death of the Executive) if the Executive had continued to live, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Agreement to the executors, personal representatives or administrators of the Executive's estate.

10. Notices. For the purpose of this Agreement, notices and all other communications provided for in this Agreement shall be in writing and shall be deemed to have been duly given when delivered or mailed

by United States registered mail, return receipt requested, postage prepaid, addressed to the respective addresses set forth below, or to such other address as either party may have furnished to the other in writing in accordance herewith, except that notice of change of address shall be effective only upon actual receipt:

To the Company:

R.R. Donnelley & Sons Company
77 West Wacker Drive
Chicago, IL 60601

Attention: General Counsel

To the Executive:

11. Miscellaneous. No provision of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing and signed by the Executive and such officer as may be specifically designated by the Board. No waiver by either party hereto at any time of any breach by the other party hereto of, or compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. No agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof have been made by either party which are not expressly set forth in this

Agreement. The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of the State of Illinois. All references to sections of the Exchange Act or the Code shall be deemed also to refer to any successor provisions to such sections. Any payments provided for hereunder shall be paid net of any applicable withholding required under federal, state or local law and any additional withholding to which the Executive has agreed. The obligations of the Company and the Executive under Sections 6 and 7 hereof shall survive the expiration of the term of this Agreement.

12. Validity. The invalidity or unenforceability or any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect.

13. Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instrument.

14. Settlement of Disputes; Arbitration. All claims by the Executive for benefits under this Agreement shall be directed to and determined by the Board and shall be in writing. Any denial by the Board of a claim for benefits under this Agreement shall be delivered to

the Executive in writing and shall set forth the specific reasons for the denial and the specific provisions of this Agreement relied upon. The Board shall afford a reasonable opportunity to the Executive for a review of the decision denying a claim and shall further allow the Executive to appeal to the Board a decision of the Board within sixty (60) days after notification by the Board that the Executive's claim has been denied. Any further dispute or controversy arising under or in connection with this Agreement shall be settled exclusively by arbitration in Chicago, Illinois, in accordance with the rules of the American Arbitration Association then in effect. Judgment may be entered on the arbitrator's award in any court having jurisdiction; provided, however, that the Executive shall be entitled to seek specific performance of the Executive's right to be paid until the Date of Termination during the pendency of any dispute or controversy arising under or in connection with this Agreement.

15. Definitions. For purposes of this Agreement, the following terms shall have the meanings indicated below:

(A) "Base Amount" shall have the meaning defined in section 280G(b)(3) of the Code.

(B) "Beneficial Owner" shall have the meaning defined in Rule 13d-3 under the Exchange Act.

(C) "Board" shall mean the Board of

Directors of Donnelley.

(D) "Bonus Plan" shall mean the Senior Management Annual Incentive Plan or other supplementary compensation plan or bonus plan or arrangement, or any similar successor plan or arrangement, applicable to the Executive, other than the 1991 Stock Incentive Plan.

(E) "Cause" for termination by the Company of the Executive's employment, after any Change in Control, shall mean (i) the willful and continued failure by the Executive to substantially perform the Executive's duties with the Company (other than any such failure resulting from the Executive's incapacity due to physical or mental illness or any such actual or anticipated failure after the issuance of a Notice of Termination for Good Reason by the Executive pursuant to
Section 7.01 hereof) after a written demand for substantial performance is delivered to the Executive by the Board, which demand specifically identifies the manner in which the Board believes that the Executive has not substantially performed the Executive's duties, or (ii) the willful engaging by the Executive in conduct which is demonstrably and materially injurious to the Company, monetarily or otherwise. For purposes of clauses (i) and (ii) of

this definition, no act, or failure to act, on the Executive's part shall be deemed "willful" unless done, or omitted to be done, by the Executive not in good faith and without reasonable belief that the Executive's act, or failure to act, was in the best interest of the Company.

