

## Non-GAAP Financial Information

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This document contains non-GAAP financial measures, including non-GAAP Operating Income, non-GAAP Adjusted EBITDA, non-GAAP diluted EPS and non-GAAP organic net sales. The Company believes that these non-GAAP measures, when presented in conjunction with comparable GAAP measures, provide useful information about its operating results and enhance the overall ability to assess the Company's financial performance. These measures should be considered in addition to, and not as a substitute for, or superior to, measures of financial performance prepared in accordance with GAAP. RR Donnelley uses these non-GAAP measures, together with other measures of performance under GAAP, to compare the relative performance of operations in planning, budgeting and reviewing the performance of its business. Additional information relating to the adjustments for the Non-GAAP Adjusted EBITDA, Non-GAAP Operating Income, Non-GAAP diluted EPS and non-GAAP organic net sales for RR Donnelley is set forth in the attached schedules.

# R. R. Donnelley & Sons Company

## Condensed Consolidated Statements of Operations

For the Three Months Ended December 31, 2016 and 2015

(UNAUDITED)

(in millions, except per share data)

	For the Three Months Ended December 31,					
	2016 GAAP	ADJUSTMENTS TO NON-GAAP	2016 NON- GAAP	2015 GAAP	ADJUSTMENTS TO NON-GAAP	2015 NON- GAAP
Total net sales	\$ 1,876.3	\$ —	\$ 1,876.3	\$ 1,809.3	\$ —	\$ 1,809.3
Total cost of sales <sup>(1)</sup>	1,512.6	(0.2)	1,512.4	1,435.7	—	1,435.7
<b>Total gross profit <sup>(1)</sup></b>	<b>363.7</b>	<b>0.2</b>	<b>363.9</b>	<b>373.6</b>	<b>—</b>	<b>373.6</b>
Selling, general and administrative expenses (SG&A) <sup>(1)</sup>	219.8	(8.4)	211.4	217.3	(0.2)	217.1
Restructuring, impairment and other charges - net	560.0	(560.0)	—	13.0	(13.0)	—
Depreciation and amortization	50.7	—	50.7	55.9	—	55.9
Other operating expense	0.1	(0.1)	—	—	—	—
<b>Income (loss) from operations</b>	<b>(466.9)</b>	<b>568.7</b>	<b>101.8</b>	<b>87.4</b>	<b>13.2</b>	<b>100.6</b>
Interest expense - net	48.1	—	48.1	50.6	—	50.6
Investment and other (income) expense - net	(1.7)	(1.4)	(3.1)	0.6	(1.3)	(0.7)
<b>Net earnings (loss) before income taxes</b>	<b>(513.3)</b>	<b>570.1</b>	<b>56.8</b>	<b>36.2</b>	<b>14.5</b>	<b>50.7</b>
Income tax (benefit) expense	(25.2)	45.7	20.5	52.3	(38.9)	13.4
<b>Net earnings (loss) from continuing operations</b>	<b>(488.1)</b>	<b>524.4</b>	<b>36.3</b>	<b>(16.1)</b>	<b>53.4</b>	<b>37.3</b>
Net (loss) earnings from discontinued operations, net of income taxes <sup>(2)</sup>	(25.5)	25.5	—	87.4	(87.4)	—
<b>Net earnings (loss)</b>	<b>(513.6)</b>	<b>549.9</b>	<b>36.3</b>	<b>71.3</b>	<b>(34.0)</b>	<b>37.3</b>
Less: Income attributable to noncontrolling interests	0.5	—	0.5	0.3	—	0.3
<b>Net earnings (loss) attributable to RR Donnelley common stockholders</b>	<b>\$ (514.1)</b>	<b>\$ 549.9</b>	<b>\$ 35.8</b>	<b>\$ 71.0</b>	<b>\$ (34.0)</b>	<b>\$ 37.0</b>
<b>Basic net earnings (loss) per share attributable to RR Donnelley common stockholders:</b>						
Continuing operations	\$ (6.98)		\$ 0.51	\$ (0.24)		\$ 0.53
Discontinued operations	\$ (0.36)		\$ —	\$ 1.26		\$ —
Net earnings (loss) attributable to RR Donnelley stockholders	\$ (7.34)		\$ 0.51	\$ 1.02		\$ 0.53
<b>Diluted net earnings (loss) per share attributable to RR Donnelley common stockholders:</b>						
Continuing Operations	\$ (6.98)		\$ 0.51	\$ (0.24)		\$ 0.53
Discontinued Operations	\$ (0.36)		\$ —	\$ 1.26		\$ —
Net earnings (loss) attributable to RR Donnelley common stockholders	\$ (7.34)		\$ 0.51	\$ 1.02		\$ 0.53
<b>Weighted average common shares outstanding:</b>						
Basic	70.0		70.0	69.7		69.7
Diluted	70.0	0.4	70.4	69.7	0.4	70.1
<b>Additional information:</b>						
Gross margin <sup>(1)</sup>	19.4%		19.4%	20.6%		20.6%
SG&A as a % of total net sales <sup>(1)</sup>	11.7%		11.3%	12.0%		12.0%
Operating margin	(24.9%)		5.4%	4.8%		5.6%
Effective tax rate	4.9%		36.1%	144.5%		26.4%

