

DONNELLEY R R & SONS CO  
Form PREM14A  
December 17, 2003  
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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

SCHEDULE 14A  
(Rule 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities

Exchange Act of 1934

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, For Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to § 240.14a-12

**R. R. Donnelley & Sons Company**

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(Name of Registrant as Specified in Its Charter)

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(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

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Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

Common shares of Moore Wallace Incorporated

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(2) Aggregate number of securities to which transaction applies:

158,037,148

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(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

\$16.78 - This is the average of the high and low sales prices reported on the New York Stock Exchange for Moore Wallace Incorporated common shares on December 10, 2003.

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(4) Proposed maximum aggregate value of transaction:

\$2,651,863,343.44

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(5) Total fee paid:

\$214,535.74

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Fee paid previously with preliminary materials:

.. Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2), and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number or the form or schedule and the date of its filing.

(1) Amount previously paid:

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(2) Form, Schedule or Registration Statement No.:

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(3) Filing Party:

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(4) Date Filed:

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**YOUR VOTE IS IMPORTANT**

To the shareholders of RR Donnelley

and to the shareholders, option holders

and restricted stock unit holders of Moore Wallace:

On behalf of the boards of directors and managements of both R.R. Donnelley & Sons Company and Moore Wallace Incorporated, we are pleased to deliver our joint management information circular and proxy statement for the proposed combination of RR Donnelley and Moore Wallace to be effected pursuant to a plan of arrangement under Section 192 of the Canada Business Corporations Act. We believe that this transaction is strategically and financially compelling, bringing together two of the industry's most established and highly regarded companies to create a dynamic new business platform. We believe that the combined company will have the scale and financial strength to compete and grow successfully into the future.

On November 8, 2003, RR Donnelley and Moore Wallace entered into a combination agreement providing for the combination. Pursuant to the proposed transaction, and subject to receiving all required approvals and meeting all other conditions to the closing of the transaction, a subsidiary of RR Donnelley will acquire all of the outstanding Moore Wallace common shares. If the combination is completed, Moore Wallace shareholders will receive 0.63 of a share of RR Donnelley common stock for each Moore Wallace common share and cash in lieu of a fractional share of RR Donnelley common stock.

On November 7, 2003, which was the last trading day prior to the announcement of the execution of the combination agreement, the closing price of shares of RR Donnelley common stock on the New York Stock Exchange, where they are traded under the symbol DNY, was U.S.\$28.03 per share, and the closing price of Moore Wallace common shares on the New York Stock Exchange, where they are traded under the symbol MWI, was U.S.\$15.25 per share. Based upon this RR Donnelley common stock closing price, the value of the RR Donnelley common stock to be received for each Moore Wallace common share in the transaction would have been U.S.\$17.66. On ●, 2004, the per share closing prices of RR Donnelley common stock and Moore Wallace common shares were U.S.\$● and U.S.\$●, respectively. Based upon this RR Donnelley common stock closing price, the value of the RR Donnelley common stock to be received for each Moore Wallace common share in the transaction would have been U.S.\$●. Under the combination agreement and plan of arrangement, the exchange ratio is fixed at 0.63 and will not be changed to reflect fluctuations in the market price of the shares of either company. RR Donnelley shareholders will continue to own their existing shares of RR Donnelley common stock.

**For a discussion of certain U.S. federal income and estate tax and Canadian federal income tax consequences of the exchange of Moore Wallace common shares in the transaction and of the ownership of shares of RR Donnelley common stock received in exchange for Moore Wallace common shares, see Taxation beginning on page 106 of this joint management information circular and proxy statement.**

The joint management information circular and proxy statement attached to this letter contains detailed information concerning RR Donnelley, Moore Wallace and the proposed combination and a more thorough explanation of the views of the RR Donnelley board of directors and the Moore Wallace board of directors regarding the proposed combination. PLEASE READ THIS DOCUMENT CAREFULLY, INCLUDING THE SECTION ENTITLED RISK FACTORS BEGINNING ON PAGE 37, WHICH DESCRIBES SOME OF THE RISKS THAT YOU

SHOULD CONSIDER IN EVALUATING THE TRANSACTION.

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RR Donnelley is asking its shareholders to approve the issuance of shares of RR Donnelley common stock as contemplated by the combination agreement and plan of arrangement (which we refer to as the RR Donnelley share issuance proposal) and to adopt the RR Donnelley 2004 Performance Incentive Plan (which we refer to as the performance incentive plan proposal). **The RR Donnelley board of directors unanimously recommends that RR Donnelley shareholders vote FOR the RR Donnelley share issuance proposal and FOR the performance incentive plan proposal.**

Accordingly, RR Donnelley shareholders are cordially invited to attend a special meeting of shareholders of RR Donnelley for the purpose of considering and voting on the RR Donnelley share issuance proposal and the performance incentive plan proposal, to be held on •, •, 2004 at [10:00 a.m.] local time at [Bank One Auditorium, One Bank One Plaza (at Dearborn and Madison Streets), Chicago, Illinois 60602].

Moore Wallace is asking its shareholders, option holders and restricted stock unit holders (whom we collectively refer to as Moore Wallace securityholders) to pass, with or without variation, a special resolution to approve an arrangement under Section 192 of the Canada Business Corporations Act involving the indirect acquisition by RR Donnelley of all of the outstanding common shares of Moore Wallace (which we refer to as the arrangement resolution). **The Moore Wallace board of directors unanimously recommends that Moore Wallace securityholders vote FOR the arrangement resolution.**

Moore Wallace is also asking its shareholders to consider and vote on a proposal to approve the issuance of Moore Wallace common shares in lieu of the payment of cash in connection with Moore Wallace's acquisition of Payment Processing Solutions, Inc., which Moore Wallace acquired on • (which we refer to as the Moore Wallace share issuance proposal).

Accordingly, Moore Wallace securityholders are cordially invited to attend a special meeting of securityholders of Moore Wallace for the purpose of considering and voting on the arrangement resolution and the Moore Wallace share issuance proposal, to be held on •, •, 2004 at [11:00 a.m.] local time at •.

We cannot complete the transaction unless RR Donnelley shareholders approve the RR Donnelley share issuance proposal and Moore Wallace securityholders approve the arrangement resolution. We encourage you to read the joint management information circular and proxy statement, which includes important information about RR Donnelley, Moore Wallace, the transaction and the proposals related to the transaction. Your vote is important. **Whether or not you plan to attend the RR Donnelley special meeting or the Moore Wallace special meeting, please take the time to vote by completing and mailing the enclosed proxy card promptly. If you are an RR Donnelley shareholder, you may also vote your shares over the Internet or by telephone according to the instructions on the proxy card.**

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William L. Davis

Chairman, President and Chief Executive Officer

R.R. Donnelley & Sons Company

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Mark A. Angelson

Chief Executive Officer

Moore Wallace Incorporated

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This joint management information circular and proxy statement is dated •, 2004 and is first being mailed to RR Donnelley shareholders and Moore Wallace securityholders on or about •, 2004.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS JOINT MANAGEMENT INFORMATION CIRCULAR AND PROXY STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

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**R.R. DONNELLEY & SONS COMPANY**

**77 West Wacker Drive**

**Chicago, Illinois 60601**

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**NOTICE OF SPECIAL MEETING OF SHAREHOLDERS OF**

**R.R. DONNELLEY & SONS COMPANY**

**TO BE HELD ON [DAY OF THE WEEK], •, 2004**

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To the Shareholders of

R.R. DONNELLEY & SONS COMPANY:

Notice is hereby given that a special meeting of shareholders of R.R. Donnelley & Sons Company, a Delaware corporation, will be held at [10:00 a.m.], local time at [Bank One Auditorium, One Bank One Plaza (at Dearborn and Madison Streets), Chicago, Illinois 60602] on •, •, 2004, for the following purposes:

(i) To consider and vote on a proposal to approve the issuance of shares of RR Donnelley common stock as contemplated by the Combination Agreement, dated as of November 8, 2003, between RR Donnelley and Moore Wallace Incorporated and the Plan of Arrangement under Section 192 of the Canada Business Corporations Act involving RR Donnelley and Moore Wallace (copies of the combination agreement and the form of plan of arrangement are attached as Annex B and Annex C, respectively, to the joint management information circular and proxy statement accompanying this notice);

(ii) To consider and vote on the adoption of a new performance incentive plan (a copy of which is attached as Annex H to the joint management information circular and proxy statement accompanying this notice) to replace RR Donnelley's 2000 Stock Incentive Plan; and

(iii) To transact any other business as may properly come before the special meeting or any adjournment or postponement of the special meeting.

The RR Donnelley board of directors has fixed the close of business on •, 2004 as the record date for the determination of shareholders entitled to notice of, and to vote at, the special meeting and at any adjournment or postponement thereof. Your vote at the special meeting is important.

By Order of the Board of Directors,

---

Monica M. Fohrman

Senior Vice President, General Counsel and Secretary

Chicago, Illinois

•, 2004

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**MOORE WALLACE INCORPORATED**

**6100 Vipond Drive**

**Mississauga, Ontario L5T 2X1, Canada**

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**NOTICE OF SPECIAL MEETING OF SECURITYHOLDERS OF**

**MOORE WALLACE INCORPORATED**

**TO BE HELD ON [DAY OF THE WEEK], •, 2004**

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To the Securityholders of

MOORE WALLACE INCORPORATED:

Notice is hereby given that a special meeting of the holders of common shares, options and restricted stock units (whom we refer to as securityholders) of Moore Wallace Incorporated, a corporation continued under the laws of Canada, will be held at [11:00 a.m.], local time at •, on •, •, 2004, for the following purposes:

(i) For securityholders to consider pursuant to an order of the Ontario Superior Court of Justice dated •, 2004 and, if deemed advisable, to pass, with or without variation, a special resolution to approve an arrangement under Section 192 of the Canada Business Corporations Act involving the indirect acquisition by R.R. Donnelley & Sons Company of all of the outstanding common shares of Moore Wallace, all as more particularly described in the accompanying joint management information circular and proxy statement (the full text of the special resolution is set forth in Annex A to the joint management information circular and proxy statement accompanying this notice);

(ii) For the holders of common shares to consider and vote on a proposal to approve the issuance of Moore Wallace common shares in lieu of the payment of cash in connection with Moore Wallace's acquisition of Payment Processing Solutions, Inc., which Moore Wallace acquired on •, •, 2004; and

(iii) For the holders of common shares to transact such further or any other business as may properly come before the special meeting or any adjournment or postponement thereof.

The Moore Wallace board of directors has fixed the close of business on •, 2004 as the record date for the determination of securityholders entitled to notice of, and to vote at, the special meeting and at any adjournment or postponement thereof. Your vote at the special meeting is

important.

By Order of the Board of Directors,

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Theodore J. Theophilos

Executive Vice President, Business & Legal

Affairs, and Secretary

Mississauga, Ontario, Canada

•, 2004

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**QUESTIONS AND ANSWERS ABOUT THE TRANSACTION AND THE SPECIAL MEETINGS**

**General Questions and Answers**

**Q: What are RR Donnelley and Moore Wallace proposing?**

A: RR Donnelley and Moore Wallace are proposing to engage in a business combination pursuant to which RR Donnelley will acquire all of Moore Wallace's outstanding common shares and Moore Wallace will become an indirect, wholly owned subsidiary of RR Donnelley. The combination will be carried out pursuant to the combination agreement, dated as of November 8, 2003, between RR Donnelley and Moore Wallace (which we refer to in this document as the combination agreement) and a plan of arrangement involving Moore Wallace and RR Donnelley (which we refer to in this document as the plan of arrangement). The combination agreement and plan of arrangement provide that a direct, wholly owned subsidiary of RR Donnelley will acquire all of the outstanding Moore Wallace common shares (other than those held by Moore Wallace shareholders who properly exercise their dissent rights and are entitled to be paid the fair value of their Moore Wallace common shares and those held by RR Donnelley and its subsidiaries, which shares will be cancelled) in exchange for (1) shares of RR Donnelley common stock and (2) the corresponding percentage of rights to acquire shares of RR Donnelley Series A Preferred Stock (which we refer to in this document as RR Donnelley rights) issued pursuant to the Rights Agreement (which we refer to in this document as the rights agreement), dated as of April 25, 1996, between RR Donnelley and EquiServe Trust Company, N.A., as successor to First Chicago Trust Company of New York, as rights agent.

When the term "transaction" is used throughout this document, it means the transactions contemplated by the combination agreement and the plan of arrangement, pursuant to which, among other things, Moore Wallace will become an indirect, wholly owned subsidiary of RR Donnelley.

Unless otherwise indicated, all references in this document to shares of RR Donnelley common stock to be received in the transaction include the associated RR Donnelley rights.

**Q: Why are RR Donnelley and Moore Wallace proposing to combine?**

A: RR Donnelley and Moore Wallace are proposing to combine because RR Donnelley and Moore Wallace each believes that a combination of the two companies will enable the combined company to benefit from a comprehensive suite of products to offer to its broader customer base as well as to create a more diversified manufacturing platform from which to grow.

**Q: Why am I receiving this document and proxy card or form of proxy?**

A: You are receiving this document and proxy card or form of proxy because you own shares of RR Donnelley common stock, Moore Wallace common shares (including Moore Wallace restricted shares, which for purposes of this document are treated as common shares), options to purchase Moore Wallace common shares or Moore Wallace restricted stock units.

**Q: What will holders of Moore Wallace common shares receive in the transaction?**

A: In the transaction, the holders of outstanding common shares of Moore Wallace (other than holders who properly exercise their dissent rights and become entitled to be paid the fair value of their Moore Wallace common shares and RR Donnelley and its subsidiaries, all of whose shares will be cancelled) will receive 0.63 of a share of RR Donnelley common stock as consideration for each Moore Wallace common share.

RR Donnelley will not issue any fractional shares in connection with the transaction. Rather than receive a fractional share of RR Donnelley common stock, a Moore Wallace shareholder will receive a cash payment equal to the product of the fractional interest and the closing price per share of RR Donnelley common stock on the New York Stock Exchange on the business day immediately prior to the effective date of the transaction (which we refer to in this document as the effective date).

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Moore Wallace shareholders who properly exercise their dissent rights will be entitled to be paid the fair value of their Moore Wallace common shares in accordance with the interim order issued by the Ontario Superior Court of Justice.

### **Q: How will the transaction affect options to acquire Moore Wallace common shares?**

A: Each option to purchase common shares of Moore Wallace will be exchanged for or converted into a replacement option to purchase a number of shares of RR Donnelley common stock equal to the product of the exchange ratio of 0.63 multiplied by the number of Moore Wallace common shares subject to the Moore Wallace option, rounded down to the next whole number of shares of RR Donnelley common stock. Generally, the exercise price of the replacement option (1) for a Moore Wallace option denominated in U.S. dollars will be equal to the applicable exercise price divided by the 0.63 exchange ratio and (2) for a Moore Wallace option denominated in Canadian dollars will be equal to the applicable exercise price divided by the 0.63 exchange ratio divided by the currency exchange rate for U.S. dollars expressed in Canadian dollars on the effective date.

Outstanding options to purchase Moore Wallace common shares will (unless waived) immediately vest upon completion of the transaction. However, the term to expiration, conditions to and manner of exercising the replacement options and all other terms and conditions of such replacement options will otherwise be unchanged from those of the Moore Wallace options for which they were exchanged. Any document or agreement previously evidencing Moore Wallace options will thereafter evidence and be deemed to evidence options to purchase shares of RR Donnelley common stock.

### **Q: How will the transaction affect Moore Wallace restricted stock units?**

A: Generally, each Moore Wallace restricted stock unit will be deemed to be exchanged for or converted into a replacement RR Donnelley restricted stock unit to acquire or receive that number of shares of RR Donnelley common stock equal to the number of Moore Wallace common shares that would have been deliverable upon vesting of the restricted stock unit multiplied by the exchange ratio of 0.63, rounded down to the next whole number of shares of RR Donnelley common stock. The replacement restricted stock units will otherwise be subject to the same terms and conditions applicable to the Moore Wallace restricted stock units under the relevant Moore Wallace share plan. Any document or agreement previously evidencing Moore Wallace restricted stock units will be deemed to evidence replacement restricted stock units.

### **Q: Will Moore Wallace shareholders be able to trade the shares of RR Donnelley common stock that they receive in the transaction?**

A: Yes. Shares of RR Donnelley common stock are currently listed on the New York Stock Exchange, the Chicago Stock Exchange and the Pacific Exchange, and the shares of RR Donnelley common stock that will be issued in connection with the transaction will be listed on such exchanges. In addition, it is a condition to the completion of the transaction that shares of RR Donnelley common stock be listed on the Toronto Stock Exchange.

The shares of RR Donnelley common stock received in exchange for Moore Wallace common shares in the transaction will be freely transferable under United States federal securities laws, except for shares of RR Donnelley common stock held by persons who are deemed to be affiliates (as defined under the United States Securities Act of 1933, as amended (which we refer to in this document as the Securities Act)) (to whom we refer in this document as affiliates) of Moore Wallace prior to the transaction. However, RR Donnelley restricted shares received in exchange for Moore Wallace restricted shares that do not vest in connection with the transaction will remain subject to transfer restrictions

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until such restricted shares vest. In addition, shares of RR Donnelley common stock received in exchange for Moore Wallace common shares are not automatically freely transferable under the securities laws of certain provinces and territories of Canada. It is a condition to the closing of the transaction that the relevant Canadian securities regulatory authorities grant relief to permit the first resale of the shares of RR Donnelley common stock issued in the transaction by persons other than control

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persons (as such term is defined under Canadian federal, provincial and territorial securities laws) (to whom we refer in this document as control persons). See Transaction Mechanics Resale of RR Donnelley Common Stock Received in the Transaction beginning on page 90.

**Q: What will happen to RR Donnelley common stock in the transaction?**

A: Nothing. Each share of RR Donnelley common stock outstanding will remain outstanding as a share of RR Donnelley common stock. Dissenters appraisal rights under the Delaware General Corporation Law (which we refer to in this document as the DGCL) are not available to RR Donnelley shareholders in connection with the transaction. See The Transaction Dissenting Shareholder Rights beginning on page 77.

**Q: When do RR Donnelley and Moore Wallace expect to complete the transaction?**

A: RR Donnelley and Moore Wallace expect to complete the transaction in the first quarter of calendar year 2004. Because the transaction is subject to securityholder, governmental and regulatory approvals and other conditions, some of which are beyond the control of RR Donnelley and Moore Wallace, the exact timing of completion cannot be predicted. RR Donnelley and Moore Wallace are working to complete the transaction as soon as possible.

**Q: Who will manage the combined company after the transaction?**

A: The combined company will initially have a 15-member board of directors that will include seven directors who currently serve on the Moore Wallace board and eight directors who currently serve on the RR Donnelley board. Mark A. Angelson, the current chief executive officer of Moore Wallace, will become chief executive officer of the combined company. Stephen M. Wolf, a current RR Donnelley director and the current chairman of the finance committee of the RR Donnelley board of directors, will become non-executive chairman of the board of directors of the combined company.

**Q: What is the role of the Canadian courts in the transaction?**

A: Under the Canada Business Corporations Act (which we refer to in this document as the CBCA), a Canadian court must approve the arrangement set out in the plan of arrangement. Prior to the mailing of this document, Moore Wallace obtained an interim order from the Ontario Superior Court of Justice providing for the calling and holding of the Moore Wallace special meeting and other procedural matters. If the Moore Wallace securityholders approve the arrangement resolution and the RR Donnelley shareholders approve the RR Donnelley share issuance proposal, the court will hold a hearing regarding a final order. The court will consider, among other things, the fairness and reasonableness of the arrangement. The court may approve the arrangement in any manner the court may direct, subject to compliance with such terms and conditions, if any, as the court deems fit.

**RR Donnelley Shareholder Questions and Answers**

**Q: On what am I being asked to vote?**

A: RR Donnelley shareholders are being asked to approve the following proposals:

a proposal to approve the issuance of shares of RR Donnelley common stock as contemplated by the combination agreement and plan of arrangement, including the shares to be issued upon exercise of Moore Wallace options exchanged for or converted into RR Donnelley options and the shares to be issued upon the vesting of restricted stock units with respect to Moore Wallace common shares exchanged for or converted into replacement RR Donnelley restricted stock units (we refer to this proposal in this document as the RR Donnelley share issuance proposal); and

a proposal to adopt the RR Donnelley 2004 Performance Incentive Plan (which we refer to in this document as the 2004 Performance Incentive Plan), which will provide incentives to (i) officers, other

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employees and other persons who provide services to RR Donnelley through rewards based upon the ownership or performance of RR Donnelley common stock as well as other performance-based compensation and (ii) non-employee directors of RR Donnelley through the grant of equity-based awards (we refer to this proposal in this document as the performance incentive plan proposal).

Shareholder approval of the RR Donnelley share issuance proposal is not required by Delaware law or RR Donnelley's restated certificate of incorporation or by-laws, but is required by the rules of the New York Stock Exchange. Shareholder approval of the performance incentive plan proposal is required by the rules of the New York Stock Exchange and for awards under the 2004 Performance Incentive Plan to qualify as performance-based compensation for purposes of Section 162(m) of the United States Internal Revenue Code of 1986 (which we refer to in this document as the Internal Revenue Code).

### **Q: What vote is required to approve the RR Donnelley share issuance proposal and the performance incentive plan proposal?**

A: Each of the RR Donnelley share issuance proposal and the performance incentive plan proposal must be approved by a majority of the votes cast on the proposal, and the total vote cast on the proposal must represent over 50% of the shares of RR Donnelley common stock entitled to vote on the proposal. Each share of RR Donnelley common stock outstanding as of the record date is entitled to one vote on all matters to come before the RR Donnelley special meeting, including the RR Donnelley share issuance proposal and the performance incentive plan proposal. A majority of the outstanding shares of RR Donnelley common stock entitled to vote at the RR Donnelley special meeting, present in person or represented by proxy, will constitute a quorum for the transaction of business at the RR Donnelley special meeting.

### **Q: Who can vote?**

A: Only shareholders who hold shares of RR Donnelley common stock at the close of business on the record date, which is •, 2004, will be entitled to vote at the RR Donnelley special meeting. RR Donnelley common stock constitutes the only class of RR Donnelley capital stock entitled to vote at the RR Donnelley special meeting.

### **Q: How does the RR Donnelley board of directors recommend that I vote on the RR Donnelley share issuance proposal?**

A: The RR Donnelley board of directors unanimously recommends that you vote **FOR** approval of the RR Donnelley share issuance proposal.

### **Q: How does the RR Donnelley board of directors recommend that I vote on the performance incentive plan proposal?**

A: The RR Donnelley board of directors unanimously recommends that you vote **FOR** approval of the performance incentive plan proposal.

### **Q: How do I vote my shares of RR Donnelley common stock?**

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A: You should carefully read and consider the information contained in or incorporated by reference into this document, including the annexes. You should also determine whether you hold your shares of RR Donnelley common stock directly in your name as a registered shareholder or through a broker or other nominee, because this will determine the procedure that you must follow in order to vote. If you are a registered shareholder of RR Donnelley (that is, if you hold your RR Donnelley common stock in certificate form), you may vote in any of the following ways:

in person at the RR Donnelley special meeting complete and sign the enclosed proxy card and bring either the admission ticket attached to the proxy card or evidence of your stock ownership with you to

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the RR Donnelley special meeting (the ticket or evidence of your stock ownership will serve as your right to admission and your authorization to vote in person);

by mail complete, sign and date the enclosed proxy card and return it in the enclosed postage paid return envelope as soon as possible to R.R. Donnelley & Sons Company, c/o EquiServe Trust Company, N.A., P.O. Box 8250, Edison, New Jersey 08818-9086; or

by telephone or over the Internet follow the instructions included with your proxy card. The deadline for voting by telephone or over the Internet is midnight on ●, 2004.

The telephone and Internet voting procedures are designed to allow RR Donnelley shareholders to vote their shares and to confirm that their instructions have been properly recorded consistent with applicable law. Shareholders who wish to vote over the Internet should be aware that there may be costs associated with electronic access, such as usage charges from Internet access providers and telephone companies, and that there may be some risk that a shareholder's vote might not be properly recorded or counted because of an unanticipated electronic malfunction.

If you are a non-registered holder of shares of RR Donnelley common stock (which for purposes of this document means that your shares of RR Donnelley common stock are held in street name), you may vote in person if you obtain a broker's proxy card in your name from your broker or other nominee and either bring the admission ticket attached to the proxy card or evidence of your stock ownership from your broker or other nominee. Please contact your broker or other nominee to determine how to vote by mail and whether you will be able to vote by telephone or over the Internet.

If you hold RR Donnelley common stock as a participant in RR Donnelley's Stock Fund, Dividend Reinvestment Plan, Employee Monthly Investment Plan or Tax Credit Stock Ownership Plan, you may vote by using the enclosed proxy card or by telephone or over the Internet by following the instructions included on your proxy card. The deadline for voting by telephone or over the Internet is midnight on ●, 2004.

### **Q: What happens if I return my proxy card but don't indicate how to vote?**

A: If you properly return your proxy card, but do not include instructions on how to vote, your shares of RR Donnelley common stock will be voted **FOR** approval of the RR Donnelley share issuance proposal and **FOR** approval of the performance incentive plan proposal. RR Donnelley's management does not currently intend to bring any proposals to the RR Donnelley special meeting other than the RR Donnelley share issuance proposal and the performance incentive plan proposal and does not expect any shareholder proposals. If other proposals requiring a vote of shareholders are brought before the RR Donnelley special meeting in a proper manner, the persons named in the enclosed proxy card intend to vote the shares they represent in accordance with their best judgment.

### **Q: What happens if I abstain from voting on a proposal?**

A: If you return your proxy with instructions to abstain from voting on either proposal, your shares will be counted for purposes of determining whether a quorum is present at the RR Donnelley special meeting. An abstention with respect to a proposal has the legal effect of a vote **AGAINST** the proposal.

**Q: What happens if I don't return a proxy card or otherwise don't vote?**

A: Your failure to return your proxy card or otherwise vote (1) will mean that your shares will not be counted toward determining whether a quorum is present at the RR Donnelley special meeting, (2) will make it less likely that the requirement will be met that the total vote cast on each of the RR Donnelley share issuance proposal and the performance incentive plan proposal represents over 50% of the shares of RR Donnelley common stock entitled to vote on the proposal and (3) if you hold shares of RR Donnelley common stock as a participant in RR Donnelley's Stock Fund or Tax Credit Stock Ownership Plan, will result in a vote **AGAINST** the RR Donnelley share issuance proposal and the performance incentive plan proposal with respect to those shares.

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**Q: What does it mean if I receive more than one RR Donnelley proxy card?**

A: This means that you own shares of RR Donnelley common stock that are registered under different names. For example, you may own some shares directly as a shareholder of record and other shares through a broker, or you may own shares through more than one broker. In these situations, you will receive multiple sets of proxy materials. It is necessary for you to vote, sign and return all of the proxy cards or follow the instructions for any alternative voting procedure on each of the proxy cards you receive in order to vote all of the shares you own. Each proxy card you received came with its own prepaid return envelope. If you vote by mail, please make sure you return each proxy card in the return envelope that accompanied that proxy card.

**Q: Can I change my vote after I have voted?**

A: Yes. You can change your vote at any time before your shares are voted at the RR Donnelley special meeting. If you are a registered RR Donnelley shareholder, you can do this in any of the following ways:

by sending a written notice to the secretary of RR Donnelley at the address specified below stating that you would like to revoke your proxy;

by completing and submitting a new, later-dated proxy card by mail at the address specified below;

by voting by telephone after previously voting or submitting your proxy card;

by voting over the Internet after previously voting or submitting your proxy card; or

by attending the RR Donnelley special meeting and voting in person. Your attendance at the RR Donnelley special meeting alone will not revoke your proxy. You must also vote at the RR Donnelley special meeting in order to revoke your previously submitted proxy.

You should send any notice of revocation or your completed new, later-dated proxy card, as the case may be, to RR Donnelley at the following address:

R.R. Donnelley & Sons Company

c/o EquiServe Trust Company, N.A.

P.O. Box 8250

Edison, New Jersey 08818-9086

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If your shares are held in street name, you must contact your broker or other intermediary and follow the instructions provided to you in order to revoke your proxy.

**Q: If my broker holds my shares in street name, will my broker vote my shares for me?**

A: No. Your broker will not be able to vote your shares of RR Donnelley common stock unless you have properly instructed your broker on how to vote. If you do not provide your broker with voting instructions, your shares may be considered present at the RR Donnelley special meeting for purposes of determining a quorum, but will not be considered to have been voted with respect to the RR Donnelley share issuance proposal or the performance incentive plan proposal. Therefore, it will make it less likely that the requirement will be met that the total vote cast on the RR Donnelley share issuance proposal and the performance incentive plan proposal represents over 50% of the shares of RR Donnelley common stock entitled to vote on each proposal. If you have instructed a broker to vote your shares and wish to change your vote, you must follow directions received from your broker to change those instructions.

**Q: Am I entitled to dissenters appraisal rights?**

A: No. Holders of RR Donnelley common stock do not have dissenters appraisal rights under the DGCL in connection with the actions to be taken at the RR Donnelley special meeting. See The Transaction Dissenting Shareholder Rights beginning on page 77.

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**Q: Are there risks I should consider in deciding whether to vote for the RR Donnelley share issuance proposal?**

A: Yes. A number of risk factors that you should consider in connection with the transaction are described in the section of this document entitled "Risk Factors" beginning on page 37.

**Q: What are the U.S. and Canadian federal income tax consequences of the transaction to a current holder of shares of RR Donnelley common stock?**

A: There are none. For a more detailed description of the U.S. and Canadian federal income tax consequences of the transaction, see "Taxation" beginning on page 106.

**Q: Who can help answer my questions about the transaction and the RR Donnelley special meeting?**

A: You may call the RR Donnelley Investor Relations Hotline at • with any questions you may have about the transaction or the RR Donnelley special meeting.

**Moore Wallace Securityholder Questions and Answers**

**Q: On what am I being asked to vote?**

A: Moore Wallace shareholders, option holders and restricted stock unit holders (whom we collectively refer to in this document as Moore Wallace securityholders) are being asked to consider, pursuant to an order of the Ontario Superior Court of Justice, and, if deemed advisable, to pass, with or without variation, a special resolution to approve an arrangement under Section 192 of the CBCA involving the acquisition by RR Donnelley of all of the outstanding Moore Wallace common shares (we refer to this special resolution in this document as the arrangement resolution). The full text of the arrangement resolution is set forth in Annex A to this document.

Moore Wallace shareholders are also being asked to consider and vote on a proposal to approve the issuance of Moore Wallace common shares in lieu of the payment of cash in connection with Moore Wallace's acquisition of Payment Processing Solutions, Inc. (which we refer to in this document as PPS), which Moore Wallace acquired on • (we refer to this proposal in this document as the Moore Wallace share issuance proposal).

Shareholder approval of the Moore Wallace share issuance proposal is not required by the CBCA or Moore Wallace's articles of continuance or by-laws, but is required by the rules of the New York Stock Exchange and is a condition to the listing on the Toronto Stock Exchange of the Moore Wallace common shares to be issued in connection with the Moore Wallace share issuance proposal.

**Q: Why am I being asked to vote on the Moore Wallace share issuance proposal?**

A: On 1/15/14, Moore Wallace acquired PPS, a Tennessee-based provider of mortgage statement processing solutions to the financial services industry, for approximately \$92.5 million in cash and Moore Wallace common shares, including the repayment of PPS indebtedness. Under the terms of the PPS acquisition agreement, the majority shareholders of PPS had a right to defer receipt of some of the cash consideration owed to them in connection with the sale and request that Moore Wallace seek the approval of the Moore Wallace shareholders so that Moore Wallace may issue Moore Wallace common shares to such PPS shareholders instead of the cash consideration. The majority shareholders of PPS exercised their right to request a Moore Wallace shareholder vote to approve the payment of \$10 million of the consideration in Moore Wallace common shares in lieu of receiving that amount of cash otherwise owed to them. Therefore, the purpose of this proposal is to permit Moore Wallace to issue \$10 million in new Moore Wallace common shares to the majority shareholders of PPS as consideration in connection with the acquisition of PPS. Moore Wallace shareholders are not being asked to approve the acquisition of PPS. PPS has already been acquired and is now an indirect, wholly owned subsidiary of Moore Wallace.

The Moore Wallace share issuance proposal is unrelated to Moore Wallace's transaction with RR Donnelley. If the Moore Wallace share issuance proposal is not approved, then, shortly after the

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Moore Wallace special meeting, Moore Wallace will pay \$• in cash without interest to the majority shareholders of PPS. If the proposal is approved, Moore Wallace expects to issue the Moore Wallace common shares to the majority shareholders of PPS prior to the completion of the transaction with RR Donnelley.

### **Q: What vote is required to approve the arrangement resolution and the Moore Wallace share issuance proposal?**

A: Pursuant to the interim order issued by the Ontario Superior Court of Justice, in order to approve the arrangement resolution, at least two-thirds of the votes cast, in person or by proxy, on the arrangement resolution at the Moore Wallace special meeting by Moore Wallace securityholders, voting together as a class, must be in favor of the arrangement resolution. The rules of the New York Stock Exchange require that the Moore Wallace share issuance proposal be approved by a majority of the votes cast on the proposal and that the total votes cast on the proposal represent over 50% of the Moore Wallace common shares entitled to vote. Voting rights are as follows:

each holder of Moore Wallace common shares outstanding as of the record date is entitled to one vote per share held on all matters to come before the Moore Wallace special meeting, including the arrangement resolution and the Moore Wallace share issuance proposal;

each holder of Moore Wallace options as of the record date is entitled to one vote on the arrangement resolution for each Moore Wallace common share that would be received on a valid exercise of that holder's Moore Wallace options regardless of whether they are presently exercisable as of the record date; and

each holder of Moore Wallace restricted stock units as of the record date is entitled to one vote on the arrangement resolution for each Moore Wallace common share that would be deliverable upon vesting of that holder's Moore Wallace restricted stock units.

As of the record date, • Moore Wallace common shares were outstanding; options to purchase • Moore Wallace common shares were outstanding; and • Moore Wallace restricted stock units were outstanding. At least two persons present in person and entitled to vote at the Moore Wallace special meeting will constitute a quorum for the transaction of business at the Moore Wallace special meeting.

### **Q: Who can vote?**

A: Only Moore Wallace securityholders will be entitled to vote on the arrangement resolution at the Moore Wallace special meeting. Only Moore Wallace shareholders will be entitled to vote on the Moore Wallace share issuance proposal at the Moore Wallace special meeting. Only Moore Wallace shareholders whose names have been entered on the register of Moore Wallace at the close of business on •, 2004, the record date for the Moore Wallace special meeting, and holders of Moore Wallace options and Moore Wallace restricted stock units at the close of business on the record date will be entitled to receive notice of and vote at the Moore Wallace special meeting. Beneficial owners as of the record date who hold their shares in street name will receive instructions from their broker or other intermediary describing how to vote their shares.

The Moore Wallace common shares, Moore Wallace options and Moore Wallace restricted stock units constitute the only securities entitled to vote at the Moore Wallace special meeting.

**Q: How does the Moore Wallace board of directors recommend that I vote on the arrangement resolution and the Moore Wallace share issuance proposal?**

A: The Moore Wallace board of directors

unanimously recommends that you vote **FOR** approval of the arrangement resolution; and

is not taking a position, and is not making any recommendation, regarding how Moore Wallace shareholders should vote in connection with the Moore Wallace share issuance proposal.

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### **Q: How do I vote on the arrangement resolution and the Moore Wallace share issuance proposal?**

A: You should carefully read and consider the information contained in or incorporated by reference into this document, including the annexes. You should also determine whether you hold your Moore Wallace common shares directly in your name as a registered shareholder or through a broker or other intermediary because this will determine the procedure that you must follow in order to vote. There are three forms of proxy: a yellow proxy applicable to Moore Wallace shareholders, a gray proxy applicable to Moore Wallace option holders and a blue proxy applicable to Moore Wallace restricted stock unit holders.

If you are a registered shareholder, please respond by completing, signing and dating your yellow proxy form and returning it in the enclosed postage paid return envelope as soon as possible to Moore Wallace Incorporated, c/o • so that your shares may be voted at the Moore Wallace special meeting. As a registered shareholder, you may also attend the Moore Wallace special meeting in person and vote at the Moore Wallace special meeting. If you are a non-registered holder of Moore Wallace common shares (which for purposes of this document means that your Moore Wallace common shares are held in street name ), you should read the instructions that your broker or other intermediary sent you regarding how to vote with respect to your Moore Wallace common shares.

If you are a holder of Moore Wallace options, please respond by completing, signing and dating your gray proxy form and returning it in the enclosed postage paid return envelope as soon as possible to Moore Wallace Incorporated, c/o • so that your options may be voted at the Moore Wallace special meeting.

If you are a holder of Moore Wallace restricted stock units, please respond by completing, signing and dating your blue proxy form and returning it in the enclosed postage paid return envelope as soon as possible to Moore Wallace Incorporated, c/o • so that your restricted stock units may be voted at the Moore Wallace special meeting.

### **Q: What happens if I return my form of proxy but don't indicate how to vote?**

A: If you properly return your form of proxy, but do not include instructions on how to vote, your securities will be voted **FOR** approval of the arrangement resolution and in accordance with management's recommendation with respect to amendments or variations of the matters described in the notice of the Moore Wallace special meeting and any other matters that may properly come before the Moore Wallace special meeting, but your securities will not be voted with respect to the Moore Wallace share issuance proposal.

### **Q: What happens if I don't return a form of proxy or otherwise don't vote?**

A: Your failure to return your form of proxy or otherwise vote will make it less likely that the requirement will be met that the total vote cast on the Moore Wallace share issuance proposal represents over 50% of the Moore Wallace common shares entitled to vote on the Moore Wallace share issuance proposal.

### **Q: What does it mean if I receive more than one Moore Wallace proxy form?**

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A: If you receive more than one yellow proxy form, it means that you own Moore Wallace common shares that are registered under different names. For example, you may own some shares directly as a shareholder of record and other shares through a broker, or you may own shares through more than one broker. In these situations, you will receive multiple sets of proxy materials.

If you receive proxy forms of different colors, it means that you hold Moore Wallace common shares and/or Moore Wallace options and/or Moore Wallace restricted stock units. Yellow proxies are for use by holders of Moore Wallace common shares; gray proxies are for use by holders of Moore Wallace options; and blue proxies are for use by holders of Moore Wallace restricted stock units.

It is necessary for you to vote, sign and return all of the proxy forms or follow the instructions for any alternative voting procedure on each of the proxy forms you receive in order to vote all of the securities you own.

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Each proxy form you received came with its own prepaid return envelope. If you vote by mail, please make sure you return each proxy form in the return envelope that accompanied that proxy form.

### **Q: Can I change my vote after I have mailed my signed proxy form?**

A: Yes. If you are a registered holder of Moore Wallace common shares or a holder of Moore Wallace options or Moore Wallace restricted stock units, you can change your vote by attending the Moore Wallace special meeting and voting in person. Your attendance at the Moore Wallace special meeting alone will not revoke your proxy. You must also vote at the Moore Wallace special meeting in order to revoke your previously submitted proxy. You can also change your vote no later than 5:00 p.m. (Toronto time) on the business day immediately preceding the Moore Wallace special meeting. You can do this by sending a written notice, signed by you or your attorney authorized in writing, to Moore Wallace at the address specified below stating that you would like to revoke your proxy or by completing and submitting a new, later-dated proxy form by mail at the address specified below.

You should send any notice of revocation or your completed new proxy form, as the case may be, to Moore Wallace at the following address:

Moore Wallace Incorporated

c/o •

You may also revoke your proxy by delivering a written notice signed by you or your attorney authorized in writing to the chairman of the Moore Wallace special meeting at the Moore Wallace special meeting.

If your Moore Wallace common shares are held in street name, you must contact your broker or other intermediary and follow the instructions provided to you in order to revoke your proxy.