(F) A "Change in Control" shall be deemed to have occurred if the conditions set forth in any one of the following paragraphs shall have been satisfied:

(I) any Person is or becomes the Beneficial Owner, directly or indirectly, of securities of Donnelley (not including in the securities beneficially owned by such Person any securities acquired directly from Donnelley or its affiliates) representing 50% or more of the combined voting power of Donnelley's then outstanding securities; or

(II) during any period of two (2) consecutive years (not including any period prior to the execution of this Agreement), individuals who at the beginning of such period constitute the Board and any new director (other than a director designated by a Person who has entered into an agreement with Donnelley to effect a transaction described in

clause (I), (III) or (IV) of this paragraph) whose election by the Board or nomination for election by Donnelley's stockholders was approved by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was previously so approved (a "Continuing Director"), cease for any reason to constitute a majority thereof; or

(III) the stockholders of Donnelley approve a merger or consolidation of Donnelley with any other corporation, other than (i) a merger or consolidation which would result in the voting securities of Donnelley outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity), in combination with the ownership of any trustee or other fiduciary holding securities under an employee benefit plan of the Company, at least 50% of the combined voting power of the voting securities of Donnelley or such surviving entity outstanding immediately after such merger or consolidation, or (ii) a merger or

consolidation effected to implement a recapitalization of Donnelley (or similar transaction) in which no Person acquires more than 50% of the combined voting power of the Company's then outstanding securities; or

(IV) the stockholders of Donnelley approve a plan of complete liquidation of Donnelley or an agreement for the sale or disposition by Donnelley of all or substantially all Donnelley's assets.

The foregoing to the contrary notwithstanding, a Change in Control shall not be deemed to have occurred with respect to the Executive if (i) the event first giving rise to the Potential Change in Control involves a publicly announced transaction or publicly announced proposed transaction which at the time of the announcement has not been previously approved by the Board and (ii) the Executive is "part of a purchasing group" proposing the transaction. A Change in Control shall also not be deemed to have occurred with respect to the Executive if the Executive is part of a purchasing group which consummates the Change in Control transaction. The Executive shall be deemed "part of a purchasing group" for purposes of the two preceding sentences if the Executive is an equity participant or has agreed to become an equity participant in the

purchasing company or group (except for (i) passive ownership of less than 5% of the stock of the purchasing company or (ii) ownership of equity participation in the purchasing company or group which is otherwise not deemed to be significant, as determined prior to the Change in Control by a majority of the nonemployee Continuing Directors).

(G) "Code" shall mean the Internal Revenue Code of 1986, as amended from time to time.

(H) "Company" shall mean Donnelley and its Subsidiaries.

(I) "Company Shares" shall mean shares of common stock of Donnelley or any equity securities into which such shares have been converted.

(J) "Date of Termination" shall have the meaning stated in
Section 7.02 hereof.

(K) "Disability" shall be deemed the reason for the termination by the Company of the Executive's employment, if, as a result of the Executive's incapacity due to physical or mental illness, the Executive shall have been absent from the full-time performance of the Executive's duties with the Company for a period of six (6) consecutive months, the Company shall have given the Executive a Notice of Termination for Disability, and, within thirty (30) days after such Notice of Termination is

given, the Executive shall not have returned to the full-time performance of the Executive's duties.

(L) "Donnelley" shall mean R.R. Donnelley & Sons Company and any successor to its business or assets which assumes and agrees to perform this Agreement by operation of law, or otherwise (except in determining, under Section 15(F) hereof, whether or not any Change in Control of Donnelley has occurred in connection with such succession).

(M) "Exchange Act" shall mean the Securities Exchange Act of 1934, as amended from time to time.

(N) "Exchange Price" shall mean the higher of the closing price of Company Shares reported on the New York Stock Exchange-- Composite Tape on or nearest the Date of Termination (or, if not listed on such exchange, on the nationally recognized exchange or quotation system on which trading volume in Company Shares is highest).

(O) "Excise Tax" shall mean any excise tax imposed under section 4999 of the Code.