(1) Exclusive of depreciation and amortization

(2) Operating results from Donnelley Financial and LSC are classified as discontinued operations for all periods presented.

nm Not meaningful

# R. R. Donnelley & Sons Company

## Condensed Consolidated Statements of Operations

For the Twelve Months Ended December 31, 2016 and 2015

(UNAUDITED)

(in millions, except per share data)

	For the Twelve Months Ended December 31,					
	2016 GAAP	ADJUSTMENTS TO NON-GAAP	2016 NON-GAAP	2015 GAAP	ADJUSTMENTS TO NON-GAAP	2015 NON-GAAP
Total net sales	\$ 6,895.7	\$ —	\$ 6,895.7	\$ 6,937.3	\$ —	\$ 6,937.3
Total cost of sales <sup>(1)</sup>	5,518.9	16.2	5,535.1	5,532.2	—	5,532.2
<b>Total gross profit <sup>(1)</sup></b>	<b>1,376.8</b>	<b>(16.2)</b>	<b>1,360.6</b>	<b>1,405.1</b>	<b>—</b>	<b>1,405.1</b>
Selling, general and administrative expenses (SG&A) <sup>(1)</sup>	900.8	(28.5)	872.3	872.6	(0.5)	872.1
Restructuring, impairment and other charges - net	584.3	(584.3)	—	62.7	(62.7)	—
Depreciation and amortization	204.2	—	204.2	232.5	—	232.5
Other operating income	(11.9)	11.9	—	—	—	—
<b>Income (loss) from operations</b>	<b>(300.6)</b>	<b>584.7</b>	<b>284.1</b>	<b>237.3</b>	<b>63.2</b>	<b>300.5</b>
Interest expense - net	198.7	—	198.7	204.1	—	204.1
Investment and other (income) expense - net	(2.1)	(1.3)	(3.4)	43.9	(46.2)	(2.3)
<b>Net earnings (loss) before income taxes</b>	<b>(497.2)</b>	<b>586.0</b>	<b>88.8</b>	<b>(10.7)</b>	<b>109.4</b>	<b>98.7</b>
Income tax (benefit) expense	(12.3)	51.5	39.2	21.0	10.6	31.6
<b>Net earnings (loss) from continuing operations</b>	<b>(484.9)</b>	<b>534.5</b>	<b>49.6</b>	<b>(31.7)</b>	<b>98.8</b>	<b>67.1</b>
Net (loss) earnings from discontinued operations, net of income taxes <sup>(2)</sup>	(9.7)	9.7	—	170.1	(170.1)	—
<b>Net earnings (loss)</b>	<b>(494.6)</b>	<b>544.2</b>	<b>49.6</b>	<b>138.4</b>	<b>(71.3)</b>	<b>67.1</b>
Less: Income (loss) attributable to noncontrolling interests	1.3	—	1.3	(12.7)	13.2	0.5
<b>Net earnings (loss) attributable to RR Donnelley common stockholders</b>	<b>\$ (495.9)</b>	<b>\$ 544.2</b>	<b>\$ 48.3</b>	<b>\$ 151.1</b>	<b>\$ (84.5)</b>	<b>\$ 66.6</b>

### Basic net earnings (loss) per share attributable to RR Donnelley common stockholders:

Continuing operations	\$ (6.95)	\$ 0.69	\$ (0.28)	\$ 0.97
Discontinued operations	\$ (0.14)	\$ —	\$ 2.48	\$ —
Net earnings (loss) attributable to RR Donnelley stockholders	\$ (7.09)	\$ 0.69	\$ 2.20	\$ 0.97

### Diluted net earnings (loss) per share attributable to RR Donnelley common stockholders:

Continuing Operations	\$ (6.95)	\$ 0.69	\$ (0.28)	\$ 0.97
Discontinued Operations	\$ (0.14)	\$ —	\$ 2.48	\$ —
Net earnings (loss) attributable to RR Donnelley common stockholders	\$ (7.09)	\$ 0.69	\$ 2.20	\$ 0.97