### **Q: Can I vote by telephone or over the Internet?**

A. No.

### **Q: If my broker holds my shares in street name, will my broker vote my shares for me?**

A: No. Your broker or other intermediary will not be able to vote your Moore Wallace common shares without instructions from you. If you have received this document from your broker or another intermediary, please complete and return the proxy or other authorization form provided to you by your broker or other intermediary in accordance with the instructions provided to you in order to have your shares properly voted. If you have instructed a broker to vote your shares and wish to change your vote, you must follow directions received from your broker to

change those instructions.

**Q: Should I send in my share certificates now?**

A: No. After the transaction is approved and completed, RR Donnelley will send Moore Wallace shareholders instructions for exchanging their Moore Wallace share certificates for RR Donnelley stock certificates.

**Q: Am I entitled to dissent rights with respect to the transaction?**

A: Yes, if you are a registered holder of Moore Wallace common shares. No, if you are a non-registered holder of Moore Wallace common shares or a holder of Moore Wallace options or restricted stock units. If the transaction is completed, Moore Wallace registered shareholders who properly exercise their dissent rights pursuant to the interim order of the Ontario Superior Court of Justice dated •, 2004, which is attached to this document as Annex D, will be entitled to be paid the fair value of their Moore Wallace common shares. The dissent procedures require, among other things, that a Moore Wallace registered shareholder who wishes to dissent must provide to Moore Wallace a dissent notice not later than 5:00 p.m. (Toronto time) on the business day preceding the Moore Wallace special meeting. It is important that Moore Wallace registered shareholders strictly comply with this requirement, as it is different from the statutory dissent procedures of the CBCA that would otherwise permit a dissent notice to be provided at or prior to the Moore Wallace special meeting. Failure to strictly comply

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with dissent procedures may result in the loss or unavailability of your dissent rights. If you are a non-registered holder of Moore Wallace common shares and wish to dissent, you should immediately contact your broker or other intermediary and either instruct your broker or other intermediary to exercise the right to dissent on your behalf or instruct the broker or other intermediary to re-register the Moore Wallace common shares in your name and then exercise the right to dissent yourself. For information on how non-registered shareholders may effectively exercise dissent rights, see [The Transaction Dissenting Shareholder Rights](#) beginning on page 77.

### **Q: Are there risks I should consider in deciding whether to vote for the arrangement resolution?**

A: Yes. A number of risk factors that you should consider in connection with the transaction are described in the section of this document entitled [Risk Factors](#) beginning on page 37.

### **Q: What are the U.S. and Canadian federal income tax consequences of the transaction to a holder of Moore Wallace common shares?**

A: The U.S. federal income tax consequences of the transaction to a holder of Moore Wallace common shares will depend on whether the transaction qualifies as a [reorganization](#) for U.S. federal income tax purposes. It is a condition to the obligation of Moore Wallace to complete the transaction that Moore Wallace receive an opinion from Sullivan & Cromwell LLP, special counsel to Moore Wallace, to the effect that the acquisition of the Moore Wallace common shares pursuant to the combination agreement and the arrangement will qualify as a [reorganization](#) within the meaning of Section 368(a)(1)(B) of the Internal Revenue Code and that each of RR Donnelley and Moore Wallace will be a party to that reorganization within the meaning of Section 368(b) of the Internal Revenue Code. The opinion will be based, in part, on customary assumptions and written representations. Assuming the transaction qualifies as a [reorganization](#) within the meaning of Section 368(a)(1)(B) of the Internal Revenue Code, a holder of Moore Wallace common shares will not recognize any gain or loss for U.S. federal income tax purposes upon the exchange of the holder's Moore Wallace common shares for shares of RR Donnelley common stock pursuant to the transaction, except that gain or loss will be recognized on the receipt of cash in lieu of a fractional share of RR Donnelley common stock. For a more detailed description of the U.S. federal income tax consequences of the transaction, see [Taxation Certain U.S. Federal Income and Estate Tax Considerations U.S. Federal Income Tax Consequences of the Transaction](#) beginning on page 107.

For a discussion of certain U.S. federal income and estate tax consequences of owning shares of RR Donnelley common stock received in exchange for Moore Wallace common shares, see [Taxation Certain U.S. Federal Income and Estate Tax Considerations Certain U.S. Federal Income and Estate Tax Consequences of Owning RR Donnelley Common Stock](#) beginning on page 108. As described more fully under that heading, dividends paid to a non-U.S. holder of shares of RR Donnelley common stock generally will be subject to withholding of U.S. federal income tax at a rate of 30% (or such lower rate as may be specified by an applicable income tax treaty).

Subject to possible changes in the Canadian federal income tax rules, under the Income Tax Act (Canada) (which we refer to in this document as the Canada Tax Act), as a result of the transaction, a Canadian resident holder of Moore Wallace common shares (including restricted shares) will generally be required to recognize any gain or loss on the shares for Canadian federal income tax purposes. Shares of RR Donnelley common stock (excluding the RR Donnelley rights) will be qualified investments for, but will be foreign property to, registered retirement savings plans and similar tax deferred plans and will be foreign property for registered pension plans and other Canadian taxpayers who are subject to restrictions on the amount of foreign property that they may hold. RR Donnelley rights may not be considered to be a qualified investment. Generally, a holder of Moore Wallace common shares who is not resident in Canada will not be subject to Canadian income tax on any gain realized on such shares as a result of the transaction unless those shares constitute [taxable Canadian property](#) to the holder within the meaning of the Canada Tax Act and that gain is not otherwise exempt from Canadian federal income tax pursuant to an exemption contained in an applicable income tax treaty or convention. A holder of Moore Wallace common shares, whether resident in Canada or not, who exercises dissent rights and receives fair value for such holder's shares from Moore Wallace will, whether or not such



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shares have increased or decreased in value since the holder's acquisition of such shares, generally be deemed for Canadian income tax purposes to receive a dividend from Moore Wallace in the amount by which the amount paid by Moore Wallace exceeds the paid-up capital for Canadian income tax purposes of the Moore Wallace common shares. In the case of a holder who is not resident in Canada, such deemed dividend will be subject to Canadian withholding tax. For a more detailed discussion of the Canadian federal income tax consequences to holders of Moore Wallace common shares of the transaction and of owning shares of RR Donnelley common stock received in the transaction, see **Taxation Certain Canadian Federal Income Tax Considerations** beginning on page 110.

Holders of Moore Wallace common shares are urged to consult their tax advisors as to the specific tax consequences to them of the transaction, including the consequences of owning shares of RR Donnelley common stock received in the transaction. As discussed below, special U.S. federal income tax considerations may apply in the case of Moore Wallace restricted shares converted in the transaction.

### **Q: What are the U.S. and Canadian federal income tax consequences of the transaction to holders of Moore Wallace options, restricted stock units and restricted shares?**

A: Holders of Moore Wallace options and restricted stock units will not recognize income for U.S. federal income tax purposes upon the conversion of such options and units into RR Donnelley options and RR Donnelley restricted stock units, respectively, in connection with the transaction. Notwithstanding the foregoing summary of the U.S. federal income tax consequences of the transaction to holders of Moore Wallace common shares, holders of Moore Wallace restricted shares who did not elect to be taxed at the time the restricted shares were granted will recognize compensation income for U.S. federal tax purposes (which will be subject to wage and social security tax withholding) (i) if the forfeiture conditions on the restricted shares lapse as a result of the transaction, in an amount equal to the excess of the fair market value of such shares at such time over the amount, if any, paid for such shares or (ii) if the forfeiture conditions do not lapse, in an amount equal to any cash payments received by them in lieu of any fractional interests in RR Donnelley restricted shares. Otherwise such holders of Moore Wallace restricted shares will not recognize income for U.S. federal tax purposes upon the conversion of such restricted shares into RR Donnelley restricted shares. See the discussion under **Taxation Certain U.S. Federal Income and Estate Tax Considerations U.S. Federal Income Tax Consequences of the Transaction** beginning on page 107. For a discussion of the U.S. federal income tax consequences of the exercise of RR Donnelley stock options or the payment of RR Donnelley restricted stock units or for a further discussion of the U.S. federal income tax consequences of the lapse of restrictions on RR Donnelley restricted shares, see **The Performance Incentive Plan Proposal U.S. Federal Income Tax Consequences** beginning on page 168.

Generally, holders of Moore Wallace options and restricted stock units who are (i) resident in Canada and who received such Moore Wallace options or restricted stock units in connection with their employment with Moore Wallace or a subsidiary of Moore Wallace or (ii) not resident in Canada but (a) generally subject to Canadian income tax with respect to employment benefits relating to Moore Wallace options and restricted stock units or (b) for whom the Moore Wallace options and restricted stock units are not taxable Canadian property within the meaning of the Canada Tax Act will not be required to report any income or gain for Canadian federal income tax purposes as a result of the conversion of their Moore Wallace options and restricted stock units into RR Donnelley options and restricted stock units, provided that under the terms of such Moore Wallace options or restricted stock units Moore Wallace can be required to sell or issue Moore Wallace common shares to the holder of such options or units. The Canadian federal income tax consequences of the transaction to a holder of Moore Wallace restricted shares is the same as for any other holder of Moore Wallace common shares (see the answer to the question immediately preceding this question). For a more detailed discussion of the Canadian federal income tax consequences of exchanging Moore Wallace options and restricted stock units for RR Donnelley options and restricted stock units, see **Taxation Certain Canadian Federal Income Tax Considerations** beginning on page 110.

### **Q: Who can help answer my questions about the transaction and the Moore Wallace special meeting?**

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A: You may call • at • or the Moore Wallace Investor Relations department at (203) •, with any questions you may have about the transaction or the Moore Wallace special meeting.

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**SUMMARY**

*The following is only a summary of material information contained in this document. To understand the RR Donnelley share issuance proposal, performance incentive plan proposal, arrangement resolution and Moore Wallace share issuance proposal fully, you must review all the information in this document, along with the annexes and the information incorporated by reference. The combination agreement and the form of plan of arrangement, copies of which are attached as Annex B and Annex C to this document, form a part of this document. You should refer to the combination agreement and the form of plan of arrangement for a complete statement of the terms and conditions of the transaction.*

*Unless otherwise indicated, all dollar amounts in this document are expressed in U.S. dollars.*

*Moore Corporation Limited merged with Wallace Computer Services, Inc. (which we refer to in this document as WCS) as of May 15, 2003 and, in connection with the merger, Moore Corporation Limited changed its name to Moore Wallace Incorporated. All references in this document to Moore Wallace prior to the date of the merger mean Moore Corporation Limited.*

**The Companies Involved in the Proposed Transaction (page 44)**

R.R. Donnelley & Sons Company

77 West Wacker Drive

Chicago, Illinois 60601

(312) 326-8000

Internet address: [www.rrdonnelley.com](http://www.rrdonnelley.com)

RR Donnelley has a 139-year history as a printing industry leader. RR Donnelley prepares, produces and delivers integrated communications services across multiple channels for content owners, such as publishers, merchandisers and telecommunications companies as well as capital markets and diversified financial services companies. As a single source supplying services up and down the communications value chain, RR Donnelley excels in digital photography, content management, printing, online services and print and package logistics. With these integrated services, RR Donnelley provides effective solutions for its customers' targeted communications and delivery needs. Shares of RR Donnelley common stock are traded on the New York Stock Exchange, the Chicago Stock Exchange and the Pacific Exchange under the symbol DNY.

Moore Wallace Incorporated

6100 Vipond Drive

Mississauga, Ontario L5T 2X1

Canada

(905) 362-3100

Internet address: [www.moorewallace.com](http://www.moorewallace.com)

Moore Wallace is a leading single-source provider of print management and outsourced communications, delivering to its customers one of the widest arrays of products and services at one of the lowest total costs. Moore Wallace operates in three complementary business segments: Forms and Labels, Outsourcing and Commercial Print. The Forms and Labels business designs, manufactures and sells paper-based and electronic business forms and labels and provides electronic print management solutions. The Outsourcing business provides high-quality, high-volume, variably-imaged print and mail, electronic statement and database management services. The Commercial Print business produces high-quality, multi-color personalized business communications and provides direct marketing services, including project, database and list management services. Moore Wallace common shares are traded on the New York Stock Exchange and the Toronto Stock Exchange under the symbol MWI.

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**RR Donnelley Will Hold a Special Meeting of Its Shareholders to Approve the RR Donnelley Share Issuance Proposal and the Performance Incentive Plan Proposal (page 46)**

RR Donnelley will hold a special meeting of shareholders on •, •, 2004 at [10:00 a.m.], local time at [Bank One Auditorium, One Bank One Plaza (at Dearborn and Madison Street), Chicago, Illinois 60602]. At the RR Donnelley special meeting, RR Donnelley shareholders will be asked to consider and vote on the RR Donnelley share issuance proposal and the performance incentive plan proposal.

**Moore Wallace Will Hold a Special Meeting of Its Securityholders to Approve the Arrangement Resolution and the Moore Wallace Share Issuance Proposal (page 50)**

Moore Wallace will hold a special meeting of securityholders on •, •, 2004 at [11:00 a.m.], local time at •. At the Moore Wallace special meeting, Moore Wallace securityholders will be asked to consider pursuant to an order of the Ontario Superior Court of Justice dated •, 2004 and, if deemed advisable, to pass, with or without variation, the arrangement resolution, and Moore Wallace shareholders will be asked to consider and vote on the Moore Wallace share issuance proposal.

**RR Donnelley Shareholder and Moore Wallace Securityholder Approvals Will Be Required to Complete the Transaction (page 47 and page 50)**

*For RR Donnelley Shareholders:*

Each holder of RR Donnelley common stock as of the close of business on •, 2004 is entitled to one vote per share on any matter to be considered at the RR Donnelley special meeting. Each of the RR Donnelley share issuance proposal and the performance incentive plan proposal must be approved by a majority of votes cast on the proposal, and the total vote cast on the proposal must represent over 50% of the shares of RR Donnelley common stock entitled to vote on the proposal.

A majority of the outstanding shares of RR Donnelley entitled to vote at the RR Donnelley special meeting, present in person or represented by proxy, will constitute a quorum for the transaction of business at the RR Donnelley special meeting. Approval of the RR Donnelley share issuance proposal is a condition to the completion of the transaction.

On •, 2004, which is the record date for determining those RR Donnelley shareholders who are entitled to notice of, and to vote at, the RR Donnelley special meeting, directors and executive officers of RR Donnelley and their affiliates beneficially owned and had the right to vote • shares of RR Donnelley common stock, representing less than •% of the shares of RR Donnelley common stock outstanding on the record date. Although none of the members of the board of directors of RR Donnelley or its executive officers has executed voting agreements, based solely on discussions with its board of directors and executive officers, to RR Donnelley's knowledge, directors and executive officers of RR Donnelley intend to vote their common stock in favor of the RR Donnelley share issuance proposal and the performance incentive plan proposal.

*For Moore Wallace Securityholders:*

Pursuant to the interim order issued by the Ontario Superior Court of Justice, in order to approve the arrangement resolution, at least two-thirds of the votes cast on the arrangement resolution, in person or by proxy, at the Moore Wallace special meeting by Moore Wallace securityholders, voting together as a single class, must be in favor of the arrangement resolution. In order to approve the Moore Wallace share issuance proposal, the total number of votes cast on the proposal at the Moore Wallace special meeting must represent over 50% of the Moore Wallace common shares entitled to vote and a majority of the votes cast must vote in favor of the proposal.

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Voting rights are as follows:

each holder of Moore Wallace common shares (including Moore Wallace restricted shares, which for purposes of this document are treated as common shares) as of •, 2004 is entitled to one vote per share held on all matters to come before the Moore Wallace special meeting, including the arrangement resolution and the Moore Wallace share issuance proposal;

each holder of Moore Wallace options as of •, 2004 is entitled to one vote on the arrangement resolution for each Moore Wallace common share that would be received upon a valid exercise of that holder's Moore Wallace options regardless of whether they are presently exercisable as of •, 2004; and

each holder of Moore Wallace restricted stock units as of •, 2004 is entitled to one vote on the arrangement resolution for each Moore Wallace common share that would be deliverable upon vesting of that holder's Moore Wallace restricted stock units.

At least two persons present in person and entitled to vote at the Moore Wallace special meeting will constitute a quorum for the transaction of business at the Moore Wallace special meeting. Approval of the arrangement resolution is a condition to the completion of the transaction.

On •, 2004, which is the record date for determining those Moore Wallace securityholders who are entitled to vote at the Moore Wallace special meeting, directors and executive officers of Moore Wallace and their affiliates beneficially owned and had the right to vote • Moore Wallace securities, representing less than •% of the Moore Wallace securities outstanding on the record date. This includes • Moore Wallace common shares underlying options beneficially owned by Moore Wallace directors and executive officers and • Moore Wallace common shares deliverable on vesting of restricted stock units beneficially owned by Moore Wallace directors and executive officers. Although none of the members of the board of directors of Moore Wallace or its executive officers has executed voting agreements, based solely on discussions with its board of directors and executive officers, to Moore Wallace's knowledge, the directors and executive officers of Moore Wallace and their affiliates intend to vote their Moore Wallace securities in favor of the arrangement resolution.

### **Court Approval Will Be Required to Complete the Transaction (page 89)**

Under the CBCA, a Canadian court must approve the arrangement set out in the form of plan of arrangement. Prior to the mailing of this document, Moore Wallace obtained an interim order from the Ontario Superior Court of Justice providing for the calling and holding of the Moore Wallace special meeting and other procedural matters. If the Moore Wallace securityholders approve the arrangement resolution and the RR Donnelley shareholders approve the RR Donnelley share issuance proposal, the court will hold a hearing regarding a final order. The court will consider, among other things, the fairness and reasonableness of the arrangement. The court may approve the arrangement in any manner the court may direct, subject to compliance with such terms and conditions, if any, as the court deems fit. Subject to the approval of the arrangement resolution at the Moore Wallace special meeting and approval of the RR Donnelley share issuance proposal at the RR Donnelley special meeting, the hearing to obtain the final order of the Ontario Superior Court of Justice is scheduled to take place on or about •, 2004 at • a.m. (Toronto time) in room • at the Ontario court located at 393 University Avenue, Toronto, Ontario, Canada.

### **Moore Wallace Shareholders Will Receive 0.63 of a Share of RR Donnelley Common Stock for Each Moore Wallace Common Share They Hold (page 55)**

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Moore Wallace shareholders will receive 0.63 of a share of RR Donnelley common stock for each Moore Wallace common share they hold. RR Donnelley will not issue fractional shares pursuant to the transaction. As a result, the total number of shares of RR Donnelley common stock that each Moore Wallace

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shareholder will receive pursuant to the transaction will be rounded down to the nearest whole number, and each Moore Wallace shareholder will receive a cash payment for the remaining fraction of a share of RR Donnelley common stock that the Moore Wallace shareholder would otherwise receive, if any, based on the closing price per share of RR Donnelley common stock on the business day immediately before the effective date.

*Example: Assuming that the effective date is •, 2004 based on the closing price of shares of RR Donnelley common stock on the New York Stock Exchange on •, 2004 of \$•, if you currently own • Moore Wallace common shares, you would be entitled to receive • shares of RR Donnelley common stock and a check for \$• for the market value of • of a share of RR Donnelley common stock at the close of business on the business day immediately before the effective date.*

### **Upon the Completion of the Transaction, Moore Wallace Will Become an Indirect Wholly Owned Subsidiary of RR Donnelley (page 55)**

Under the terms of the combination agreement, Moore Wallace will apply under Section 192 of the CBCA for an order approving the arrangement on the terms and subject to the conditions set out in the form of plan of arrangement, pursuant to which a direct, wholly owned subsidiary of RR Donnelley will acquire all of the outstanding Moore Wallace common shares in exchange for shares of RR Donnelley common stock.

The combination agreement and the form of plan of arrangement are attached to this document as Annexes B and C, respectively. Please read the combination agreement and the form of plan of arrangement as they are the principal legal documents that govern the transaction.

### **Moore Wallace Shareholders Will Hold Approximately •% of the Shares of RR Donnelley Common Stock (page 86)**

Based on the number of Moore Wallace common shares outstanding on •, 2004, immediately following the completion of the transaction, former holders of Moore Wallace common shares will hold an aggregate of approximately • million shares of RR Donnelley common stock. Assuming that no Moore Wallace shareholders properly exercise their dissent rights and, therefore, all Moore Wallace common shares are exchanged for shares of RR Donnelley common stock and based upon the number of Moore Wallace common shares and shares of RR Donnelley common stock outstanding as of •, 2004, immediately following completion of the transaction, existing Moore Wallace shareholders will hold approximately •% of the outstanding shares of RR Donnelley common stock.

### **Recommendation to RR Donnelley Shareholders (page 58)**

After careful consideration, the RR Donnelley board of directors has unanimously determined that it is advisable and in the best interests of RR Donnelley shareholders to enter into the business combination with Moore Wallace provided for in the combination agreement, has unanimously approved the RR Donnelley share issuance proposal and the performance incentive plan proposal and unanimously recommends that RR Donnelley shareholders vote **FOR** approval of the RR Donnelley share issuance proposal and **FOR** approval of the performance incentive plan proposal.

**Opinion of RR Donnelley s Financial Advisor (page 61)**

Morgan Stanley & Co. Incorporated delivered its opinion to the RR Donnelley board of directors that, as of November 8, 2003 and based upon and subject to the assumptions, qualifications and limitations discussed in the opinion, the exchange ratio in the proposed transaction was fair, from a financial point of view, to RR Donnelley. The full text of Morgan Stanley s opinion, dated November 8, 2003, which discussed, among other things, the

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assumptions made, procedures followed, matters considered and qualifications and limitations of the review undertaken in connection with the opinion, is attached to this document as Annex E. RR Donnelley shareholders are urged to read the opinion in its entirety.

The Morgan Stanley opinion is directed to the RR Donnelley board of directors and addresses only the fairness, from a financial point of view, of the exchange ratio pursuant to the combination agreement to RR Donnelley as of the date of the opinion. The Morgan Stanley opinion does not constitute a recommendation to any RR Donnelley shareholder as to how to vote with respect to the RR Donnelley share issuance proposal, the performance incentive plan proposal or any other matter. RR Donnelley agreed to pay Morgan Stanley a transaction fee, the principal portion of which is payable upon completion of the transaction.

### **Recommendation to Moore Wallace Securityholders (page 67)**

The Moore Wallace board of directors

has unanimously determined that it is advisable and in the best interests of Moore Wallace securityholders to enter into the business combination with RR Donnelley provided for in the combination agreement, has unanimously approved the arrangement resolution and unanimously recommends that Moore Wallace securityholders vote **FOR** approval of the arrangement resolution; and

is not taking a position, and is not making any recommendation, regarding how Moore Wallace shareholders should vote in connection with the Moore Wallace share issuance proposal.

### **Opinion of Moore Wallace's Financial Advisor (page 69)**

On November 7, 2003, Goldman, Sachs & Co., financial advisor to Moore Wallace, orally delivered to the Moore Wallace board of directors its opinion, subsequently confirmed by delivery of a written opinion dated November 8, 2003, that, as of the date of the opinion, and based upon and subject to the factors and assumptions set forth in the opinion, the exchange ratio of 0.63 of a share of RR Donnelley common stock to be received for each Moore Wallace common share pursuant to the combination agreement was fair to the holders of Moore Wallace common shares from a financial point of view. The full text of the written opinion of Goldman Sachs, which sets forth the assumptions made, procedures followed, matters considered and limitations on the review undertaken in connection with the opinion, is attached to this document as Annex F. Moore Wallace shareholders are urged to read the opinion in its entirety.

Goldman Sachs provided its opinion for the information and assistance of the Moore Wallace board of directors in connection with its consideration of the transaction. Goldman Sachs' opinion is not a recommendation as to how any Moore Wallace securityholder should vote with respect to the arrangement resolution. Moore Wallace agreed to pay Goldman Sachs a transaction fee, the principal portion of which is payable upon the completion of the transaction.

### **The Transaction and the Future Performance of RR Donnelley after the Completion of the Transaction are Subject to a Number of Risks (page 37)**

There are a number of risks related to the transaction, including the following:

we may be unable to integrate the operations of RR Donnelley and Moore Wallace successfully and may not achieve the cost savings and increased revenues anticipated for the combined company;

we will incur significant transaction, combination-related and restructuring costs in connection with the transaction, including an estimated \$• million of transaction costs;

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we may be unable to obtain the regulatory and court approvals required to complete the transaction or, in order to do so, the combined company may be required to comply with material restrictions or conditions;

charges to earnings resulting from the application of the purchase method of accounting may adversely affect the market value of RR Donnelley common stock following the transaction;

because the exchange ratio is fixed and the market price of RR Donnelley common stock may fluctuate, you cannot be certain of the dollar value of the consideration that Moore Wallace shareholders will receive in the transaction;

the market prices of RR Donnelley common stock and Moore Wallace common shares may be affected by different factors;

we may lose employees due to uncertainties associated with the transaction;

the rights of Moore Wallace shareholders will change when they become shareholders of RR Donnelley in connection with the transaction; and

Moore Wallace's directors and executive officers have interests in the transaction that may be different from, or in addition to, the interests of Moore Wallace securityholders generally, and these interests may have influenced their decision to pursue and approve the transaction.

Furthermore, there are a number of risks relating to the businesses of RR Donnelley, Moore Wallace and the combined company, including the following:

the business of the combined company will be subject to risks currently affecting the businesses of RR Donnelley and Moore Wallace;

there are risks associated with operations outside the United States and Canada;

the combined company will be exposed to significant risks related to potential adverse changes in currency exchange rates;

the highly competitive market for the combined company's products and industry consolidation will create adverse pricing pressures;

the substitution of electronic delivery for printed materials and the growth of the Internet may adversely affect our businesses; and

provisions of Delaware law and of RR Donnelley's restated certificate of incorporation and by-laws may make an unwelcome takeover of RR Donnelley difficult.

For a more complete discussion of these and other risk factors please see "Risk Factors" beginning on page 37.

**A Number of Conditions Must Be Satisfied or Waived to Complete the Transaction (page 97)**

RR Donnelley and Moore Wallace are obligated to complete the transaction only if several conditions are satisfied or waived. These conditions include:

obtaining the approval of RR Donnelley shareholders of the RR Donnelley share issuance proposal and Moore Wallace securityholders of the arrangement resolution;

obtaining the approval of the New York Stock Exchange for the issuance and listing of the shares of RR Donnelley common stock issuable pursuant to the transaction and obtaining the approval of the Toronto Stock Exchange for the listing of shares of RR Donnelley common stock on the Toronto Stock Exchange;

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obtaining the final order from the Ontario Superior Court of Justice;

obtaining all orders required from the applicable Canadian securities regulatory authorities to permit the issuance and first resale of shares of RR Donnelley common stock issued pursuant to the transaction;

holders of no more than 15% of the outstanding Moore Wallace common shares having exercised and not withdrawn their rights of dissent in connection with the transaction;

obtaining all material governmental consents or approvals required to complete the transaction, including (i) expiration or termination of the waiting period applicable to the completion of the transaction under the Hart-Scott-Rodino Antitrust Improvement Act of 1976, as amended (which we refer to in this document as the HSR Act), and (ii) receipt of necessary approvals and clearances under the Investment Canada Act and, if required, the Competition Act (Canada) (which we refer to in this document as the Competition Act);

no judicial or governmental order being in effect that would prevent or prohibit the completion of the transaction or other litigation being instituted that has a reasonable possibility of resulting in a material adverse effect to either RR Donnelley or Moore Wallace or preventing or materially delaying the economic integration of our businesses;

Mark A. Angelson being available to begin service as chief executive officer of RR Donnelley immediately following the effective time of the transaction (which we refer to in this document as the effective time) pursuant to the terms of the employment agreement between Mr. Angelson and RR Donnelley;

the representations and warranties of RR Donnelley and Moore Wallace being true and correct as of the date of closing;

RR Donnelley and Moore Wallace performing in all material respects all of their respective obligations required by the combination agreement at or prior to the closing date;

RR Donnelley and Moore Wallace obtaining any material consents or approvals required in connection with the transaction under any contract to which either is a party (or any of their subsidiaries is a party);

there not having been any effect, change or development that, individually or in the aggregate, has had, or would reasonably be likely to have, a material adverse effect on RR Donnelley or Moore Wallace;

Moore Wallace having received an opinion from Sullivan & Cromwell LLP, its special counsel, that the acquisition of the Moore Wallace common shares pursuant to the combination agreement and the arrangement will qualify as a reorganization within the meaning of Section 368(a)(1)(B) of the Internal Revenue Code; and

RR Donnelley having irrevocably taken all actions necessary so that (i) the composition of the board of directors of RR Donnelley and the committees of the board of directors of RR Donnelley and the chief executive officer and the non-executive chairman of the board of directors of RR Donnelley are as contemplated by the combination agreement and (ii) the by-laws of RR Donnelley have been amended in accordance with the combination agreement.

For a more complete discussion of these and other conditions that must be satisfied or waived, see *The Combination Agreement - Conditions to Completion of the Transaction* beginning on page 97.

**How the Combination Agreement May Be Terminated by RR Donnelley and Moore Wallace (page 100)**

RR Donnelley and Moore Wallace may mutually agree to terminate the combination agreement and abandon the transaction at any time before the effective time, whether before or after the approval of RR Donnelley shareholders or Moore Wallace securityholders.

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In addition, either party may decide, without the consent of the other, to terminate the combination agreement in a number of situations, including:

if the transaction has not been completed by June 30, 2004;

if the Moore Wallace securityholders' approval of the arrangement resolution is not obtained;

if the RR Donnelley shareholders' approval of the RR Donnelley share issuance proposal is not obtained;

if any order permanently restraining, enjoining or otherwise prohibiting completion of the transaction becomes final and non-appealable;

if the board of directors of the other party withdraws or adversely modifies its approval or fails to reconfirm its recommendation after a written request by the first party before the fifth business day prior to the date of the other party's special meeting;

if the other party breaches any of its representations, warranties, covenants or agreements contained in the combination agreement, which breach results in one of the conditions to the completion of the transaction not being satisfied; and

if (1) the board of directors of the other party authorizes such other party, subject to complying with the terms of the combination agreement, to enter into a binding written agreement concerning a transaction that constitutes a superior proposal and such other party notifies the first party in writing that it intends to enter into such an agreement; (2) the first party does not make, within five days of receipt of the notice, a written offer that the board of directors of the other party determines, in good faith after consultation with its financial advisors, is at least as favorable, from a financial point of view, to the other party's shareholders as the superior proposal; and (3) prior to termination, the other party pays the first party its expenses incurred in connection with the transaction up to a maximum amount of \$12,000,000 and a termination fee of \$85,000,000.

See The Combination Agreement Termination Fees and Expense Reimbursement Payable by Moore Wallace to RR Donnelley and The Combination Agreement Termination Fees and Expense Reimbursement Payable by RR Donnelley to Moore Wallace beginning on pages 102 and 103, respectively.

**Termination Fees and Expenses May Be Payable in Some Circumstances (page 102 and page 103)**

If the combination agreement is terminated by either party in some circumstances, either RR Donnelley or Moore Wallace may be required to pay to the other party a termination fee of \$85 million and all of the expenses incurred by the other party in connection with the transaction up to a maximum amount of \$12 million. The termination fee and expenses are required to be paid at different times, depending on the basis for the termination of the combination agreement.

**Moore Wallace Executive Officers and Directors Have Interests in the Transaction that May Be Different from, or in Addition to, the Interests of Moore Wallace Securityholders Generally, Including Interests with Respect to Stock Options and Employment Agreements (page 81)**

When Moore Wallace securityholders consider the recommendation of the Moore Wallace board of directors that Moore Wallace securityholders vote in favor of the arrangement resolution, Moore Wallace securityholders should keep in mind that a number of Moore Wallace directors and executive officers have interests in the transaction that may be different from, or in addition to, the interests of Moore Wallace securityholders generally. Those interests include:

the employment agreement entered into by Mark A. Angelson, the current chief executive officer of Moore Wallace, with RR Donnelley under which Mr. Angelson will become the chief executive officer of RR Donnelley upon completion of the transaction;

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the entitlement of some executive officers of Moore Wallace to change in control benefits under their employment agreements as a result of the transaction;

accelerated vesting of options held by executive officers of Moore Wallace;

cashing out deferred share units held by directors of Moore Wallace;

offers of directorships at RR Donnelley;

an agreement to provide directors and officers insurance; and

an agreement to provide executive officers and directors of Moore Wallace with continuing indemnification rights.

**Antitrust and Investment Canada Act Approvals Will Be Required for the Completion of the Transaction (page 75)**

RR Donnelley and Moore Wallace are not permitted to complete the transaction until RR Donnelley and Moore Wallace have obtained all material governmental consents or approvals required to complete the transaction, including:

the expiration or termination of the waiting period under the HSR Act; and

the receipt by RR Donnelley of written evidence from the responsible minister under the Investment Canada Act that the minister is satisfied, or deemed to be satisfied, that the transaction is likely of net benefit to Canada, on terms and conditions reasonably satisfactory to RR Donnelley and Moore Wallace.

**RR Donnelley Shareholders Will Not Have Dissenters Appraisal Rights; Registered Moore Wallace Shareholders Will Have Dissent Rights with Respect to the Transaction; Non-Registered Holders of Moore Wallace Common Shares, Moore Wallace Option Holders and Moore Wallace Restricted Stock Unit Holders Will Not Have Dissent Rights (page 77)**

*RR Donnelley Shareholders.* Holders of RR Donnelley common stock do not have dissenters appraisal rights in connection with the transaction under the DGCL.

*Moore Wallace Securityholders.* Registered Moore Wallace shareholders who properly exercise their dissent rights pursuant to the interim order issued by the Ontario Superior Court of Justice dated •, 2004, which is attached to this document as Annex D, will be entitled to be paid the fair value of their Moore Wallace common shares. The interim order and plan of arrangement require that a Moore Wallace registered shareholder who wishes to dissent must provide Moore Wallace a dissent notice not later than 5:00 p.m. (Toronto time) on the last business day immediately preceding the Moore Wallace special meeting. It is important that Moore Wallace shareholders strictly comply with this requirement, which is different from the statutory dissent procedures of the CBCA, which would permit a dissent notice to be provided at or prior to the Moore Wallace special meeting.

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Moore Wallace option holders, Moore Wallace restricted stock unit holders and non-registered holders of Moore Wallace common shares are not entitled to dissent rights in connection with the transaction. A non-registered holder of Moore Wallace common shares who wishes to exercise the holder's right to dissent should immediately contact the holder's broker or other intermediary and either instruct the holder's broker or other intermediary to exercise the right to dissent on behalf of the holder or instruct the broker or other intermediary to re-register the shares in the non-registered holder's name and then the holder should exercise the right to dissent.

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**The Purchase Method of Accounting Will Be Used to Account for the Transaction (page 80)**

RR Donnelley will account for the transaction under the purchase method of accounting for business combinations under accounting principles generally accepted in the United States of America (which we refer to in this document as U.S. GAAP).

**Tax Considerations for Moore Wallace Shareholders (page 106)**

It is a condition to the obligation of Moore Wallace to complete the transaction that Moore Wallace receive an opinion from Sullivan & Cromwell LLP, special counsel to Moore Wallace, to the effect that the acquisition of the Moore Wallace common shares pursuant to the combination agreement and the arrangement will qualify as a reorganization within the meaning of Section 368(a)(1)(B) of the Internal Revenue Code and that each of RR Donnelley and Moore Wallace will be a party to that reorganization within the meaning of Section 368(b) of the Internal Revenue Code. The opinion will be based, in part, on customary assumptions and written representations. Assuming the transaction qualifies as a reorganization within the meaning of Section 368(a)(1)(B) of the Internal Revenue Code, a holder of Moore Wallace common shares will not recognize any gain or loss for U.S. federal income tax purposes upon the exchange of the holder's Moore Wallace common shares for shares of RR Donnelley common stock pursuant to the transaction, except that gain or loss will be recognized on the receipt of cash in lieu of a fractional share of RR Donnelley common stock. For a more detailed description of the U.S. federal income tax consequences of the transaction, see Taxation Certain U.S. Federal Income and Estate Tax Considerations U.S. Federal Income Tax Consequences of the Transaction beginning on page 107.

For a discussion of certain U.S. federal income and estate tax consequences of owning shares of RR Donnelley common stock received in exchange for Moore Wallace common shares, see Taxation Certain U.S. Federal Income and Estate Tax Considerations Certain U.S. Federal Income and Estate Tax Consequences of Owning RR Donnelley Common Stock beginning on page 108. As described more fully under that heading, dividends paid to a non-U.S. holder of shares of RR Donnelley common stock generally will be subject to withholding of U.S. federal income tax at a rate of 30% (or such lower rate as may be specified by an applicable income tax treaty).

Subject to possible changes in the Canadian federal income tax rules, under the Canada Tax Act, as a result of the transaction, a Canadian resident holder of Moore Wallace common shares (including restricted shares) will generally be required to recognize any gain or loss on the shares for Canadian federal income tax purposes. Shares of RR Donnelley common stock (excluding RR Donnelley rights) will be qualified investments for, but will be foreign property to, registered retirement savings plans and similar tax deferred plans and will be foreign property for registered pension plans and other Canadian taxpayers who are subject to restrictions on the amount of foreign property that they may hold. RR Donnelley rights may not be considered to be a qualified investment. Generally, a holder of Moore Wallace common shares who is not resident in Canada will not be subject to Canadian income tax on any gain realized on such shares as a result of the transaction unless those shares constitute taxable Canadian property to the holder within the meaning of the Canada Tax Act and that gain is not otherwise exempt from Canadian federal income tax pursuant to an exemption contained in an applicable income tax treaty or convention. A holder of Moore Wallace common shares, whether resident in Canada or not, who exercises dissent rights and receives fair value for such holder's shares from Moore Wallace will, whether or not such shares have increased or decreased in value since the holder's acquisition of such shares, generally be deemed for Canadian income tax purposes to receive a dividend from Moore Wallace in the amount by which the amount paid by Moore Wallace exceeds the paid-up capital for Canadian income tax purposes of the Moore Wallace common shares. In the case of a holder who is not resident in Canada, such deemed dividend will be subject to Canadian withholding tax. For a more detailed description of the Canadian federal income tax consequences to holders of Moore Wallace common shares of the transaction and of owning shares of

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RR Donnelley common stock received in the transaction, see **Taxation Certain Canadian Federal Income Tax Considerations** beginning on page 110.

Moore Wallace shareholders should carefully read the discussion under the heading **Taxation** beginning on page 106. The tax consequences described above may not apply to some holders of Moore Wallace common shares. Holders of Moore Wallace common shares are urged to consult their tax advisors as to the specific tax consequences to them of the transaction and of owning shares of RR Donnelley common stock received in the transaction, including the applicability and effect of federal, state, local and foreign income and other tax laws in light of their particular circumstances. As discussed below, special U.S. federal income tax considerations may apply in the case of Moore Wallace restricted shares converted in the transaction.

**Tax Considerations for Holders of Moore Wallace Options, Restricted Stock Units and Restricted Shares (page 106)**

Holders of Moore Wallace options and restricted stock units will not recognize income for U.S. federal income tax purposes upon the conversion of such options and restricted stock units into RR Donnelley options and RR Donnelley restricted stock units, respectively, in connection with the transaction. Notwithstanding the foregoing summary of the U.S. federal income tax consequences of the transaction to holders of Moore Wallace common shares, holders of Moore Wallace restricted shares who did not elect to be taxed at the time the restricted shares were granted will recognize compensation income for U.S. federal tax purposes (which will be subject to wage and social security tax withholding) (i) if the forfeiture conditions on the restricted shares lapse as a result of the transaction, in an amount equal to the fair market value of such shares at such time over the amount, if any, paid for such shares or (ii) if the forfeiture conditions do not lapse, in an amount equal to any cash payments received by them in lieu of receiving any fractional interests in RR Donnelley restricted shares. Otherwise, such holders of Moore Wallace restricted shares will not recognize income for U.S. federal tax purposes upon the conversion of such restricted shares into RR Donnelley restricted shares. See the discussion under **Taxation Certain U.S. Federal Income and Estate Tax Considerations U.S. Federal Income Tax Consequences of the Transaction** beginning on page 107. For a discussion of the U.S. federal income tax consequences of the exercise of RR Donnelley stock options or the payment of RR Donnelley restricted stock units or for a further discussion of the U.S. federal income tax consequences of the lapse of restrictions on RR Donnelley restricted shares, see **The Performance Incentive Plan Proposal U.S. Federal Income Tax Consequences** beginning on page 168.