(P) "Executive" shall mean the individual named in the first paragraph of this Agreement.

(Q) "Good Reason" for termination by the Executive of the Executive's employment shall mean the occurrence (without the Executive's express

written consent) of any one of the following acts by the Company, or failures by the Company to act, unless, in the case of any act or failure to act described in paragraph (I), (V), (VI), (VII), or (VIII) below, such act or failure to act is corrected prior to the Date of Termination specified in the Notice of Termination given in respect thereof:

(I) the assignment to the Executive of any duties inconsistent with the Executive's status as a senior officer of the Company or a substantial adverse alteration in the nature or status of the Executive's responsibilities from those in effect immediately prior to the Change in Control;

(II) a reduction by the Company in the Executive's annual base salary as in effect on the date hereof or as the same may be increased from time to time;

(III) the Company's requiring that the Executive's principal place of business be at an office located more than 25 miles from the site of the Executive's principal place of business immediately prior to the Change in Control except for required travel on the Company's business to an extent substantially

consistent with the Executive's present business travel obligations ;

(IV) the failure by the Company, without the Executive's consent, to pay to the Executive any portion of the Executive's current compensation, or to pay to the Executive any portion of an installment of deferred compensation under any deferred compensation program of the Company, within seven (7) days of the date such compensation is due;

(V) the failure by the Company to continue in effect any compensation plan in which the Executive participates immediately prior to the Change in Control which is material to the Executive's total compensation, including but not limited to the Company's Senior Officers Supplementary Compensation Plan and the Stock Plans, or any substitute plans adopted prior to the Change in Control, unless an equitable arrangement (embodied in an ongoing substitute or alternative plan) has been made with respect to such plan, or the failure by the Company to continue the Executive's participation therein (or in such substitute or alternative plan) on a basis not

materially less favorable, both in terms of the amount of benefits provided and the level of the Executive's participation relative to other participants, as existed at the time of the Change in Control;

(VI) the failure by the Company to continue to provide the Executive with benefits substantially similar to those enjoyed by the Executive under any of the Company's pension, life insurance, medical, health and accident, or disability plans in which the Executive was participating at the time of the Change in Control, the taking of any action by the Company which would directly or indirectly materially reduce any of such benefits or deprive the Executive of any material fringe benefit enjoyed by the Executive at the time of the Change in Control, or the failure by the Company to provide the Executive with the number of paid vacation days to which the Executive is entitled on the basis of years of service with the Company in accordance with the Company's normal vacation policy in effect at the time of the Change in Control; or

(VII) any purported termination of the Executive's employment which is not

effected pursuant to a Notice of Termination satisfying the requirements of Section 9.01 hereof; for purposes of this Agreement, no such purported termination shall be effective.

The Executive's right to terminate the Executive's employment for Good Reason shall not be affected by the Executive's incapacity due to physical or mental illness. The Executive's continued employment shall not constitute consent to, or a waiver of rights with respect to, any act or failure to act constituting Good Reason hereunder.

(R) "Gross-Up Payment" shall have the meaning given in
Section 6.02 hereof.

(S) "ISOs" shall mean options qualifying as incentive stock options under section 422A of the Code.

(T) "Normal Retirement Age" shall mean the earliest age at which the Executive may commence Retirement and become entitled to an unreduced pension under the Pension Plan.

(U) "Notice of Termination" shall have the meaning stated in
Section 7.01 hereof.

(V) "Options" shall mean options for Company Shares granted to the Executive under any Stock Plan, other than ISOs granted on or before the date of this Agreement and ISOs which have not

become exercisable on the Date of Termination.

(W) "Pension Plan" shall mean the Company's Retirement Benefit Plan.