### Weighted average common shares outstanding:

Basic	70.0	70.0	68.5	68.5
Diluted	70.0	0.5	70.5	68.9

### Additional information:

Gross margin <sup>(1)</sup>	20.0%	19.7%	20.3%	20.3%
SG&A as a % of total net sales <sup>(1)</sup>	13.1%	12.6%	12.6%	12.6%
Operating margin	(4.4%)	4.1%	3.4%	4.3%
Effective tax rate	2.5%	44.1%	(196.3%)	32.0%

(1) Exclusive of depreciation and amortization

(2) Operating results from Donnelley Financial and LSC are classified as discontinued operations for all periods presented.

nm Not meaningful

**R.R. Donnelley & Sons Company**  
**Reconciliation of GAAP to Non-GAAP Measures**  
**For the Three Months Ended December 31, 2016 and 2015**  
*(UNAUDITED)*  
*(in millions, except per share data)*

	For the Three Months Ended December 31, 2016						For the Three Months Ended December 31, 2015					
	Cost of sales	SG&A	(Loss) income from operations	Operating margin	Continuing Operations - Net (loss) earnings attributable to common stockholders	Net (loss) earnings to common stockholders per diluted share	SG&A	Income from operations	Operating margin	Continuing Operations - Net (loss) earnings attributable to common stockholders	Net (loss) earnings to common stockholders per diluted share	
GAAP basis measures	\$1,512.6	\$219.8	\$ (466.9)	(24.9)%	\$ (488.6)	(6.98)	\$217.3	\$ 87.4	4.8%	\$ (16.4)	(0.24)	
Non-GAAP adjustments:												
Restructuring charges - net <sup>(1)</sup>	—	—	1.8	0.1%	(1.6)	(0.02)	—	4.3	0.3%	26.6	0.38	
Impairment charges - net <sup>(2)</sup>	—	—	557.6	29.8%	519.1	7.42	—	8.1	0.5%	24.0	0.34	
Other charges <sup>(3)</sup>	—	—	0.6	—	0.1	—	—	0.6	—	1.3	0.02	
Spinoff-related transaction expenses <sup>(4)</sup>	—	(8.0)	8.0	0.4%	4.9	0.07	—	—	—	—	—	
Acquisition-related expenses <sup>(5)</sup>	—	—	—	—	—	—	(0.2)	0.2	—	0.2	—	
Net loss on investments <sup>(6)</sup>	—	—	—	—	1.4	0.02	—	—	—	1.3	0.03	
Pension settlement charges <sup>(7)</sup>	—	(0.4)	0.4	—	0.6	0.01	—	—	—	—	—	
OPEB curtailment gains <sup>(8)</sup>	(0.2)	—	0.2	—	0.2	—	—	—	—	—	—	
Net loss on disposal of businesses <sup>(9)</sup>	—	—	0.1	—	0.1	—	—	—	—	—	—	
Income tax adjustment <sup>(10)</sup>	—	—	—	—	(0.4)	(0.01)	—	—	—	—	—	
Total Non-GAAP adjustments	(0.2)	(8.4)	568.7	30.3%	524.4	7.49	(0.2)	13.2	0.8%	53.4	0.77	
Non-GAAP measures	<u>\$1,512.4</u>	<u>\$211.4</u>	<u>\$ 101.8</u>	<u>5.4%</u>	<u>\$ 35.8</u>	<u>\$ 0.51</u>	<u>\$217.1</u>	<u>\$ 100.6</u>	<u>5.6%</u>	<u>\$ 37.0</u>	<u>\$ 0.53</u>	

(1) Restructuring charges - net: Operating results for the three months ended December 31, 2016 and 2015 were affected by the following restructuring charges:

	2016	2015
Employee termination costs (a)	\$ 1.2	\$ 2.6
Other restructuring charges (b)	0.6	1.7
<b>Total restructuring charges - net</b>	<b>\$ 1.8</b>	<b>\$ 4.3</b>

- a. For the three months ended December 31, 2016 and 2015, employee termination costs resulted from the reorganization of certain operations.
- b. Includes lease termination and other facility costs.

(2) Impairment charges - net: Operating results for the three months ended December 31, 2016 and 2015 were affected by the following impairment charges:

	2016	2015
Goodwill impairment charges (a)	\$ 527.8	\$ —
Intangible asset impairment charges (b)	29.7	9.6
Total goodwill and intangible asset impairment charges	557.5	9.6
Other long-lived asset impairment charges	0.1	(1.5)
<b>Total impairment charges - net</b>	<b>\$ 557.6</b>	<b>\$ 8.1</b>

- a. Non-cash charge of \$527.8 million to recognize the impairment of goodwill in the commercial and digital print and statement printing reporting units within the Variable Print segment for the three months ended December 31, 2016.
- b. Impairment charges during the three months ended December 31, 2016 were due to non-cash impairment of certain acquired customer relationship intangible assets in the commercial and digital print reporting unit within the Variable Print segment. Impairment charges during the three months ended December 31, 2015 were primarily due to non-cash charge related to certain acquired customer relationship intangible assets in the labels reporting unit within the Variable Print segment.