Generally, holders of Moore Wallace options and restricted stock units who are (i) resident in Canada and who received such Moore Wallace options or restricted stock units in connection with their employment with Moore Wallace or a subsidiary of Moore Wallace or (ii) not resident in Canada but (a) generally subject to Canadian income tax with respect to employment benefits relating to Moore Wallace options and restricted stock units or (b) for whom the Moore Wallace options and restricted stock units are not taxable Canadian property within the meaning of the Canada Tax Act will not be required to report any income or gain for Canadian federal income tax purposes as a result of the conversion of their Moore Wallace options and restricted stock units into RR Donnelley options and restricted stock units, provided that under the terms of such Moore Wallace options or restricted stock units Moore Wallace can be required to sell or issue Moore Wallace common shares to the holder of such options or units. The Canadian federal income tax consequences of the transaction to a holder of Moore Wallace restricted shares is the same as for any other holder of Moore Wallace common shares (see the summary under the immediately preceding heading.) For a more detailed discussion of the Canadian federal income tax consequences of exchanging Moore Wallace options and restricted stock units for RR Donnelley options and restricted stock units see **Taxation Certain Canadian Federal Income Tax Considerations** beginning on page 110.

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**Moore Wallace Share Issuance Proposal (page 191)**

On •, Moore Wallace acquired PPS, a Tennessee-based provider of mortgage statement processing solutions to the financial services industry, for approximately \$92.5 million in cash and Moore Wallace common shares, including the repayment of PPS indebtedness. The majority shareholders of PPS prior to its sale exercised their right to request a Moore Wallace shareholder vote to approve the payment of \$• of the consideration in Moore Wallace common shares in lieu of receiving that amount of cash otherwise owed to such majority shareholders of PPS in connection with the sale of PPS to Moore Wallace. If the Moore Wallace share issuance proposal is not approved, then, shortly after the Moore Wallace special meeting, Moore Wallace will pay \$• in cash without interest to the majority shareholders of PPS. If such proposal is approved, Moore Wallace expects to issue Moore Wallace common shares to the majority shareholders of PPS prior to the completion of the transaction with RR Donnelley.

The Moore Wallace share issuance proposal is unrelated to Moore Wallace's transaction with RR Donnelley. Moore Wallace shareholders are not being asked to approve the acquisition of PPS. PPS has already been acquired and is now an indirect wholly owned subsidiary of Moore Wallace.

**Table of Contents****RR DONNELLEY SELECTED HISTORICAL FINANCIAL INFORMATION**

We are providing the following financial information to assist you in your analysis of the financial aspects of the transaction. We derived the annual RR Donnelley historical financial information from the audited consolidated financial statements of RR Donnelley as of and for each of the years ended December 31, 1998 through 2002. RR Donnelley prepares its financial statements in accordance with U.S. GAAP. We derived the data as of and for the nine months ended September 30, 2003 and 2002 from unaudited interim financial statements of RR Donnelley. In the opinion of RR Donnelley's management, such data includes all normal and recurring adjustments that are considered necessary for the fair presentation of the results for the interim periods.

The information below is only a summary and should be read in conjunction with RR Donnelley's audited historical consolidated financial statements and related notes contained in RR Donnelley's Annual Report on Form 10-K for the year ended December 31, 2002 and RR Donnelley's unaudited interim financial statements and related notes contained in its Quarterly Report on Form 10-Q for the quarter ended September 30, 2003, which are incorporated by reference into this document, as well as other information that has been filed with the United States Securities and Exchange Commission (which we refer to in this document as the SEC) [and filed with the Canadian securities regulatory authorities]. The historical results included below and elsewhere in this document are not indicative of the future performance of RR Donnelley or the combined company.

	As of and for the						
	Nine Months Ended September 30,		Year Ended December 31,				
	2003	2002	2002	2001	2000	1999	1998
	(unaudited)		(in thousands, except per share data)				
<b>Income Statement Data:</b>							
Net sales(1)	\$ 3,410,053	\$ 3,419,822	\$ 4,754,937	\$ 5,297,760	\$ 5,764,335	\$ 5,415,642	\$ 5,217,953
Earnings from operations	164,088	137,348	244,937	147,271	501,040	530,427	488,418
Income from continuing operations before income taxes(2)	123,165	100,112	175,733	74,894	433,984	506,529	589,372
Income from continuing operations(2)	78,825	94,178	142,237	24,988	266,900	311,515	374,647
Loss from discontinued operations, net of income taxes(3)						(3,201)	(80,067)
Net earnings available to common shareholders	78,825	94,178	142,237	24,988	266,900	308,314	294,580
<b>Income from continuing operations per share of common stock:</b>							
Basic	\$ 0.70	\$ 0.83	\$ 1.26	\$ 0.21	\$ 2.18	\$ 2.41	\$ 2.68
Diluted	0.69	0.82	1.24	0.21	2.17	2.40	2.64
<b>Loss from discontinued operations per share of common stock(3):</b>							
Basic						(0.02)	(0.57)
Diluted						(0.02)	(0.56)
<b>Net earnings per share of common stock:</b>							
Basic	0.70	0.83	1.26	0.21	2.18	2.39	2.11
Diluted	0.69	0.82	1.24	0.21	2.17	2.38	2.08
<b>Cash Flow Data:</b>							
Net cash provided by operating activities	\$ 241,994	\$ 244,996	\$ 408,919	\$ 548,394	\$ 740,585	\$ 635,317	\$ 732,835
Net cash used by investing activities	(126,564)	(157,628)	(216,126)	(256,410)	(438,217)	(354,391)	(15,829)
Net cash used by financing activities	(111,658)	(61,005)	(178,525)	(302,737)	(285,321)	(344,324)	(727,167)
<b>Other Data:</b>							
Cash dividends paid per share	\$ 0.76	\$ 0.73	\$ 0.98	\$ 0.94	\$ 0.90	\$ 0.86	\$ 0.82

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Cash and cash equivalents	65,618	72,148	60,543	48,615	60,873	41,873	66,226
Total assets	3,193,690	3,269,342	3,151,772	3,385,617	3,914,202	3,853,464	3,798,117
Short-term debt	196,725	310,410	245,782	168,497	271,640	419,555	285,429
Long-term debt	773,835	775,296	752,870	881,318	739,190	748,498	773,549
Shareholders equity	890,362	849,568	914,594	888,407	1,232,548	1,138,258	1,300,878

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	For the	
	Year Ended December 31,	
	2001	2000
	(in thousands, except per share data)	
<b>Adoption of Statement of Financial Accounting Standards No. 142, Goodwill and Other Intangible Assets Transitional Disclosure</b>		
Net income	\$ 24,988	\$ 266,900
Add back: goodwill amortization	13,393	13,504
Adjusted net income	\$ 38,381	\$ 280,404
Basic earnings per common share:		
Net income	\$ 0.21	\$ 2.18
Add back: goodwill amortization	0.11	0.11
Adjusted net income	\$ 0.32	\$ 2.29
Diluted earnings per common share:		
Net income	\$ 0.21	\$ 2.17
Add back: goodwill amortization	0.11	0.11
Adjusted net income	\$ 0.32	\$ 2.28

- (1) RR Donnelley acquired certain net assets of CTC Distribution Services LLC in February 2000 for \$160 million. Net sales for the 12 months ended December 31, 2000 included \$365 million from such acquisition.
- (2) Included in RR Donnelley's earnings from continuing operations before income taxes and income from continuing operations, as applicable, are the following significant items affecting comparability:

Nine months ended September 30, 2003: restructuring and impairment charges of \$9 million (\$6 million after-tax, or \$0.05 per diluted share), affordable housing write-downs of \$14 million (\$8 million after-tax, or \$0.07 per share) and gain on sale of businesses and investments of \$4 million (\$3 million after-tax, or \$0.03 per diluted share).

Nine months ended September 30, 2002: restructuring and impairment charges of \$65 million (\$40 million after-tax, or \$0.35 per diluted share), affordable housing write-downs of \$9 million (\$5 million after-tax, or \$0.05 per share), benefit from the reversal of excess corporate-owned life insurance tax reserves of \$30 million (\$30 million after-tax, or \$0.26 per diluted share) and gain on sale of businesses and investments of \$6 million (\$6 million after-tax, or \$0.06 per diluted share).

Full year 2002: restructuring and impairment charges of \$89 million (\$54 million after-tax, or \$0.47 per diluted share), affordable housing write-downs of \$26 million (\$16 million after-tax, or \$0.14 per share), benefit from the reversal of excess corporate-owned life insurance tax reserves of \$30 million (\$30 million after-tax, or \$0.26 per diluted share) and gain on sale of businesses and investments of \$6 million (\$6 million after-tax, or \$0.06 per diluted share).

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Full year 2001: restructuring and impairment charges of \$196 million (\$137 million after-tax, or \$1.15 per diluted share), affordable housing write-downs of \$8 million (\$5 million after-tax, or \$0.04 per share), gain on sale of businesses and investments of \$7 million (\$7 million after-tax, or \$0.05 per diluted share) and loss on investment write-downs of \$19 million (\$19 million after-tax, or \$0.16 per diluted share).

Full year 2000: affordable housing write-downs of \$4 million (\$3 million after-tax, or \$0.02 per share) and gain on sale of shares received from the demutualization of RR Donnelley's basic life insurance carrier of \$13 million (\$8 million after-tax, or \$0.06 per diluted share).

Full year 1999: affordable housing write-downs of \$4 million (\$3 million after-tax, or \$0.02 per share) and gain on sale of businesses and investments of \$43 million (\$27 million after-tax, or \$0.20 per diluted share).

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Full year 1998: affordable housing write-downs of \$4 million (\$3 million after-tax, or \$0.02 per share) and gain on sale of RR Donnelley's remaining interests in two former subsidiaries of \$169 million (\$101 million after-tax, or \$0.71 per diluted share).

**Items Affecting Comparability of Earnings from Continuing Operations before Income Taxes**

	For the						
	Nine Months Ended		Year Ended December 31,				
	September 30,		Year Ended December 31,				
	2003	2002	2002	2001	2000	1999	1998
	(in thousands)						
Restructuring and impairment	\$ 9,390	\$ 65,426	\$ 88,929	\$ 195,545	\$	\$	\$
Affordable housing write-downs	13,750	9,000	26,000	8,400	4,200	4,200	4,167
Gain on sale of businesses and investments	(4,158)	(6,350)	(6,350)	(6,641)		(42,836)	(169,083)
Other investment write-downs				18,536			
Gain from demutualization					(12,859)		
	<u>\$ 18,982</u>	<u>\$ 68,076</u>	<u>\$ 108,579</u>	<u>\$ 215,840</u>	<u>\$ (8,659)</u>	<u>\$ (38,636)</u>	<u>\$ (164,916)</u>

- (3) The loss from discontinued operations in 1998 represented an \$80 million impairment charge (\$80 million after-tax, or \$0.56 per diluted share) related to the write-down of goodwill at Corporate Software & Technology Holdings, Inc. (which we refer to in this document as CS&T). Additional pretax loss from discontinued operations of \$5 million (\$3 million after-tax, or \$0.02 per diluted share) for CS&T was included in 1999. In November 1999, RR Donnelley sold its entire interest in CS&T at no gain or loss.

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**MOORE WALLACE SELECTED HISTORICAL FINANCIAL INFORMATION**

We are providing the following financial information to assist you in your analysis of the financial aspects of the transaction. The financial information under the heading **Moore Wallace Selected Historical Financial Information** includes historical information for Moore Wallace as of and for each of the years ended December 31, 1998 through 2002 and for the nine months ended September 30, 2002, none of which gives effect to Moore Wallace's merger with WCS, which was completed on May 15, 2003. Also included under the heading **Moore Wallace Selected Historical Financial Information** is financial information for the nine months ended September 30, 2003, which includes the combined financial information of Moore Wallace and WCS since the date of the acquisition. We derived the annual Moore Wallace historical financial information from the audited consolidated financial statements of Moore Wallace as of and for each of the years ended December 31, 1998 through 2002. Moore Wallace prepares its financial statements in accordance with Canadian generally accepted accounting principles (which we refer to in this document as Canadian GAAP). We derived the data as of and for the nine months ended September 30, 2003 and 2002 from unaudited interim financial statements of Moore Wallace. In the opinion of Moore Wallace's management, such data include all normal and recurring adjustments that are considered necessary for the fair presentation of the results for the interim periods. The financial information under the heading **WCS Selected Historical Financial Information** includes historical information for WCS as of and for each of the years ended July 31, 1998 through 2002 and for the nine months ended April 30, 2003 and 2002. We derived the annual WCS historical information from the audited consolidated financial statements of WCS as of and for each of the years ended July 31, 1998 through 2002. WCS prepared its financial statements in accordance with U.S. GAAP. We derived the data as of and for the nine months ended April 30, 2003 and 2002 from unaudited interim financial statements of WCS.

The information below is only a summary and should be read in conjunction with Moore Wallace's audited historical consolidated financial statements and related notes contained in Moore Wallace's Annual Report on Form 10-K for the year ended December 31, 2002, WCS's audited historical consolidated financial statements and related notes contained in Moore Wallace's Current Report on Form 8-K, filed May 15, 2003 and amended July 29, 2003, Moore Wallace's unaudited interim financial statements and related notes contained in Moore Wallace's Quarterly Report on Form 10-Q for the quarter ended September 30, 2003, and WCS's unaudited interim financial statements and related notes contained in Moore Wallace's Current Report on Form 8-K, filed September 30, 2003, which are incorporated by reference into this document, as well as other information that has been filed with the SEC [and filed with the Canadian securities regulatory authorities]. The historical results included below and elsewhere in this document are not indicative of the future performance of Moore Wallace or the combined company.

**Table of Contents****Moore Wallace Selected Historical Financial Information**

	As of and for the						
	Nine Months Ended		Year Ended December 31,				
	September 30,						
	2003(1)	2002(1)	2002(1)	2001(1)	2000(1)	1999(1)	1998(1)
	(unaudited)		(in thousands, except per share data)				
<b>Income Statement Data:</b>							
Net sales(2)	\$ 1,990,111	\$ 1,516,059	\$ 2,038,039	\$ 2,154,574	\$ 2,258,418	\$ 2,425,116	\$ 2,717,702
Income (loss) from operations(3)	95,399	73,092	102,523	(342,324)	(46,234)	141,681	(630,500)
Net earnings (loss) available to common shareholders(4)	74,047	45,237	73,258	(373,383)	(66,372)	92,599	(547,866)
<b>Per Common Share Data:</b>							
Basic earnings (loss) per share	\$ 0.55	\$ 0.41	\$ 0.66	\$ (4.21)	\$ (0.75)	\$ 1.05	\$ (6.19)
Diluted earnings (loss) per share	0.54	0.40	0.64	(4.21)	(0.75)	1.04	(6.19)
<b>Cash Flow Data:</b>							
Net cash provided by operating activities	\$ 114,038	\$ 90,160	\$ 158,395	\$ 137,121	\$ 37,320	\$ 87,199	\$ 38,523
Net cash used by investing activities	(879,359)	(83,465)	(92,508)	(21,938)	(58,826)	(148,653)	(131,764)
Net cash provided (used) by financing activities	693,722	49,222	27,061	(93,068)	2,109	(42,377)	28,569
<b>Other Data:</b>							
Cash dividends paid per share	\$	\$	\$	\$ 0.05	\$ 0.20	\$ 0.20	\$ 0.39
Cash and cash equivalents	117,104	114,052	139,630	84,855	36,538	38,179	138,575
Total assets	3,020,676	1,417,462	1,439,759	1,336,986	1,743,587	1,630,293	1,726,135
Long-term debt	920,872	208,192	187,463	111,062	272,465	201,686	4,841
Shareholders equity	950,873	348,593	382,496	321,250	624,685	672,674	610,145

	As of and for the				
	Nine Months Ended		Year Ended December 31,		
	September 30,				
	2003	2002	2002	2001	2000
	(unaudited)				
<b>Selected Financial Data Adjusted for U.S. GAAP(1)</b>					
	(in thousands, except per share data)				
Income (loss) from operations	\$ 117,048	\$ 97,307	\$ 127,667	\$ (166,337)	\$ (14,068)
Net earnings (loss)	87,321	55,522	83,778	(269,964)	(45,304)
Net earnings (loss) per common share basic	0.65	0.50	0.75	(3.05)	(0.51)
Net earnings (loss) per common share diluted	0.64	0.49	0.74	(3.05)	(0.51)
Total assets	2,936,560	1,347,329	1,337,400	1,291,719	1,542,888
Shareholders equity	835,304	210,527	250,867	167,666	369,992

For the

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Year Ended  
December 31,

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2001                  2000

	(in thousands, except per share data)	
<b>Adoption of CICA Handbook Section 3062, Goodwill and Other Intangible Assets Transitional Disclosure</b>		
Net loss available to common shareholders	\$ (373,383)	\$ (66,372)
Add back: goodwill amortization	2,265	6,628
Adjusted net loss	\$ (371,118)	\$ (59,744)
Basic loss per common share:		
Net loss available to common shareholders	\$ (4.21)	\$ (0.75)
Add back: goodwill amortization	0.03	0.07
Adjusted net loss	\$ (4.18)	\$ (0.68)
Diluted loss per common share:		
Net loss available to common shareholders	\$ (4.21)	\$ (0.75)
Add back: goodwill amortization	0.03	0.07
Adjusted net loss	\$ (4.18)	\$ (0.68)

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- (1) Moore Wallace prepares its financial statements in accordance with Canadian GAAP. The relevant differences between Canadian GAAP and U.S. GAAP are described in Note 25 to the audited consolidated financial statements and related notes included in Moore Wallace's Annual Report on Form 10-K for the year ended December 31, 2002, which is incorporated by reference into this document.
- (2) Included in Moore Wallace's results of operations for the nine months ended September 30, 2003 are net sales and income from operations of WCS since the completion of the merger on May 15, 2003. Included in Moore Wallace's results of operations for the year ended December 31, 2002 are net sales of \$102.1 million and income from operations of \$16.9 million from businesses acquired during 2002. Net assets and results of operations for The Nielsen Company and Document Management Services are included from their respective acquisition dates of January 31, 2002 and December 31, 2001, as further discussed in Management's Discussion and Analysis of Results of Operations and Financial Condition in Moore Wallace's Annual Report on Form 10-K for the year ended December 31, 2002.
- (3) Includes net restructuring and other charges as set forth in the table below for the nine months ended September 30, 2003 and 2002 and the years ended December 31, 1998 through 2002, respectively.

**Net Restructuring and Other Charges**

	For the						
	Nine Months Ended September 30,		Year Ended December 31,				
	2003	2002	2002	2001	2000	1999	1998
	(in millions)						
Workforce reduction	\$ 10.3	\$ 4.4	\$ 77.0	\$ 135.0			
Lease terminations and facility closings	3.6		65.5	98.0			
Reserve reversal	(1.6)	(5.2)	(12.8)	(24.0)	(68.4)		
Year 2000 costs					17.4	25.3	
Assets and goodwill impairment	3.5		131.4	34.7			382.0
Pension settlement net			96.6	(6.6)			
Debt conversion and extinguishment			1.0				
Inventory write-off			6.6				
Accounts receivable write-off			4.6				
Executive severance		9.2					
Realignment costs							15.0
Other			4.8	4.8			5.8
	<u>\$ 15.8</u>	<u>\$ 8.4</u>	<u>\$ 374.7</u>	<u>\$ 8.9</u>	<u>\$(51.0)</u>		<u>\$ 661.1</u>

- (4) Included in the net earnings available to common shareholders for the nine months ended September 30, 2003 is a non-cash charge of \$7.5 million, which represents accelerated amortization of deferred issue costs on Moore Wallace's historical debt before the acquisition of WCS. Included in net earnings available to common shareholders for the year ended December 31, 2002 is a debt settlement charge of \$16.7 million related to the early redemption of \$100.0 million of Moore Wallace's senior guaranteed notes. Included in the net loss available to common shareholders for the year ended December 31, 2001 is a non-cash charge of \$10.4 million, which represents accelerated amortization of deferred issue costs on Moore Wallace's \$70.5 million subordinated convertible debentures due to conversion, a \$1.2 million charge related to the early redemption of \$100.0 million of Moore Wallace's senior guaranteed notes and a \$15.3 million distribution, which represents the fair value of the 1,650,000 shares distributed as inducement for the early conversion of Moore Wallace's \$70.5 million subordinated convertible debentures.

**Table of Contents****WCS Selected Historical Financial Information**

	As of and for the						
	Nine Months Ended		Year Ended July 31,				
	April 30,						
	2003	2002	2002	2001	2000	1999	1998
	(unaudited)						
	(in thousands, except per share data)						
<b>Income Statement Data:</b>							
Net sales	\$ 1,119,425	\$ 1,173,214	\$ 1,545,629	\$ 1,689,534	\$ 1,641,889	\$ 1,606,562	\$ 1,422,712
Income from operations(1)	69,885	42,568	66,600	117,980	77,708	155,948	144,748
Income before the cumulative effect of a change in accounting principles	35,014	15,983	29,422	53,196	22,617	76,069	74,208
Net earnings (loss)(2)	35,014	(128,095)	(114,656)	53,196	22,617	76,069	74,208
<b>Per Common Share Data:</b>							
Basic earnings (loss) per share	N/A	\$ (3.11)	\$ (2.77)	\$ 1.31	\$ 0.55	\$ 1.80	\$ 1.72
Diluted earnings (loss) per share	N/A	(3.08)	(2.75)	1.30	0.55	1.80	1.71
<b>Cash Flow Data:</b>							
Net cash provided by operating activities	\$ 84,481	\$ 96,302	\$ 141,553	\$ 175,703	\$ 150,080	\$ 128,748	\$ 104,403
Net cash used in investing activities	(13,453)	(13,940)	(20,272)	(39,639)	(54,736)	(53,580)	(501,505)
Net cash (used) provided by financing activities	(16,069)	(82,362)	(96,103)	(140,569)	(98,872)	(70,636)	386,435
<b>Other Data:</b>							
Cash dividends paid per share	\$	\$ 0.495	\$ 0.66	\$ 0.66	\$ 0.66	\$ 0.64	\$ 0.62
Cash and cash equivalents	80,137		25,178		4,505	8,033	3,501
Total assets	937,833	929,097	929,994	1,164,422	1,248,391	1,296,759	1,256,563
Long-term debt	208,342	209,353	209,303	284,087	389,413	416,653	428,224
Shareholders' equity	478,624	438,987	449,129	580,617	549,537	583,567	547,473

	For the	
	Year Ended	
	July 31,	
	2001	2000
	(in thousands, except per share data)	
<b>Adoption of Statement of Financial Accounting Standards No. 142, Goodwill and Other Intangible Assets Transitional Disclosure</b>		
Net income	\$ 53,196	\$ 22,617
Add back: goodwill amortization	7,539	8,066
Adjusted net income	\$ 60,735	\$ 30,683
Basic earnings per common share:		
Net income	\$ 1.31	\$ 0.55
Add back: goodwill amortization	0.18	0.20
Adjusted net income	\$ 1.49	\$ 0.75

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Diluted earnings per common share:		
Net income	\$ 1.30	\$ 0.55
Add back: goodwill amortization	0.18	0.19
Adjusted net income	\$ 1.48	\$ 0.74

- (1) Includes restructuring and other charges as set forth in the table below for the nine months ended April 30, 2003 and 2002 and years ended July 31, 1998 through 2002, respectively.

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	For the						
	Nine Months Ended April 30,		Year Ended July 31,				
	2003	2002	2002	2001	2000	1999	1998
	(in millions)						
Provision for (recovery of) restructuring charges	\$	\$ 38.2	\$ 43.3	\$ 0.5	\$ 41.6	\$	\$
Contract settlement		7.6					
Merger costs		2.1					
Inventory adjustments				2.8			
Bad debt reserves			2.4	2.9			
Postretirement medical costs					3.0		
Executive retirement and management change costs					3.3		
Workers compensation				3.0			
Year 2000 modifications						2.0	2.7
Other				0.8	1.1		
	\$	\$ 9.7	\$ 38.2	\$ 45.7	\$ 10.0	\$ 49.0	\$ 2.0
		\$ 2.7					\$ 2.7

- (2) Includes the cumulative effect of a change in accounting principles for the nine months ended April 30, 2002 and the year ended July 31, 2002 of \$144,078 (net of tax).

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**SELECTED UNAUDITED PRO FORMA  
COMBINED FINANCIAL INFORMATION**

The following table contains selected unaudited pro forma combined financial information for RR Donnelley and Moore Wallace as a combined company, giving effect to (i) the merger of Moore Wallace with WCS as if it had occurred on the dates indicated and after giving effect to the pro forma adjustments and (ii) the combination of Moore Wallace and RR Donnelley as if it had occurred on the dates indicated and after giving effect to the pro forma adjustments. The unaudited pro forma combined balance sheet data is presented as if the transaction had been completed on September 30, 2003. The unaudited pro forma combined statement of operations data for the nine months ended September 30, 2003 and for the year ended December 31, 2002 is presented as if the transaction had taken place on January 1, 2002. The transaction will be accounted for under the purchase method of accounting.

You should read the selected unaudited pro forma combined financial information together with the Unaudited Pro Forma Condensed Combined Financial Information and related notes thereto beginning on page 148 and the respective consolidated financial statements and accompanying notes of RR Donnelley and Moore Wallace, which are incorporated by reference into this document. The unaudited pro forma operating data is presented for informational purposes only and is not necessarily indicative of what the actual combined results of operations of the combined company would have been for the periods presented, nor does this data purport to represent the results of future periods.

Moore Wallace's consolidated financial statements are prepared in accordance with Canadian GAAP, which differs in some respects from U.S. GAAP. Note 25 to the consolidated financial statements in Moore Wallace's Annual Report on Form 10-K for the year ended December 31, 2002 provides a description of the material differences between Canadian GAAP and U.S. GAAP. For purposes of presenting the selected unaudited pro forma combined financial information, adjustments were made to Moore Wallace's historical financial information to conform to U.S. GAAP. Please refer to the section entitled Differences between Canadian GAAP and U.S. GAAP on page 161 for descriptions of the adjustments required to conform Moore Wallace's unaudited condensed consolidated balance sheet as of September 30, 2003 to U.S. GAAP.

	<b>Nine Months Ended September 30,</b>	<b>Year Ended December 31,</b>
	<b>2003</b>	<b>2002</b>
	(in thousands, except	
	per share data)	
<b>Selected Pro Forma Statement of Operations Data:</b>		
Net sales	\$ 5,944,680	\$8,315,102
Total operating expenses	5,654,910	7,903,868
Income from operations	289,770	411,234
Net earnings	178,780	241,515
<b>Per Common Share Data:</b>		
Basic net earnings per share	\$0.84	\$1.14
Diluted net earnings per share	0.83	1.13

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	<b>As of</b>
	<b>September 30, 2003</b>
	<b>(in thousands)</b>
<b>Selected Pro Forma Balance Sheet Data:</b>	
Cash and cash equivalents	\$ 126,277
Working capital	325,164
Total assets	8,327,264
Total debt	1,931,076
Total shareholders' equity	3,625,084

	<b>Nine Months Ended</b>	<b>Year Ended</b>
	<b>September</b>	<b>December 31, 2002</b>
	<b>30, 2003</b>	<b>December 31, 2002</b>
	<b>(in thousands,</b>	
	<b>except per share data)</b>	
<b>Other Pro Forma Financial Data:</b>		
Provision for (recovery of) restructuring costs, net	\$ 24,623	\$ 129,447
Depreciation and amortization	315,375	434,172
Interest expense, net	70,428	107,675
Cash dividends paid per share	N/A	N/A

**Table of Contents****COMPARATIVE PER SHARE DATA**

The following table sets forth for the shares of RR Donnelley common stock and Moore Wallace common shares certain historical, pro forma combined and pro forma equivalent per share financial information. The pro forma combined and pro forma equivalent per share information gives effect to the transaction as if the transaction had been effective at January 1, 2002. The pro forma data in the table are derived from, and should be read in conjunction with, the Unaudited Pro Forma Condensed Combined Financial Information and related notes thereto beginning on page 148. RR Donnelley's historical per share information is derived from the audited consolidated financial statements for the year ended December 31, 2002 contained in the RR Donnelley's Annual Report on Form 10-K for the year ended December 31, 2002 and the unaudited consolidated interim financial statements for the nine months ended September 30, 2003 contained in RR Donnelley's Quarterly Report on Form 10-Q for the quarter ended September 30, 2003, both of which are incorporated by reference into this document. Moore Wallace's historical per share information is derived from the audited consolidated financial statements for the year ended December 31, 2002 contained in Moore Wallace's Annual Report on Form 10-K for the year ended December 31, 2002 and the unaudited consolidated interim financial statements for the nine months ended September 30, 2003 contained in Moore Wallace's Quarterly Report on Form 10-Q for the quarter ended September 30, 2003, both of which are incorporated by reference into this document.

The unaudited pro forma combined per share information does not purport to represent what the actual results of operations of the combined company would have been had the transaction been in effect for the periods described below or to project the future results of the combined company after the transaction.

<b>Per Common Share Data</b>	<b>RR Donnelley Historical (U.S. GAAP)</b>	<b>Moore Wallace Historical(1) (Canadian GAAP)</b>	<b>Unaudited Pro Forma Combined (U.S. GAAP)</b>	<b>Pro Forma Equivalent Per Moore Wallace Share(2) (U.S. GAAP)</b>
<b>As of and for the year ended December 31, 2002:</b>				
Net earnings				
Basic	\$ 1.26	\$ 0.66	\$ 1.14	\$ 0.72
Diluted	1.24	0.64	1.13	0.71
Cash dividends paid(3)	0.98		N/A	N/A
<b>As of and for the nine months ended September 30, 2003:</b>				
Net earnings				
Basic	\$ 0.70	\$ 0.55	\$ 0.84	\$ 0.53
Diluted	0.69	0.54	0.83	0.52
Cash dividends paid(3)	0.76		N/A	N/A
Book value(4)	7.86	6.02	17.03	10.74

- (1) Moore Wallace historical information for the year ended December 31, 2002 presents historical information for Moore Wallace prior to the merger with WCS. Moore Wallace historical information for the nine months ended September 30, 2003 includes the results of WCS since the completion of the merger on May 15, 2003.
- (2) The per equivalent Moore Wallace share was calculated by multiplying the unaudited pro forma combined per share data by 0.63 in order to equate the pro forma combined amounts to the value of one Moore Wallace common share.
- (3) Prior to the completion of the transaction, the declaration by RR Donnelley of dividends in excess of regular cash quarterly dividends of \$0.26 per share is subject to approval by Moore Wallace. Following the completion of the transaction, RR Donnelley's dividend policy will be determined by its board of directors.



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- (4) The unaudited pro forma combined book value per share was calculated by dividing the unaudited pro forma combined shareholders equity at September 30, 2003 by the sum of the number of shares of RR Donnelley common stock outstanding at September 30, 2003 and the number of additional shares of RR Donnelley common stock that would have been delivered to Moore Wallace shareholders had the combination been completed on November 7, 2003.

The table below presents the New York Stock Exchange closing market prices for shares of RR Donnelley common stock and Moore Wallace common shares as of:

November 7, 2003, the last trading day before the public announcement of the execution of the combination agreement; and

- , 2004 the latest practicable date before the printing of this document.

The table also presents implied equivalent per share values for Moore Wallace common shares by multiplying the price per share of RR Donnelley common stock as traded on the New York Stock Exchange on the two dates by the exchange ratio of 0.63.

	<b>RR Donnelley Common Stock Price</b>	<b>Moore Wallace Common Share Price</b>	<b>Share Price Equivalent (RR Donnelley Share Per Share of Moore Wallace)</b>
November 7, 2003	\$ 28.03	\$ 15.25	\$ 17.66
•, 2004	•	•	•

**MOORE WALLACE SECURITYHOLDERS ARE URGED TO OBTAIN CURRENT MARKET QUOTATIONS FOR THE SHARES OF RR DONNELLEY COMMON STOCK AND FOR MOORE WALLACE COMMON SHARES BEFORE MAKING A DECISION WITH RESPECT TO THE TRANSACTION.**

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### **RISK FACTORS**

*The proposed business combination and the future performance of RR Donnelley common stock involve a number of risks, some of which could be substantial and are inherent in RR Donnelley's and/or Moore Wallace's business. You should carefully consider the following information about these risks, together with the other information in this document, including the annexes to this document, and incorporated by reference in this document, in considering the proposed combination of RR Donnelley and Moore Wallace.*

#### **Risks Relating to the Transaction**

**We may be unable to integrate the operations of RR Donnelley and Moore Wallace successfully and may not achieve the cost savings and increased revenues anticipated for the combined company.**

Achieving the anticipated benefits of the transaction will depend in part upon our ability to integrate the two companies' businesses in an efficient and effective manner. Our attempt to integrate two companies that have previously operated independently may result in significant challenges, and we may be unable to accomplish the integration smoothly or successfully. In particular, the necessity of coordinating geographically dispersed organizations and addressing possible differences in corporate cultures and management philosophies may increase the difficulties of integration. The integration will require the dedication of significant management resources, which may temporarily distract management's attention from the day-to-day operations of the businesses of the combined company. The process of integrating operations after the transaction could cause an interruption of, or loss of momentum in, the activities of one or more of the combined company's businesses and the loss of key personnel. Employee uncertainty and lack of focus during the integration process may also disrupt the businesses of the combined company. Any inability of management to integrate the operations of RR Donnelley and Moore Wallace successfully could have a material adverse effect on the business and financial condition of the combined company.

In addition to integrating the two companies' businesses, the combined company will need to complete the integration of the Moore Wallace and WCS businesses following the merger of those two companies in May 2003. The management of the combined company may be presented with significant challenges in being required to integrate the operations of three businesses at one time. There can be no assurance that management of the combined company will be able to integrate the operations of each of the businesses successfully or that the anticipated synergies between our companies will be realized. Moreover, the timing of synergies realized, if any, is uncertain.

Our rationale for the transaction is, in part, predicated on our ability to realize cost savings and to increase revenues through the combination of two strong companies. Achieving these cost savings and revenue increases is dependent upon a number of factors, many of which are beyond our control. We may not be able to achieve the anticipated cross-selling opportunities, the development and marketing of more comprehensive commercial printing product offerings and solutions, cost savings or revenue growth. An inability to realize the full extent of, or any of, the anticipated benefits of the transaction, as well as any delays encountered in the transition process, could have an adverse effect upon the revenues, level of expenses, operating results and financial condition of the combined company, which may affect the value of RR Donnelley common stock after the effective time. See *The Transaction - RR Donnelley's Reasons for the Transaction; Recommendation of the RR Donnelley Board of Directors* and *The Transaction - Moore Wallace's Reasons for the Transaction; Recommendation of the Moore Wallace Board of Directors* beginning on pages 58 and 67, respectively.

**We will incur significant transaction, combination-related and restructuring costs in connection with the transaction.**

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We will be obligated to pay transaction fees and other expenses related to the transaction of approximately \$• million, including financial advisors fees, filing fees, legal and accounting fees, soliciting fees, regulatory

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fees, mailing costs and debt financing fees to refinance certain indebtedness. Furthermore, we expect to incur significant costs associated with combining the operations of the two companies. However, it will be difficult to predict the specific size of those charges before we begin the integration process. The combined company may incur additional unanticipated costs as a consequence of difficulties arising from our efforts to integrate the operations of the two companies. Although we expect that the elimination of duplicative costs, as well as the realization of other efficiencies related to the integration of the businesses, can offset incremental transaction, combination-related and restructuring costs over time, we cannot give any assurance that this net benefit will be achieved in the near future, or at all.

### **Charges to earnings resulting from the application of the purchase method of accounting may adversely affect the market value of RR Donnelley common stock following the transaction.**

In accordance with U.S. GAAP, the transaction will be accounted for using the purchase method of accounting, which will result in charges to earnings that could have an adverse impact on the market value of RR Donnelley common stock following completion of the transaction. Under the purchase method of accounting, the total estimated purchase price will be allocated to Moore Wallace's net tangible assets and identifiable intangible assets based on their fair values as of the date of completion of the transaction. The excess of the purchase price over those fair values will be recorded as goodwill. The combined company will incur additional amortization expense based on the identifiable intangible assets acquired in connection with the transaction and their relative useful lives. Additionally, to the extent the value of goodwill becomes impaired, the combined company may be required to incur material charges relating to the impairment. These amortization and potential impairment charges could have a material impact on the combined company's results of operations.

RR Donnelley currently estimates that it will incur approximately \$• million of incremental annual amortization expense after completion of the transaction. Changes in earnings per share, including as a result of this incremental expense, could adversely affect the trading price of RR Donnelley common stock.

### **Because the exchange ratio is fixed and the market price of RR Donnelley common stock may fluctuate, you cannot be certain of the dollar value of the consideration that Moore Wallace shareholders will receive in the transaction.**

Upon completion of the transaction, each Moore Wallace common share issued and outstanding immediately prior to the effective time (other than shares held by Moore Wallace shareholders who properly exercise their dissent rights and are entitled to be paid the fair value of their Moore Wallace common shares and shares owned by RR Donnelley or its subsidiaries) will be exchanged for 0.63 of a share of RR Donnelley common stock. Because the exchange ratio of 0.63 is fixed, the value of the shares of RR Donnelley common stock issued in connection with the transaction will depend on the price of shares of RR Donnelley common stock at the time they are issued.

The market prices of RR Donnelley common stock and Moore Wallace common shares when the transaction is completed may vary from and be less than their respective market prices on the date the combination agreement was executed, on the date of this document and on the date of the RR Donnelley and Moore Wallace special meetings. See "Comparative Market Prices and Dividends" beginning on page 145 for more detailed share price information.

These variations may be the result of various factors, including:

changes in the business, operations or prospects of RR Donnelley or Moore Wallace;

general market and economic conditions, the outlook for market and economic conditions and conditions in the printing industry generally; and

the timing of completion of the transaction.

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The transaction might not be completed until a period of time has passed after the RR Donnelley and Moore Wallace special meetings. At the time of their respective special meetings, RR Donnelley shareholders and Moore Wallace securityholders will not know the exact value of the RR Donnelley common stock that will be issued in connection with the transaction.

RR Donnelley shareholders and Moore Wallace securityholders are urged to obtain current market quotations for RR Donnelley common stock and Moore Wallace common shares.

### **The market prices of RR Donnelley common stock and Moore Wallace common shares may be affected by different factors.**

Upon completion of the transaction, the holders of Moore Wallace common shares will become holders of RR Donnelley common stock. RR Donnelley's businesses and common stock differ, in some respects, from the businesses and common shares of Moore Wallace, and RR Donnelley's results of operations, as well as the trading price of RR Donnelley common stock, may be affected by factors different from those affecting Moore Wallace's results of operations and the trading price of Moore Wallace common shares as a separate company. Therefore, events or circumstances that might not have caused Moore Wallace common shares to decline in value might result in a decline in value of RR Donnelley common stock. Moreover, events or circumstances that might have caused an increase in the value of Moore Wallace common shares might not result in an increase in the value of RR Donnelley common stock. For a description of the differences between Moore Wallace common shares and RR Donnelley common stock, see [Comparison of Shareholder Rights](#) beginning on page 128. For a discussion of the businesses of RR Donnelley and Moore Wallace and of factors to consider in connection with those businesses, see the documents incorporated by reference in this document and referred to under [Where You Can Find More Information](#) beginning on page 194.