(X) "Person" shall have the meaning given in Section 3(a)(9)
of the Exchange Act, as modified and used in Sections 13(d) and 14(d) thereof; provided, however, that a Person shall not include
(i) Donnelley or any of its Subsidiaries, (ii) a trustee or other fiduciary holding securities under an employee benefit plan of the Company, (iii) an underwriter temporarily holding securities pursuant to an offering of such securities, or (iv) a corporation owned, directly or indirectly, by the stockholders of Donnelley in substantially the same proportions as their ownership of stock of Donnelley.

(Y) "Planned Compensation" shall mean the annual "planned compensation" approved by the Executive Committee of the Board to be paid to the Executive (or, if the Executive's "planned compen- sation" is not presented for approval at the Executive Committee level, then as otherwise established by Donnelley or one of its Subsidiaries) with respect to the year in which the Date of Termination occurs, or with respect to either of the previous two
(2) calendar years, whichever is

highest, such "planned compensation" being a gross amount comprised of base salary plus any bonus payable to the Executive under any Bonus Plan for the calendar year in question, assuming any and all target levels of achievement for the period with respect to which such bonus was paid have been met .

(Z) a "Potential Change in Control" shall be deemed to have occurred if the conditions set forth in any one of the following paragraphs shall have been satisfied:

(I) Donnelley enters into an agreement, the consummation of which would result in the occurrence of a Change in Control;

(II) Donnelley or any Person publicly announces an intention to take or to consider taking actions which, if consummated, would constitute a Change in Control;

(III) any Person who is or becomes the Beneficial Owner, directly or indirectly, of securities of Donnelley representing at least 9-1/2% or more of the combined voting power of Donnelley's then outstanding securities increases such Person's beneficial ownership of such securities by 5% or more over the percentage so owned by such Person on the

date hereof; or

(IV) the Board adopts a resolution to the effect that, for purposes of this Agreement, a Potential Change in Control has occurred.

(AA) "Retirement" shall be deemed the reason for the termination by the Company or the Executive of the Executive's employment if such employment is terminated in accordance with the Company's retirement policy, not including early retirement, generally applicable to its salaried employees, as in effect immediately prior to the Change in Control, or in accordance with any retirement arrangement established with the Executive's consent with respect to the Executive.

(BB) "Severance Payments" shall mean those payments described in Section 6.01 hereof.

(CC) "Stock Plans" shall mean the Company's 1981 Stock Incentive Plan, 1986 Stock Incentive Plan, 1991 Stock Incentive Plan and any other stock compensation plan applicable to the Executive, or any similar successor plan or arrangement.

(DD) "Subsidiary" shall mean any corporation, partnership or other entity, at least a majority of the outstanding voting shares or

controlling interest of which is at the time directly or indirectly owned or controlled (either alone or through Subsidiaries or together with Subsidiaries) by Donnelley or another Subsidiary.

(EE) "Total Payments" shall mean those payments described in Section 6.02 hereof .

(FF) "Transaction Price" shall mean the highest per share price for Company Shares actually paid in connection with any Change in Control.

R.R. DONNELLEY & SONS COMPANY

By _____
Authorized Officer

EXHIBIT 12

R. R. DONNELLEY & SONS COMPANY

STATEMENT OF COMPUTATION OF
RATIO OF EARNINGS TO FIXED CHARGES
(DOLLAR AMOUNTS IN THOUSANDS)

	TWELVE MONTHS ENDED DECEMBER 31, 1993
Earnings	
Earnings before income taxes*	$276,562
Interest expense	45,436
One-third of the Company's operating lease (see note below)	18,433
Amortization of capitalized interest	5,888
Earnings available for fixed charges	346,319
Fixed Charges	
Interest expense	45,436
Capitalized interest	6,486
Interest incurred	51,922
One-third of the Company's operating lease (see note below)	18,433
Earnings available for fixed charges	$ 70,355
Ratio of Earnings to Fixed Charges	4.9

Note: Management estimates one-third of current year operating lease payments to be the interest factor of such rentals.
* Earnings before income taxes includes the one-time adjustment for a restructuring charge ($90 million). Exclusive of the one-time charge, the ratio of earnings to fixed charges would have been 6.2.