- (3) Other charges: Recognition of charges related to the Company's multi-employer pension plan withdrawal obligations unrelated to facility closures.
- (4) Spinoff-related transaction expenses: Expenses associated with the spinoff transactions.
- (5) Acquisition-related expenses: Legal, accounting and other expenses associated with completed or contemplated acquisitions.
- (6) Net loss on investment: Included a loss related to the impairment of equity investments during both the three months ended December 31, 2016 and December 31, 2015.
- (7) Pension settlement charges: Related to lump-sum pension settlement payments.
- (8) Other Postemployment Benefit Plan (OPEB) curtailment: Related to adjustments to the curtailment gain recorded for the Company's OPEB plans.
- (9) Loss on disposal of businesses: Includes adjustment to the net gain recorded related to the disposition of immaterial entities which occurred the first nine months of 2016.
- (10) Income tax adjustment: includes the recognition of a \$0.4 million deferred income tax benefit related to the Company's investment in LSC.

# R.R. Donnelley & Sons Company

## Reconciliation of GAAP to Non-GAAP Measures

For the Twelve Months Ended December 31, 2016 and 2015

(UNAUDITED)

(in millions, except per share data)

	For the Twelve Months Ended December 31, 2016						For the Twelve Months Ended December 31, 2015					
	Cost of sales	SG&A	(Loss) from operations	Operating margin	Continuing Operations - Net (loss) earnings attributable to common stockholders	Net (loss) earnings attributable to common stockholders per diluted share	SG&A	Income from operations	Operating margin	Continuing Operations - Net earnings attributable to common stockholders	Net earnings attributable to common stockholders per diluted share	
GAAP basis measures	\$5,518.9	\$900.8	\$ (300.6)	(4.4)%	\$ (486.2)	(6.95)	\$872.6	\$ 237.3	3.4%	\$ (19.0)	(0.28)	
Non-GAAP adjustments:												
Restructuring charges - net <sup>(1)</sup>	—	—	25.4	0.5%	17.0	0.24	—	31.6	0.5%	27.3	0.40	
Impairment charges - net <sup>(2)</sup>	—	—	556.6	8.1%	519.6	7.42	—	28.9	0.4%	22.0	0.32	
Other charges <sup>(3)</sup>	—	—	2.3	—	1.5	0.02	—	2.2	—	1.5	0.02	
Spinoff-related transaction expenses <sup>(4)</sup>	—	(8.0)	8.0	0.1%	4.9	0.07	—	—	—	—	—	
Acquisition-related expenses <sup>(5)</sup>	—	(2.7)	2.7	—	1.8	0.03	(0.5)	0.5	—	0.4	0.01	
Pension settlement charges <sup>(6)</sup>	—	(21.1)	21.1	0.3%	12.9	0.18	—	—	—	—	—	
OPEB curtailment gains <sup>(7)</sup>	16.2	3.3	(19.5)	(0.3)%	(12.0)	(0.17)	—	—	—	—	—	
Venezuela currency remeasurement <sup>(8)</sup>	—	—	—	—	—	—	—	—	—	17.0	0.25	
Net loss on investments <sup>(9)</sup>	—	—	—	—	1.3	0.02	—	—	—	1.7	0.02	
Net (gain) loss on disposal of businesses <sup>(10)</sup>	—	—	(11.9)	(0.2)%	(12.1)	(0.16)	—	—	—	15.7	0.23	
Income tax adjustment <sup>(11)</sup>	—	—	—	—	(0.4)	(0.01)	—	—	—	—	—	
Total Non-GAAP adjustments	16.2	(28.5)	584.7	8.5%	534.5	7.64	(0.5)	63.2	0.9%	85.6	1.25	
Non-GAAP measures	<u>\$5,535.1</u>	<u>\$872.3</u>	<u>\$ 284.1</u>	<u>4.1%</u>	<u>\$ 48.3</u>	<u>\$ 0.69</u>	<u>\$872.1</u>	<u>\$ 300.5</u>	<u>4.3%</u>	<u>\$ 66.6</u>	<u>\$ 0.97</u>	