### **We may lose employees due to uncertainties associated with the transaction.**

The success of the combined company after the transaction will depend in part upon our ability to retain key employees of both companies. Competition for qualified personnel can be very intense. In addition, key employees may depart because of issues relating to the uncertainty and difficulty of integration or a desire not to remain with the combined company. Accordingly, no assurance can be given that we will be able to retain key employees to the same extent that we have been able to do so in the past.

### **The rights of Moore Wallace shareholders will change when they become shareholders of RR Donnelley in connection with the transaction.**

In connection with the transaction, Moore Wallace shareholders will receive shares of RR Donnelley common stock. There are numerous differences between the rights of a shareholder in Moore Wallace, a corporation continued under the CBCA, and the rights of a shareholder in RR Donnelley, a Delaware corporation. For a detailed discussion of these differences, see [Comparison of Shareholder Rights](#) beginning on page 128.

**Moore Wallace's directors and executive officers have interests in the transaction that may be different from, or in addition to, the interests of Moore Wallace securityholders generally, and these interests may have influenced their decision to pursue and approve the transaction.**

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You should be aware of potential conflicts of interest and of the benefits to be received by the directors and executive officers of Moore Wallace when considering the recommendation of the Moore Wallace board of directors to approve the arrangement resolution. The directors and executive officers of Moore Wallace have interests in the transaction that may be different from, or in addition to, the interests of Moore Wallace securityholders generally. These interests include:

the employment agreement entered into by Mark A. Angelson, the current chief executive officer of Moore Wallace, with RR Donnelley under which Mr. Angelson will become chief executive officer of RR Donnelley upon completion of the transaction;

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change in control benefits in the employment agreements of some executive officers of Moore Wallace;

accelerated vesting of options held by executive officers of Moore Wallace;

cashing out of deferred share units held by directors of Moore Wallace;

offers of directorships at RR Donnelley;

an agreement to provide directors and officers insurance; and

an agreement to provide executive officers and directors of Moore Wallace with continuing indemnification rights.

See The Transaction Interests of Moore Wallace Directors and Executive Officers in the Transaction beginning on page 81.

**Risks Relating to the Businesses of RR Donnelley, Moore Wallace and the Combined Company**

**The business of the combined company will be subject to risks currently affecting the businesses of RR Donnelley and Moore Wallace.**

After the completion of the transaction, the business of the combined company, as well as the price of RR Donnelley common stock, will be subject to numerous risks currently affecting the businesses of RR Donnelley and Moore Wallace, including,

competition with other communications services providers based on pricing and other factors, including pricing pressure brought on by excess capacity and current economic conditions;

fluctuations in the cost of paper, ink, other raw materials and fuel used;

changes in postal rates and postal regulations;

seasonal fluctuations in overall demand for services;

changes in customer demand;

changes in the advertising and printing markets;

changes in the capital markets that affect demand for financial printing;

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the financial condition of our customers;

our ability to continue to obtain improved operating efficiencies;

our ability to continue to develop new solutions for our customers;

the general condition of the U.S. economy and the economies of other countries in which we operate;

war or acts of terrorism affecting the overall business climate;

changes in the rules and regulations to which we are subject and the cost of complying with these rules and regulations, including environmental and health and welfare benefit regulations;

changes in the costs of healthcare and other benefits provided to our employees; and

changes in the rules and regulations to which our customers are subject, particularly those affecting privacy or the printing requirements of financial services or telecommunications customers.

For a discussion of RR Donnelley's business and Moore Wallace's business, together with factors to consider in connection with those businesses, see RR Donnelley's and Moore Wallace's Annual Reports on Form 10-K for the year ended December 31, 2002 and RR Donnelley's and Moore Wallace's other filings with the SEC that are incorporated by reference into this document. See "Where You Can Find More Information" beginning on page 194.

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### **There are risks associated with operations outside the United States and Canada.**

The combined company will have significant operations outside the United States and Canada. Revenues from RR Donnelley's and Moore Wallace's operations outside the United States and Canada accounted for approximately 10% of their combined revenues for the year ended December 31, 2002. As a result, the combined company will be subject to the risks inherent in conducting business outside the United States and Canada, including the impact of economic and political instability.

### **The combined company will be exposed to significant risks related to potential adverse changes in currency exchange rates.**

The combined company will be exposed to market risks resulting from changes in the currency exchange rates of the Canadian dollar and other currencies. Although operating in local currencies may limit the impact of currency rate fluctuations on the operating results of our non-U.S. subsidiaries and business units, fluctuations in such rates may affect the translation of these results into the combined company's financial statements. To the extent revenues and expenses are not in the applicable local currency, the combined company may enter into foreign currency forward contracts to hedge the currency risk. We cannot be sure, however, that the combined company's efforts at hedging will be successful. There is always a possibility that attempts to hedge currency risks will lead to even greater losses than predicted. In addition, because of the combined company's operations outside the United States, significant revenues and expenses will be denominated in local currencies.

### **The highly competitive market for the combined company's products and industry consolidation will create adverse pricing pressures.**

Although both RR Donnelley and Moore Wallace are diversified printing companies, the markets for the majority of each company's product categories is highly fragmented, and both companies have a large number of competitors. We believe that excess capacity in both companies' markets, combined with the current economic conditions, have caused downward pricing pressure and increased competition. The combined company will likely operate in these same markets after the completion of the transaction and will therefore face these market risks as well. In addition, consolidation in the markets in which RR Donnelley and Moore Wallace compete has in the past, and could in the future, increase competitive pricing pressures.

### **The substitution of electronic delivery and online distribution for printed materials may adversely affect our businesses.**

Electronic delivery of documents and data and the online distribution and hosting of media content offer alternatives to traditional delivery of printed documents. Consumer acceptance of electronic delivery is uncertain, as is the extent to which consumers are replacing traditional reading of print materials with online hosted media content, and we have no ability to predict the rates of their acceptance of these alternatives. To the extent that our customers accept these alternatives, many of our businesses may be adversely affected.

### **Provisions of Delaware law and of RR Donnelley's restated certificate of incorporation and by-laws may make an unwelcome takeover of RR Donnelley difficult.**

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Provisions in RR Donnelley's restated certificate of incorporation and by-laws and in Delaware corporate law may make it difficult and expensive for a third party to pursue a tender offer, change in control or takeover attempt that is opposed by RR Donnelley's management and board of directors. Public shareholders who might desire to participate in such a transaction may not have an opportunity to do so. These anti-takeover provisions could substantially impede the ability of public shareholders to benefit from a change in control or change in RR Donnelley's management and board of directors. See Description of RR Donnelley Capital Stock beginning on page 122.

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**FORWARD-LOOKING STATEMENTS**

We have made forward-looking statements in this document, and in documents that are incorporated by reference into this document, that are subject to risks and uncertainties. These statements are based on the beliefs and assumptions of each company's management. Generally, forward-looking statements include information concerning possible or assumed future actions, events or results of operations of RR Donnelley, Moore Wallace or the combined company. Forward-looking statements include, among other things, statements in this document, and in documents that are incorporated by reference into this document, regarding:

- |  |  |
|--|--|
| management forecasts;                          | the credit rating of existing Moore Wallace and RR Donnelley debt; |
| efficiencies, cost avoidance and cost savings; | conditions to, and the timetable for, completing the transaction;  |
| sales;   | future acquisitions and dispositions;                              |
| revenues;                                      | litigation;  |
| income and margins;                            | potential and contingent liabilities;                              |
| earnings per share;                            | management's plans;  |
| growth;  | business portfolios;   |
| economies of scale;                            | new and pending accounting standards;                              |
| combined operations;                           | taxes; and   |
| the economy;                                   | transaction and integration-related expenses.                      |
| future economic performance;                   |  |

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These statements may include, or be preceded or followed by, the words may, will, should, potential, possible, believe, expect, anticipate, plan, estimate, hope or similar expressions. We claim the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995 for all forward-looking statements.

Forward-looking statements are not guarantees of performance. You should understand that the following important factors, in addition to those discussed in the previously mentioned Risk Factors and elsewhere in this document, and in documents that are incorporated by reference into this document, could affect the future results of RR Donnelley, Moore Wallace and the combined company after the completion of the transaction and could cause those results or other outcomes to differ materially from those expressed or implied in our forward-looking statements:

the ability of RR Donnelley and Moore Wallace to integrate their operations successfully;

the timing of the integration of RR Donnelley and Moore Wallace to achieve enhanced earnings or effect cost savings;

the effect of economic and political conditions on a regional, national or international basis;

the effect of inflation, changes in currency exchange rates and changes in interest rates;

the effect of changes in laws and regulations, including changes in accounting standards, trade, tax, price controls and other regulatory matters;

the performance of the combined company;

the ability to implement comprehensive plans for asset rationalization;

the financial resources of, and products available to, the combined company's competitors;

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competitive pressures in the commercial and financial printing, forms and labels, electronic print management, business marketing, business communications, logistics, office supplies, imaging, digital printing and computer software industries;

the ability to secure and defend intellectual property rights and, when appropriate, license required technology;

customers' budgetary constraints;

customer changes in short-range and long-range plans;

the ability to gain customer acceptance of the combined company's new products and technologies;

product performance and customer expectations;

performance issues with key suppliers;

changes in the availability or costs of key supplies (such as ink and paper);

the ability to generate cash flow or obtain financing to fund growth;

contingencies related to actual or alleged environmental contamination;

the retention of existing, and continued attraction of additional, customers and key employees;

the effect of a material breach of security of any of RR Donnelley's or Moore Wallace's systems;

the possibility of future terrorist activities or the possibility of a future escalation of hostilities in the Middle East or elsewhere;

adverse outcomes of litigation; and

opportunities that may be presented to and pursued by the combined company following the transaction.

Because forward-looking statements are subject to assumptions and uncertainties, actual results may differ materially from those expressed or implied by such forward-looking statements. You are cautioned not to place undue reliance on such statements, which speak only as of the date of this document or the date of any document incorporated by reference into this document.

All subsequent written and oral forward-looking statements concerning the transaction or other matters addressed in this document and attributable to RR Donnelley or Moore Wallace or any person acting on either company's behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this section. Except to the extent required by applicable law or regulation, neither RR Donnelley nor Moore Wallace undertakes, and each of them hereby disclaims, any obligation to release any revisions to such forward-looking

statements to reflect events or circumstances after the date of this document or to reflect the occurrence of unanticipated events.

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**INFORMATION ABOUT THE COMPANIES**

**R.R. Donnelley & Sons Company**

*77 West Wacker Drive*

*Chicago, Illinois 60601*

*(312) 326-8000*

*Internet address: [www.rrdonnelley.com](http://www.rrdonnelley.com)*

R.R. Donnelley & Sons Company has a 139-year history as a printing industry leader. RR Donnelley prepares, produces and delivers integrated communications services across multiple channels for content owners such as publishers, merchandisers and telecommunications companies as well as capital markets and diversified financial services companies. Although RR Donnelley's print capabilities remain the foundation of the company, its recent focus on expanding its range of offerings with value-added services allows RR Donnelley to create additional value.

As a single source supplying services up and down the communications value chain, RR Donnelley excels in digital photography, content management, printing, online services and print and package logistics. With these integrated services, RR Donnelley provides effective solutions for its customers' targeted communications and delivery needs.

RR Donnelley provides solutions designed to enhance the effectiveness of its customers' communications. RR Donnelley's services include:

**Content creation** to provide creative design services to maximize the impact of communications and improve response rates. In addition to RR Donnelley's in-house capabilities, alliances with best-in-class providers complement RR Donnelley's service offerings.

**Digital asset management** to help RR Donnelley's customers leverage their content to reach end-users through multiple marketing channels. Through its premedia technologies services, RR Donnelley digitally captures content, converts it to the appropriate format and channels it to multiple communications media, including print and the Internet.

**Production** to drive results for RR Donnelley's customers cost-effectively through print or the Internet. RR Donnelley's manufacturing operations around the world offer a full range of capabilities and are networked to produce large printing jobs quickly with identical specifications. RR Donnelley is also able to version printed content to reach targeted audiences.

**Distribution** to deliver RR Donnelley's customers' words and images efficiently and reliably through print or the Internet. RR Donnelley Logistics delivers printed products and packages primarily to the U.S. Postal Service, saving RR Donnelley's customers significant time and money. RR Donnelley also offers a full range of services to deliver value, maximize content effectiveness, enhance RR Donnelley's customers' businesses and build their customer relationships via the Internet.

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**Moore Wallace Incorporated**

*6100 Vipond Drive*

*Mississauga, Ontario L5T 2X1*

*Canada*

*(905) 362-3100*

*Internet address: [www.moorewallace.com](http://www.moorewallace.com)*

Moore Wallace is a leading single-source provider of print management and outsourced communications, delivering one of the widest arrays of products and services at one of the lowest total costs. Moore Wallace's broad platform of integrated print solutions, combined with the ability to manage a customer's print logistics and supply chain, work together to increase efficiencies and reduce costs.

Moore Wallace's business is organized into three separate and complementary segments: Forms and Labels; Outsourcing; and Commercial Print. Moore Wallace's Forms and Labels segment designs, manufactures and delivers a wide range of paper-based and electronic business forms and labels and print-related services, including print distribution, print-on-demand, warehousing, kitting and fulfillment services.

Moore Wallace's Outsourcing segment provides high-quality, high-volume, customized variably-imaged business communications, including account statements, consumer invoices, insurance policies, enrollment kits, transaction confirmations and database services, primarily for financial services, telecommunications, insurance and healthcare companies.

Moore Wallace's Commercial Print segment serves the printing, direct marketing, delivery and warehouse management requirements of a highly diversified, international customer base. From an integrated, highly flexible network of fully equipped commercial printing facilities, Moore Wallace produces high-quality, multi-color personalized business communications, including annual reports, image and marketing brochures, catalogs and marketing inserts, pharmaceutical inserts and other marketing, retail point-of-sale and promotional materials and technical publications. Moore Wallace also provides products and digital services for customers that produce data-intensive publications, such as individualized directories. In addition, Moore Wallace creates, manages and produces highly targeted, personalized strategic direct mail programs designed to achieve optimal response rates. Moore Wallace produces more than a billion pieces of secure, personalized direct mail communications annually.

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**THE RR DONNELLEY SPECIAL MEETING**

The RR Donnelley board of directors is using this document to solicit proxies from the holders of RR Donnelley common stock for use at the special meeting of RR Donnelley shareholders to be held on •, 2004.

**Date, Time and Place**

The RR Donnelley special meeting of shareholders will be held on •, •, 2004 at [10:00 a.m.], local time at [Bank One Auditorium, One Bank One Plaza (at Dearborn and Madison Streets), Chicago, Illinois 60602].

**Purpose of the Special Meeting**

The purpose of the RR Donnelley special meeting is:

to consider and vote on the RR Donnelley share issuance proposal;

to consider and vote on the performance incentive plan proposal; and

to transact any other business as may properly come before the RR Donnelley special meeting or any adjournment or postponement of the RR Donnelley special meeting.

Copies of the combination agreement, the form of plan of arrangement and the 2004 Performance Incentive Plan are attached to this document as Annexes B, C and H, respectively. RR Donnelley shareholders should review the combination agreement, the form of plan of arrangement, the 2004 Performance Incentive Plan and this document carefully and in their entirety before deciding how to vote.

The rules of the New York Stock Exchange require that a listed issuer obtain the consent of its shareholders prior to completing any transaction that would result in the issuance of more than 20% of the issuer's outstanding common stock. If the transaction is completed, RR Donnelley will issue shares of common stock representing, in the aggregate, in excess of 20% of its outstanding shares of common stock. The New York Stock Exchange also requires that a listed issuer obtain shareholder approval of all equity compensation plans like the 2004 Performance Incentive Plan. If RR Donnelley were to complete the transaction or adopt the 2004 Performance Incentive Plan without shareholder approval, shares of RR Donnelley common stock could not remain listed on the New York Stock Exchange.

**Record Date**

## Edgar Filing: DONNELLEY R R & SONS CO - Form PREM14A

The RR Donnelley board of directors has fixed the close of business on •, 2004 as the record date for determining shareholders entitled to notice of and to vote at the RR Donnelley special meeting.

### **Outstanding Shares**

As of •, 2004, the record date for the RR Donnelley special meeting, there were • shares of RR Donnelley common stock outstanding and entitled to vote.

### **Shares Entitled to Vote**

Shares entitled to vote at the RR Donnelley special meeting are shares of RR Donnelley common stock held as of the close of business on the record date, •, 2004. Each shareholder is entitled to one vote at the RR Donnelley special meeting for each share of RR Donnelley common stock held by that shareholder at the close of business on the record date.

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### **Vote Required**

In order for the shareholder approval requirements of the New York Stock Exchange to be satisfied, with respect to each of the RR Donnelley share issuance proposal and the performance incentive plan proposal, each proposal must be approved by a majority of votes cast on the proposal, and the total vote cast on the proposal must represent over 50% of the shares of RR Donnelley common stock entitled to vote on the proposal. If such requirements are met, then the vote otherwise required under RR Donnelley's by-laws will also be met.

Because approval of each of the RR Donnelley share issuance proposal and the performance incentive plan proposal requires that the total vote cast on each proposal must represent more than 50% of the shares of RR Donnelley common stock entitled to vote on the proposal, if you do not vote by proxy or in person, it will make it less likely that this requirement will be met. Additionally, if you hold shares of RR Donnelley common stock as a participant in RR Donnelley's Stock Fund or Tax Credit Stock Ownership Plan and fail to return your proxy card or otherwise vote, those shares will be voted against each proposal.

The RR Donnelley board of directors urges RR Donnelley shareholders to complete, date and sign the accompanying proxy card and return it promptly in the enclosed postage-paid envelope or to promptly submit their proxies by telephone or over the Internet.

Although RR Donnelley shareholders are not being asked to vote on the arrangement resolution, approval of the RR Donnelley share issuance proposal is necessary in order to complete the transaction.

### **Recommendation of the RR Donnelley Board of Directors**

**The RR Donnelley board of directors recommends that RR Donnelley shareholders vote FOR approval of the RR Donnelley share issuance proposal and FOR approval of the performance incentive plan proposal.**

### **Shares Beneficially Owned by RR Donnelley Directors and Executive Officers**

RR Donnelley directors and executive officers beneficially owned • shares of RR Donnelley common stock on the record date, including options to purchase shares of RR Donnelley common stock exercisable within 60 days after the record date. These shares represent, in the aggregate, •% of the total voting power of RR Donnelley's outstanding shares of common stock entitled to vote at the RR Donnelley special meeting. Although none of the members of the board of directors of RR Donnelley or its executive officers has executed voting agreements, based solely on discussions with its board of directors and executive officers, to RR Donnelley's knowledge, directors and executive officers of RR Donnelley intend to vote their common stock in favor of the RR Donnelley share issuance proposal and the performance incentive plan proposal.

For more information regarding beneficial ownership of shares of RR Donnelley common stock by each current RR Donnelley director, certain executive officers of RR Donnelley and all directors and executive officers of RR Donnelley as a group, see Security Ownership of Certain Beneficial Owners and Management beginning on page•.

**Quorum, Abstentions and Broker Non-Votes**

A quorum of shareholders is necessary to hold a valid meeting. The presence in person or representation by proxy at any meeting of RR Donnelley shareholders of a majority of the outstanding shares of RR Donnelley common stock entitled to vote at the meeting will constitute a quorum. If a quorum is not present, the RR Donnelley special meeting may be postponed or adjourned, without notice other than announcement at the special meeting, until a quorum is present or represented. At any subsequent reconvening of the RR Donnelley special meeting, all proxies will be voted in the same manner as the proxies would have been voted at the original convening of the RR Donnelley special meeting, except for any proxies that have been effectively revoked or withdrawn prior to the subsequent meeting.

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Abstentions count as present for establishing a quorum. If any RR Donnelley shareholder submits a proxy that indicates an abstention from voting in all matters, that shareholder's shares will be counted as present in determining the existence of a quorum at the RR Donnelley special meeting. Abstentions are included in determining the number of shares voted on the proposals submitted to shareholders and will, therefore, have the same effect as a vote against such proposals.

Under Delaware case law, broker non-votes are counted for purposes of determining whether a quorum is present at a special meeting, but are not counted for purposes of determining whether a proposal has been approved. A broker non-vote occurs on an item when a broker does not have discretionary voting authority to vote on a proposal and has not received instructions from the beneficial owner of the shares as to how to vote on the proposal.

Shares held by RR Donnelley in its treasury do not count toward a quorum.

## **Voting by Proxy**

Your vote is very important. Whether or not you plan to attend the RR Donnelley special meeting, please take the time to vote by completing and mailing the enclosed proxy card, by telephone or over the Internet, according to the instructions on the proxy card. A signed and completed proxy card received by RR Donnelley prior to or at the RR Donnelley special meeting will be voted as instructed. If your broker or other nominee holds your shares in its name, carefully follow the instructions given to you by your broker or other intermediary to ensure that your shares are properly voted.

## **Proxies without Instructions**

If a proxy card is signed and dated by an RR Donnelley shareholder but does not include instructions on how to vote, the proxy will follow the respective RR Donnelley board of director recommendations and vote the shares represented by the proxy card as follows:

**FOR** approval of the RR Donnelley share issuance proposal;

**FOR** approval of the performance incentive plan proposal; and

**FOR** any proposal by the RR Donnelley board of directors to adjourn the RR Donnelley special meeting.

## **Broker Instructions**

Under New York Stock Exchange rules, if your broker holds your shares in its name, your broker may not vote your shares on the RR Donnelley share issuance proposal or the performance incentive plan proposal, absent instructions from you. If you are the beneficial owner of shares held in street name by a broker, please give instructions to your broker on how to vote your shares. Without voting instructions from you, a broker

non-vote will occur.

### **Revocation of Proxies**

An RR Donnelley shareholder can change such shareholder's vote at any time before such shareholder's proxy is voted at the RR Donnelley special meeting. An RR Donnelley shareholder may revoke such shareholder's proxy in several ways:

by sending a written notice stating that such shareholder would like to revoke such shareholder's proxy to the secretary of RR Donnelley;

by completing and submitting a later-dated proxy card by mail;

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by voting by telephone after personally voting or submitting a proxy card;

by voting over the Internet after personally voting or submitting a proxy card; or

by attending the RR Donnelley special meeting and voting in person. Attendance at the RR Donnelley special meeting alone will not revoke a proxy. The RR Donnelley shareholder must also vote at the RR Donnelley special meeting in order to revoke the previously submitted proxy.

RR Donnelley shareholders whose shares are held in street name must contact their brokers or other intermediaries and follow the instructions provided to them in order to revoke their proxies.

## **Solicitation of Proxies**

This document is being furnished in connection with the solicitation of proxies by the RR Donnelley board of directors for use at the RR Donnelley special meeting on •, 2004. RR Donnelley will pay the costs of soliciting proxies from RR Donnelley shareholders. In addition to sending this document and accompanying proxy card by mail, RR Donnelley directors, officers or employees may solicit proxies in person, by telephone or by electronic transmission. RR Donnelley does not reimburse its directors, officers or employees for soliciting proxies. RR Donnelley has retained Morrow & Co. to assist in the distribution and solicitation of proxies and has agreed to pay Morrow & Co. \$• plus out-of-pocket expenses for these services. RR Donnelley also reimburses brokers and other nominees for their expenses in sending these materials to and obtaining voting instructions from their principals.

The extent to which these proxy-soliciting efforts will be necessary depends entirely upon how promptly proxies are submitted. You should submit your proxy without delay.

## **Dissenters Appraisal Rights**

Under the DGCL, holders of shares of RR Donnelley common stock will not be entitled to demand appraisal of, or to receive payment for, their shares of RR Donnelley common stock in connection with the actions to be taken at the RR Donnelley special meeting.

## **Other Matters**

RR Donnelley does not expect that any matters other than the RR Donnelley share issuance proposal and the performance incentive plan proposal will be raised at the RR Donnelley special meeting. However, if other matters are properly raised at the RR Donnelley special meeting, the persons named as proxies will vote in accordance with the recommendations of the RR Donnelley board of directors.

## **Presence of Accountants**

Representatives of Deloitte & Touche LLP, RR Donnelley's independent public accountants, are expected to attend the RR Donnelley special meeting and will have an opportunity to make a statement if they desire to do so. Such representatives are also expected to be available to respond to appropriate questions.

**RR Donnelley Shareholder Account Maintenance**

RR Donnelley's transfer agent is EquiServe Trust Company, N.A. All communications concerning accounts of RR Donnelley shareholders of record, including address changes, name changes, inquiries as to requirements to transfer common stock and similar issues may be handled by calling the RR Donnelley Investor Relations Hotline at •, by calling EquiServe Trust Company, N.A., toll-free, at (800) 446-2617 or by writing to EquiServe Trust Company, N.A. at P.O. Box 8250, Edison, New Jersey 08818-9086. For other information about RR Donnelley, you may visit RR Donnelley's web site at [www.rrdonnelley.com](http://www.rrdonnelley.com).

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**THE MOORE WALLACE SPECIAL MEETING**

Moore Wallace management is using this document to solicit proxies from Moore Wallace securityholders for use at the special meeting of Moore Wallace securityholders to be held on •, 2004.

**Date, Time and Place**

The Moore Wallace special meeting of securityholders will be held on •, 2004 at [11:00 a.m.], local time at •.

**Purpose of the Special Meeting**

The purpose of the Moore Wallace special meeting is:

for securityholders to consider pursuant to an interim order of the Ontario Superior Court of Justice dated •, 2004 and, if deemed advisable, to pass, with or without variation, the arrangement resolution;

for shareholders to consider and vote on the Moore Wallace share issuance proposal; and

for shareholders to transact any other business as may properly come before the Moore Wallace special meeting or any adjournment or postponement of the Moore Wallace special meeting.

Copies of the arrangement resolution, the combination agreement and the form of plan of arrangement are attached to this document as Annexes A, B and C, respectively. Moore Wallace securityholders are encouraged to review the arrangement resolution, the combination agreement, the form of plan of arrangement and this document carefully and in their entirety before deciding how to vote.

**Record Date**

Pursuant to the interim order issued by the Ontario Superior Court of Justice, the record date for determining the Moore Wallace securityholders entitled to notice of and to vote at the Moore Wallace special meeting will be •, 2004.

**Outstanding Securities**

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As of •, 2004, the record date for the Moore Wallace special meeting, • Moore Wallace common shares were outstanding options to purchase • Moore Wallace common shares were outstanding and • Moore Wallace restricted stock units were outstanding.

### **Securities Entitled to Vote**

Moore Wallace securityholders at the close of business on •, 2004, the record date for the Moore Wallace special meeting, will be entitled to vote at the Moore Wallace special meeting.

Voting rights are as follows:

each holder of Moore Wallace common shares outstanding as of the record date is entitled to one vote per share held on all matters to come before the Moore Wallace special meeting, including the arrangement resolution and the Moore Wallace share issuance proposal;

each holder of Moore Wallace options as of the record date is entitled to one vote on the arrangement resolution for each Moore Wallace common share that would be received on a valid exercise of that holder's Moore Wallace options regardless of whether they are presently exercisable as of the record date; and

each holder of Moore Wallace restricted stock units as of the record date is entitled to one vote on the arrangement resolution for each Moore Wallace common share that would be deliverable upon vesting of that holder's Moore Wallace restricted stock units.

### **Vote Required**

Pursuant to the interim order issued by the Ontario Superior Court of Justice, in order to approve the arrangement resolution, at least two-thirds of the votes cast on the arrangement resolution at the Moore Wallace

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special meeting by Moore Wallace securityholders, voting together as a class, in person or by proxy must be in favor of the arrangement resolution. The rules of the New York Stock Exchange require that the Moore Wallace share issuance proposal be approved by a majority of the votes cast on the proposal and that the total votes cast on the proposal represent over 50% of the Moore Wallace common shares entitled to vote.

Because approval of the Moore Wallace share issuance proposal requires that the total vote cast on the proposal must represent more than 50% of the Moore Wallace common shares entitled to vote on the proposal, if you do not vote your Moore Wallace common shares by proxy or in person, it will make it less likely that this requirement will be met.

Moore Wallace's management urges securityholders to complete, date and sign the accompanying proxy form or forms and return it or them promptly in the enclosed postage-paid envelope.

**Approval of the arrangement resolution is necessary in order to complete the transaction.**

## **Recommendation of the Moore Wallace Board of Directors**

### **The Moore Wallace board of directors**

**recommends that Moore Wallace securityholders vote FOR approval of the arrangement resolution; and**

**is not taking a position, and is not making any recommendation, regarding how Moore Wallace shareholders should vote in connection with the Moore Wallace share issuance proposal.**

In considering the recommendation of the Moore Wallace board of directors regarding the arrangement resolution, Moore Wallace securityholders should be aware that some Moore Wallace directors and executive officers have interests in the transaction that may be different from, or in addition to, the interests of Moore Wallace securityholders generally. For more information about these interests, see "The Transaction - Interests of Moore Wallace Directors and Executive Officers in the Transaction" beginning on page 81.

## **Securities Beneficially Owned by Moore Wallace Directors and Executive Officers**

Moore Wallace directors and executive officers beneficially owned • Moore Wallace common shares on the record date, •, 2004, including options to purchase • Moore Wallace common shares exercisable within 60 days after the record date and • Moore Wallace restricted stock units. These securities represent, in the aggregate, •% of the total voting power of Moore Wallace's outstanding securities entitled to vote on the arrangement resolution at the Moore Wallace special meeting and •% of the total voting power of Moore Wallace's outstanding common shares entitled to vote on the Moore Wallace share issuance proposal at the Moore Wallace special meeting. Although none of the members of the board of directors of Moore Wallace or its executive officers has executed voting agreements, based solely on discussions with its board of directors and executive officers, to Moore Wallace's knowledge, the directors and executive officers of Moore Wallace and their affiliates intend to vote their Moore Wallace securities in favor of the arrangement resolution.

For more information regarding beneficial ownership of Moore Wallace securities by each current Moore Wallace director, certain executive officers of Moore Wallace and all directors and executive officers of Moore Wallace as a group, see Security Ownership of Certain Beneficial Owners and Management beginning on page 119.

### **Quorum**

A quorum of securityholders is necessary to hold a valid meeting. Under Moore Wallace's by-laws, at least two persons present in person and entitled to vote at the Moore Wallace special meeting will constitute a quorum for the transaction of business at the Moore Wallace special meeting. Under the CBCA, if a quorum is not present, the Moore Wallace special meeting may be adjourned to a fixed time and place.

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### Non-Registered Shareholders

Holders of Moore Wallace common shares who do not hold their Moore Wallace common shares in their own name (to whom we refer in this document as non-registered shareholders) should note that only proxies deposited by holders of Moore Wallace common shares whose names appear on the records of Moore Wallace as the registered holders of Moore Wallace common shares can be recognized and acted upon at the Moore Wallace special meeting. If Moore Wallace common shares are listed in an account statement provided to a shareholder by a broker or other intermediary, then in almost all cases those Moore Wallace common shares will not be registered under the name of the holder on the records of Moore Wallace. Such Moore Wallace common shares will more likely be registered under the name of the non-registered shareholder's broker or other intermediary or an agent or nominee of that broker or other intermediary. Moore Wallace common shares held by brokers, other intermediaries or agents or nominees of brokers or other intermediaries can only be voted (for or against any resolution) or withheld from voting upon the instructions of the non-registered shareholder. Without specific instructions, brokers, other intermediaries and agents or nominees of brokers and other intermediaries are prohibited from voting Moore Wallace common shares for their clients.

Applicable Canadian regulatory policy requires brokers and other intermediaries to seek voting instructions from non-registered shareholders in advance of the Moore Wallace special meeting. Every broker and intermediary has its own mailing procedures and provides its own return instructions, which should be carefully followed by non-registered shareholders in order to ensure that their Moore Wallace common shares are voted at the Moore Wallace special meeting. The voting instructions form or proxy supplied to a non-registered shareholder by or on behalf of the non-registered shareholder's broker or other intermediary is limited to instructing the broker or other intermediary how to vote on behalf of the non-registered shareholder. A non-registered shareholder receiving a voting instruction form or proxy from a broker, other intermediary or an agent or nominee of a broker or other intermediary cannot use that document to vote Moore Wallace common shares directly at the Moore Wallace special meeting. Instead, the proxy must be returned to the broker or other intermediary pursuant to the instructions accompanying it well in advance of the deadline for the receipt of proxies in order to have such Moore Wallace common shares voted.

### Voting by Proxy

Each form of proxy accompanying this document confers discretionary authority upon the proxy nominees named in the form of proxy with respect to any amendments or variations as to the matter identified in the notice of the Moore Wallace special meeting and any other matter that may properly come before the Moore Wallace special meeting or any adjournment or postponement thereof. As of the date of this document, Moore Wallace's management is not aware of any such amendments or variations or of other matters to be presented for action at the Moore Wallace special meeting.

If a proxy is signed and returned, the securities represented by the proxy will be voted in accordance with those instructions marked on the proxy. **If no instructions are marked, the securities represented by the proxy:**

**will be voted FOR the arrangement resolution and at the proxy holder's discretion with respect to amendments or variations of the matters described in the Moore Wallace notice of special meeting and any other matter which may properly come before the Moore Wallace special meeting or any adjournment or postponement thereof; and**

**will not be voted with respect to the Moore Wallace share issuance proposal.**

The persons named in the enclosed Moore Wallace form of proxy are officers of Moore Wallace. **However, a Moore Wallace securityholder has the right to appoint a person (who need not be a Moore Wallace securityholder) other than the persons designated in the form of**

**proxy to represent such securityholder at**

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**the Moore Wallace special meeting and may exercise such right by inserting the name in full of the desired person in the blank space provided in the form of proxy.**

Securityholders who do not expect to attend the Moore Wallace special meeting in person are requested to complete, sign, date and return the enclosed form of proxy in the enclosed addressed envelope to Moore Wallace Incorporated c/o •. The form of proxy must be received by no later than • on •, 2004, or in the event the Moore Wallace special meeting is adjourned or postponed, by no later than • on the business day prior to the day fixed for the adjourned or postponed special meeting.

There are three forms of proxy: a yellow proxy applicable to holders of Moore Wallace common shares, a gray proxy applicable to holders of Moore Wallace options; and a blue proxy applicable to holders of Moore Wallace restricted stock units. If you have received the wrong form of proxy, please contact • for the correct form at the address and phone number provided below under Solicitation of Proxies.

## **Revocation of Proxies**

A registered holder of Moore Wallace common shares or a holder of Moore Wallace options or Moore Wallace restricted stock units executing the enclosed form of proxy has the power to revoke it:

by attending the Moore Wallace special meeting and voting in person. The securityholder's attendance at the Moore Wallace special meeting alone will not revoke the securityholder's proxy. The securityholder must also vote at the Moore Wallace special meeting in order to revoke the securityholder's previously submitted proxy;

by written notice stating that the securityholder would like to revoke the securityholder's proxy, signed by the securityholder or the securityholder's attorney authorized in writing or, where the securityholder is a corporation, by a duly authorized officer or attorney of the corporation. The written notice of revocation must be delivered to Moore Wallace at the address specified below no later than 5:00 p.m. (Toronto time) on the last business day immediately preceding the date of the Moore Wallace special meeting, or any adjournment or postponement thereof, or be delivered to the chairman of the Moore Wallace special meeting at the Moore Wallace special meeting; or

by completing and submitting a new, later-dated proxy form by mail to the address specified below no later than 5:00 p.m. (Toronto time) on the last business day immediately preceding the date of the Moore Wallace special meeting.

Securityholders should send any notice of revocation or completed new proxy form, as the case may be, to Moore Wallace at the following address:

Moore Wallace Incorporated

c/o •

A proxy may also be revoked in any other manner permitted by law.

Moore Wallace shareholders whose shares are held in street name must contact their brokers or other intermediaries and follow the instructions provided to them in order to revoke their proxies.

#### **Solicitation of Proxies**

**This document is being furnished in connection with the solicitation of proxies by the management of Moore Wallace for use at the Moore Wallace special meeting on •, 2004.** Moore Wallace will pay the costs of soliciting proxies from Moore Wallace securityholders. In addition to sending this document and accompanying proxy form by mail, Moore Wallace directors, officers or employees may solicit proxies in person, by telephone or by electronic transmission. Moore Wallace does not reimburse its directors, officers or employees for

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soliciting proxies. Moore Wallace has retained • to assist in the distribution and solicitation of proxies and has agreed to pay • a base fee of \$• (excluding fees for additional securityholder services), plus reasonable expenses, for these services. Moore Wallace also reimburses brokers and other intermediaries for their expenses in sending these materials to and obtaining voting instructions from their principals.

The extent to which these proxy soliciting efforts will be necessary depends entirely upon how promptly proxies are submitted. You should submit your proxy without delay.

If you have received the wrong form of proxy, please contact • for the correct form at the following address and phone number:

[INSERT PROXY SOLICITOR ADDRESS INFORMATION]

## **Dissent Rights**

Pursuant to the interim order issued by the Ontario Superior Court of Justice, registered holders of Moore Wallace common shares have been granted the right to dissent with respect to the arrangement resolution. If the arrangement becomes effective, a registered holder of Moore Wallace common shares who properly dissents will be entitled to be paid the fair value of such holder's Moore Wallace common shares by Moore Wallace. **This right to dissent is described in this document, in the interim order, which is attached to this document as Annex D, and in Section 190 of the CBCA, which is attached to this document as Annex G. The dissent procedures require that a registered holder of Moore Wallace common shares who wishes to dissent must provide to Moore Wallace Incorporated, 1200 Lakeside Drive, Bannockburn, Illinois 60015, Attention: Secretary, a dissent notice prior to 5:00 p.m. (Toronto time) on the last business day preceding the Moore Wallace special meeting. It is important that holders of Moore Wallace common shares strictly comply with this requirement, which is different from the statutory dissent procedures under the CBCA that would permit a dissent notice to be provided at or any time prior to the Moore Wallace special meeting. Failure to comply strictly with the dissent procedures may result in the loss or unavailability of any right of dissent. See The Transaction Dissenting Shareholder Rights beginning on page 77.**

## **Other Matters**

Moore Wallace does not expect that any matter other than the arrangement resolution and the Moore Wallace share issuance proposal will be raised at the Moore Wallace special meeting. If, however, other matters are properly raised at the Moore Wallace special meeting, the persons named as proxies will vote in accordance with the recommendations of the Moore Wallace board of directors.

## **Presence of Accountants**

Representatives of Deloitte & Touche LLP, Moore Wallace's independent accountants, are expected to attend the Moore Wallace special meeting and will have an opportunity to make a statement if they desire to do so. Such representatives are also expected to be available to respond to appropriate questions.

**Moore Wallace Shareholder Account Maintenance**

Moore Wallace's transfer agent is Computershare Trust Company of Canada. All communications concerning accounts of Moore Wallace shareholders of record, including address changes, name changes, inquiries as to requirements to transfer common shares and similar issues can be handled by calling Computershare Trust Company of Canada at (800) 564-6253. For other information about Moore Wallace, securityholders may visit Moore Wallace's web site at [www.moorewallace.com](http://www.moorewallace.com).

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### **THE TRANSACTION**

*The following discussion contains material information pertaining to the transaction, including the combination agreement and the plan of arrangement. This discussion is subject, and qualified in its entirety by reference, to the combination agreement and the form of plan of arrangement, which are attached to this document as Annex B and Annex C, respectively. We urge you to read and review the combination agreement and the form of plan of arrangement in their entirety as well as the discussion in this document.*

#### **General**

This section provides material information about the combination of RR Donnelley and Moore Wallace and the circumstances surrounding the transaction. The next sections of this document, entitled *Transaction Mechanics* and *The Combination Agreement* beginning on pages 86 and 92, respectively, contain additional and more detailed information regarding the legal documents that govern the transaction, including information about the conditions to completion of the transaction and the provisions for terminating the combination agreement.