EXHIBIT 21

SUBSIDIARIES OF R. R. DONNELLEY & SONS COMPANY
(As of March 24, 1994)

Subsidiaries of R. R. Donnelley & Sons Company	Place of Incorporation
77 Capital Corporation	Delaware
Air Operations Company	Delaware
Allentown S.H. Leasing Company	Delaware
American Inline Graphics, Inc.	New Jersey
Aviation Transportation, Inc.	Delaware
C & E Transport, Inc.	Delaware
CWH Supply Company	Delaware
Caslon Incorporated	Delaware
Chemical Equipment S.H. Leasing Company	Delaware
DPA Printing Company, SP. Zo.	Poland
Donnelley Caribbean Graphics, Inc.	Delaware
Donnelley Comco, Inc.	Delaware
Donnelley Documentation Services (Ireland), Limited	Delaware
Donnelley Documentation Services Dublin	Republic of Ireland
Donnelley Fulfillment Services Company	Indiana
Donnelley Holdings, Limited	Delaware
Donnelley International, Inc.	Delaware
Donnelley Language Solutions	Republic of Ireland
Donnelley Satellite Services, Limited	Delaware
Donnelley Satellite Graphics, Limited	Delaware
Donnelley Turnkey Services Kildare	Republic of Ireland
European-American Ink Sales Corp.	Iowa
FFH Corporation	Delaware
HCI Holdings	Delaware
Haddon Craftsmen, Inc.	Delaware
Impresora Donneco Internacional, S.A. de C.V.	Mexico
Information Investment Partners L.P.	Delaware
Ink International, B.V.	Dutch

EXHIBIT 21

Subsidiaries of R. R. Donnelley & Sons Company	Place of Incorporation
Intervisual Communications, Inc.	Delaware
Irish Printers (Holdings)	Republic of Ireland
Kittyhawk S.H. Leasing Company	Delaware
Laboratorio Lito Color S.A. de C.V.	Mexico
M/B Companies, Inc.	Iowa
Metromail Corporation	Delaware
Mailing List Research of Canada, Limited	Canada
Mobium Corporation for Design & Communication	Delaware
Pan Associates L.P.	Delaware
R. R. Donnelley Far East, Limited	Delaware
R. R. Donnelley International, Inc.	Delaware
R. R. Donnelley Japan K. K.	Japan
R. R. Donnelley Limited	United Kingdom
R. R. Donnelley Mendota, Inc.	Delaware
R. R. Donnelley Nederland B.V.	The Netherlands
R. R. Donnelley Norwest Inc.	Oregon
R. R. Donnelley Printing Company	Delaware
R. R. Donnelley Printing Company L.P.	Delaware
R. R. Donnelley Receivables, Inc.	Nevada
R. R. Donnelley U.K. Marketing Services Limited	Republic of Ireland
R. R. Donnelley (Canada) Limited	Ontario
R. R. Donnelley (Europe) Limited	Delaware
R. R. Donnelley (Ireland) Limited	Delaware
R. R. Donnelley (Singapore) Pte Ltd	Singapore
R. R. Donnelley (U.K.) Limited	United Kingdom
Reynosa Holding Company	Delaware
Siegwerk Sales & Services L.P.	Delaware
Wyoming Avenue Holdings, Inc.	Delaware
Winfield Avenue Holdings, Inc.	Delaware

EXHIBIT 23

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the incorporation by reference of our reports dated January 27, 1994, included in this Annual Report of R. R. Donnelley & Sons Company on Form 10-K for the year ended December 31, 1993, into the Company's previously filed Registration Statements on Form S-8 (File Nos. 2-66154, 2-79574, 33-19803, 33-43632, 33-49431 and 33-52805), Form S-3 (33-34660) and previously filed post-effective amendments thereto.

Arthur Andersen & Co.

Chicago, Illinois,

March 28, 1994

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