(1) Restructuring charges - net: Operating results for the year ended December 31, 2016 and 2015 were affected by the following restructuring charges:

	2016	2015
Employee termination costs <sup>(a)</sup>	\$ 21.9	\$ 22.4
Other restructuring charges <sup>(b)</sup>	3.5	9.2
<b>Total restructuring charges - net</b>	<b>\$ 25.4</b>	<b>\$ 31.6</b>

- For the year ended December 31, 2016, employee termination costs primarily related to the reorganization of certain operations and two facility closures in the International segment. Charges for the year ended December 31, 2015 primarily related to two facility closures in the International segment, one facility closure in the Variable Print segment and the reorganization of certain operations.
- Includes lease termination and other facility costs, including charges related to multi-employer pension plan withdrawal obligations unrelated to facility closures.

(2) Impairment charges - net: Operating results for the year ended December 31, 2016 and 2015 were affected by the following impairment charges:

	2016	2015
Goodwill impairment charges <sup>(a)</sup>	\$ 527.8	\$ 18.0
Intangible asset impairment charges <sup>(b)</sup>	29.7	11.9
Total goodwill and intangible asset impairment charges	557.5	29.9
Other long-lived asset impairment charges	(0.9)	(1.0)
<b>Total impairment charges - net</b>	<b>\$ 556.6</b>	<b>\$ 28.9</b>

- Non-cash charge of \$527.8 million to recognize the impairment of goodwill in the commercial and digital print and statement printing reporting units within the Variable Print segment during the year ended December 31, 2016. Non-cash charges during the year ended December 31, 2015 of \$13.7 million and \$4.3 million to recognize the impairment of goodwill in the former Europe and Latin America reporting units, respectively, both of which were within the International segment.

- b. Impairment charges during the year ended December 31, 2016 were due to a non-cash impairment charge for certain acquired customer relationship intangible assets in the commercial and digital print reporting unit within the Variable Print segment. During the year ended December 31, 2015, the Company recorded non-cash charges of \$11.9 million for the impairment of intangible assets, including \$9.2 million and \$2.2 million related to the impairment of certain acquired customer relationship intangible assets in the labels reporting unit within the Variable Print segment and the Latin America reporting unit within the International segment, respectively.
- (3) Other charges: Includes recognition of charges associated with the Company's multi-employer withdrawal obligations unrelated to facility closures.
- (4) Spinoff-related transaction expenses: Consulting, tax advice, legal and other expenses associated with the spinoff transactions.
- (5) Acquisition-related expenses: Legal, accounting and other expenses associated with completed or contemplated acquisitions.
- (6) Pension settlement charges: Related to lump-sum pension settlement payments during the year ended December 31, 2016.
- (7) OPEB curtailment: Related to curtailment of the Company's OPEB plans during the year ended December 31, 2016.
- (8) Venezuela currency remeasurement: Currency remeasurement in Venezuela and the related impact of the devaluation resulted in a pre-tax loss of \$30.3 million, for the year ended December 31, 2015, of which \$10.5 million was included in loss attributable to noncontrolling interests.
- (9) Net loss on investments: Included a pre-tax loss of \$1.4 million resulting from the impairment of one of the Company's equity investments and a pre-tax gain of \$0.1 million resulting from the sale of certain of the Company's affordable housing investments. The year ended December 31, 2015 included a pre-tax gain of \$3.9 million resulting from the sale of one of the Company's affordable housing investments, a pre-tax loss of \$2.8 million resulting from the impairment of the Company's investment in the Brazilian operations of Courier and a pre-tax loss of \$1.3 million for the impairment of an equity investment.
- (10) Net (gain)/loss on disposal of businesses: Included a net gain of \$11.9 million for the year ended December 31, 2016, related to the sale of immaterial businesses within the International segment. For the year ended December 31, 2015, these pre-tax charges included a pre-tax loss of \$15.7 million, primarily related to the disposal of the Venezuelan operating entity in the International segment.
- (11) Income tax adjustment: included the recognition of a \$0.4 million deferred income tax benefit related to the Company's investment in LSC.