Both the RR Donnelley board of directors and the Moore Wallace board of directors have approved the combination agreement. The combination agreement and the plan of arrangement provide that a subsidiary of RR Donnelley (which we refer to in this document as SubCo) will acquire all of the outstanding Moore Wallace common shares (other than those held by Moore Wallace shareholders who properly exercise their dissent rights and are entitled to be paid the fair value of their Moore Wallace common shares and those held by RR Donnelley and its subsidiaries, which shares will be cancelled), subject to, among other things:

approval of the RR Donnelley share issuance proposal by RR Donnelley shareholders;

approval of the arrangement resolution by Moore Wallace securityholders; and

approval of the arrangement by the Ontario Superior Court of Justice.

As a consequence of the transaction, Moore Wallace will become an indirect, wholly owned subsidiary of RR Donnelley. Pursuant to the transaction, SubCo will acquire all of the outstanding common shares of Moore Wallace (other than those held by Moore Wallace shareholders who properly exercise their dissent rights and are entitled to be paid the fair value of their Moore Wallace common shares and those held by RR Donnelley or its subsidiaries, which shares will be cancelled), and Moore Wallace shareholders (other than those holders who properly exercise their dissent rights and are entitled to be paid the fair value of their Moore Wallace common shares and RR Donnelley and its subsidiaries, all of whose shares will be cancelled) will receive from SubCo for each Moore Wallace common share held 0.63 of a share of RR Donnelley common stock.

Moore Wallace shareholders who properly exercise their dissent rights will be entitled to be paid the fair value of their Moore Wallace common shares. Non-registered holders of Moore Wallace common shares,

Moore Wallace option holders and Moore Wallace restricted stock unit holders are not entitled to dissent rights. Dissenters' appraisal rights under the DGCL are not available to RR Donnelley shareholders in connection with the transaction. See *Dissenting Shareholder Rights* beginning on page 77.

**Background of the Transaction**

During the spring and summer of 2003, Mark A. Angelson, the current chief executive officer of Moore Wallace, and William L. Davis, the current chairman, president and chief executive officer of RR Donnelley, met in social settings and discussed state and local legislative initiatives of common interest and other industry issues. In July 2003, RR Donnelley announced that Mr. Davis would retire as chief executive officer of RR Donnelley upon appointment of a successor.

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In connection with the consideration of CEO succession alternatives, Stephen M. Wolf, an RR Donnelley director and chair of the RR Donnelley CEO search committee, and representatives of Morgan Stanley discussed the possibility of a business combination transaction between RR Donnelley and Moore Wallace and the possibility of Mr. Angelson succeeding Mr. Davis as chief executive officer of the combined company.

In early August 2003, representatives of RR Donnelley called Mr. Angelson and suggested that he and Mr. Wolf should meet. On August 27, 2003, Mr. Angelson and Mr. Wolf met and discussed the possibility of exploring a potential strategic business combination of RR Donnelley and Moore Wallace, including the possibility that Mr. Angelson would become the chief executive officer of the combined company. On September 4, 2003, at a special meeting of the RR Donnelley board of directors, Mr. Wolf informed the board of his communications with Moore Wallace, and RR Donnelley's financial advisor provided information on Moore Wallace. At that meeting, the RR Donnelley board authorized continued discussions with Moore Wallace regarding a possible combination.

As a result of preliminary discussions between Mr. Wolf and Mr. Angelson, the two companies decided that they should exchange certain non-public information concerning their respective businesses in order to explore further whether a combination would be of sufficient interest to both parties. Accordingly, RR Donnelley and Moore Wallace entered into a confidentiality agreement on September 7, 2003 regarding the exchange of confidential information.

Thereafter, representatives of Moore Wallace and RR Donnelley exchanged and reviewed financial and other information concerning the two companies and discussed possible transaction structures and general terms of a potential combination. On September 25, 2003, at a meeting of the RR Donnelley board of directors, Mr. Wolf discussed the status of the discussions with Moore Wallace. Also, at that meeting, Mr. Angelson and other members of Moore Wallace's senior management made a presentation to the RR Donnelley board of directors regarding Moore Wallace and its business. In early October 2003, Mr. Angelson met with three other RR Donnelley directors, Thomas S. Johnson, Bide L. Thomas and Judith H. Hamilton, who, together with Mr. Wolf, comprised the RR Donnelley CEO search committee. During September and early October 2003, Mr. Angelson and Mr. Wolf kept their respective boards of directors apprised of the discussions between the companies.

During late September and throughout October 2003, due diligence and discussions between management and the representatives of each company continued. From time to time throughout October and early November 2003, senior management of Moore Wallace and senior management of RR Donnelley discussed their respective businesses and structural and general terms of the proposed combination. In early October, Mr. Angelson met individually with four additional RR Donnelley directors and had telephone conversations with others. During this period, Mr. Angelson and Mr. Wolf kept their respective boards of directors apprised of the discussions between the companies.

On October 9, 2003, at a special meeting of the RR Donnelley board of directors, members of RR Donnelley's senior management provided the board with their preliminary assessment of a possible combination. RR Donnelley's financial advisor presented a preliminary analysis of the financial consequences of a business combination. In addition, RR Donnelley's outside legal counsel discussed with the directors their fiduciary duties and other legal matters.

On each of October 14 and 15, 2003, the Moore Wallace board of directors met, and Moore Wallace's senior management and financial advisor discussed with the directors the status of discussions with RR Donnelley, a preliminary analysis of the financial consequences of a proposed combination, the proposed structure of the combination, preliminary information relating to the consequences and rationale for possible exchange ratios, the expected credit rating impact of the proposed transaction and proposed next steps. In addition, Moore Wallace's outside legal counsel discussed with the directors their fiduciary duties and other relevant legal matters, including the tax consequences of the potential transaction structure.



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Commencing on October 15, 2003 and throughout the rest of October and early November 2003, Mr. Angelson and Mr. Wolf discussed the financial and other material terms of the proposed combination, including governance arrangements.

On October 17, 2003, legal counsel of RR Donnelley provided Moore Wallace and its legal counsel with a draft of the combination agreement. Following such time, legal representatives, financial advisors and management of Moore Wallace and RR Donnelley began negotiating the terms of the combination agreement.

On October 23 and 30, 2003, special telephonic meetings of the RR Donnelley board of directors were held at which Mr. Wolf and RR Donnelley's senior management and advisors provided updates on the negotiation of the combination agreement and the preliminary results of their due diligence review. At each of the meetings, the RR Donnelley board discussed, among other matters, the strategic rationale for the proposed transaction and the economic terms of the proposed transaction.

On October 27, 2003, at a special meeting of the Moore Wallace board of directors, Moore Wallace's senior management and financial advisor provided an update on the transaction discussions to date and discussed with the Moore Wallace board the strategic implications and possible benefits and risks of the proposed transaction between Moore Wallace and RR Donnelley, including potential structural alternatives for the proposed combination. Moore Wallace's management and financial advisor also reviewed with the board other alternatives which could be pursued by Moore Wallace, including continuing to pursue its current business plans.

On November 2, 2003, at a special meeting of the RR Donnelley board of directors, Mr. Wolf, RR Donnelley's senior management and its advisors provided an update on the proposed transaction discussions and the due diligence review conducted to date. RR Donnelley's financial advisor reviewed and discussed with the board its preliminary financial analysis of the combination.

On November 2, 2003, at a special telephonic meeting of the Moore Wallace board of directors, Moore Wallace's senior management and financial advisor provided an update on the transaction discussions to date, and senior management of Moore Wallace described the strategic rationale for the proposed combination and the results of its due diligence review to date. Moore Wallace's senior management and financial advisor responded to questions from the Moore Wallace board, and the Moore Wallace board discussed, among other matters, the economic terms of the proposed transaction and the rationale and advisability of proceeding with the proposed transaction. On November 3, 2003, at a special telephonic meeting of the Moore Wallace board of directors, the board again discussed the rationale and advisability of proceeding with the proposed transaction and agreed in principle to a 0.63 exchange ratio. Following the telephonic meeting, and with the knowledge of the Moore Wallace board, RR Donnelley and Mr. Angelson began negotiating the terms of his employment agreement, which would become effective only upon completion of the transaction, and due diligence and negotiations of the terms of the combination agreement continued.

On November 5, 2003, at a special telephonic meeting of the RR Donnelley board of directors, Mr. Wolf, RR Donnelley's senior management and legal and financial advisors updated the RR Donnelley board of directors regarding the status of the negotiations with Moore Wallace, including the proposed terms of the combination agreement and the employment agreement with Mr. Angelson. The senior management also provided an update on the due diligence review conducted to date.

In the afternoon of November 7, 2003, the RR Donnelley board held a special telephonic meeting to discuss further the proposed business combination. Mr. Wolf, RR Donnelley's senior management and legal and financial advisors updated the board regarding recent negotiations. RR Donnelley's senior management and legal and financial advisors reviewed and discussed with the board the terms of the proposed combination agreement. RR Donnelley's financial advisor provided the RR Donnelley board of directors with an updated analysis of the



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financial terms and the proposed combination. RR Donnelley's legal counsel discussed with the directors their fiduciary duties and other legal matters. RR Donnelley's board of directors next considered and discussed the factors set forth under RR Donnelley's Reasons for the Transaction; Recommendation of the RR Donnelley Board of Directors. Mr. Wolf indicated that the terms of Mr. Angelson's proposed employment agreement had not been finally negotiated so the board meeting was adjourned until the next afternoon.

In the morning of November 7, 2003, the Moore Wallace board met again to discuss the potential combination. Moore Wallace's senior management and its legal and financial advisors updated the board on the status of the negotiations, and the economic and other terms of the combination agreement and Mr. Angelson's employment agreement were reviewed and discussed with the Moore Wallace board, including in response to questions from the Moore Wallace board. Senior management of Moore Wallace described for the board the strategic rationale for the proposed transaction, the results of its due diligence review of RR Donnelley and its integration strategy for the combined company and responded to questions from the board. Moore Wallace's financial advisor presented the Moore Wallace board with its financial analysis of the combination and, following such presentation, provided its oral opinion that, the exchange ratio was, as of that date, and based upon and subject to the factors and assumptions set forth in the opinion, fair, from a financial point of view, to the holders of Moore Wallace common shares. Following these presentations, discussions and questions, the Moore Wallace board considered and discussed the factors set forth under Moore Wallace's Reasons for the Transaction; Recommendation of the Moore Wallace Board of Directors.

In the evening of November 7, 2003, the Moore Wallace board of directors reconvened telephonically with its legal advisors. After additional discussions, the Moore Wallace board unanimously approved the combination agreement and the transactions contemplated by the combination agreement and recommended that Moore Wallace securityholders approve the plan of arrangement. On November 8, 2003, Moore Wallace's financial advisor provided its written fairness opinion, dated November 8, 2003, to the same effect as the oral opinion delivered on November 7, 2003.

In the morning of November 8, 2003, the human resources committee of the RR Donnelley board met to consider the terms of Mr. Angelson's proposed employment agreement. An employee benefits consultant retained by RR Donnelley compared the significant terms to market data. At the direction of the committee, further negotiations regarding the terms of the employment agreement occurred in the early afternoon of November 8, 2003.

In the afternoon of November 8, 2003, the RR Donnelley board of directors met again to discuss the business combination. Mr. Wolf and RR Donnelley's legal and financial advisors updated the board on negotiations with Mr. Angelson and reviewed the terms of Mr. Angelson's proposed employment agreement. The employee benefits consultant retained by RR Donnelley compared the significant terms to market data. The RR Donnelley board discussed the terms of the combination agreement and the employment agreement as well as the strategic rationale for the proposed transaction. RR Donnelley's financial advisor then delivered its oral opinion, which was subsequently confirmed by delivery of a written opinion, that, as of that date and subject to the factors and assumptions set forth in the opinion, the exchange ratio was fair, from a financial point of view, to RR Donnelley. Thereafter, the RR Donnelley board of directors voted unanimously to approve the combination agreement and the employment agreement with Mr. Angelson.

The combination agreement and Mr. Angelson's employment agreement were entered into on November 8, 2003, and the transaction was publicly announced on November 9, 2003.

**RR Donnelley's Reasons for the Transaction; Recommendation of the RR Donnelley Board of Directors**

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In the course of making its decision to approve the transaction, the board of directors of RR Donnelley consulted with RR Donnelley's management as well as its financial advisor and outside legal counsel and considered a number of factors, including the following:

*Strategic Rationale.* RR Donnelley and Moore Wallace have complementary businesses with diversified product portfolios presenting opportunities for enhanced revenue growth. In addition, both RR Donnelley and

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Moore Wallace have a strong customer base and a diversified manufacturing platform from which to grow. The combined company will have a comprehensive suite of products to offer to its broader customer base. Finally, the combined company will have significant scale, scope and strength of operations.

*Financial Rationale.* The transaction is expected to be accretive to RR Donnelley's earnings in the first full year of operations, excluding the impact of transaction-related charges. The combined company is expected to generate cost savings of at least \$100 million on an annualized basis in the first 12 to 24 months after the closing of the transaction. The combined company is also expected to generate substantial cash flow in the first year of consolidated operations.

*Trends in the Print Industry.* The commercial print industry has experienced significant consolidation in recent years. In addition, the print industry has experienced significant technological changes in recent years, including electronic distribution of information and migration from paper-based forms to digital formats. Success in the commercial print industry has become more dependent on achieving economies of scale and serving customers more efficiently.

*Chief Executive Officer.* The transaction allows RR Donnelley to end its previously announced search for a new chief executive officer of RR Donnelley caused by the announced retirement of RR Donnelley's current chairman, president and chief executive officer. The RR Donnelley board of directors viewed Mark A. Angelson, the chief executive officer of Moore Wallace, as an appropriate successor to the RR Donnelley chief executive officer, and the RR Donnelley board believes that Mr. Angelson has the ability to lead the combined company. In addition, the RR Donnelley board of directors considered the terms of the employment agreement under which Mr. Angelson will serve as chief executive officer of the combined company as well as the views of an independent compensation consultant on such terms.

*Corporate Governance Structure.* RR Donnelley will contribute eight directors and Moore Wallace will contribute seven directors to the combined company's board of directors, providing RR Donnelley with a majority of directors of the combined company. RR Donnelley and Moore Wallace will each contribute two members to each of the audit, finance, corporate responsibility and governance and human resources committees of the board of the combined company; and current RR Donnelley directors will chair the corporate responsibility and governance and the human resources committees of the board of the combined company. Three of the seven members of the executive committee of the combined company will be current RR Donnelley directors. In addition, RR Donnelley director Stephen M. Wolf will become the non-executive chairman of the board of directors of the combined company. See *The Transaction Interests of Moore Wallace Directors and Executive Officers in the Transaction* beginning on page 81.

*Name and Headquarters of Combined Company.* The combined company will retain the R.R. Donnelley & Sons Company name and be headquartered in Chicago, Illinois.

*Dilution of RR Donnelley Shareholders' Ownership Interest in the Combined Company; Ownership Interest by Moore Wallace Shareholders in the Combined Company.* As a result of the issuance of shares of RR Donnelley common stock in the transaction, RR Donnelley's existing shareholders will experience a significant degree of dilution in their ownership of RR Donnelley. Upon completion of the transaction and based on the number of shares of RR Donnelley common stock and Moore Wallace common shares outstanding as of ●, 2004, RR Donnelley and Moore Wallace shareholders will own, respectively, approximately ●% and ●% of the combined company.

*Strategic Alternatives Previously Considered by the Board.* The RR Donnelley board of directors noted its history of discussions with third parties concerning strategic alternatives. The board observed that the board of directors of RR Donnelley and management had investigated and discussed strategic alternatives over a several-year period.



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*Combination Agreement.* The RR Donnelley board of directors considered the terms and conditions of the combination agreement, including provisions that allow each of Moore Wallace and RR Donnelley to pursue unsolicited superior proposals and related termination fee and right-to-match provisions.

*Consideration in Comparable Transactions; Historical and Recent Share Prices.* In connection with its review, the RR Donnelley board of directors considered the analyses prepared by Morgan Stanley & Co. Incorporated relating to several comparable transactions. The RR Donnelley board of directors also reviewed the historical and current market prices of RR Donnelley common stock and Moore Wallace common shares, including that the exchange ratio represented a 16% premium over the closing price of Moore Wallace common shares based on the closing share prices of both companies on the New York Stock Exchange on Friday, November 7, 2003, the last trading day before the day on which the transaction was publicly announced.

*Due Diligence.* The RR Donnelley board of directors noted the positive results of the due diligence review conducted by RR Donnelley's management and RR Donnelley's financial and legal advisors.

*Regulatory Approvals Required in Connection with Transaction.* The RR Donnelley board of directors expected that regulatory approvals needed to complete the transaction would be obtained.

*Likelihood of Completion of the Combination.* The RR Donnelley board of directors considered the likelihood that the transaction would be completed given the conditions necessary to be satisfied in order to complete the transaction.

*Analyses, Presentations and Fairness Opinion of Financial Advisor.* On November 8, 2003, Morgan Stanley delivered its written opinion to the RR Donnelley board of directors that, as of November 8, 2003, and based upon and subject to the assumptions, qualifications and limitations discussed in the opinion, the exchange ratio pursuant to the combination agreement was fair, from a financial point of view, to RR Donnelley. See *Opinion of RR Donnelley's Financial Advisor* beginning on page 61.

The RR Donnelley board of directors weighed these advantages and opportunities while considering the following:

*Transaction Integration Issues.* The RR Donnelley board of directors considered the challenges inherent in the combination of two enterprises of the size and scope of RR Donnelley and Moore Wallace and the possible resulting diversion of management attention for an extended period of time; the risk that anticipated benefits, long-term as well as short-term, of the combination for the RR Donnelley shareholders might not be realized; the fact that Moore Wallace is still in the process of integrating the Moore Wallace and WCS businesses which were combined in May 2003; and Moore Wallace management's proven track record of successfully integrating acquisitions in the past.

*Dissent Rights.* The RR Donnelley board of directors noted the availability of dissent rights to the Moore Wallace shareholders and that the combination agreement contains a condition that Moore Wallace shareholders representing in excess of 15% of the outstanding Moore Wallace common shares will not have exercised rights of dissent in connection with the transaction.

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The RR Donnelley board of directors recognized that there can be no assurance about future results, including results expected or considered in the factors listed above. The RR Donnelley board of directors concluded, however, that the potential positive factors outweighed the potential risks of completing the transaction.

The foregoing discussion of the information and factors considered by the RR Donnelley board of directors is not exhaustive, but includes all material factors considered by the RR Donnelley board of directors. In view of the wide variety of factors considered by the RR Donnelley board in connection with its evaluation of the

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transaction and the complexity of such matters, the RR Donnelley board of directors did not consider it practical to, nor did it attempt to, quantify, rank or otherwise assign relative weights to the specific factors that it considered in reaching its decision. In considering the factors described above, individual members of the RR Donnelley board of directors may have given different weight to different factors and may have applied different analyses to each of the material factors considered by the RR Donnelley board of directors.

**The RR Donnelley board of directors has unanimously approved the combination agreement and the transaction and believes that the terms of the transaction are in the best interests of RR Donnelley and its shareholders. The RR Donnelley board of directors unanimously recommends a vote FOR the RR Donnelley share issuance proposal and FOR the performance incentive plan proposal.**

### **Opinion of RR Donnelley's Financial Advisor Morgan Stanley & Co. Incorporated**

RR Donnelley engaged Morgan Stanley to provide it with certain financial advisory services and a financial fairness opinion in connection with the transaction. The RR Donnelley board of directors selected Morgan Stanley based on Morgan Stanley's qualifications, expertise and reputation and its knowledge of the business and affairs of RR Donnelley. At the meeting of the RR Donnelley board of directors on November 8, 2003, Morgan Stanley rendered its oral opinion, subsequently confirmed in writing, that as of November 8, 2003, and based on and subject to the considerations in its opinion, the exchange ratio pursuant to the combination agreement was fair from a financial point of view to RR Donnelley.

*The full text of Morgan Stanley's opinion, dated November 8, 2003, which sets forth, among other things, the assumptions made, procedures followed, matters considered and limitations on the review undertaken by Morgan Stanley in rendering its opinion, is attached as Annex E to this document and incorporated into this document by reference. We urge you to read this opinion carefully and in its entirety. Morgan Stanley's opinion is directed to the RR Donnelley board of directors and addresses only the fairness of the exchange ratio pursuant to the combination agreement from a financial point of view to RR Donnelley as of the date of the opinion. The opinion does not address any other aspect of the transaction or constitute a recommendation as to how Moore Wallace securityholders should vote on the arrangement resolution or as to how RR Donnelley shareholders should vote on the RR Donnelley share issuance proposal or performance incentive plan proposal. This summary is qualified in its entirety by reference to the full text of Morgan Stanley's opinion.*

In rendering its opinion, Morgan Stanley, among other things:

reviewed certain publicly available financial statements and other business and financial information of RR Donnelley and Moore Wallace, respectively;

reviewed certain internal financial statements and other financial and operating data concerning RR Donnelley and Moore Wallace, respectively;

reviewed certain financial forecasts for RR Donnelley prepared by the management of RR Donnelley;

reviewed certain financial forecasts for Moore Wallace prepared by the managements of RR Donnelley and Moore Wallace, respectively;

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reviewed information relating to certain strategic, financial and operational benefits anticipated from the transaction, prepared by the managements of RR Donnelley and Moore Wallace, respectively;

discussed the past and current operations and financial condition and the prospects of RR Donnelley, including information relating to strategic, financial and operational benefits anticipated from the transaction, with management of RR Donnelley;

discussed the past and current operations and financial condition and the prospects of Moore Wallace, including information relating to strategic, financial and operational benefits anticipated from the transaction, with management of Moore Wallace;

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reviewed the pro forma impact of the transaction on RR Donnelley's earnings per share, cash flow, consolidated capitalization and financial ratios;

reviewed the reported prices and trading activity for RR Donnelley common stock and Moore Wallace common shares;

compared the financial performance of RR Donnelley and Moore Wallace and the prices and trading activity of RR Donnelley common stock and Moore Wallace common shares with that of several publicly-traded companies comparable with RR Donnelley and Moore Wallace, respectively, and their securities;

reviewed the financial terms, to the extent publicly available, of certain comparable acquisition transactions;

participated in discussions and negotiations among representatives of RR Donnelley, their legal advisors and representatives of Moore Wallace and their financial and legal advisors;

reviewed the combination agreement and related documents; and

performed such other analyses and considered such other factors that Morgan Stanley deemed appropriate.

Morgan Stanley assumed and relied upon, without independent verification, the accuracy and completeness of the information supplied or otherwise made available to Morgan Stanley by RR Donnelley and Moore Wallace for the purposes of its opinion. With respect to the financial forecasts and other financial and operating data, including information relating to certain strategic, financial and operational benefits anticipated from the transaction, Morgan Stanley assumed that they were reasonably prepared on bases reflecting the best currently available estimates and judgments of the future financial performance of RR Donnelley and Moore Wallace. In addition, Morgan Stanley relied upon the assessment by the managements of RR Donnelley and Moore Wallace of: (i) their ability to achieve such forecasts within the time periods discussed with management, including the strategic, financial and operational benefits expected to result from the transaction and (ii) the timing and risks associated with the integration of Moore Wallace with RR Donnelley. Morgan Stanley assumed that in connection with the receipt of all necessary regulatory approvals for the proposed transaction, no restrictions would be imposed that would have a material adverse effect on the contemplated benefits expected to be derived in the proposed transaction. Morgan Stanley did not make any independent valuation or appraisal of the assets or liabilities of RR Donnelley or Moore Wallace, nor had it been furnished with any such appraisals. In addition, Morgan Stanley assumed that the transaction would be completed in accordance with the terms set forth in the combination agreement including, among other things, that the transaction would be treated as a tax-free reorganization pursuant to the Internal Revenue Code. Morgan Stanley's opinion was necessarily based on financial, economic, market and other conditions as in effect on, and the information made available to it as of, November 8, 2003.

The following is a summary of all the material financial analyses performed by Morgan Stanley in connection with its oral opinion and the preparation of its written opinion dated November 8, 2003. These summaries of financial analyses include information presented in tabular format. To fully understand the financial analyses used by Morgan Stanley, the tables must be read together with the text of each summary. The tables alone do not constitute a complete description of the financial analyses.

*Historical Share Price Performance.* Morgan Stanley compared the historical trading performance of RR Donnelley common stock and Moore Wallace common shares with that of a group of selected printing industry companies that included The Standard Register Company, Banta Corporation, Consolidated Graphics Inc., Quebecor World Inc., Bowne & Co. and G.T.C. Transcontinental Group Ltd. These companies were selected because they participate in the printing industry and possess financial and operating characteristics that are similar to those of RR Donnelley or Moore Wallace. However, none of the companies utilized in this analysis as a comparison is identical to RR Donnelley or Moore Wallace.



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This analysis showed that the closing market prices during the period from October 31, 1993 through October 31, 2003 changed as follows:

	<b>Appreciation/ (Depreciation)</b>
RR Donnelley	(11%)
Moore Wallace	(32%)
Selected Printing Industry Companies	55%

Morgan Stanley also reviewed the forward price to earnings ratios for RR Donnelley common stock and Moore Wallace common shares from January 1, 1993 through October 31, 2003 based on next 12 months First Call estimates (excluding negative ratios and ratios above 50 times). The table below shows the average next 12 months price to earnings ratio over various periods as well as for the prior day close:

<b>Period</b>	<b>Average Next 12 Months P/E</b>	
	<b>RR Donnelley</b>	<b>Moore Wallace</b>
Since 1/1/93	15.8x	15.2x
5-Year	14.2	14.6
1-Year	15.4	12.8
3-Month	17.3	13.1
Current (10/31/03)	17.7	12.8

*Exchange Ratio.* Morgan Stanley reviewed the historical performance of RR Donnelley common stock and Moore Wallace common shares based on an analysis of closing prices since January 1, 1997. Morgan Stanley noted that over the prior three months the exchange ratio reached a high of 0.62 and over that time period averaged 0.57. The table below shows the mean exchange ratio of Moore Wallace closing share price divided by RR Donnelley closing share price over various periods as well as for the prior day close:

<b>Period</b>	<b>Exchange Ratio</b>
Since 1/1/93	0.36x
5-Year	0.32
3-Year	0.38
1-Year	0.55
6-Month	0.56
3-Month	0.57
1-Month	0.54
Current (10/31/03)	0.55

*Discounted Cash Flow Analysis of Moore Wallace.* Morgan Stanley analyzed financial projections prepared by the management of Moore Wallace for the fiscal years 2004-2005 (which we refer to in this document as the Moore Wallace management projections) as well as financial projections developed by Morgan Stanley Equity Research for the fiscal years 2004-2012 (which we refer to in this document as the Moore Wallace street projections).

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The Moore Wallace management projections were prepared in October 2003 and reflected management's view as of that time and were provided solely to Morgan Stanley and RR Donnelley for use in the analysis in connection with the transaction. Moore Wallace has no duty to update, and has not updated, those projections. Beyond 2005, Moore Wallace management projections were extrapolated in conjunction with RR Donnelley management by assuming compound average annual revenue growth of approximately 2.0% and flat earnings before interest, taxes, depreciation and amortization (EBITDA) margins. Morgan Stanley performed a discounted cash flow analysis of Moore Wallace based on both forecasts. Morgan Stanley discounted the unlevered free cash flows of Moore Wallace at a range of discount rates of 8.0% to 10.0%, representing an estimated weighted

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average cost of capital range for Moore Wallace, and terminal values based on a range of multiples of 5.5 to 6.5 times estimated 2014 EBITDA to arrive at a range of present values for Moore Wallace. The present values were then adjusted for Moore Wallace's debt (net of cash), preferred shares, if any, and proceeds from the exercise of outstanding options to arrive at an implied equity value per share. Based on this analysis, Morgan Stanley calculated values representing an implied equity value per share of Moore Wallace common shares ranging from approximately \$17 to \$19 using Moore Wallace management projections and \$19 to \$21 using Moore Wallace street projections.

*Discounted Cash Flow Analysis of RR Donnelley.* Morgan Stanley analyzed financial projections prepared by the management of RR Donnelley for fiscal years 2004-2005 (which we refer to in this document as the RR Donnelley management projections) as well as financial projections developed by Morgan Stanley Equity Research for the fiscal years 2004-2012 (which we refer to in this document as the RR Donnelley street projections).

The RR Donnelley management projections were prepared in October 2003 and reflected management's view as of that time and were provided solely to Morgan Stanley and Moore Wallace for use in the analysis in connection with the transaction. RR Donnelley has no duty to update, and has not updated, those projections. Beyond 2005, RR Donnelley management projections were extrapolated in conjunction with RR Donnelley management by assuming compound average annual revenue growth of approximately 3.3% and modestly increasing EBITDA margins. Morgan Stanley performed a discounted cash flow analysis of RR Donnelley based on both forecasts. Morgan Stanley discounted the unlevered free cash flows of RR Donnelley at a range of discount rates of 7.0% to 9.0%, representing an estimated weighted average cost of capital range for RR Donnelley, and terminal values based on a range of multiples of 5.5 to 6.5 times estimated 2014 EBITDA to arrive at a range of present values for RR Donnelley. The present values were then adjusted for RR Donnelley's debt (net of cash), preferred stock, if any, and proceeds from the exercise of outstanding options to arrive at an implied equity value per share. Based on this analysis, Morgan Stanley calculated values representing an implied equity value per share of RR Donnelley common stock ranging from approximately \$35 to \$39 using RR Donnelley management projections and \$29 to \$33 using RR Donnelley street projections.

The implied exchange ratio resulting from the per share values for both Moore Wallace and RR Donnelley assuming RR Donnelley management projections indicated a range of approximately 0.45 to 0.55. The implied exchange ratio range assuming RR Donnelley street projections indicated a range of approximately 0.58 to 0.71.

*Comparable Company Analysis of RR Donnelley and Moore Wallace.* Morgan Stanley reviewed the current valuation of publicly-traded companies in the printing sector considered to be comparable to RR Donnelley and Moore Wallace. Morgan Stanley reviewed measures of valuation including historical and projected price to earnings ratios and historical and projected aggregate value to EBITDA ratios. The group of selected printing industry companies included Consolidated Graphics Inc., Banta Corporation, Quebecor World Inc., Moore Wallace and RR Donnelley. These companies were selected because they participate in the printing industry and possess financial and operating characteristics that are similar to those of RR Donnelley and Moore Wallace. Morgan Stanley observed a price to 2004 estimated earnings multiple mean of 14.7 times and an aggregate value to 2004 estimated EBITDA multiple mean of 6.2 times for comparable publicly-traded printing companies.

Morgan Stanley selected a multiple range of 5.5 to 6.5 times 2004 estimated EBITDA for Moore Wallace. Applying this multiple to the forecast of 2004 EBITDA in Moore Wallace management projections implied a range of equity value per Moore Wallace common share of between approximately \$12 and \$15. Morgan Stanley also selected a multiple range of 12.5 to 17.5 times 2004 estimated net income for Moore Wallace. Applying this multiple to the forecast of 2004 net income in Moore Wallace management projections implied a range of equity value per Moore Wallace common share of between approximately \$16 and \$22.

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Morgan Stanley selected a multiple range of 5.5 to 6.5 times 2004 estimated EBITDA for RR Donnelley. Applying this multiple to the forecast of 2004 EBITDA in RR Donnelley management projections implied a range of equity value per share of RR Donnelley common stock of between approximately \$23 and \$29. Morgan Stanley also selected a multiple range of 12.5 to 17.5 times 2004 estimated net income for RR Donnelley. Applying this multiple to the forecast of 2004 net income in RR Donnelley management projections implied a range of equity value per share of RR Donnelley common stock of between approximately \$19 and \$26.

The implied exchange ratio range resulting from the per share values on the basis of EBITDA multiples for both Moore Wallace and RR Donnelley was approximately 0.41 to 0.65. The implied exchange ratio range resulting from the per share values on the basis of net income multiples for both Moore Wallace and RR Donnelley was approximately 0.59 to 1.17.

No company utilized in the publicly-traded comparable company analysis was identical to RR Donnelley or Moore Wallace. Morgan Stanley made judgments and assumptions with regard to industry performance, general business, economic, market and financial conditions and other matters, many of which are beyond the control of RR Donnelley and Moore Wallace. Mathematical analysis (such as determining the mean or median) is not itself a meaningful method of using publicly-traded comparable company data.

*Precedent Transactions Analysis of RR Donnelley and Moore Wallace.* Using publicly available information, Morgan Stanley reviewed recent precedent transactions that were considered to be comparable to this transaction. These transactions were selected because they involved the sale of companies that participate in the printing industry. These transactions included (but were not limited to):

Merrill Corporation/DLJ Merchant Banking Partners II, L.P. (1999)

World Color Press, Inc./Quebecor Printing Inc. (n/k/a Quebecor World Inc.) (1999)

Big Flower Holdings, Inc./Thomas H. Lee Equity Fund IV, L.P. and Evercore Partners L.L.C. (1999)

Wallace Computer Services, Inc./Moore Corporation Limited (2003)

Morgan Stanley reviewed publicly available financial information including the aggregate value to the latest 12 month EBITDA. Morgan Stanley observed an aggregate value to latest 12 month EBITDA mean of 7.3 times and a range of 6.7 to 8.1 times for the precedent transactions.

Based on 2003 Moore Wallace EBITDA, and using a multiple range of 6.7 to 8.1 times 2003 EBITDA, a range of implied equity values per Moore Wallace common share was between approximately \$13 and \$16.

Based on 2003 RR Donnelley EBITDA, and using a multiple range of 6.7 to 8.1 times 2003 EBITDA, a range of implied equity values per share of RR Donnelley common stock was between approximately \$27 and \$34.

The implied exchange ratio range resulting from the per share values for both Moore Wallace and RR Donnelley was approximately 0.37 to 0.61.



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*Pro Forma Contribution Analysis.* Morgan Stanley also reviewed the relative percentage contribution of the forecast financial performance for RR Donnelley and Moore Wallace to a pro forma combination assuming Moore Wallace management projections and RR Donnelley management projections. The results are summarized in the table below:

<u>Period</u>	<u>RR Donnelley</u>	<u>Moore Wallace</u>
Revenues		
2003E	58.4%	41.6%
2004E	59.0	41.0
Net Income		
2003E	48.3	51.7
2004E	46.4	53.6
Net Income plus Depreciation and Amortization minus Capital Expenditures		
2003E	46.5	53.5
2004E	44.9	55.1
Market Value as of October 31, 2003	56.6	43.4
EBITDA		
2003E	57.7	42.3
2004E	56.5	43.5
Operating Income		
2003E	50.7	49.3
2004E	50.6	49.4
Aggregate Value as of October 31, 2003	55.3	44.7

*Pro Forma Combination Analysis.* Morgan Stanley analyzed the pro forma impact of the transaction on RR Donnelley's earnings per share, consolidated capitalization and financial ratios, using RR Donnelley management projections and Moore Wallace management projections. Incorporating assumptions with respect to various structural considerations, transaction costs and Moore Wallace and RR Donnelley management estimated synergies, the combination would be accretive to RR Donnelley's earnings per share in 2004 and 2005.

In connection with the review of the transaction by the RR Donnelley board of directors, Morgan Stanley performed a variety of financial and comparative analyses for purposes of rendering its opinion. The preparation of a fairness opinion is a complex process and is not necessarily susceptible to partial analysis or summary description. In arriving at its opinion, Morgan Stanley considered the results of all of its analyses as a whole and did not attribute any particular weight to any analysis or factor considered by it. Morgan Stanley believes that the summary provided and the analyses described above must be considered as a whole and that selecting portions of these analyses, without considering all of them, would create an incomplete view of the process underlying Morgan Stanley's analyses and opinion. In addition, Morgan Stanley may have given various analyses and factors more or less weight than other analyses or factors, and may have deemed various assumptions more or less probable than other assumptions, so that the range of valuations resulting from any particular analysis described above should therefore not be taken to be Morgan Stanley's view of the actual value of Moore Wallace.

In performing its analyses, Morgan Stanley made numerous assumptions with respect to industry performance, general business and economic conditions and other matters, many of which are beyond the control of RR Donnelley and Moore Wallace. Any estimates contained in Morgan Stanley's analyses are not necessarily indicative of future results or actual values, which may be significantly more or less favorable than those suggested by these estimates. The analyses performed were prepared solely as a part of Morgan Stanley's analysis of the fairness of the exchange ratio pursuant to the combination agreement from a financial point of view to RR Donnelley and were conducted in connection with the delivery of its opinion dated November 8, 2003 to the RR Donnelley board of directors. Morgan Stanley's analyses do not purport to be appraisals or to



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reflect the prices at which shares of RR Donnelley common stock might actually trade. The exchange ratio pursuant to the combination agreement was determined through arm's length negotiations between RR Donnelley and Moore Wallace and was approved by the RR Donnelley board of directors. Morgan Stanley did not recommend the consideration to be paid by RR Donnelley or that any consideration to be paid by RR Donnelley constituted the only appropriate consideration for the transaction.

In addition, Morgan Stanley's opinion and presentation to the RR Donnelley board of directors was one of the many factors taken into consideration by the RR Donnelley board in making its determination to approve the transaction. Consequently, the analyses described above should not be viewed as determinative of the opinion of the RR Donnelley board of directors with respect to the exchange ratio or of whether the RR Donnelley board of directors would have been willing to agree to a different exchange ratio.

Morgan Stanley is an internationally recognized investment banking and advisory firm. Morgan Stanley, as part of its investment banking and financial advisory business, is continuously engaged in the valuation of businesses and their securities in connection with mergers and acquisitions, negotiated underwritings, competitive biddings, secondary distributions of listed and unlisted securities, private placements and valuations for corporate and other purposes. In the past, Morgan Stanley and its affiliates have provided financial advisory and financing services for RR Donnelley and Moore Wallace and have received fees for the rendering of these services. Since 2001, Morgan Stanley has received approximately \$500,000 in fees from RR Donnelley in respect of its services. In connection with the transaction, Morgan Stanley may provide financing services for RR Donnelley.

Pursuant to an engagement letter between Morgan Stanley and RR Donnelley, upon the completion of the transaction, Morgan Stanley will receive a fee of \$12 million for its services. In the event the transaction is not completed, Morgan Stanley will receive an advisory fee of \$150,000. RR Donnelley has also agreed to reimburse Morgan Stanley for its expenses incurred in performing its services. In addition, RR Donnelley has agreed to indemnify Morgan Stanley and its affiliates, their respective directors, officers, agents and employees and each person, if any, controlling Morgan Stanley or any of its affiliates against specified liabilities and expenses, including liabilities under federal securities laws, related to or arising out of Morgan Stanley's engagement.

## **Moore Wallace's Reasons for the Transaction; Recommendation of the Moore Wallace Board of Directors**

In the course of making its decision to approve the transaction, the Moore Wallace board of directors consulted with Moore Wallace's management as well as its financial advisor and outside legal counsel and considered a number of factors, including the following:

*Platform for Future Growth.* The combination with RR Donnelley will provide a stronger platform than Moore Wallace's alone for future growth. The combination with RR Donnelley will create the opportunity for increased revenue growth by cross selling each company's products, thereby further penetrating a customer's print spend. In addition, the combination will create a platform with a wider range of businesses that can be developed and expanded, stronger equity currency for acquisitions and stronger cash flow.

*Synergy Opportunities.* The Moore Wallace board of directors considered that Moore Wallace management believes that there are opportunities to realize at least \$100 million of cost savings on an annualized basis in the first 12 to 24 months after the closing of the transaction. These savings are anticipated to result from the elimination of duplicative administrative and infrastructure costs, reduction in procurement expenses and asset rationalization. The Moore Wallace board of directors also considered the record of Moore Wallace's management in achieving and exceeding cost reduction targets in past transactions, including the 2003 merger with WCS. In addition, the Moore Wallace board of directors considered the benefits that would accrue to shareholders if management is able to achieve more than the \$100 million level of cost savings.



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*Trends in the Print Industry.* The commercial print industry has experienced significant consolidation in recent years. In addition, the print industry has experienced significant technological changes in recent years, including electronic distribution of information and migration from paper-based forms to digital formats. Success in the commercial print industry has become more dependent on achieving economies of scale and servicing customers more efficiently.