# R. R. Donnelley & Sons Company

## Segment GAAP to Non-GAAP Operating Income and Non-GAAP Adjusted EBITDA and Margin Reconciliation

For the Three Months Ended December 31, 2016 and 2015

(UNAUDITED)

(in millions)

	Variable Print	Strategic Services	International	Corporate	Consolidated
<b>For the Three Months Ended December 31, 2016</b>					
Net sales	\$ 833.6	\$ 497.3	\$ 545.4	\$ —	\$ 1,876.3
Income (loss) from operations	(493.5)	1.5	48.9	(23.8)	(466.9)
Operating margin %	nm	0.3%	9.0%	nm	(24.9%)
<b>Non-GAAP Adjustments</b>					
Restructuring charges - net	0.1	—	2.7	(1.0)	1.8
Impairment charges - net	557.6	—	—	—	557.6
Other charges	0.5	0.1	—	—	0.6
Pension settlement charges	—	—	—	0.4	0.4
OPEB curtailments gains	—	—	—	0.2	0.2
Spinoff-related transaction expenses	—	—	0.1	7.9	8.0
Loss on disposal of businesses	—	—	0.1	—	0.1
Total Non-GAAP adjustments	558.2	0.1	2.9	7.5	568.7
Non-GAAP income (loss) from operations	\$ 64.7	\$ 1.6	\$ 51.8	\$ (16.3)	\$ 101.8
Non-GAAP operating margin %	7.8%	0.3%	9.5%	nm	5.4%
Depreciation and amortization	31.0	5.4	14.3	—	50.7
Non-GAAP Adjusted EBITDA	\$ 95.7	\$ 7.0	\$ 66.1	\$ (16.3)	\$ 152.5
Non-GAAP Adjusted EBITDA margin %	11.5%	1.4%	12.1%	nm	8.1%
<b>For the Three Months Ended December 31, 2015</b>					
Net sales	\$ 840.0	\$ 416.6	\$ 552.7	\$ —	\$ 1,809.3
Income (loss) from operations	64.3	11.8	37.0	(25.7)	87.4
Operating margin %	7.7%	2.8%	6.7%	nm	4.8%
<b>Non-GAAP Adjustments</b>					
Restructuring charges - net	0.6	0.4	2.8	0.5	4.3
Impairment charges - net	(1.1)	—	9.2	—	8.1
Other charges	0.5	0.1	—	—	0.6
Acquisition related expenses	—	—	—	0.2	0.2
Total Non-GAAP adjustments	—	0.5	12.0	0.7	13.2
Non-GAAP income (loss) from operations	\$ 64.3	\$ 12.3	\$ 49.0	\$ (25.0)	\$ 100.6
Non-GAAP operating margin %	7.7%	3.0%	8.9%	nm	5.6%
Depreciation and amortization	32.8	4.6	18.1	0.4	55.9
Non-GAAP Adjusted EBITDA	\$ 97.1	\$ 16.9	\$ 67.1	\$ (24.6)	\$ 156.5
Non-GAAP Adjusted EBITDA margin %	11.6%	4.1%	12.1%	nm	8.6%



# R. R. Donnelley & Sons Company

## Segment GAAP to Non-GAAP Operating Income and Non-GAAP Adjusted EBITDA and Margin Reconciliation

For the Twelve Months Ended December 31, 2016 and 2015

(UNAUDITED)

(in millions)

	Variable Print	Strategic Services	International	Corporate	Consolidated
<b>For the Twelve Months Ended December 31, 2016</b>					
Net sales	\$ 3,145.4	\$ 1,726.9	\$ 2,023.4	\$ —	6,895.7
Income (loss) from operations	(349.5)	26.8	150.7	(128.6)	(300.6)
Operating margin %	nm	1.6%	7.4%	nm	(4.4%)
<b>Non-GAAP Adjustments</b>					
Restructuring charges - net	3.1	1.7	11.4	9.2	25.4
Impairment charges - net	557.9	—	(2.5)	1.2	556.6
Other charges	1.9	0.4	—	—	2.3
Pension settlement charges	—	—	—	21.1	21.1
OPEB curtailments gains	—	—	(0.1)	(19.4)	(19.5)
Spinoff-related transaction expenses	—	—	0.1	7.9	8.0
Acquisition-related expenses	—	—	—	2.7	2.7
Net gains on disposal of businesses	—	—	(12.5)	0.6	(11.9)
Total Non-GAAP adjustments	562.9	2.1	(3.6)	23.3	584.7
Non-GAAP income (loss) from operations	\$ 213.4	\$ 28.9	\$ 147.1	\$ (105.3)	284.1
Non-GAAP operating margin %	6.8%	1.7%	7.3%	nm	4.1%
Depreciation and amortization	121.5	19.4	61.0	2.3	204.2
Non-GAAP Adjusted EBITDA	\$ 334.9	\$ 48.3	\$ 208.1	\$ (103.0)	488.3
Non-GAAP Adjusted EBITDA margin %	10.6%	2.8%	10.3%	nm	7.1%
<b>For the Twelve Months Ended December 31, 2015</b>					
Net sales	\$ 3,214.9	\$ 1,604.6	\$ 2,117.8	\$ —	6,937.3
Income (loss) from operations	208.2	39.5	86.7	(97.1)	237.3
Operating margin %	6.5%	2.5%	4.1%	nm	3.4%
<b>Non-GAAP Adjustments</b>					
Restructuring charges - net	7.8	4.5	15.1	4.2	31.6
Impairment charges - net	(0.5)	0.9	28.5	—	28.9
Other charges	1.8	0.4	—	—	2.2
Acquisition related expenses	—	—	—	0.5	0.5
Total Non-GAAP adjustments	9.1	5.8	43.6	4.7	63.2
Non-GAAP income (loss) from operations	\$ 217.3	\$ 45.3	\$ 130.3	\$ (92.4)	300.5
Non-GAAP operating margin %	6.8%	2.8%	6.2%	nm	4.3%
Depreciation and amortization	134.1	19.5	75.7	3.2	232.5
Non-GAAP Adjusted EBITDA	\$ 351.4	\$ 64.8	\$ 206.0	\$ (89.2)	533.0
Non-GAAP Adjusted EBITDA margin %	10.9%	4.0%	9.7%	nm	7.7%