*Transaction Consideration.* The Moore Wallace board of directors believed that the exchange ratio affords Moore Wallace shareholders a fair premium over the recent trading price of Moore Wallace common shares and the ownership by holders of Moore Wallace common shares of approximately •% of the combined company following the transaction would provide Moore Wallace shareholders with the opportunity to retain the economic upside from the benefits of the combined platform.

*Aspects of the Combined Company.* The Moore Wallace board of directors considered that the terms of the transaction provide that Mark A. Angelson, chief executive officer of Moore Wallace, will become chief executive officer of RR Donnelley and considered Mr. Angelson's report that the senior management of RR Donnelley's operations appeared to be highly skilled, capable individuals who would embrace the management philosophies of Mr. Angelson and combine well with Moore Wallace's key managers. The terms of the transaction also provide that seven of 15 directors of RR Donnelley will come from the Moore Wallace board of directors. As with the merger of Moore Wallace and WCS, the Moore Wallace board of directors believed that the combination will facilitate the creation of additional value through the enhancement of all operations as integration of the Moore Wallace and WCS businesses is completed and from the application of Moore Wallace's financial and operational discipline to the RR Donnelley business and RR Donnelley's management skills to the Moore Wallace businesses.

*Significant Generation of Cash Flow.* The combined company is expected to generate significant cash flow to fund growth opportunities such as acquisitions after debt service, capital expenditures and maintaining the RR Donnelley annual dividend of \$1.04 per share.

*Combination Agreement.* The Moore Wallace board of directors considered the terms and conditions of the combination agreement, including provisions that allow each of Moore Wallace and RR Donnelley to pursue unsolicited superior proposals and the related break-up fee and right-to-match provisions.

*Likelihood of Completion of the Combination.* The Moore Wallace board of directors considered the likelihood that the combination would be completed, given the conditions and regulatory approvals necessary to complete the transaction.

*Fairness Opinion of Financial Advisor.* The Moore Wallace board of directors considered the opinion of Goldman Sachs to the Moore Wallace board of directors that, as of November 8, 2003, and based upon and subject to the factors and assumptions set forth in the opinion, the exchange ratio was fair to the holders of Moore Wallace common shares from a financial point of view. See Opinion of Moore Wallace's Financial Advisor beginning on page 69.

The Moore Wallace directors weighed the advantages discussed above against a number of risks:

*Execution Risk* the challenges inherent in the combination of two business enterprises of the size and scope of RR Donnelley and Moore Wallace and the possible resulting diversion of management attention for an extended period of time; the risk that anticipated long-term and short-term benefits of the combination for Moore Wallace shareholders might not be realized; and the fact that Moore Wallace is still in the process of integrating the Moore Wallace and WCS businesses which were combined in May 2003.

*Risk of Board Disagreements over Actions* the challenges that current directors of Moore Wallace (who become directors of RR Donnelley following the closing) and a new chief executive officer could face from a board of directors, a majority of which is comprised of current directors of RR Donnelley, in effecting cost reduction and other operating initiatives that would enable the combined company to realize certain aspects of the strategic rationale of the combination.



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The Moore Wallace board of directors recognized that there can be no assurance about future results, including results expected or considered in the factors listed above. The Moore Wallace board of directors concluded, however, that the potential advantages outweighed the potential risks of completing the transaction.

The foregoing discussion of the information and factors considered by the Moore Wallace board of directors is not exhaustive, but includes all material factors considered by the Moore Wallace board of directors. In view of the wide variety of factors considered by the Moore Wallace board in connection with its evaluation of the transaction and the complexity of such matters, the Moore Wallace board of directors did not consider it practical to, nor did it attempt to, quantify, rank or otherwise assign relative weights to the specific factors that it considered in reaching its decision. In considering the factors described above, individual members of the Moore Wallace board of directors may have given different weight to different factors and may have applied different analysis to each of the material factors considered by the Moore Wallace board of directors.

### **Opinion of Moore Wallace's Financial Advisor Goldman, Sachs & Co.**

On November 7, 2003, Goldman Sachs, financial advisor to Moore Wallace, orally delivered to the Moore Wallace board of directors its opinion, subsequently confirmed by delivery of a written opinion dated November 8, 2003, that, as of the date of the opinion, and based upon and subject to the factors and assumptions set forth in the opinion, the exchange ratio of 0.63 of a share of RR Donnelley common stock to be received for each Moore Wallace common share pursuant to the transaction was fair to the holders of Moore Wallace common shares from a financial point of view.

*The full text of the written opinion of Goldman Sachs, which sets forth the assumptions made, procedures followed, matters considered and limitations on the review undertaken in connection with the opinion, is attached to this document as Annex F. Goldman Sachs provided its opinion for the information and assistance of the Moore Wallace board of directors in connection with its consideration of the transaction. Goldman Sachs' opinion is not a recommendation as to how any Moore Wallace securityholder should vote with respect to the arrangement resolution. We encourage Moore Wallace shareholders to read the opinion in its entirety.*

In connection with its opinion, Goldman Sachs reviewed, among other things:

the combination agreement and the related plan of arrangement;

annual reports to shareholders and Annual Reports on Form 10-K of RR Donnelley, Moore Wallace and WCS for the five years ended December 31, 2002;

the registration statement on Form S-4 of Moore Wallace, filed with the SEC on February 13, 2003 and as amended on March 19 and April 14, 2003 in connection with Moore Wallace's merger with WCS;

interim reports to shareholders and Quarterly Reports on Form 10-Q of RR Donnelley, Moore Wallace and WCS;

other communications from Moore Wallace and RR Donnelley to their respective shareholders;

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internal financial analyses and forecasts for Moore Wallace prepared by its management;

internal financial analyses and forecasts for RR Donnelley prepared by its management, as adjusted by the management of Moore Wallace; and

cost savings and operating synergies that the management of Moore Wallace expects to result from the transaction.

Goldman Sachs also held discussions with members of the senior managements of Moore Wallace and RR Donnelley regarding their assessments of the strategic rationale for, and the potential benefits of, the transaction and the past and current business operations, financial condition and future prospects of their respective companies.

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In addition, Goldman Sachs:

reviewed the reported price and trading activity for Moore Wallace common shares and RR Donnelley common stock;

compared financial and stock market information for Moore Wallace and RR Donnelley with similar information for various other companies, the securities of which are publicly-traded;

reviewed the financial terms of various business combinations in the commercial printing industry and in other industries; and

performed such other studies and analyses as Goldman Sachs considered appropriate.

Goldman Sachs relied upon the accuracy and completeness of all of the financial, accounting, tax and other information discussed with or reviewed by it and assumed such accuracy and completeness for purposes of rendering its opinion. In that regard, Goldman Sachs assumed, with the consent of the Moore Wallace board of directors, that the internal financial analyses and forecasts for RR Donnelley prepared by RR Donnelley's management, as adjusted by the management of Moore Wallace, the internal financial analyses and forecasts for Moore Wallace prepared by its management and the cost savings and operating synergies that the management of Moore Wallace expects to result from the arrangement were reasonably prepared on a basis reflecting the best currently available estimates and judgments of Moore Wallace. In addition, Goldman Sachs did not make an independent evaluation or appraisal of the assets and liabilities (including any derivative or off-balance sheet assets and liabilities) of Moore Wallace or RR Donnelley or any of their respective subsidiaries, and Goldman Sachs was not furnished with any such evaluation or appraisal. Goldman Sachs also assumed that all governmental, regulatory or other consents and approvals necessary for the completion of the transaction would be obtained without any adverse effect on Moore Wallace or RR Donnelley or on the expected benefits of the transaction in any way material to Goldman Sachs' analysis. Goldman Sachs' opinion does not address the underlying business decision of Moore Wallace to enter into the combination agreement. In addition, Goldman Sachs is not expressing any opinion as to the prices at which Moore Wallace common shares or RR Donnelley common stock will trade at any time.

The following is a summary of the material financial analyses presented by Goldman Sachs to the Moore Wallace board of directors in connection with providing its opinion to the Moore Wallace board. The following summary, however, does not purport to be a complete description of the financial analyses performed by Goldman Sachs. The order of analyses described does not represent the relative importance or weight given to those analyses by Goldman Sachs. Some of the summaries of the financial analyses include information presented in tabular format. The tables must be read together with the full text of each summary and are alone not a complete description of Goldman Sachs' financial analyses. Except as otherwise noted, the following quantitative information, to the extent that it is based on market data, is based on market data as it existed on or before November 5, 2003 and is not necessarily indicative of market conditions as of the date of this document.

*Historical Share Price Performance.* Goldman Sachs compared the relative closing share price performance of Moore Wallace common shares from January 1, 2001 to November 5, 2003 with the relative closing share price performance of RR Donnelley common stock for the same period and compared the year-to-date share price performance of Moore Wallace common shares with that of RR Donnelley common stock.

The analysis indicated that, as of November 5, 2003, and since January 1, 2001, the relative closing share price performance of Moore Wallace common shares increased by approximately 403% and the relative closing share price performance of RR Donnelley common stock increased by less than 1%. In addition, as of November 5, 2003, the year-to-date increase in closing share price performance of Moore Wallace common shares was approximately 69% compared to an increase of approximately 24% for that of RR Donnelley common stock.

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*Implied Transaction Multiples.* Based on the closing price of \$27.06 per share of RR Donnelley common stock on November 5, 2003, the third to the last trading day prior to the announcement of the execution of the combination agreement, and the exchange ratio of 0.63 pursuant to the transaction, Goldman Sachs calculated the

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implied price per share of \$17.05 for each Moore Wallace common share. In addition, Goldman Sachs calculated the implied enterprise value of approximately \$3.6 billion for Moore Wallace using the implied price per share of \$17.05, the net debt of Moore Wallace and the number of fully diluted shares outstanding. Goldman Sachs also calculated the implied enterprise value as a multiple of revenue and earnings before interest, taxes, depreciation and amortization (EBITDA) for 2003 and 2004 based on projections for Moore Wallace supplied by its management, which gave pro forma effect to Moore Wallace's merger with WCS.

Goldman Sachs supplemented this analysis by calculating an implied price per share of \$17.66 for each Moore Wallace common share using the exchange ratio of 0.63 pursuant to the transaction based on the closing price of \$28.03 per share of RR Donnelley common stock on November 7, 2003, the last trading day prior to the announcement of the execution of the combination agreement. In addition, Goldman Sachs calculated the implied enterprise value of approximately \$3.7 billion for Moore Wallace using the implied price per share of \$17.66, the net debt of Moore Wallace and the number of fully diluted shares outstanding to derive the implied enterprise value as a multiple of revenue and EBITDA for 2003 and 2004 based on projections provided by Moore Wallace's management. The results of these analyses appear in the following tables:

**Multiples Implied by Transaction**

<i>Enterprise Value Based on Implied Price per Moore Wallace share of \$17.66 as a Multiple of:</i>		
	<u>2003E</u>	<u>2004E</u>
Revenue	1.09x	1.06x
EBITDA	8.4	7.3
<i>Enterprise Value Based on Implied Price per Moore Wallace share of \$17.05 as a Multiple of:</i>		
	<u>2003E</u>	<u>2004E</u>
Revenue	1.06x	1.03x
EBITDA	8.2	7.1

*Implied Premium Analysis.* Goldman Sachs calculated the implied premiums that an implied price of \$17.05 per Moore Wallace common share represents to the average closing prices per Moore Wallace common share over the one-month, three-month, six-month, one-year and two-year periods ended November 5, 2003 and to the closing price of \$15.41 per Moore Wallace common share on November 5, 2003.

Goldman Sachs supplemented this analysis by calculating the implied premium that an implied price of \$17.66 per Moore Wallace common share represents to the closing price of \$15.25 per Moore Wallace common share on November 7, 2003. The results of these analyses are set forth in the following tables:

<u>Trading Period</u>	<u>Implied Premium Based on Implied Price per Moore Wallace Common Share of \$17.66</u>
November 7, 2003	15.8%
<u>Trading Period</u>	<u>Implied Premium Based on Implied Price per Moore Wallace Common Share of \$17.05</u>

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November 5, 2003	10.6%
One-Month Average	19.9
Three-Month Average	18.8
Six-Month Average	20.6
One-Year Average	37.3
Two-Year Average	45.5

*Exchange Ratio/Premium Analysis.* Goldman Sachs calculated the implied exchange ratios of RR Donnelley common stock to Moore Wallace common shares based on the average closing share prices of RR Donnelley

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common stock and Moore Wallace common shares for the one-month, three-month, six-month, one-year, two-year and five-year periods ended November 5, 2003 and on the closing share prices of RR Donnelley common stock and Moore Wallace common shares on November 5, 2003 and November 7, 2003. Goldman Sachs also calculated the premiums implied by the exchange ratio of 0.63 pursuant to the transaction to each of the implied exchange ratios for those periods or trading days, as the case may be. The results of these analyses are shown in the following table:

<u>Trading Period</u>	<u>Implied Exchange Ratio</u>	<u>Implied Premium at 0.63 Exchange Ratio</u>
November 7, 2003	0.544x	15.8%
November 5, 2003	0.569	10.7
Average over:		
One Month	0.553	13.9
Three Months	0.570	10.5
Six Months	0.564	11.7
One Year	0.549	14.8
Two Years	0.476	32.4
Five Years	0.320	96.9

*Historical Transaction Premium Analysis.* Goldman Sachs analyzed the premiums paid in various merger-of-equals transactions greater than \$1 billion (since January 1, 1999) involving all-stock consideration (excluding those transactions where the market capitalization of the acquirer or target was greater than 70% of the market capitalization of the combined company), based on the target's closing share price immediately prior to announcement of the execution of the combination agreement. Goldman Sachs noted that the average premium to target closing share price immediately prior to announcement for the period 1999 through year to date for 2003 as of November 5, 2003 was 8.1%. Goldman Sachs also noted that the premium implied by the transaction, as of November 5, 2003, was 10.6% and, as of November 7, 2003, was 15.8%.

*Comparable Transactions.* Using publicly available information, Goldman Sachs reviewed recent precedent transactions involving sales of companies that participate in the commercial printing industry. These transactions (listed by acquirer / target) included:

Moore Corporation Limited/ Wallace Computer Services, Inc. (2003)

Thomas H. Lee Equity Fund IV, L.P. and Evercore Partners L.L.C./ Big Flower Holdings, Inc. (1999)

Quebecor Printing Inc./ World Color Press, Inc. (1999)

DLJ Merchant Banking Partners II, L.P./ Merrill Corporation (1999)

Cadmus Communications Corp./ The Mack Printing Group (1999)

For each of the selected transactions, Goldman Sachs calculated the levered aggregate consideration as a multiple of latest 12 months (LTM) revenue, EBITDA and earnings before income and taxes (EBIT). Goldman Sachs compared the multiples of the selected transactions to the multiples implied by the transaction based on 2003 projections for Moore Wallace supplied by its management, which gave pro forma effect to Moore Wallace's merger with WCS. Using the mean of the levered multiples from these selected transactions, Goldman Sachs also derived implied per share values of Moore Wallace common shares with respect to revenues, EBITDA and EBIT based on 2003 projections provided by

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Moore Wallace's management. The results of this analysis appear in the following table:

	<b>Levered Transaction Multiples (Mean)</b>	<b>Implied Moore Wallace per Share Value</b>
LTM Revenue	1.0x	\$15.70
LTM EBITDA	7.1	14.08
LTM EBIT	11.2	14.64

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*Pro Forma Contribution Analysis.* Goldman Sachs analyzed the relative financial contributions of RR Donnelley and Moore Wallace to the estimated 2003 and 2004 revenue, EBITDA, EBIT and net income of the combined company, as adjusted for the effects of the respective net debt positions of Moore Wallace and RR Donnelley. Estimates of 2003 and 2004 revenue, EBITDA, EBIT and net income were based on projections for RR Donnelley prepared by RR Donnelley's management, as adjusted by Moore Wallace's management for 2004, and projections for Moore Wallace prepared by Moore Wallace's management, which gave pro forma effect to both Moore Wallace's merger with WCS and the 38% taxation rate applicable to net income. The following table presents the results of this analysis:

	<b>Implied Moore Wallace Contribution to Combined Company</b>			
	<b>Revenue</b>	<b>EBITDA</b>	<b>EBIT</b>	<b>Net Income</b>
2003	42%	44%	49%	50%
2004	42%	46%	51%	52%

Goldman Sachs noted that current holders of Moore Wallace common shares will own approximately 47%, and current holders of RR Donnelley common stock will own approximately 53%, of the common equity of the combined company upon the completion of the transaction based on the number of fully diluted shares of RR Donnelley common stock outstanding on a pro forma basis.

*Pro Forma Combination Analysis.* Goldman Sachs also analyzed the pro forma impact of the transaction on the earnings per share of RR Donnelley for the years 2004 and 2005, based on earnings projections (excluding one-time restructuring charges) and estimated synergies as provided by Moore Wallace's management. Assuming the completion of the transaction on January 1, 2004, this analysis indicated that the transaction would be accretive to the earnings per share of RR Donnelley common stock in years 2004 and 2005.

*Discounted Cash Flow Analysis Moore Wallace.* Goldman Sachs performed a discounted cash flow analysis of Moore Wallace on a stand-alone basis, using the net debt and number of fully diluted outstanding shares, to determine an illustrative range of implied present value indications for each Moore Wallace common share. All cash flows were discounted to December 31, 2003. For 2004 and 2005, Goldman Sachs used projections for Moore Wallace as prepared by Moore Wallace's management. For each of the years 2006 through 2008, financial projections were extrapolated assuming revenue growth of approximately 1% and an operating margin based on 2005 projections. Goldman Sachs used discount rates ranging from 8.0% to 9.5%, representing an estimated weighted average cost of capital range for Moore Wallace, and terminal values based on EBITDA multiples ranging from 5.5 to 6.5 times. This analysis resulted in implied present value indications ranging from \$14.01 to \$17.40 per Moore Wallace common share.

*Discounted Cash Flow Analysis RR Donnelley.* Goldman Sachs performed a discounted cash flow analysis of RR Donnelley on a stand-alone basis, using the net debt and number of fully diluted outstanding shares, to determine an illustrative range of implied present value indications for each share of RR Donnelley common stock. All cash flows were discounted to December 31, 2003. For 2004 and 2005, Goldman Sachs used projections for RR Donnelley prepared by RR Donnelley's management, as adjusted by Moore Wallace's management. For each of the years 2006 through 2008, financial projections were extrapolated assuming revenue growth of approximately 3% and an operating margin based on 2005 projections. Goldman Sachs used discount rates ranging from 7.5% to 9.0%, representing an estimated weighted average cost of capital range for RR Donnelley, and terminal values based on EBITDA multiples ranging from 6.0 to 7.5 times. This analysis resulted in implied present value indications ranging from \$22.52 to \$30.54 for each share of RR Donnelley common stock.

*Combined Company with Long-Term Synergy Sensitivity.* Goldman Sachs performed a discounted cash flow analysis of the combined company taking into account estimated synergies and based on the exchange ratio of 0.63 pursuant to the transaction, using the pro forma net debt and number of fully diluted outstanding shares, to



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determine an illustrative range of implied present value indications for each Moore Wallace common share. All cash flows were discounted to December 31, 2003. For 2004 and 2005, Goldman Sachs used projections for the combined company provided by Moore Wallace's management. For each of the years 2006 through 2008, financial projections were extrapolated assuming revenue growth of approximately 2% and an operating margin based on 2005 projections. Goldman Sachs assumed an 8.5% discount rate (representing an estimated weighted average cost of capital for the combined company), terminal values based on EBITDA multiples ranging from 6.0 to 8.0 times and estimated synergies of \$0 and \$50 million in 2004 and a range of \$0 to \$200 million in each of years 2005 through 2008. This analysis resulted in implied present value indications, based on the exchange ratio of 0.63, ranging from \$14.88 to \$23.80 for each Moore Wallace common share.

*Illustrative Future Trading Prices Analysis - Moore Wallace.* Goldman Sachs calculated illustrative present values of the implied per share value indications of estimated future share prices of Moore Wallace on a stand-alone basis. Goldman Sachs applied one-year forward price-to-earnings (P/E) multiples to earnings per share estimates based on projections provided by Moore Wallace's management. Goldman Sachs used a discount rate of 9.5%, representing an estimated cost of equity for Moore Wallace. For 2004, the analysis was based on 2005 earnings per share estimates. For 2005, the analysis was based on 2006 earnings per share estimates, which were extrapolated assuming revenue growth of approximately 1% and an operating margin based on 2005 projections. Goldman Sachs selected a P/E multiple range of 12.0 to 13.0 times, which implied present value indications for each Moore Wallace common share for 2004 ranging from \$15.88 to \$17.21 and for 2005 ranging from \$14.86 to \$16.10.

*Illustrative Future Trading Prices Analysis - Combined Company.* Goldman Sachs calculated illustrative present values of the implied per share value indications of estimated future stock prices of the combined company and, based on an exchange ratio of 0.63 pursuant to the transaction, determined an illustrative range of implied present value indications for each Moore Wallace common share. Goldman Sachs applied one-year forward P/E multiples for the combined company to earnings per share estimates for the combined company provided by Moore Wallace's management and used a discount rate of 9.5%, representing an estimated cost of equity for the combined company. For 2004, the analysis was based on 2005 earnings per share estimates which reflected estimated synergies as provided by Moore Wallace's management. For 2005, the analysis was based on 2006 earnings per share estimates which were extrapolated assuming revenue growth of approximately 2% and an operating margin based on 2005 projections and which reflected estimated synergies as provided by Moore Wallace's management. Goldman Sachs performed this analysis assuming an annual dividend of \$1.04 per share (discounted at a rate of 9.5%) expected to be received by RR Donnelley shareholders in each of years 2004 and 2005.

Based on a P/E multiple range of 14.5 to 15.5 times, the analysis resulted in implied present value indications for each Moore Wallace common share, based on the exchange ratio of 0.63, for 2004 ranging from \$17.89 to \$19.09 and for 2005 ranging from \$17.63 to \$18.77.

*Combined Company with Long-Term Synergy Sensitivity.* Goldman Sachs performed a synergy sensitivity analysis on illustrative present values of the implied per share value indications of estimated future stock prices of the combined company and, based on an exchange ratio of 0.63 pursuant to the transaction, determined an illustrative range of implied present value indications for each Moore Wallace common share. Goldman Sachs applied a one-year forward P/E multiple of 15.0 times for the year 2005 to the 2006 earnings per share estimates for the combined company, which were extrapolated assuming revenue growth of approximately 2% and an operating margin based on 2005 projections provided by Moore Wallace's management, and used a discount rate of 9.5%, representing an estimated cost of equity for the combined company. Goldman Sachs performed this analysis assuming an estimated range of synergies from \$0 to \$200 million and using an assumed annual dividend of \$1.04 per share (discounted at a rate of 9.5%) expected to be received by RR Donnelley shareholders in each of years 2004 and 2005. This analysis resulted in implied present value indications, based on the exchange ratio of 0.63, ranging from \$15.83 to \$20.58 per Moore Wallace common share.

The preparation of a fairness opinion is a complex process and is not necessarily susceptible to partial analysis or summary description. Selecting portions of the analyses or of the summary set forth above, without



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considering the analyses as a whole, could create an incomplete view of the processes underlying Goldman Sachs' opinion. In arriving at its fairness determination, Goldman Sachs considered the results of all the analyses and did not attribute any particular weight to any factor or analysis considered by it. Rather, Goldman Sachs made its determination as to fairness on the basis of its experience and professional judgment after considering the results of all the analyses. No company or transaction used in the above analyses as a comparison is directly comparable to Moore Wallace or RR Donnelley or the transaction.

Goldman Sachs prepared these analyses for purposes of Goldman Sachs providing its opinion to the Moore Wallace board of directors as to the fairness from a financial point of view to the holders of outstanding Moore Wallace common shares of the exchange ratio of 0.63 of a share of RR Donnelley common stock to be received for each Moore Wallace common share pursuant to the transaction. These analyses do not purport to be appraisals nor do they necessarily reflect the prices at which businesses or securities actually may be sold. Analyses based upon forecasts of future results are not necessarily indicative of actual future results, which may be significantly more or less favorable than suggested by these analyses. Because these analyses are inherently subject to uncertainty, being based upon numerous factors or events beyond the control of the parties or their respective advisors, none of Moore Wallace, RR Donnelley, Goldman Sachs or any other person assumes responsibility if future results are materially different from those forecast. As described above, Goldman Sachs' opinion to the Moore Wallace board of directors was one of many factors taken into consideration by the Moore Wallace board of directors in making its determination to approve the transaction.

Goldman Sachs and its affiliates, as part of their investment banking business, are continually engaged in performing financial analyses with respect to businesses and their securities in connection with mergers and acquisitions, negotiated underwritings, competitive biddings, secondary distributions of listed and unlisted securities, private placements and other transactions as well as for estate, corporate and other purposes. Goldman Sachs has acted as financial advisor to Moore Wallace in connection with, and has participated in certain of the negotiations leading to, the transaction. In addition, Goldman Sachs may provide investment banking and other services to Moore Wallace and RR Donnelley in the future for additional compensation.

Goldman Sachs is a full service securities firm engaged, either directly or through its affiliates, in securities trading, investment management, financial planning and benefits counseling, financing and brokerage activities for both companies and individuals. In the ordinary course of their trading, investment management, financing and brokerage activities, Goldman Sachs and its affiliates may actively trade the debt and equity securities (or related derivative securities) of Moore Wallace and RR Donnelley for their own account and for the accounts of their customers and may at any time hold long and short positions of such securities.

Moore Wallace selected Goldman Sachs as its financial advisor because it is an internationally recognized investment banking firm that has substantial experience in transactions similar to the transaction. Pursuant to a letter agreement, dated October 14, 2003, Moore Wallace engaged Goldman Sachs to act as its financial advisor in connection with a potential transaction involving RR Donnelley. Pursuant to the terms of this letter agreement, Moore Wallace agreed to pay Goldman Sachs a transaction fee of \$10 million, \$1 million of which was payable immediately following a public announcement of the execution of the combination agreement and \$9 million of which is payable upon the completion of the transaction. The transaction fee may be increased at the sole discretion of Moore Wallace. Moore Wallace has also agreed to reimburse Goldman Sachs for its reasonable expenses, including attorneys' fees and disbursements and to indemnify Goldman Sachs against various liabilities, including various liabilities under the federal securities laws.

## **Regulatory and Other Approvals Required for the Transaction**

Under the combination agreement, RR Donnelley and Moore Wallace have both agreed to use reasonable best efforts to prepare and file as promptly as practicable all documentation to effect all necessary notices, reports and other filings and to obtain as promptly as practicable all consents, registrations, approvals, permits and authorizations necessary or advisable to be obtained from any third party or any governmental entity in order to complete the transaction.



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*United States Antitrust Filing.* Under the HSR Act, the transaction may not be completed until notifications have been given and required information and materials have been furnished to and reviewed by the Antitrust Division of the United States Department of Justice and the Federal Trade Commission and the required waiting period has expired or terminated. Under the HSR Act, the transaction may not be completed until 30 days after the initial filing (unless early termination of this waiting period is granted) or, if the Antitrust Division of the Department of Justice or the Federal Trade Commission issues a request for additional information, 30 days after RR Donnelley and Moore Wallace have complied with such request for additional information (unless this period is shortened by a grant of early termination).

It is a condition to closing that the waiting period applicable to the completion of the transaction under the HSR Act expire or be terminated. RR Donnelley and Moore Wallace each filed a Pre-Merger Notification and Report Form under the HSR Act with the United States Department of Justice and the Federal Trade Commission on November 26, 2003. The waiting period under the HSR Act is expected to expire on December 26, 2003.

During or after the statutory waiting periods, and even after the completion of the transaction, United States federal or state governmental authorities could seek to challenge the transaction as they deem necessary or desirable in the public interest.

*Investment Canada Act.* Under the Investment Canada Act, certain transactions involving the acquisition of control of a Canadian business by a non-Canadian are subject to review and cannot be implemented unless the Minister responsible for the Investment Canada Act is satisfied that the transaction is likely to be of net benefit to Canada. If a transaction is subject to the review requirement, an application for review must be filed with the Investment Review Division of Industry Canada prior to the implementation of the reviewable transaction. The Minister is then required to determine whether the reviewable transaction is likely to be of net benefit to Canada taking into account, among other things, the factors specified in the Investment Canada Act and any written undertakings that may have been given by the applicant. The Investment Canada Act contemplates an initial review period of 45 days after filing; however, if the Minister has not completed the review by that date, the Minister may unilaterally extend the review period by up to 30 days (or a longer period, if agreed to by the applicant) to permit completion of the review.

The prescribed factors of assessment to be considered by the Minister include, among other things, the effect of the investment on the level and nature of economic activity in Canada (including the effect on employment and utilization of Canadian products and services and exports), the degree and significance of participation by Canadians in the acquired business, the effect of the investment on productivity, industrial efficiency, technological development, product innovation and product variety in Canada, the effect of the investment on competition within any industry in Canada, the compatibility of the investment with national industrial, economic and cultural policies (taking into consideration corresponding provincial policies) and the contribution of the investment to Canada's ability to compete in world markets. If the Minister determines that he is not satisfied that a reviewable transaction is likely to be of net benefit to Canada, the reviewable transaction may not be implemented.

In order to secure the Minister's approval under the Investment Canada Act, RR Donnelley may be required to enter into written commitments with respect to such matters as the way in which Moore Wallace will be integrated with RR Donnelley, employment, capital expenditures, participation of Canadians in senior management and other matters relating to the impact of the transaction in Canada.

It is a condition to closing that RR Donnelley receive written evidence from the Minister that the Minister is satisfied or deemed to be satisfied that the transaction is likely of net benefit to Canada, on terms and conditions reasonably satisfactory to each of RR Donnelley and Moore Wallace. An application for review under the Investment Canada Act was filed as of December 4, 2003. The initial 45-day review period will expire on or about January 19, 2004. The Minister may unilaterally extend the review period for an additional 30 days.

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*Competition Act.* The Competition Act requires the parties to certain proposed merger transactions that exceed specified size thresholds to provide the Commissioner of Competition appointed under the Competition Act with prior notice of and information relating to the transactions and the parties to the transactions and to await the expiration of a prescribed waiting period prior to completing the transaction unless the Commissioner has issued an advance ruling certificate pursuant to Section 102 of the Competition Act or has waived the notification obligation pursuant to Section 113(c) of the Competition Act. The parties have determined that the transaction is not notifiable pursuant to the Competition Act.

The merger provisions of the Competition Act permit the Commissioner to apply to the Canadian Competition Tribunal to seek relief in respect of merger transactions which are likely to prevent or lessen competition substantially. The relief that may be ordered by the Competition Tribunal includes, in the case of a proposed merger transaction, prohibiting completion of the transaction and, in the case of a completed merger, the dissolution of the merger or the divestiture of the assets or shares. Proceedings under the merger provisions of the Competition Act may be instituted for a period of three years after a merger transaction has been substantially completed unless an advance ruling certificate has been issued.

*Securities Laws.* The shares of RR Donnelley common stock to be issued in Canada in connection with the transaction will be issued pursuant to exemptions from the prospectus and registration requirements under Canadian securities laws or pursuant to discretionary relief orders of certain Canadian securities regulatory authorities. It is a condition to closing that RR Donnelley obtain all orders required from the applicable Canadian securities regulatory authorities to permit the issuance and first resale of the shares of RR Donnelley common stock issued in connection with the transaction by persons other than control persons without qualification with, or approval of, or the filing of any prospectus, or the taking of any proceeding with, or the obtaining of any further order, ruling or consent from any Canadian securities regulatory authorities, subject to customary conditions to such orders. See Transaction Mechanics Resale of RR Donnelley Common Stock Received in the Transaction Canada beginning on page 90.

RR Donnelley has applied for rulings and orders from the applicable Canadian securities regulatory authorities. The completion of the transaction is conditional, among other things, upon the receipt of such rulings and orders.

*Stock Exchange Listings.* It is a condition to closing the transaction that the issuance of shares of RR Donnelley common stock to the holders of Moore Wallace common shares in connection with the transaction be approved by the New York Stock Exchange, that the conditions to such approval be satisfied and that the shares of RR Donnelley common stock be approved for listing on the New York Stock Exchange subject only to official notice of issuance and other customary conditions.

It is also a condition to closing the transaction that all shares of RR Donnelley common stock be approved for listing on the Toronto Stock Exchange subject only to customary conditions.

## **Dissenting Shareholder Rights**

### *RR Donnelley*

Under the DGCL, holders of RR Donnelley common stock will not be entitled to demand appraisal of, or to receive payment for, their shares of RR Donnelley common stock in connection with the actions to be taken at the RR Donnelley special meeting.

*Moore Wallace*

Under the interim order issued by the Ontario Superior Court of Justice, registered holders of Moore Wallace common shares have been granted the right to dissent from the arrangement resolution. Any registered holder of Moore Wallace common shares who properly dissents from the arrangement resolution will

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be entitled, in the event the transaction becomes effective, to be paid by Moore Wallace the fair value of the Moore Wallace common shares held by the dissenting shareholder determined as of the close of business on the day before the arrangement resolution is approved.

A shareholder may only exercise the right to dissent with respect to all the shares of a class held by the shareholder on behalf of any one beneficial owner and registered in the shareholder's name. **As a consequence, a Moore Wallace shareholder may only exercise the right to dissent in respect of Moore Wallace common shares that are registered in that shareholder's name.** In many cases, shares beneficially owned by a person (whom we refer to in this document as a non-registered shareholder) are registered either: (a) in the name of an intermediary that the non-registered shareholder deals with in respect of the shares (such as banks, trust companies, securities dealers and brokers, trustees or administrators of self-administered registered retirement savings plans (as defined under the Canada Tax Act), registered retirement income funds (as defined under the Canada Tax Act), registered education savings plans and similar plans, and their nominees) or (b) in the name of a clearing agency (such as The Canadian Depository for Securities Limited, which we refer to in this document as CDS) of which the intermediary is a participant. Accordingly, a non-registered shareholder will not be entitled to exercise the right to dissent directly (unless the Moore Wallace common shares are re-registered in the non-registered shareholder's name). A non-registered shareholder who wishes to exercise the right to dissent should immediately contact the broker or other intermediary with whom the non-registered shareholder deals in respect of the shares and either:

instruct the intermediary to exercise the right to dissent on the non-registered shareholder's behalf (which, if the shares are registered in the name of CDS or other clearing agency, would require that the share first be re-registered in the name of the intermediary); or

instruct the intermediary to re-register the shares in the name of the non-registered shareholder, in which case the non-registered shareholder would have to exercise the right to dissent directly.

**A registered holder of Moore Wallace common shares who wishes to dissent in respect of the arrangement resolution must provide a written objection to the arrangement resolution (which we refer to in this document as a dissent notice) to Moore Wallace Incorporated, 1200 Lakeside Drive, Bannockburn, Illinois 60015, Attention: Secretary, facsimile number (847) 607-7601, not later than 5:00 p.m. (Toronto time) on the business day immediately preceding the Moore Wallace special meeting (or any adjournment or postponement thereof). It is important that Moore Wallace registered shareholders strictly comply with this requirement, as it is different from the statutory dissent procedures of the CBCA that would permit a dissent notice to be provided at or prior to the Moore Wallace special meeting.** The filing of a dissent notice does not deprive a Moore Wallace registered shareholder of the right to vote at the Moore Wallace special meeting. However, a Moore Wallace registered shareholder who has submitted a dissent notice and who votes in favor of the arrangement resolution will no longer be considered a dissenting shareholder with respect to that class of shares voted in favor of the arrangement resolution. A vote against the arrangement resolution will not constitute a dissent notice, but a Moore Wallace registered shareholder need not vote such shareholder's Moore Wallace common shares against the arrangement resolution in order to dissent. Similarly, the revocation of a proxy conferring authority on the proxy holder to vote in favor of the arrangement resolution does not constitute a dissent notice. However, any proxy granted by a Moore Wallace registered shareholder who intends to dissent, other than a proxy that instructs the proxy holder to vote against the arrangement resolution, should be validly revoked in order to prevent the proxy holder from voting such Moore Wallace common shares in favor of the arrangement resolution and thereby cause the Moore Wallace registered shareholder to forfeit such shareholder's right to dissent. See *The Moore Wallace Special Meeting - Revocation of Proxies* beginning on page 53.

Within 10 days after the Moore Wallace securityholders approve the arrangement resolution, Moore Wallace is required to notify each dissenting shareholder that the arrangement resolution has been approved. Such notice is not required to be sent to any Moore Wallace shareholder who voted for the arrangement resolution or who has withdrawn such shareholder's dissent notice.

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A dissenting shareholder who has not withdrawn such shareholder's dissent notice must within 20 days after receipt of notice that the arrangement resolution has been approved or, if the dissenting shareholder does not receive such notice, within 20 days after such shareholder learns that the arrangement resolution has been approved, send to Moore Wallace a written demand containing such shareholder's name and address, the number of Moore Wallace common shares in respect of which such shareholder dissents and a demand for payment of the fair value of those Moore Wallace common shares. Within 30 days after sending a demand for payment, the dissenting shareholder must send to Moore Wallace or its transfer agent the certificates representing the Moore Wallace common shares in respect of which such shareholder dissents. A dissenting shareholder who fails to send certificates representing the Moore Wallace common shares in respect of which such shareholder dissents forfeits such shareholder's right to dissent. Moore Wallace or its transfer agent will endorse on share certificates received from a dissenting shareholder a notice that the holder is a dissenting shareholder and will promptly return the share certificates to the dissenting shareholder.

After sending a demand for payment, a dissenting shareholder ceases to have any rights as a holder of the Moore Wallace common shares in respect of which the shareholder has dissented other than the right to be paid the fair value of such shares as determined under Section 190 of the CBCA, unless:

the dissenting shareholder withdraws the demand for payment before Moore Wallace makes a written offer to pay;

Moore Wallace fails to make a timely offer to pay to the dissenting shareholder and the dissenting shareholder withdraws such shareholder's demand for payment; or

the board of directors of Moore Wallace revokes the arrangement resolution,

in all of which cases the dissenting shareholder's rights as a shareholder will be reinstated and such shares will be subject to the transaction if it has been completed.

In addition, pursuant to the plan of arrangement, Moore Wallace registered shareholders who duly exercise their right of dissent and who: (i) are determined to be entitled to be paid fair value for their Moore Wallace common shares will be deemed to have transferred their Moore Wallace common shares to Moore Wallace as of the effective time in consideration for a payment of cash from Moore Wallace, and their Moore Wallace common shares will be cancelled as of the effective time; or (ii) are not entitled, for any reason, to be paid fair value for their Moore Wallace common shares will be deemed to have participated in the transaction on the same basis as any non-dissenting holder of Moore Wallace common shares and will receive RR Donnelley common stock in accordance with the plan of arrangement.

Moore Wallace is required, not later than seven days after the later of the effective date and the date on which Moore Wallace received the demand for payment from a dissenting shareholder, to send to each dissenting shareholder who has sent a demand for payment an offer to pay for such shareholder's Moore Wallace common shares in an amount considered by the Moore Wallace board of directors to be the fair value of those shares, accompanied by a statement showing the manner in which the fair value was determined. Every offer to pay must be on the same terms. Moore Wallace must pay for the Moore Wallace common shares of a dissenting shareholder within 10 days after an offer to pay has been accepted by a dissenting shareholder, but any such offer lapses if Moore Wallace does not receive an acceptance of that offer within 30 days after the offer to pay has been made.

If Moore Wallace fails to make an offer to pay for a dissenting shareholder's Moore Wallace common shares, or if a dissenting shareholder fails to accept an offer which has been made, Moore Wallace may, within 50 days after the effective date or within such further period as a court may allow, apply to a court to fix a fair value for the Moore Wallace common shares of dissenting shareholders. If Moore Wallace fails to apply to a

court, a dissenting shareholder may apply to a court for the same purpose within a further period of 20 days or within such further period as a court may allow. A dissenting shareholder is not required to give security for costs in such an application. An application to the court by either Moore Wallace or a dissenting shareholder must be

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made in Ontario or in the Canadian province in which the dissenting shareholder resides if Moore Wallace carries on business in that province.