# R.R. Donnelley & Sons Company

## Reconciliation of Reported to Organic Net Sales

### For the Three Months Ended December 31, 2016

*(UNAUDITED)*  
*(in millions)*

Reported net sales change	3.7%
Less:	
Impact of acquisitions <sup>(1)</sup>	1.0%
Year-over-year impact of changes in foreign currency (FX) rates	(1.0%)
Year-over-year impact of dispositions <sup>(2)</sup>	(0.3%)
Year-over-year impact of new sales under the Commercial Agreements <sup>(3)</sup>	4.4%
Net organic sales change <sup>(4)</sup>	(0.4%)

- (1) The reported results of the Company include the results of acquired businesses from the acquisition date forward. To calculate the impact of the acquisition of Precision Dialogue in August of 2016, the Company has calculated pro forma net sales as if the acquisition took place on January 1, 2015 for the purposes of this schedule. This resulted in the addition of \$16.9 million of net sales in 2015.
- (2) Adjusted for net sales of disposed businesses: Entities within International segment in the first and third quarters of 2016.
- (3) Adjusted for new sales as a result of the Commercial Agreements entered into in conjunction with the spinoff transactions.
- (4) Adjusted for net sales of acquired and disposed businesses, new sales under the Commercial agreements and the impact of changes in FX rates.

**R.R. Donnelley & Sons Company**  
**Reconciliation of Reported to Organic Net Sales**  
**For the Twelve Months Ended December 31, 2016**  
*(UNAUDITED)*  
*(in millions)*

Reported net sales change	(0.6%)
Less:	
Impact of acquisitions <sup>(1)</sup>	0.3%
Year-over-year impact of changes in foreign currency (FX) rates	(1.0%)
Year-over-year impact of dispositions <sup>(2)</sup>	(0.5%)
Year-over-year impact of new sales under the Commercial Agreements <sup>(3)</sup>	1.8%
Net organic sales change <sup>(4)</sup>	(1.2%)

- (1) The reported results of the Company include the results of acquired businesses from the acquisition date forward. To calculate the impact of the acquisition of Precision Dialogue in August of 2016, the Company has calculated pro forma net sales as if the acquisition took place on January 1, 2015 for the purposes of this schedule. This resulted in the addition of \$36.8 million and \$58.9 million of net sales in 2016 and 2015, respectively.
- (2) Adjusted for net sales of disposed businesses: Entities within International segment during first and third quarters of 2016; Venezuelan operating entity in the second quarter of 2015.
- (3) Adjusted for new sales as a result of the Commercial Agreements entered into in conjunction with the spinoff transactions.
- (4) Adjusted for net sales of acquired and disposed businesses, new sales under the Commercial agreements and the impact of changes in FX rates.

# R.R. Donnelley & Sons Company

## Reconciliation of GAAP Net Earnings (Loss) to Non-GAAP Adjusted EBITDA For the Three and Twelve Months Ended December 31, 2016 and 2015

(UNAUDITED)

(in millions)