Upon an application to a court, all dissenting shareholders whose Moore Wallace common shares have not been purchased by Moore Wallace will be joined as parties and bound by the decision of the court, and Moore Wallace will be required to notify each dissenting shareholder of the date, place and consequences of the application and of such shareholder's right to appear and be heard in person or by counsel. Upon any such application to a court, the court may determine whether any person is a dissenting shareholder who should be joined as a party to such application.

The court will fix a fair value for the Moore Wallace common shares of all dissenting shareholders. The final order of the court will be rendered against Moore Wallace in favor of each dissenting shareholder and for the amount of the fair value of such shareholder's Moore Wallace common shares as fixed by the court. The amount of the fair value fixed by the court may be more or less than the amount specified in Moore Wallace's offer to pay. The court may, in its discretion, allow a reasonable rate of interest on the amount payable to each dissenting shareholder from the effective date until the date of payment of the amount ordered by the court.

**The description above is only a summary of the dissenting shareholder provisions of the CBCA and the plan of arrangement, which are technical and complex. A copy of the interim order is attached to this document as Annex D, and a copy of Section 190 of the CBCA is attached to this document as Annex G. It is recommended that any Moore Wallace shareholder wishing to exercise a right to dissent seek legal advice as failure to comply strictly with the provisions of the interim order, the CBCA and the plan of arrangement may result in the loss or unavailability of the right to dissent.**

**The Canadian federal income tax consequences to a holder of Moore Wallace common shares who exercises dissent rights and who receives fair value for such shares from Moore Wallace will be different from the consequences to a holder who participates in the transaction.** A holder of Moore Wallace common shares, whether resident in Canada or not, who exercises dissent rights and receives payment for such holder's shares from Moore Wallace will, whether or not such shares have increased or decreased in value since the holder's acquisition of such shares, generally be deemed for Canadian income tax purposes to receive a dividend from Moore Wallace in the amount by which the amount paid by Moore Wallace exceeds the paid-up capital for Canadian income tax purposes of the Moore Wallace common shares. In the case of a holder who is not resident in Canada, such deemed dividend will generally be subject to Canadian withholding tax. See Taxation Certain Canadian Federal Income Tax Considerations beginning on page 110.

## **Accounting Treatment**

The transaction will be accounted for as a purchase by RR Donnelley under U.S. GAAP. As required under U.S. GAAP, we considered all pertinent facts and circumstances in identifying RR Donnelley as the acquiring entity for accounting purposes. These facts and circumstances include the relative voting rights in the combined company of former holders of Moore Wallace common shares and holders of shares of RR Donnelley common stock prior to the combination, the composition of the board of directors of the combined company and the terms of the exchange of shares of RR Donnelley common stock for Moore Wallace common shares. Under the purchase method of accounting, the assets and liabilities of Moore Wallace will be recorded, as of the completion of the transaction, at their respective fair values and added to those of RR Donnelley. The reported financial condition and results of operations of RR Donnelley issued after completion of the transaction will reflect Moore Wallace's balances and results after completion of the transaction but will not be restated retroactively to reflect the historical financial position or results of operations of Moore Wallace. Following the completion of the transaction, the earnings of the combined company will reflect purchase accounting adjustments, including increased amortization and depreciation expense for acquired assets.

**Expenses**

The combined estimated fees, costs and expenses of RR Donnelley and Moore Wallace in connection with the transaction, including financial advisors fees, filing fees, legal and accounting fees, soliciting fees, regulatory fees and mailing costs, are anticipated to be approximately \$• million.

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### **Interests of Moore Wallace Directors and Executive Officers in the Transaction**

You should be aware that members of the management and board of directors of Moore Wallace have interests in the transaction that may be different from, or in addition to, the interests of Moore Wallace securityholders generally. These interests include the following:

#### *Employment Agreement between Mark A. Angelson and RR Donnelley*

Mark A. Angelson, who is currently the chief executive officer and a director of Moore Wallace, entered into an employment agreement with RR Donnelley simultaneous with the signing of the combination agreement. The employment agreement provides that, if the transaction occurs by June 30, 2004, Mr. Angelson will serve as chief executive officer of RR Donnelley for an initial term beginning immediately following the completion of the transaction (which we refer to in this subsection of this document as the effective date) and terminating on the third anniversary of the effective date, provided that, on the second anniversary of the effective date, and on each subsequent anniversary of the effective date, the term will be extended by an additional year unless either party gives written notice of non-extension, so long as Mr. Angelson has not reached 64 years of age. During the term of his employment, RR Donnelley will use its best efforts to cause Mr. Angelson to be nominated for election as a member of the RR Donnelley board of directors.

Under the terms of the employment agreement, Mr. Angelson will receive a minimum annual base salary of \$1,000,000, subject to annual review by the human resources committee of the RR Donnelley board of directors. In addition, during the term of his employment, Mr. Angelson will be eligible to receive an annual bonus under RR Donnelley's senior management annual incentive plan, with a minimum annual bonus for 2004 under the senior management annual incentive plan to be equal to at least twice his annual base salary (less any bonus amounts received by Mr. Angelson pursuant to any Moore Wallace bonus plan for any portion of 2004). For fiscal years subsequent to 2004, Mr. Angelson will have a target annual bonus of 150% of his base salary and a maximum annual bonus of 150% of his target bonus.

On the effective date, Mr. Angelson will be granted:

an option (the initial option) to purchase 1,000,000 shares of RR Donnelley common stock;

310,000 stock units (the initial restricted stock units) in respect of RR Donnelley common stock; and

300,000 performance units (the initial performance units) in respect of RR Donnelley common stock.

Each of these awards will be made pursuant to the RR Donnelley 2004 Performance Incentive Plan which RR Donnelley shareholders are being asked to approve at the RR Donnelley special meeting. The initial option will have a per share exercise price equal to the fair market value of RR Donnelley common stock on the effective date and will vest and become exercisable in equal annual installments over the four-year period following the effective date. The initial restricted stock units will vest in 70,000 unit installments on the first, second and third anniversary of the effective date and in 50,000 unit installments on the fourth and fifth anniversary of the effective date. The number of shares of RR Donnelley common stock payable with respect to 50% of the initial performance units is tied to the achievement of cost savings targets set forth in the employment agreement. The number of shares of RR Donnelley common stock payable with respect to the other 50% of the initial performance units is tied to the achievement of normalized earnings per share targets set forth in the employment agreement. In each case, there is a minimum target that must be reached in order for Mr. Angelson to be entitled to receive any shares of RR Donnelley common stock with respect to such initial performance units. Assuming that the minimum targets are achieved, Mr. Angelson will receive between one and three shares of RR

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Donnelley common stock for each initial performance unit, the precise number of shares to be determined by reference to the attainment, respectively, of the cost savings and normalized earnings per share targets set forth in the employment agreement. In addition, Mr. Angelson will be eligible to receive additional annual awards of options, restricted stock units and performance units in accordance with RR Donnelley's policy governing similar awards to other senior executives.

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The employment agreement provides that Mr. Angelson will receive the same welfare and fringe benefits that were made available during 2003 to his predecessor as chief executive officer of RR Donnelley. Mr. Angelson will also be entitled to receive, if he retires after completing at least five full years of continuous service for RR Donnelley, a retirement benefit (which we refer to in this document as the retirement benefit) to be paid to him annually during his lifetime commencing at age 60 (or, if later, at the date of termination of employment with RR Donnelley) equal to 25% of the average of the sums of his annual base salary plus annual bonus paid in the two calendar years out of the last five calendar years ended prior to the date of his retirement in which the sums of those items of compensation is the highest. The retirement benefit increases at a rate of 2% for each additional year of service beyond five years and is reduced by any amounts Mr. Angelson receives under RR Donnelley's retirement benefit plans. The retirement benefit will also be subject to actuarial reduction for commencement prior to age 62.5.

If the employment agreement is terminated by RR Donnelley without cause (as defined in the employment agreement) or by Mr. Angelson for good reason (as defined below), Mr. Angelson will be entitled to receive, among other things:

a lump sum cash payment equal to the sum of

two times the sum of (i) his annual base salary and (ii) the greater of his target annual bonus and actual annual bonus for the year immediately preceding his termination;

his target bonus for the year of termination pro-rated for the amount of service during the year of termination; and

his annual base salary and other obligations that are accrued and owing through the date of his termination;

continuation of participation in RR Donnelley's welfare benefit plans for two years; and

if either such termination occurs prior to the fifth anniversary of the effective date, an annual retirement benefit, commencing at age 60, in an amount equal to 25% of his annual base salary and target bonus in effect on the date of his termination. Such benefit will be subject to reduction for commencement prior to age 62.5.

In addition, upon either such termination: (i) all outstanding options (including the initial option) will vest and become exercisable for a period of three years, or, if less, the remainder of their original terms on the date of termination, (ii) the initial restricted stock units will vest, (iii) the measurement date for purposes of calculating the payout under those initial performance units that are linked to cost savings will be the date of termination and (iv) the initial performance units that are linked to earnings per share targets will vest and be payable, if at all, on the same terms and conditions that would have applied had Mr. Angelson's employment not been terminated. The employment agreement also contains standard non-competition and non-solicitation covenants that survive during the term of the employment agreement and for a period of two years thereafter.

Under the employment agreement, the term "good reason" includes:

a material diminution of Mr. Angelson's duties or responsibilities, including actions by RR Donnelley or its board of directors that materially impede Mr. Angelson's ability to, among other things, implement plans to enhance the profitability of RR Donnelley consistent with a strategic plan approved by the RR Donnelley board of directors (which strategic plan, during the first three years of Mr. Angelson's employment, will be generally consistent with the metrics set forth in the employment agreement for the purpose of determining the payout to be made in connection with the initial performance units);

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a reduction in Mr. Angelson's annual base salary or annual or long-term incentive compensation opportunity;

failure to elect or reelect Mr. Angelson as a member of the RR Donnelley board of directors;

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requiring Mr. Angelson's principal place of business to be located other than in the metropolitan Chicago area or New York City; or

failure by RR Donnelley to extend the term of the employment agreement, unless the failure occurs following the fifth anniversary of the effective date.

The employment agreement also provides for enhanced protections after a change in control of RR Donnelley (as defined in the RR Donnelley 2000 Stock Incentive Plan in effect as of November 8, 2003). If Mr. Angelson's employment is terminated by RR Donnelley without cause (as defined in the employment agreement) or by Mr. Angelson for good reason (as defined in the employment agreement, which definition is described above) within two years after a change in control, Mr. Angelson will be entitled to receive the same severance benefits listed above, except that the lump sum payment will be three times the sum of base salary and bonus (instead of two times) and the continuation of welfare benefits will be for three years (instead of two years) following termination of employment. In addition, upon a change in control (i) all outstanding options (including the initial option) and restricted stock units (including the initial restricted stock units) will vest in full and (ii) all performance units (including the initial performance units) will vest and become payable with respect to the number of shares of common stock that would vest at target performance or, if greater, based upon actual performance through the date of the change in control. The initial options and all subsequent options will remain exercisable for a period of five years (or, if less, the remainder of their original term) following such termination of employment.

The employment agreement also provides that, on the effective date, Mr. Angelson's existing employment agreement with Moore Wallace will be terminated, and Mr. Angelson will no longer be entitled to any payments, acceleration of awards or other benefits under his existing employment agreement (except for gross-up payments related to excise taxes).

The employment agreement further provides that the initial performance units, and to the extent necessary, the initial option, will not be awarded unless, prior to making those awards, RR Donnelley shareholders have approved a plan or plans pursuant to which the awards could be made in order that the compensation payable pursuant to the awards would not be subject to the limitation on deductions imposed by Section 162(m) of the Internal Revenue Code. If RR Donnelley shareholders have not approved such a plan prior to the effective date, the employment agreement provides that RR Donnelley and Mr. Angelson will negotiate in good faith with the intent of developing a replacement compensation program intended to provide Mr. Angelson with the value and incentive opportunities that are foregone because of the limitation described in the first sentence of this paragraph, and until such a replacement compensation program has been agreed to, Mr. Angelson will not, for purposes of the combination agreement, be considered available to begin service as chief executive officer of RR Donnelley. If no agreement is reached within 14 days of a shareholder vote that gives rise to the obligation to negotiate in good faith, the employment agreement will terminate. It is a condition to each of RR Donnelley's and Moore Wallace's obligation to complete the transaction that Mr. Angelson be available to begin service as the chief executive officer of RR Donnelley immediately following the effective time. If this condition is not satisfied or waived by both RR Donnelley and Moore Wallace, the completion of the transaction will not occur. See "The Combination Agreement - Conditions to Completion of the Transaction" beginning on page 97.

The 2004 Performance Incentive Plan would be a plan pursuant to which the initial performance units and the initial option could be granted in order that the compensation payable in such awards would not be subject to the limitation on deductions imposed by Section 162(m) of the Internal Revenue Code. Therefore, if RR Donnelley shareholders approve the performance incentive plan proposal, the obligation to negotiate a replacement compensation package will not arise.

If any payments received by Mr. Angelson from RR Donnelley or its affiliates, whether under the employment agreement or otherwise, are subject to the excise tax imposed under Section 4999 of the Internal Revenue Code, the employment agreement provides for an additional payment to be made to Mr. Angelson to restore him to the same after-tax position in which he would have been if the excise tax had not been imposed.



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### *Indemnification of Officers and Directors*

The combination agreement requires RR Donnelley to honor and to cause Moore Wallace to honor all rights to indemnification or exculpation existing in favor of officers and directors of Moore Wallace (including rights relating to advancement of expenses) as provided in Moore Wallace's articles of continuance, Moore Wallace's by-laws, any indemnification agreement and applicable laws, in each case, in effect on the effective date and relating to actions or events through the effective date.

The combination agreement also provides that for a period of six years after the effective time, Moore Wallace will maintain its existing directors' and officers' liability insurance so long as the premium does not exceed 300% of the last annual premium paid by Moore Wallace prior to the date of the combination agreement.

### *Rights on Change in Control*

The employment agreements of Mark S. Hiltwein, Thomas W. Oliva, Thomas J. Quinlan III, Michael S. Kraus and Dean E. Cherry (whom, together with Mark A. Angelson, we refer to in this document as the Moore Wallace executive officers) with Moore Wallace entitle them to severance benefits upon termination of their employment in some circumstances. Mr. Angelson's new employment agreement and its severance arrangements are described above under "Employment Agreement between Mark A. Angelson and RR Donnelley." Mr. Kraus's employment agreement provides for enhanced severance benefits in the event of the termination of his employment in certain circumstances during the six months prior to, or following, a change in control. In the event of his termination in such circumstances, the cash severance to which Mr. Kraus is entitled will be three times the cash severance to which he would have otherwise been entitled. Mr. Kraus' basic severance is 12 months of continued compensation and benefits. The severance benefits that the other Moore Wallace executive officers will be entitled to receive under the employment agreements in connection with a termination of employment after the effective date will remain the same as the severance benefits they would receive if such termination occurred prior to the effective date, which, generally (except for Mr. Angelson) is 18 months of continued compensation and benefits and accelerated vesting of any unvested Moore Wallace equity awards (excluding restricted stock units).

Each of the Moore Wallace executive officers holds outstanding options, restricted stock and restricted stock units (except for Mr. Angelson, who does not hold restricted shares or restricted stock units) under certain of Moore Wallace's long-term incentive plans and pursuant to employment inducement award grants. The transaction, if completed, will constitute a change in control with respect to the outstanding option grants. On the effective date, the unvested portion of all options outstanding under these arrangements will vest.

Some of Moore Wallace's directors, including Mr. Angelson, hold deferred share units which, pursuant to the terms of the plan pursuant to which the units were issued and the combination agreement, will be cashed out at the effective date based upon the closing price of Moore Wallace common shares on the last day of trading before the effective date.

As a result of the transaction, each of the Moore Wallace executive officers will be entitled to gross-up payments under their respective employment agreements in the event that any payments made to them are subject to excise tax under Section 4999 of the Internal Revenue Code. In the case of all of the Moore Wallace executive officers (except Mr. Angelson, whose gross-up is not subject to this limitation), no gross-up will be paid if the amount of the payments subject to the excise tax could be reduced by an amount equal to up to 10% of the total amount of the payments and thereby avoid imposition of the excise tax. In that case, the total payments owed to the Moore Wallace executive officer will be reduced by the amount necessary to avoid the imposition of the excise tax.

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The Moore Wallace executive officers also participate in the Moore Wallace Supplemental Executive Retirement Plan B. If the transaction is completed, any accrued benefits under that plan will become vested at such time.

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*Appointments to RR Donnelley Board of Directors*

Immediately following the effective time, seven directors who currently serve on the Moore Wallace board of directors, including Mark A. Angelson, the current chief executive officer of Moore Wallace, will join the RR Donnelley board of directors, and directors who currently serve on the Moore Wallace board of directors will become chairs of the audit committee, finance committee and executive committee of the RR Donnelley board of directors. Also, Mr. Angelson will become chief executive officer of RR Donnelley effective immediately following the effective time.

*Moore Wallace Options and Restricted Stock Units*

As discussed above, most outstanding options to purchase Moore Wallace common shares will (unless waived) vest upon completion of the transaction. However, pursuant to the combination agreement, each outstanding Moore Wallace option that has not been exercised prior to the effective time will be exchanged for or converted into at the effective time an option to purchase shares of RR Donnelley common stock equal to the number of Moore Wallace common shares that would be deliverable upon exercise of the Moore Wallace option multiplied by the exchange ratio of 0.63, rounded down to the next whole number of shares of RR Donnelley common stock. The term to expiration, conditions to and manner of exercising and all other terms and conditions of the replacement options will otherwise be unchanged from those of the Moore Wallace options in exchange for which they are issued. See Transaction Mechanics Replacement Options beginning on page 87. Pursuant to the combination agreement, each Moore Wallace restricted stock unit outstanding under the Moore Wallace stock plans at the effective time will be deemed to be exchanged for or converted into a replacement RR Donnelley restricted stock unit to acquire or receive that number of shares of RR Donnelley common stock equal to the number of Moore Wallace common shares that would have been deliverable upon vesting of the restricted stock unit multiplied by the exchange ratio of 0.63, rounded down to the next whole number of shares of RR Donnelley common stock. The replacement restricted stock units will otherwise be subject to the same terms and conditions applicable to the Moore Wallace restricted stock units under the relevant Moore Wallace share plan. See Transaction Mechanics Replacement Restricted Stock Units beginning on page •. As of •, 2004, Moore Wallace s directors and executive officers held, in the aggregate, options to purchase • Moore Wallace common shares and • Moore Wallace restricted stock units.

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### **TRANSACTION MECHANICS**

*This section describes the material provisions of the plan of arrangement. The following description of the plan of arrangement is subject to, and qualified in its entirety by reference to, the plan of arrangement, the form of which is attached as Annex C to this document and forms a part of this document. We urge you to read the entire form of plan of arrangement carefully.*

#### **The Transaction**

Pursuant to the terms of the plan of arrangement, commencing at the effective time, the following events will occur and be deemed to occur in the following order:

RR Donnelley will issue, and be deemed to have issued, to SubCo that number of duly authorized, fully paid and non-assessable shares of RR Donnelley common stock that is the product of 0.63 multiplied by the number of Moore Wallace common shares outstanding immediately prior to the effective time (after deducting the number of common shares held by any dissenting shareholder who is entitled to be paid the fair value of such shareholder's Moore Wallace common shares and after deducting the number of Moore Wallace common shares held by RR Donnelley or any subsidiary of RR Donnelley).

SubCo will issue to RR Donnelley 1,000,000 common shares of SubCo.

Each outstanding Moore Wallace common share held by a Moore Wallace shareholder (other than Moore Wallace common shares in respect of which the holder has properly exercised dissent rights and is entitled to be paid the fair value of such shareholder's Moore Wallace common shares and other than the Moore Wallace common shares held by RR Donnelley or a subsidiary of RR Donnelley) will be transferred by the holder to SubCo in exchange for 0.63 of a share of RR Donnelley common stock.

Immediately following the effective time, Moore Wallace's outstanding capital will consist of approximately 100 million common shares, all of which will be held by SubCo. Based on the 0.63 exchange ratio and the number of Moore Wallace common shares outstanding on 12/31/2004, the former holders of Moore Wallace common shares will hold an aggregate of approximately 63 million shares of RR Donnelley common stock, assuming that there are no dissenting Moore Wallace shareholders. Assuming all outstanding Moore Wallace common shares are transferred to SubCo for RR Donnelley common stock and that none of the Moore Wallace options are exercised prior to the completion of the transaction, and based upon the number of Moore Wallace common shares and shares of RR Donnelley common stock outstanding as of 12/31/2004, immediately following the completion of the transaction, existing Moore Wallace shareholders will hold approximately 63% of the outstanding shares of RR Donnelley common stock.

#### **Procedures for Exchange by Moore Wallace Shareholders**

At or as promptly as practicable after the effective time, SubCo will deposit with Computershare Trust Company of Canada (which we refer to in this document as the depositary when acting in that capacity), for the benefit of Moore Wallace shareholders who will receive shares of RR Donnelley common stock in connection with the transaction, certificates representing the shares of RR Donnelley common stock issuable pursuant to the combination agreement and plan of arrangement in exchange for the Moore Wallace common shares of such Moore Wallace shareholders. RR Donnelley will cause SubCo to make available to the depositary, from time to time as needed, cash sufficient to pay cash in

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lieu of fractional shares that would otherwise be issued pursuant to the plan of arrangement and any dividends or other distributions for unsurrendered Moore Wallace common shares after the effective time.

RR Donnelley will cause the depositary to send a letter of transmittal and instructions to each Moore Wallace shareholder for use in exchanging certificates representing one or more Moore Wallace common shares for shares of RR Donnelley common stock (together with any dividends or other distributions with respect

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thereto and cash in lieu of fractional shares, as described below). Upon surrender to the depository of a certificate which, immediately prior to the effective time, represented one or more Moore Wallace common shares that are exchangeable for shares of RR Donnelley common stock in connection with the transaction, together with a completed letter of transmittal and any other required documents, a Moore Wallace shareholder will be entitled to receive a certificate representing that number of shares of RR Donnelley common stock that such Moore Wallace shareholder has the right to receive (together with any dividends or distributions with respect thereto and any cash in lieu of fractional shares, as described below).

Certificated Moore Wallace common shares may be delivered to the depository for up to five years after the effective time. At the end of that period, any shares of RR Donnelley common stock and cash held by the depository will be returned to RR Donnelley. RR Donnelley, Moore Wallace, SubCo and the depository will not be liable to any person in the event that any consideration is delivered to a public official pursuant to any applicable abandoned property, escheat or similar law.

If a share certificate has been lost, stolen or destroyed, the letter of transmittal should be completed as fully as possible and forwarded, together with an affidavit describing that fact, to the Toronto office of the depository. The depository will respond with its share certificate replacement requirements. Moore Wallace shareholders who have lost or destroyed certificates representing Moore Wallace shares should provide a telephone number to the depository so that they may be contacted.

After the effective time, there will be no further transfers on the share transfer books of Moore Wallace, and any certificated Moore Wallace common shares presented to the depository or RR Donnelley for any reason will be converted into the right to receive the transaction consideration.

Until surrendered to the depository, certificates that represented Moore Wallace common shares prior to the transaction will only represent a right to receive one or more certificates representing RR Donnelley common stock plus dividends, distributions or cash in lieu of a fractional share to which the former Moore Wallace shareholder is entitled. The certificates that formerly represented Moore Wallace common shares will not entitle the holder of such certificates to any rights as a Moore Wallace shareholder.

## **Distributions with Respect to Unsurrendered Certificates**

No dividends or other distributions paid, declared or made with respect to shares of RR Donnelley common stock with a record date after the effective time will be paid to the holder of any unsurrendered certificate that immediately prior to the effective time represented outstanding Moore Wallace common shares unless and until the holder properly surrenders such certificate to the depository.

## **Fractional Shares**

No fractional shares of RR Donnelley common stock will be issued pursuant to the plan of arrangement. In lieu of any fractional shares of RR Donnelley common stock, each Moore Wallace shareholder otherwise entitled to a fractional interest in a share of RR Donnelley common stock will receive a cash payment equal to the product of such fractional interest and the closing price per share of RR Donnelley common stock on the New York Stock Exchange on the business day immediately prior to the effective date.

**Replacement Options**

On •, 2004, there were outstanding options to purchase Moore Wallace common shares which, when vested, would be exercisable to acquire a total of approximately • Moore Wallace common shares at prices between Cdn.\$• and Cdn.\$•, with various expiration dates to 20•.

At the effective time, each option to purchase Moore Wallace common shares with an exercise price denominated in U.S. dollars that has not been exercised prior to the effective time will be exchanged for or

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converted into an option to purchase a number of shares of RR Donnelley common stock equal to the product of the number of Moore Wallace common shares that would be deliverable upon exercise of the Moore Wallace option multiplied by 0.63.

For a Moore Wallace option with an exercise price denominated in Canadian dollars, the replacement option will provide for an exercise price per share of RR Donnelley common stock that is the quotient of the exercise price per Moore Wallace common share of the Moore Wallace option immediately prior to the effective time divided by 0.63, then divided by the currency exchange rate for U.S. dollars expressed in Canadian dollars on the effective date. For a Moore Wallace option with an exercise price denominated in U.S. dollars, the replacement option will provide for an exercise price per share of RR Donnelley common stock that is the quotient of the exercise price per Moore Wallace common share of the Moore Wallace option immediately prior to the effective time divided by 0.63.

If the calculations described above result in a holder's replacement option being exercisable for a fraction of a share of RR Donnelley common stock, then the number of shares of RR Donnelley common stock subject to the holder's replacement option will be rounded down to the next whole number of shares of RR Donnelley common stock. If the foregoing calculations result in a holder's replacement option having an exercise price that is a fraction of a cent, then the exercise price of the holder's replacement option will be rounded up to the next whole cent. However, with respect to any Moore Wallace option that is an incentive stock option within the meaning of Section 422 of the Internal Revenue Code or that is held by a person who is a resident of Canada within the meaning of the Canada Tax Act, adjustments will be made so that the excess of the aggregate fair market value of the shares of RR Donnelley common stock subject to such replacement option over the aggregate option exercise price of such shares does not exceed the excess of the aggregate fair market value of all Moore Wallace common shares that would be deliverable upon exercise of the Moore Wallace option immediately before the issuance of the replacement option over the aggregate option exercise price of such shares. With respect to any Moore Wallace option that is an incentive stock option within the meaning of Section 422 of the Internal Revenue Code, adjustments will also be made so that, on a share-by-share comparison, the ratio of the option exercise price to the fair market value of the shares of RR Donnelley common stock subject to such replacement option immediately after the issuance of such replacement option will not be more favorable to the option holder than the ratio of the option exercise price to the fair market value of the Moore Wallace common shares that would be deliverable upon exercise of the Moore Wallace option immediately before the issuance of the replacement option.

Outstanding options to purchase Moore Wallace common shares will (unless waived) immediately vest upon completion of the transaction. However, the term to expiration, conditions to and manner of exercising and all other terms and conditions of replacement options will otherwise be unchanged from those of the Moore Wallace options in exchange for which they are issued. Any document or agreement previously evidencing Moore Wallace options will thereafter evidence and be deemed to evidence options to purchase shares of RR Donnelley common stock.

Promptly after the effective time, RR Donnelley will file a registration statement on Form S-8 with the SEC to register the shares of RR Donnelley common stock issuable after the effective time upon the exercise of Moore Wallace options replaced by options to acquire shares of RR Donnelley common stock. Under the combination agreement, RR Donnelley must use its reasonable best efforts to maintain the effectiveness of the registration statement on Form S-8 for so long as Moore Wallace options, or options issued in exchange for Moore Wallace options, remain outstanding or until such earlier time as RR Donnelley determines to be sufficient on written advice of its outside legal counsel.

## **Replacement Restricted Stock Units**

Each Moore Wallace restricted stock unit that is outstanding under the Moore Wallace stock plans as of the effective time will be deemed to be exchanged for or converted into a replacement RR Donnelley restricted stock



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unit to acquire or receive that number of shares of RR Donnelley common stock that is the product of the number of Moore Wallace common shares that would be deliverable upon vesting of the restricted stock unit multiplied by 0.63. However, in the case of a holder of a Moore Wallace restricted stock unit who is a resident of Canada, for purposes only of the conversion of such holder's restricted stock unit into an RR Donnelley restricted stock unit, the exchange ratio shall be modified in a manner such that the aggregate fair market value (immediately after the issuance of the RR Donnelley restricted stock unit) of the shares of RR Donnelley common stock that would be deliverable upon vesting of the RR Donnelley restricted stock unit will not exceed the aggregate fair market value (immediately before the issuance of the RR Donnelley restricted stock unit) of the Moore Wallace common shares that would have been deliverable upon vesting of the Moore Wallace restricted stock unit. In any case, if a holder's replacement RR Donnelley restricted stock unit would be exercisable for a fraction of a share of RR Donnelley common stock, then the total number of shares of RR Donnelley common stock subject to the holder's replacement RR Donnelley restricted stock unit will be rounded down to the next whole number of shares of RR Donnelley common stock. The replacement restricted stock units will otherwise be subject to the same terms and conditions applicable to the Moore Wallace restricted stock units under the relevant Moore Wallace stock plan. Any document or agreement previously evidencing Moore Wallace restricted stock units will thereafter evidence and be deemed to reference RR Donnelley replacement restricted stock units. As of •, 2004, • Moore Wallace restricted stock units were outstanding entitling their holders to acquire • Moore Wallace common shares.

Promptly after the effective time, RR Donnelley will file a registration statement on Form S-8 with the SEC to register the shares of RR Donnelley common stock issuable after the effective time upon the delivery of RR Donnelley common stock underlying Moore Wallace restricted stock units assumed by RR Donnelley.

## **Court Approval of the Transaction and Completion of the Transaction**

An arrangement under the CBCA requires court approval. Prior to the mailing of this document, Moore Wallace obtained an interim order from the Ontario Superior Court of Justice providing for the calling and holding of the Moore Wallace special meeting and other procedural matters. A copy of each of the interim order and the notice of application for a final order is attached to this document as Annex D.

Subject to the approval of the arrangement resolution by Moore Wallace securityholders at the Moore Wallace special meeting and the approval of the RR Donnelley share issuance proposal by the RR Donnelley shareholders at the RR Donnelley special meeting, the hearing in respect of a final court order is expected to take place on or about, •, 2004 at • (Toronto time) in the Ontario Superior Court of Justice at 393 University Avenue, Toronto, Ontario.

Any Moore Wallace securityholder who wishes to appear or be represented and to present evidence or arguments must serve and file a notice of appearance, as described in the notice of application for the final order, and satisfy any other requirements of the court. In making its determination, the court will consider, among other things, the fairness and reasonableness of the arrangement. The court may approve the arrangement in any manner the court may direct, subject to compliance with such terms and conditions, if any, as the court deems fit.

## **Court Approval Will Be Required to Complete the Transaction**

Assuming the final order is granted and the other conditions to closing contained in the combination agreement are satisfied or waived, it is anticipated that the following will occur substantially simultaneously:

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articles of arrangement for Moore Wallace will be filed with the Director under the CBCA to give effect to the transaction;

the shares of RR Donnelley common stock to be delivered by SubCo to Moore Wallace shareholders will be deposited with the depositary;

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RR Donnelley will cause SubCo to make available to the depositary cash sufficient to pay cash in lieu of fractional shares that would otherwise be issued pursuant to the transaction; and

the various other documents necessary to complete the transactions contemplated under the combination agreement will be executed and delivered.

Subject to the foregoing, it is expected that the effective time will occur as soon as practicable after the requisite Moore Wallace securityholder approval, RR Donnelley shareholder approval and court approval have been obtained.

## **Stock Exchange Listings**

Shares of RR Donnelley common stock are listed on the New York Stock Exchange, the Chicago Stock Exchange and the Pacific Exchange. RR Donnelley is filing an application with the New York Stock Exchange, the Chicago Stock Exchange and the Pacific Exchange in order to list the shares of RR Donnelley common stock to be issued in the transaction. In addition, it is a condition to the completion of the transaction that shares of RR Donnelley common stock be listed on the Toronto Stock Exchange.

After the transaction is completed, Moore Wallace common shares will be delisted from the New York Stock Exchange and the Toronto Stock Exchange and will be deregistered under the United States Securities Exchange Act of 1934, as amended (which we refer to in this document as the Exchange Act).

## **Resale of RR Donnelley Common Stock Received in the Transaction**

### *United States*

The shares of RR Donnelley common stock to be delivered by SubCo to Moore Wallace shareholders pursuant to the combination agreement and the plan of arrangement will not be registered under the Securities Act. Such shares will instead be issued in reliance upon the exemption provided by Section 3(a)(10) of the Securities Act. Section 3(a)(10) exempts securities issued in exchange for one or more outstanding securities from the general requirement of registration where the terms and conditions of the issuance and exchange of the securities have been approved by any court, after a hearing upon the fairness of the terms and conditions of the issuance and exchange at which all persons to whom the securities will be issued have the right to appear. In connection with the transaction, the Ontario Superior Court of Justice will conduct a hearing to determine the fairness of the terms and conditions of the transaction, including the proposed delivery of RR Donnelley securities in exchange for outstanding Moore Wallace securities. The Ontario Superior Court of Justice entered its interim order on •, 2003. If the arrangement resolution is approved by Moore Wallace securityholders, the court will hold a hearing on the fairness of the transaction on or about •, 2004. See Court Approval of the Transaction and Completion of the Transaction beginning on page 89.

The shares of RR Donnelley common stock received in exchange for Moore Wallace common shares in the transaction will be freely transferable under United States federal securities laws, except for shares of RR Donnelley common stock held by persons who are deemed to be affiliates of Moore Wallace prior to the transaction. However, RR Donnelley restricted shares received in exchange for Moore Wallace restricted shares that do not vest in connection with the transaction will remain subject to transfer restrictions until such shares vest. Affiliates of

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Moore Wallace generally may not sell their Moore Wallace common shares acquired in the transaction except pursuant to an effective registration statement under the Securities Act or an applicable exemption from the registration requirements of the Securities Act, including Rules 144 and 145 issued by the SEC under the Securities Act. Affiliates of Moore Wallace generally include directors, executive officers and beneficial owners of 10% or more of any class of capital stock of Moore Wallace.

Under the combination agreement, prior to the date of the Moore Wallace special meeting, Moore Wallace will provide RR Donnelley with a list of the persons who, in the opinion of Moore Wallace may be deemed to be

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affiliates of Moore Wallace as of the date of the Moore Wallace special meeting. Moore Wallace will also use its reasonable best efforts to deliver to RR Donnelley, prior to the closing date of the transaction, a letter agreement executed by each of these persons by which each person will agree, among other things, not to offer to sell, assign or transfer any of the shares of RR Donnelley common stock distributed to such person in the transaction except pursuant to an effective registration statement under the Securities Act, in compliance with Rules 144 and 145 under the Securities Act or in a transaction that, in the opinion of independent counsel reasonably satisfactory to RR Donnelley or as described in a no-action or interpretive letter from the staff of the SEC reasonably satisfactory to RR Donnelley, is not required to be registered under the Securities Act. RR Donnelley will place restrictive legends on the common stock certificates that are issued to persons who are deemed to be affiliates of Moore Wallace under the Securities Act.

**This document does not cover any resales of shares of RR Donnelley common stock received in the transaction by any person who may be deemed an affiliate of Moore Wallace.**

### *Canada*

RR Donnelley has applied for orders of applicable securities regulatory authorities in Canada to exempt, where required, the issuance of shares of RR Donnelley common stock, and other securities, in connection with the transaction, and the issuance of shares of RR Donnelley common stock from time to time upon the exercise of Moore Wallace options and the vesting of Moore Wallace restricted stock units, from the prospectus and registration requirements of applicable Canadian securities legislation and to permit the first resale of the shares of RR Donnelley common stock by Canadian residents, without restriction by persons other than control persons, subject to customary conditions to such orders, including that no unusual effort is made to prepare the market or to create a demand for the securities that are the subject of any such resale and no extraordinary commission or consideration is paid in respect of any such resale. The completion of the transaction is conditioned, among other things, upon the receipt of such orders.

### **Ongoing Canadian Reporting Obligations**

Upon completion of the transaction, Moore Wallace will be an indirect, wholly owned subsidiary of RR Donnelley. Accordingly, after the effective date, Moore Wallace will apply to the securities regulatory authorities in Canada to cease to be a reporting issuer, so as to no longer be subject to statutory financial and reporting requirements under Canadian securities laws.

As a result of the transaction and the listing of shares of RR Donnelley common stock on the Toronto Stock Exchange, RR Donnelley will become a reporting issuer in certain provinces of Canada and will become subject to the ongoing statutory financial and other reporting requirements of applicable Canadian securities laws.

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**THE COMBINATION AGREEMENT**

*This section describes the material provisions of the combination agreement. The following description of the combination agreement is subject to, and qualified in its entirety by reference to, the combination agreement, which is attached as Annex B to this document and is incorporated by reference into this document. We urge you to read the entire combination agreement carefully.*

**The Transaction**

Under the terms of the combination agreement, Moore Wallace will enter into a plan of arrangement under Section 192 of the CBCA, pursuant to which a direct, wholly owned subsidiary of RR Donnelley will acquire all of the outstanding Moore Wallace common shares in exchange for shares of RR Donnelley common stock.

**Consideration to Be Received in the Transaction**

The combination agreement provides that each Moore Wallace common share issued and outstanding immediately prior to the completion of the transaction will be exchanged for 0.63 of a share of RR Donnelley common stock.

**Closing and Effective Time**

*Closing.* The closing of the transaction will take place on the third business day after the date on which all closing conditions have been satisfied or waived (other than any conditions which by their terms cannot be satisfied until the closing date) or such other time as agreed to in writing by RR Donnelley and Moore Wallace. We currently expect to complete the transaction in the first quarter of calendar year 2004.

*Effective Time.* The transaction will be effective at 12:01 a.m. (Toronto time) on the date shown on the certificate of arrangement giving effect to the arrangement, issued pursuant to subsection 192(7) of the CBCA after the articles of arrangement have been filed.

**Representations and Warranties**

The combination agreement contains a number of customary representations and warranties of RR Donnelley and Moore Wallace relating to, among other things:

proper organization, good standing and qualification of each party and its respective subsidiaries;

each party's capital structure;

the corporate authorization and enforceability of the combination agreement;

board approval;

the opinion of each party's financial advisor;

required governmental approvals;

no violations of organizational documents and material contracts;

the accuracy of each party's reports filed with or furnished to the SEC since December 31, 2002 and the accuracy of the financial statements included in such reports;

absence of any material adverse effect and certain other changes or events since December 31, 2002;

litigation and other liabilities;

employee benefits;

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compliance with laws and permits;

takeover statutes;

environmental matters;

taxes;

labor matters;

insurance;

intellectual property;

the securityholder vote required to approve the arrangement resolution, in the case of Moore Wallace, and the shareholder vote required to approve the RR Donnelley share issuance proposal and the performance incentive plan proposal, in the case of RR Donnelley; and

brokers and finders.

Many of the representations and warranties of RR Donnelley and Moore Wallace are qualified by a material adverse effect standard. A material adverse effect, with respect to either RR Donnelley or Moore Wallace, as applicable, means an effect or change that, individually or in the aggregate with other such effects or changes, is both material and adverse with respect to the financial condition, business, operations, results of operations, properties, assets or liabilities of such company and its subsidiaries, taken as a whole.

However, the combination agreement specifies that the following effects or changes are not to be taken into account in determining whether there has been a material adverse effect on RR Donnelley or Moore Wallace, as the case may be:

any effect or change to the extent caused by or resulting from conditions affecting the United States and, in the case of Moore Wallace, the Canadian economy generally;

any effect or change to the extent caused by or resulting from conditions generally affecting the industries (including, in the case of RR Donnelley, the commercial print, financial print or logistics industries and, in the case of Moore Wallace, the commercial print, financial print, printed statements, forms and labels or logistics industries) in which RR Donnelley or Moore Wallace, as the case may be, conducts its business; and

any effect or change to the extent caused by or resulting from the announcement or pendency of the combination agreement.