	For the Twelve Months Ended		For the Three Months Ended		
	December 31, 2016	December 31, 2016	September 30, 2016	June 30, 2016	March 31, 2016
	December 31, 2015	December 31, 2015	September 30, 2015	June 30, 2015	March 31, 2015
<b>GAAP net earnings (loss) attributable to RR Donnelley common stockholders</b>	<b>\$ (495.9)</b>	<b>\$ (514.1)</b>	<b>\$ (7.1)</b>	<b>\$ (14.5)</b>	<b>\$ 39.8</b>
<b>Adjustments</b>					
Less: (earnings) loss from discontinued operations, net of tax <sup>(a)</sup>	9.7	25.5	29.1	(8.7)	(36.2)
Income attributable to noncontrolling interests	1.3	0.5	0.3	0.2	0.3
Income tax expense (benefit)	(12.3)	(25.2)	13.9	(4.4)	3.4
Interest expense - net	198.7	48.1	48.8	51.4	50.4
Investment and other (income) expense - net	(2.1)	(1.7)	(1.0)	0.7	(0.1)
Depreciation and amortization	204.2	50.7	51.0	49.9	52.6
Restructuring, impairment and other charges - net <sup>(b)</sup>	584.3	560.0	10.8	8.2	5.3
Acquisition-related expenses <sup>(c)</sup>	2.7	—	0.7	1.4	0.6
Spinoff-related transaction costs <sup>(d)</sup>	8.0	8.0	—	—	—
Pension settlement charges <sup>(e)</sup>	21.1	0.4	0.3	20.4	—
Net (gain) loss on dispositions of businesses <sup>(f)</sup>	(11.9)	0.1	0.3	—	(12.3)
OPEB curtailment gains(g)	(19.5)	0.2	(19.7)	—	—
Total Non-GAAP adjustments	984.2	666.6	134.5	119.1	64.0
<b>Non-GAAP adjusted EBITDA from continuing operations</b>	<b>\$ 488.3</b>	<b>\$ 152.5</b>	<b>\$ 127.4</b>	<b>\$ 104.6</b>	<b>\$ 103.8</b>
Net sales	\$ 6,895.7	\$ 1,876.3	\$ 1,741.2	\$ 1,632.6	\$ 1,645.6
Non-GAAP adjusted EBITDA margin %	7.1%	8.1%	7.3%	6.4%	6.3%
	For the Twelve Months Ended		For the Three Months Ended		
	December 31, 2015	December 31, 2015	September 30, 2015	June 30, 2015	March 31, 2015
	December 31, 2015	December 31, 2015	September 30, 2015	June 30, 2015	March 31, 2015
<b>GAAP net earnings (loss) attributable to RR Donnelley common stockholders</b>	<b>\$ 151.1</b>	<b>\$ 71.0</b>	<b>\$ 14.3</b>	<b>\$ 43.5</b>	<b>\$ 22.3</b>
<b>Adjustments</b>					
Less: earnings from discontinued operations, net of tax <sup>(a)</sup>	(170.1)	(87.4)	(22.5)	(51.5)	(8.7)
(Loss) income attributable to noncontrolling interests	(12.7)	0.3	(2.7)	0.1	(10.4)
Income tax (benefit) expense	21.0	52.3	1.0	4.4	(36.7)
Interest expense - net	204.1	50.6	51.0	51.3	51.2
Investment and other expense - net	43.9	0.6	3.0	12.1	28.2
Depreciation and amortization	232.5	55.9	57.4	59.4	59.8
Restructuring, impairment and other charges - net <sup>(b)</sup>	62.7	13.0	26.7	9.6	13.4
Acquisition-related expenses <sup>(c)</sup>	0.5	0.2	0.1	0.2	—
Total Non-GAAP adjustments	381.9	85.5	114.0	85.6	96.8
<b>Non-GAAP adjusted EBITDA from continuing operations</b>	<b>\$ 533.0</b>	<b>\$ 156.5</b>	<b>\$ 128.3</b>	<b>\$ 129.1</b>	<b>\$ 119.1</b>
Net sales	\$ 6,937.3	\$ 1,809.3	\$ 1,711.6	\$ 1,679.4	\$ 1,737.0
Non-GAAP adjusted EBITDA margin %	7.7%	8.6%	7.5%	7.7%	6.9%

(a) Reflects the net earnings directly associated with the discontinued operations of the Donnelley Financial and LSC businesses.

(b) Restructuring, impairment and other charges - net: Pre-tax charges for employee termination costs, lease termination and other costs, multi-employer pension plan withdrawal obligations as a result of facility closures, and impairment of goodwill, intangible assets and other long-lived assets.

- (c) Acquisition-related expenses: Included charges related to legal, accounting and other expenses associated with completed or contemplated acquisitions.
- (d) Spinoff-related transaction expenses: Consulting, tax advice, legal and other expenses associated with the spinoff transactions.
- (e) Pension settlement charges: Pre-tax charges recognized for pension lump-sum settlement payments.
- (f) Net (gain) loss on dispositions of businesses: Related to the dispositions of immaterial entities within the International segment.
- (g) OPEB curtailment gains: Included gains as a result of the curtailment of the Company's OPEB plans.