**Acquisition Proposals**

The combination agreement contains a covenant with respect to acquisition proposals that prohibits each of RR Donnelley and Moore Wallace from initiating, soliciting, encouraging or otherwise knowingly facilitating any inquiry or the making by any third party of any proposal or offer with respect to a purchase, merger, reorganization, share exchange, consolidation, amalgamation, arrangement or similar transaction involving any material portion of the consolidated assets of RR Donnelley or Moore Wallace or 15% or more of any equity securities of RR Donnelley or Moore Wallace (which we refer to in this document as an acquisition proposal). The covenant also prohibits RR Donnelley and Moore Wallace from engaging in any negotiations, providing any confidential information or data to or having any discussions with any third party relating to an acquisition proposal, or otherwise knowingly facilitating any effort or attempt to make or implement an acquisition proposal. If an acquisition proposal is received, however, nothing contained in the combination agreement will prevent RR Donnelley or Moore Wallace, or their respective board of directors, from (i) complying with Rule 14a-9, Rule 14d-9 or Rule 14e-2 under the Exchange Act, (ii) complying with Section 99 of the Ontario Securities Act and similar provisions of the securities laws of the other provinces and territories of Canada or (iii) calling or

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holding a meeting of its shareholders requisitioned by its shareholders pursuant to Section 143 of the CBCA. In addition, if the RR Donnelley board or the Moore Wallace board, as the case may be, determines in good faith after consultation with outside legal counsel that failure to do so would be inconsistent with its fiduciary duties under applicable law, it may:

prior to the RR Donnelley special meeting or the Moore Wallace special meeting, as the case may be, provide information in response to a request by a third party who has made an unsolicited bona fide written acquisition proposal if the RR Donnelley board or the Moore Wallace board, as the case may be, receives from the third party an executed confidentiality agreement on terms substantially similar to the confidentiality agreement that RR Donnelley entered into with Moore Wallace;

engage in negotiations or discussions with any third party who has made an unsolicited bona fide written acquisition proposal if it determines in good faith after consultation with its financial advisor that such acquisition proposal, if accepted, is reasonably likely to be completed, taking into account all legal, financial and regulatory aspects of the proposal, and could result in a transaction more favorable to RR Donnelley shareholders or Moore Wallace shareholders, as the case may be, from a financial point of view than the transaction; and

recommend an acquisition proposal to RR Donnelley shareholders or Moore Wallace shareholders, as the case may be, if it determines in good faith after consultation with its financial advisor that such acquisition proposal, if accepted, is reasonably likely to be completed, taking into account all legal, financial and regulatory aspects of the proposal, and would result in a transaction more favorable to RR Donnelley shareholders or Moore Wallace shareholders, as the case may be, from a financial point of view than the transaction.

In this document we refer to an acquisition proposal meeting the qualifications of the second or third bullet point above as a superior proposal.

RR Donnelley and Moore Wallace have agreed to cease any existing activities, discussions or negotiations with any parties with respect to an acquisition proposal. In addition, RR Donnelley and Moore Wallace have agreed to notify the other promptly of any unsolicited acquisition proposal that it receives.

RR Donnelley and Moore Wallace have agreed not to terminate, modify or waive any provision of any confidentiality or standstill or similar agreement to which either of them or any of their subsidiaries is a party and to enforce the provisions of these agreements, including using reasonable best efforts to obtain injunctions to prevent any breaches of, and to enforce specifically the terms and provisions of, these agreements.

## **Conduct of the Business of RR Donnelley and Moore Wallace Prior to the Completion of the Transaction**

In the combination agreement, each of RR Donnelley and Moore Wallace has agreed, as to itself and its subsidiaries, that, prior to the completion of the transaction, except as expressly contemplated by the combination agreement or consented to in writing by the other party, which consent will not be unreasonably withheld or delayed, it will:

conduct its businesses in the ordinary and usual course and use its reasonable best efforts to preserve its business organization intact and maintain its existing relations and goodwill with customers, suppliers, distributors, creditors, lessors, employees and business associates;

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not issue, sell, pledge, dispose of or encumber any capital stock owned by it in any of its subsidiaries;

not amend its organizational documents or, in the case of RR Donnelley, its rights agreement;

not split, combine or reclassify its outstanding shares of capital stock, other than in the case of a direct or indirect, wholly owned subsidiary;

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not declare, set aside or pay any dividend other than from its direct or indirect, wholly owned subsidiaries and other than, in the case of RR Donnelley, regular quarterly cash dividends on shares of RR Donnelley common stock not in excess of \$0.26 per share per quarter, with declaration and record dates consistent with past practice;

not repurchase, redeem or otherwise acquire any shares of its capital stock or any securities convertible into or exchangeable or exercisable for any shares of its capital stock;

not issue, sell, pledge, dispose of or encumber any shares of, or securities convertible into or exchangeable or exercisable for, or options, warrants, calls, commitments or rights of any kind to acquire, any shares of its capital stock or any voting debt (other than shares issuable under its benefit plans);

not transfer, lease, license, guarantee, sell, mortgage, pledge, dispose of or encumber any other property or assets (including capital stock of any of its subsidiaries) other than products sold to customers in the ordinary and usual course of business (without limitation as to dollar amount) or otherwise in the ordinary and usual course of business and not in an aggregate amount of more than \$5,000,000 and other than, in the case of RR Donnelley, as it deems reasonably necessary to obtain the consent, approval or authorization of any governmental entity to complete the transaction;

not incur or modify any indebtedness other than indebtedness (i) existing solely between it and its wholly owned subsidiaries or between its wholly owned subsidiaries, (ii) in an aggregate amount less than \$30,000,000 or (iii) in the case of RR Donnelley, commercial paper, subject, in each case, to providing the other party a reasonable right to prior consultation (except there need not be any prior consultation in the case of indebtedness in respect of letters of credit, guarantees or performance bonds or indebtedness existing solely between it and its wholly owned subsidiaries or between its wholly owned subsidiaries or, in the case of RR Donnelley, commercial paper);

not make or authorize or commit for any individual capital expenditure in excess of \$1,000,000 or aggregate capital expenditures in excess of \$10,000,000, except as approved by the transition team;

not make any acquisition of, or investment in stock of or other interest in, or assets of any other person, other than raw materials, supplies and other inventory items acquired in the ordinary and usual course of business consistent with past practice and except as permitted by the preceding bullet point;

not terminate, establish, adopt, enter into, make any new grants or awards under, amend or otherwise modify any of its benefit plans, except as required by law or by the terms of any collective bargaining agreement;

not increase the compensation of any employee, other than in the ordinary and usual course of business consistent with past practice and its compensation budget with respect to employees at an annual compensation level of less than \$150,000;

not hire any employee at an annual compensation level expected to be more than \$100,000, except as approved by the transition team;

not settle or compromise any material claims or litigation or modify, amend or terminate any material contracts or waive, release or assign any material rights or claims, except in the ordinary and usual course of business;

not make any material tax election or file any material income tax refund inconsistent with past practice, or implement or adopt any change in its accounting principles or material accounting practices, in all cases other than as may be required by law or by, in the case of RR Donnelley, U.S. GAAP or, in the case of Moore Wallace, Canadian GAAP;

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not take any action or omit to take any action that it reasonably expects would cause any of its representations and warranties in the combination agreement to become untrue in any material respect; and

not authorize or enter into an agreement to do any of the actions described above.

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**Amendments to RR Donnelley s By-Laws**

The combination agreement requires that, effective immediately following the effective time, RR Donnelley amend its by-laws as provided in the form of by-law amendment attached to the combination agreement. The by-law amendment includes the following:

*Number of Directors.* RR Donnelley s by-laws will be amended to increase the size of the RR Donnelley board from 11 to 15 directors, with five directors in each class. Immediately prior to the 2005 annual meeting of RR Donnelley shareholders, four directors will retire, and the number of authorized directorships of the board will be reduced to 11. Two of the directors who retire will be directors who were RR Donnelley directors prior to the effective time (whom we refer to in this document as legacy RR Donnelley directors), and the other two directors who retire will be directors who were Moore Wallace directors prior to the effective time (whom we refer to in this document as legacy Moore Wallace directors). The identity of the two legacy RR Donnelley directors who retire will be agreed upon by a majority of the legacy RR Donnelley directors and the identity of the two legacy Moore Wallace directors who retire will be agreed upon by a majority of the legacy Moore Wallace directors voting together with Mark A. Angelson. However, if prior to the 2005 annual meeting of RR Donnelley shareholders, any legacy RR Donnelley director or legacy Moore Wallace director has died, resigned or been removed and the vacancy has not been filled, then the number of legacy RR Donnelley directors or legacy Moore Wallace directors, as the case may be, required to retire will be reduced accordingly.

*Executive Committee.* RR Donnelley s by-laws will be amended to provide that the executive committee of the RR Donnelley board will be disbanded immediately prior to the 2005 annual meeting of RR Donnelley shareholders unless reauthorized by the affirmative vote of at least two-thirds of the total number of authorized directorships (whether or not there exist any vacancies or unfilled previously authorized directorships) (in this document we refer to the total number of authorized directorships, whether or not there exist any vacancies or unfilled previously authorized directorships, of the RR Donnelley board of directors following the effective time as the whole board). Unless otherwise approved by the affirmative vote of two-thirds of the whole board, the chairman of the Moore Wallace board immediately prior to the effective time will be the chair of the RR Donnelley executive committee after the effective time, and the other members of the RR Donnelley executive committee will be the non-executive chairman of the board and the respective chairs of each of the finance, human resources, audit and corporate responsibility and governance committees of the RR Donnelley board.

*Composition of Committees and Chairs.* RR Donnelley s by-laws will be amended to provide that, until the third anniversary of the effective time and unless otherwise approved by the affirmative vote of two-thirds of the whole board, each RR Donnelley board committee chaired by either a legacy RR Donnelley director or a legacy Moore Wallace director pursuant to the combination agreement will continue to be chaired by the legacy director specified in the combination agreement. In addition, the appointment of any additional members to any committee (other than the executive committee) will be made only with the affirmative vote of two-thirds of the whole board.

*Officers.* RR Donnelley s by-laws will be amended to provide that (i) the chairman of the RR Donnelley board will be a non-executive officer and (ii) until the third anniversary of the effective time the removal or failure to re-elect the chairman of the board or the chief executive officer, or any action that would permit the chief executive officer to terminate his employment for good reason under specified sections of his employment agreement, will require the affirmative vote of two-thirds of the whole board.

*Ability to Amend By-Laws.* RR Donnelley s by-laws will be amended to provide that, until the third anniversary of the effective time, the amendment of specified sections of the by-laws, including the sections relating to the composition of the committees of the board and the officers of RR Donnelley, will require the affirmative vote of two-thirds of the whole board.

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### **Expenses**

In general, each party will be responsible for all costs and expenses incurred by it in connection with the transaction. However, RR Donnelley and Moore Wallace will share equally the expenses and fees incurred in connection with the filing, printing and mailing of this document. In some circumstances in connection with the termination of the combination agreement, RR Donnelley and Moore Wallace will be responsible for all of the charges and expenses incurred by the other party in connection with the combination agreement and the transaction up to a maximum of \$12,000,000. See *Termination Fees and Expense Reimbursement Payable by Moore Wallace to RR Donnelley* and *Termination Fees and Expense Reimbursement Payable by RR Donnelley to Moore Wallace* beginning on pages 102 and 103, respectively.

### **Conditions to Completion of the Transaction**

The obligation of each of RR Donnelley and Moore Wallace to complete the transaction is subject to the satisfaction or waiver of conditions as described in this section.

*Conditions to Each Party's Obligation to Complete the Transaction.* The respective obligations of RR Donnelley and Moore Wallace to complete the transaction are subject to the satisfaction or waiver, at or prior to the effective time, of the following conditions:

*Approval of Moore Wallace Securityholders.* The arrangement resolution must be approved by Moore Wallace securityholders in accordance with the terms of the interim order issued by the Ontario Superior Court of Justice.

*Approval of RR Donnelley Shareholders.* The RR Donnelley share issuance proposal must be approved by holders of RR Donnelley common stock in accordance with applicable law and the organizational documents of RR Donnelley.

*Stock Exchange Listing.* The issuance of shares of RR Donnelley common stock to holders of Moore Wallace common shares in the transaction must be approved by the New York Stock Exchange and the conditions to its approval must be satisfied, and the shares of RR Donnelley common stock issuable in the transaction must be approved for listing on the New York Stock Exchange, subject only to official notice of issuance and other customary conditions. All shares of RR Donnelley common stock must be approved for listing on the Toronto Stock Exchange, subject only to customary conditions.

*Interim and Final Orders.* The interim order and the final order must be obtained in form and on terms satisfactory to each of RR Donnelley and Moore Wallace, acting reasonably, and must not have been set aside or modified in a manner unacceptable to RR Donnelley or Moore Wallace, acting reasonably, on appeal or otherwise.

*Orders of Canadian Securities Regulatory Authorities.* All orders required from the applicable Canadian securities regulatory authorities to permit the issuance and first resale of shares of RR Donnelley common stock issued pursuant to the transaction without qualification with or approval of or the filing of any prospectus, or the taking of any proceeding with, or the obtaining of any further order, ruling or consent from any governmental entity under any Canadian federal, provincial or territorial securities or other laws or pursuant to the rules and regulations of any governmental entity administering such laws, or the fulfillment of any other legal requirement in any such jurisdiction (other than, with respect to such first resales, any restrictions or transfer by reason of, among other things, a holder being a control person of RR Donnelley for purposes of Canadian federal, provincial or territorial securities laws).

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*Dissent Rights.* Holders of Moore Wallace common shares representing more than 15% of the outstanding Moore Wallace common shares must not have exercised (and not withdrawn such exercise by the close of business on the day after the day of the Moore Wallace special meeting) rights of dissent in connection with the transaction.

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*Regulatory Consents.* All material governmental consents or approvals required to complete the transaction must be obtained, including the expiration or termination of the waiting period applicable to the completion of the transaction under the HSR Act and the receipt by RR Donnelley and Moore Wallace of the requisite approvals and clearances under the Competition Act, if necessary, and the Investment Canada Act.

*No Injunctions or Restraints.* No judicial or governmental order may be in effect that would prevent or prohibit the completion of the transaction, no proceeding by a governmental authority may be instituted and pending for that purpose and no other litigation may be instituted and pending that has a reasonable possibility of resulting in a material adverse effect to either RR Donnelley or Moore Wallace or preventing or materially delaying or impairing the economic integration of the businesses of RR Donnelley and Moore Wallace.

*Other.* Mark A. Angelson must be available to begin service as the chief executive officer of RR Donnelley immediately following the effective time pursuant to the terms of his employment agreement with RR Donnelley.

*Additional Conditions to the Obligation of RR Donnelley.* The obligation of RR Donnelley to effect the transaction is further subject to the satisfaction by Moore Wallace or waiver by RR Donnelley, at or prior to the effective time, of the following conditions:

### *Representations and Warranties.*

1. Moore Wallace's representations and warranties in the combination agreement relating to, among other things, Moore Wallace's organizational documents, its capital structure, its corporate authority and power to enter into and complete, and the enforceability of, the combination agreement, Moore Wallace board and securityholder approvals, the opinion of Moore Wallace's financial advisor, brokers and finders and the absence of changes in Moore Wallace's financial condition, business or operations must be true and correct with respect to those matters that are qualified by material adverse effect or materiality and must be true and correct in all material respects with respect to all other matters, in each case as of the closing date as though made on and as of the closing date (except to the extent any such representation and warranty expressly speaks as of an earlier date).

2. The remainder of Moore Wallace's representations and warranties contained in the combination agreement (in each case, read without giving effect to any material adverse effect or other materiality qualifiers within such representations and warranties) must be true and correct as of the closing date as though made on the closing date (except to the extent that any such representation and warranty expressly speaks as of an earlier date), except where any failure to be so true and correct, individually or in the aggregate, has not had, and would not reasonably be likely to have, a material adverse effect on Moore Wallace or to prevent, materially delay or materially impair the ability of Moore Wallace to complete the transaction.

3. RR Donnelley must receive a certificate signed on behalf of Moore Wallace by a senior executive officer of Moore Wallace to the effect described in 1 and 2 above.

*Performance of Obligations.* Moore Wallace must have performed in all material respects all obligations required to be performed by it under the combination agreement at or prior to the closing date, and RR Donnelley must receive a certificate signed on behalf of Moore Wallace by a senior executive officer of Moore Wallace to that effect.

*Contractual Consents.* Moore Wallace must have obtained the consent or approval of each person whose consent or approval is required to complete the transaction under any contract to which Moore Wallace or any of its subsidiaries is a party, except where the failure to obtain a consent or approval, individually or in the aggregate, would not be reasonably likely to have a material adverse

effect on Moore Wallace or prevent, materially delay or materially impair the ability of Moore Wallace to complete the transaction.

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*Material Adverse Effect.* Since the date of the combination agreement, there must not have been any effect, change or development that, individually or in the aggregate, has had, or would reasonably be likely to have, a material adverse effect on Moore Wallace.

*Additional Conditions to the Obligation of Moore Wallace.* The obligation of Moore Wallace to effect the transaction is further subject to the satisfaction by RR Donnelley or waiver by Moore Wallace, at or prior to the effective time, of the following conditions:

### *Representations and Warranties.*

1. RR Donnelley's representations and warranties in the combination agreement relating to, among other things, RR Donnelley's organizational documents, its capital structure, its corporate authority and power to enter into and complete, and the enforceability of, the combination agreement, RR Donnelley board and shareholder approvals, the opinion of RR Donnelley's financial advisor, brokers and finders and the absence of changes in RR Donnelley's financial condition, business or operations must be true and correct with respect to those matters that are qualified by material adverse effect or materiality and must be true and correct in all material respects with respect to all other matters, in each case as of the closing date as though made on and as of the closing date (except to the extent any such representation and warranty expressly speaks as of an earlier date).

2. The remainder of RR Donnelley's representations and warranties contained in the combination agreement (in each case, read without giving effect to any material adverse effect or other materiality qualifiers within such representations and warranties) must be true and correct as of the closing date as though made on the closing date (except to the extent that any such representation and warranty expressly speaks as of an earlier date), except where any failure to be so true and correct, individually or in the aggregate, has not had, and would not reasonably be likely to have, a material adverse effect on RR Donnelley or to prevent, materially delay or materially impair the ability of RR Donnelley to complete the transaction.

3. Moore Wallace must receive a certificate signed on behalf of RR Donnelley by a senior executive officer of RR Donnelley to the effect described in 1 and 2 above.

*Performance of Obligations.* RR Donnelley must have performed in all material respects all obligations required to be performed by it under the combination agreement at or prior to the closing date, and Moore Wallace must receive a certificate signed on behalf of RR Donnelley by a senior executive officer of RR Donnelley to that effect.

*Contractual Consents.* RR Donnelley must have obtained the consent or approval of each person whose consent or approval is required to complete the transaction under any contract to which RR Donnelley or any of its subsidiaries is a party, except where the failure to obtain a consent or approval, individually or in the aggregate, would not be reasonably likely to have a material adverse effect on RR Donnelley or prevent, materially delay or materially impair the ability of RR Donnelley to complete the transaction.

*Material Adverse Effect.* Since the date of the combination agreement, there must not have been any effect, change or development that, individually or in the aggregate, has had, or would reasonably be likely to have, a material adverse effect on RR Donnelley.

*Tax Opinion.* Moore Wallace must have received an opinion, dated as of the closing date, in form and substance reasonably satisfactory to Moore Wallace, of Sullivan & Cromwell LLP, special counsel to Moore Wallace, to the effect that the acquisition of the Moore Wallace common shares pursuant to the combination agreement and the arrangement will qualify as a reorganization within the meaning of Section 368(a)(1)(B) of the Internal Revenue Code and that each of RR Donnelley and Moore Wallace will be a party to that reorganization within the meaning of Section 368(b) of the Internal Revenue Code. (In rendering the opinion, Sullivan & Cromwell LLP may rely upon representations contained in the combination agreement and representations from RR Donnelley and

Moore Wallace.)

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*Board/Committee Composition; Amendment to By-Laws.* RR Donnelley must have irrevocably taken all actions necessary so that:

1. the composition of the board of directors of RR Donnelley and the committees of the board of directors of RR Donnelley will be as set forth in the combination agreement;
2. the chief executive officer of RR Donnelley and the non-executive chairman of the board of directors of RR Donnelley will be as set forth in the combination agreement; and
3. the amendment to the by-laws of RR Donnelley will have been adopted by the board of directors of RR Donnelley in accordance with the combination agreement.

## **Termination**

The combination agreement may be terminated and the transaction may be abandoned at any time before the effective time:

by the mutual written consent of RR Donnelley and Moore Wallace, whether before or after the approval of the RR Donnelley shareholders or the Moore Wallace securityholders has been obtained;

by either RR Donnelley or Moore Wallace, if the transaction has not been completed by June 30, 2004, other than if the terminating party has breached in any material respect its obligations under the combination agreement in any manner that proximately contributes to the failure of the transaction to close by June 30, 2004;

by either RR Donnelley or Moore Wallace, if the Moore Wallace securityholders approval of the arrangement resolution is not obtained;

by either RR Donnelley or Moore Wallace, if the RR Donnelley shareholders approval of the RR Donnelley share issuance proposal is not obtained;

by either RR Donnelley or Moore Wallace, whether before or after the approval of the RR Donnelley shareholders or Moore Wallace securityholders has been obtained, if any order permanently restraining, enjoining or otherwise prohibiting completion of the transaction becomes final and non-appealable;

by Moore Wallace, whether before or after the approval of the RR Donnelley shareholders or the Moore Wallace securityholders has been obtained, if:

1. the Moore Wallace board authorizes Moore Wallace, subject to complying with the terms of the combination agreement, to enter into a binding written agreement concerning a transaction that constitutes a superior proposal and Moore Wallace notifies RR Donnelley in writing that it intends to enter into such an agreement;

2. RR Donnelley does not make, within five days of receipt of such notice, a written offer that the Moore Wallace board determines, in good faith after consultation with its financial advisors, is at least as favorable, from a financial point of view, to the Moore Wallace shareholders as the superior proposal; and

3. prior to termination, Moore Wallace pays to RR Donnelley a termination fee (see Termination Fees and Expense Reimbursement Payable by Moore Wallace to RR Donnelley beginning on page 102);

by Moore Wallace, if the RR Donnelley board withdraws or adversely modifies its approval of the combination agreement or its approval or recommendation of either or both the RR Donnelley share issuance proposal and the performance incentive plan proposal or fails to reconfirm its recommendation of either or both the RR Donnelley share issuance proposal and the performance incentive plan proposal after a written request by Moore Wallace to do so prior to the fifth business day before the RR Donnelley special meeting;

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by Moore Wallace, whether before or after the approval of the RR Donnelley shareholders or the Moore Wallace securityholders has been obtained, if there has been a breach of any representation, warranty, covenant or agreement made by RR Donnelley in the combination agreement, which breach would permit Moore Wallace not to close the transaction and which breach is not curable or, if curable, is not cured within the earlier to occur of (i) 30 days of written notice of the breach or (ii) if such 30 day period would extend beyond June 30, 2004, June 20, 2004, or if any of the conditions described in Conditions to Completion of the Transaction Conditions to Each Party's Obligation to Complete the Transaction beginning on page 97 become incapable of satisfaction, other than if Moore Wallace has breached in any material respect its obligations under the combination agreement in any manner that has proximately contributed to the failure of the transaction to close;

by RR Donnelley, whether before or after the approval of the RR Donnelley shareholders or the Moore Wallace securityholders has been obtained, if:

1. the RR Donnelley board authorizes RR Donnelley, subject to complying with the terms of the combination agreement, to enter into a binding written agreement concerning a transaction that constitutes a superior proposal and RR Donnelley notifies Moore Wallace in writing that it intends to enter into such an agreement;

2. Moore Wallace does not make, within five days of receipt of such notice, a written offer that the RR Donnelley board determines, in good faith after consultation with its financial advisors, is at least as favorable, from a financial point of view, to the RR Donnelley shareholders as the superior proposal; and

3. prior to termination, RR Donnelley pays to Moore Wallace a termination fee (see Termination Fees and Expense Reimbursement Payable by RR Donnelley to Moore Wallace beginning on page 103);

by RR Donnelley, if the Moore Wallace board withdraws or adversely modifies its approval or recommendation of the combination agreement and the arrangement or fails to reconfirm its recommendation of the combination agreement and the arrangement after a written request by RR Donnelley prior to the fifth business day before the Moore Wallace special meeting; or

by RR Donnelley, whether before or after the approval of the RR Donnelley shareholders or the Moore Wallace securityholders has been obtained, if there has been a breach of any representation, warranty, covenant or agreement made by Moore Wallace in the combination agreement, which breach would permit RR Donnelley not to close the transaction and which breach is not curable or, if curable, is not cured within the earlier to occur of (i) 30 days of written notice of the breach or (ii) if such 30 day period would extend beyond June 30, 2004, June 20, 2004, or if any of the conditions described in Conditions to Completion of the Transaction Conditions to Each Party's Obligation to Complete the Transaction beginning on page 97 become incapable of satisfaction, other than if RR Donnelley has breached in any material respect its obligations under the combination agreement in any manner that has proximately contributed to the failure of the transaction to close.

**Effect of Termination**

In the event of termination of the combination agreement, the obligations of RR Donnelley and Moore Wallace will terminate, except for the provisions relating to confidentiality, expenses and termination of the combination agreement, including the parties' obligation to pay a termination fee under the circumstances described in the combination agreement, as described below. There will be no liability on the part of either RR Donnelley or Moore Wallace upon termination except those liabilities or damages arising from a willful or intentional breach of the combination agreement.



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**Termination Fees and Expense Reimbursement Payable by Moore Wallace to RR Donnelley**

In the combination agreement, Moore Wallace has agreed to pay RR Donnelley a termination fee under the following circumstances:

**First, if**

1. a bona fide acquisition proposal with respect to Moore Wallace is publicly announced or any person publicly announces that, subject to the Moore Wallace securityholders not approving the arrangement or otherwise rejecting it, it will make a bona fide acquisition proposal with respect to Moore Wallace, and

2. thereafter the combination agreement is terminated based on the failure to obtain the required vote of Moore Wallace securityholders at the Moore Wallace special meeting,

*then*, upon the date of termination, Moore Wallace will be obligated to pay all of the charges and expenses incurred by RR Donnelley in connection with the combination agreement and the transaction up to a maximum amount of \$12,000,000 and will be obligated to pay RR Donnelley a cash fee of \$60,000,000, and if at the time of or within 12 months of such termination Moore Wallace agrees to an acquisition proposal or an acquisition proposal with respect to Moore Wallace is completed, Moore Wallace, upon the earlier of agreeing to an acquisition proposal or completing an acquisition proposal, will be obligated to pay RR Donnelley a cash fee of \$25,000,000.

**Second, if**

1. a bona fide acquisition proposal with respect to Moore Wallace is publicly announced or any person announces that, subject to the Moore Wallace securityholders not approving the arrangement or otherwise rejecting it, it will make a bona fide acquisition proposal with respect to Moore Wallace, and

2. thereafter the combination agreement is terminated by either RR Donnelley or Moore Wallace based on the failure of the transaction to close by June 30, 2004,

*then*, upon the date of termination, Moore Wallace will be obligated to pay all of the charges and expenses incurred by RR Donnelley in connection with the combination agreement and the transaction up to a maximum amount of \$12,000,000, and if at the time of or within 12 months of such termination Moore Wallace agrees to an acquisition proposal or an acquisition proposal with respect to Moore Wallace is completed, Moore Wallace, upon the earlier of agreeing to an acquisition proposal or completing an acquisition proposal, will be obligated to pay RR Donnelley a cash fee of \$85,000,000.

**Third, if**

1. the Moore Wallace board authorizes Moore Wallace, subject to complying with the terms of the combination agreement, to enter into a binding written agreement concerning a transaction that constitutes a superior proposal and Moore Wallace notifies RR Donnelley in writing that it intends to enter into such an agreement, and

2. RR Donnelley does not make, within five days of receipt of such notice, a written offer that the Moore Wallace board determines, in good faith after consultation with its financial advisors, is at least as favorable, from a financial point of view, to the Moore Wallace shareholders as the superior proposal,

*then*, Moore Wallace, prior to terminating the combination agreement, will be obligated to pay all of the charges and expenses incurred by RR Donnelley in connection with the combination agreement and the transaction up to a maximum amount of \$12,000,000 and will be obligated to pay RR Donnelley a cash fee of \$85,000,000.

Fourth, if

1. a bona fide acquisition proposal is publicly announced or any person publicly announces that, subject to the Moore Wallace securityholders not approving the arrangement or otherwise rejecting it, it will make a bona fide acquisition proposal with respect to Moore Wallace, and

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2. thereafter the combination agreement is terminated by RR Donnelley based on the Moore Wallace board withdrawing or adversely modifying its approval or recommendation of the combination agreement and the arrangement or failing to reconfirm its recommendation of the combination agreement and the arrangement after a written request by RR Donnelley prior to the fifth business day before the Moore Wallace special meeting,

*or*

3. if the combination agreement is terminated by RR Donnelley based on the Moore Wallace board withdrawing or adversely modifying its approval or recommendation of the combination agreement and the arrangement or failing to reconfirm its recommendation of the combination agreement and the arrangement after a written request by RR Donnelley prior to the fifth business day before the Moore Wallace special meeting, and

4. a termination fee has not been paid with respect to 1 and 2 above, and

5. at the time of or within 12 months after such termination Moore Wallace agrees to an acquisition proposal or an acquisition proposal with respect to Moore Wallace is completed,

*then*, Moore Wallace will be obligated to, in the case of 1 and 2 above, on the date of such termination, and in the case of 3, 4 and 5 above, upon the earlier of Moore Wallace's agreeing to an acquisition proposal or completing an acquisition proposal, pay all of the charges and expenses incurred by RR Donnelley in connection with the combination agreement and the transaction up to a maximum amount of \$12,000,000 and will be obligated to pay RR Donnelley a cash fee of \$85,000,000.

**Termination Fees and Expense Reimbursement Payable by RR Donnelley to Moore Wallace**

In the combination agreement, RR Donnelley has agreed to pay Moore Wallace a termination fee under the following circumstances:

First, if

1. a bona fide acquisition proposal with respect to RR Donnelley is publicly announced or any person publicly announces that, subject to the RR Donnelley shareholders not approving either or both the RR Donnelley share issuance proposal and the performance incentive plan proposal or otherwise rejecting either or both of them, it will make a bona fide acquisition proposal with respect to RR Donnelley, and

2. thereafter the combination agreement is terminated based on the failure to obtain the required vote of the RR Donnelley shareholders at the RR Donnelley special meeting,

*then*, upon the date of termination, RR Donnelley will be obligated to pay all of the charges and expenses incurred by Moore Wallace in connection with the combination agreement and the transaction up to a maximum amount of \$12,000,000 and will be obligated to pay Moore Wallace a cash fee of \$60,000,000, and if at the time of or within 12 months of such termination RR Donnelley agrees to an acquisition proposal or an acquisition proposal with respect to RR Donnelley is completed, RR Donnelley, upon the earlier of agreeing to an acquisition proposal or completing an acquisition proposal, will be obligated to pay Moore Wallace a cash fee of \$25,000,000.

Second, if

1. a bona fide acquisition proposal with respect to RR Donnelley is publicly announced or any person announces that, subject to the RR Donnelley shareholders not approving either or both the RR Donnelley share issuance proposal and the performance incentive plan proposal or otherwise rejecting either or both of them, it will make a bona fide acquisition proposal with respect to RR Donnelley, and

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2. thereafter the combination agreement is terminated by either RR Donnelley or Moore Wallace based on the failure of the transaction to close by June 30, 2004,

*then*, upon the date of termination, RR Donnelley will be obligated to pay all of the charges and expenses incurred by Moore Wallace in connection with the combination agreement and the transaction up to a maximum amount of \$12,000,000, and if at the time of or within 12 months of such termination RR Donnelley agrees to an acquisition proposal or an acquisition proposal with respect to RR Donnelley is completed, RR Donnelley, upon the earlier of agreeing to an acquisition proposal or completing an acquisition proposal, will be obligated to pay Moore Wallace a cash fee of \$85,000,000.

**Third, if**

1. the RR Donnelley board authorizes RR Donnelley, subject to complying with the terms of the combination agreement, to enter into a binding written agreement concerning a transaction that constitutes a superior proposal and RR Donnelley notifies Moore Wallace in writing that it intends to enter into such an agreement, and

2. Moore Wallace does not make, within five days of receipt of such notice, a written offer that the RR Donnelley board determines, in good faith after consultation with its financial advisors, is at least as favorable, from a financial point of view, to the RR Donnelley shareholders as the superior proposal,

*then*, RR Donnelley, prior to terminating the combination agreement, will be obligated to pay all of the charges and expenses incurred by Moore Wallace in connection with the combination agreement and the transaction up to a maximum amount of \$12,000,000 and will be obligated to pay Moore Wallace a cash fee of \$85,000,000.

**Fourth, if**

1. a bona fide acquisition proposal is publicly announced or any person publicly announces that, subject to the RR Donnelley shareholders not approving either or both the RR Donnelley share issuance proposal and the performance incentive plan proposal or otherwise rejecting either or both of them, it will make a bona fide acquisition proposal with respect to RR Donnelley, and

2. thereafter the combination agreement is terminated by Moore Wallace based on the RR Donnelley board withdrawing or adversely modifying its approval or recommendation of the combination agreement and the arrangement or failing to reconfirm its recommendation of the combination agreement and the arrangement after a written request by Moore Wallace prior to the fifth business day before the RR Donnelley special meeting,

*or*

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3. if the combination agreement is terminated by Moore Wallace based on the RR Donnelley board withdrawing or adversely modifying its approval or recommendation of the combination agreement and the arrangement or failing to reconfirm its recommendation of the combination agreement and the arrangement after a written request by Moore Wallace prior to the fifth business day before the RR Donnelley special meeting, and

4. a termination fee has not been paid with respect to 1 and 2 above, and

5. at the time of or within 12 months after such termination RR Donnelley agrees to an acquisition proposal or an acquisition proposal with respect to RR Donnelley is completed,

*then*, RR Donnelley will be obligated to, in the case of 1 and 2 above, on the date of such termination, and in the case of 3, 4 and 5 above, upon the earlier of RR Donnelley s agreeing to an acquisition proposal or completing an acquisition proposal, pay all of the charges and expenses incurred by Moore Wallace in connection with the combination agreement and the transaction up to a maximum amount of \$12,000,000 and will be obligated to pay Moore Wallace a cash fee of \$85,000,000.

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**Amendment, Waiver and Assignment**

Subject to applicable law, at any time prior to the effective time, RR Donnelley and Moore Wallace may amend the combination agreement by written agreement or may waive compliance with any conditions in the combination agreement by written instrument.

The combination agreement may not be assigned by operation of law or otherwise.

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**TAXATION**

The following discussion addresses certain U.S. federal income and estate tax and Canadian federal income tax consequences to a Moore Wallace securityholder of the exchange or conversion of Moore Wallace common shares, Moore Wallace options, Moore Wallace restricted stock units and Moore Wallace restricted shares in the transaction and the ownership of shares of RR Donnelley common stock received in exchange for Moore Wallace common shares.

Generally, the following discussion does not address any aspects of (i) U.S. taxation other than federal income taxation and certain estate taxation, to the limited extent provided in this document, (ii) Canadian taxation other than federal income taxation or (iii) state, provincial, local or non-U.S. or non-Canadian taxation.

**We urge Moore Wallace securityholders to consult with a tax advisor regarding the U.S., Canadian and other tax consequences of the exchange of Moore Wallace common shares in the transaction and of owning and disposing of shares of RR Donnelley common stock received in exchange for Moore Wallace common shares and of the exchange or conversion of Moore Wallace stock options, Moore Wallace restricted stock units and Moore Wallace restricted shares in the transaction.**

**Certain U.S. Federal Income and Estate Tax Considerations**

The following discussion represents the views of Sullivan & Cromwell LLP, special counsel to Moore Wallace, insofar as they relate to certain U.S. federal income tax consequences of the exchange or conversion of Moore Wallace common shares, Moore Wallace stock options, Moore Wallace restricted stock units and Moore Wallace restricted shares in the transaction and the views of Sidley Austin Brown & Wood LLP, special counsel to RR Donnelley, insofar as they relate to certain U.S. federal income and estate tax consequences of the ownership of shares of RR Donnelley common stock received in exchange for Moore Wallace common shares in the transaction.

The following discussion is not binding on the U.S. Internal Revenue Service. It is based on the Internal Revenue Code, its legislative history, applicable Treasury regulations, administrative interpretations and court decisions, each as in effect as of the date of this document as well as the Convention Between the United States of America and Canada with respect to Taxes on Income and on Capital (which we refer to in this document as the Treaty), all of which are subject to change, or change in interpretation, possibly with retroactive effect.

This discussion addresses only those Moore Wallace shareholders that hold their Moore Wallace common shares (and shares of RR Donnelley common stock received in the transaction) as capital assets. This discussion does not address all aspects of U.S. federal income taxation that may be relevant to a Moore Wallace securityholder in light of that holder's particular circumstances or to a holder of Moore Wallace common shares that is subject to special rules, such as:

a financial institution or insurance company;

a mutual fund;

a tax-exempt organization;

a broker or dealer in securities or non-U.S. currencies;

a trader in securities that elects to apply a mark-to-market method of accounting;

a shareholder that holds its Moore Wallace common shares as part of a hedge, appreciated financial position, straddle or conversion transaction or whose functional currency is not the U.S. dollar;

a shareholder that is liable for alternative minimum tax;

a shareholder that actually or constructively owns 10% or more of the voting shares of Moore Wallace;

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except as provided in this document, a shareholder that acquired its Moore Wallace common shares exchanged in the transaction pursuant to the exercise of options or otherwise as compensation; or

a shareholder that exercises its dissent rights with respect to the transaction.

Holders of Moore Wallace common shares, stock options, restricted stock units and restricted shares are urged to consult their tax advisors as to the specific tax consequences to them of the transaction and of owning shares of RR Donnelley common stock received in the transaction, including the applicability and effect of federal, state, local and non-U.S. income and other taxes in light of their particular circumstances.

*U.S. Federal Income Tax Consequences of the Transaction*

*Exchange of Moore Wallace Common Shares for Shares of RR Donnelley Common Stock*

It is a condition to the obligation of Moore Wallace to complete the transaction that Moore Wallace receive an opinion, dated the date the transaction is closed, of Sullivan & Cromwell LLP, special counsel to Moore Wallace, to the effect that the acquisition of the Moore Wallace common shares pursuant to the combination agreement and the arrangement will qualify as a reorganization within the meaning of Section 368(a)(1)(B) of the Internal Revenue Code and that each of RR Donnelley and Moore Wallace will be a party to that reorganization within the meaning of Section 368(b) of the Internal Revenue Code.

Assuming the transaction qualifies as a reorganization within the meaning of Section 368(a)(1)(B) of the Internal Revenue Code, the following will be the material U.S. federal income tax consequences of the transaction to a Moore Wallace shareholder:

A holder of Moore Wallace common shares will not recognize any gain or loss upon the exchange of the holder's Moore Wallace common shares for shares of RR Donnelley common stock pursuant to the transaction, except that gain or loss will be recognized on the receipt of cash in lieu of a fractional share of RR Donnelley common stock;

A holder of Moore Wallace common shares will have a tax basis in the shares of RR Donnelley common stock received in exchange for Moore Wallace common shares equal to the tax basis of the Moore Wallace common shares surrendered by the shareholder in the transaction, reduced by any tax basis of the Moore Wallace common shares surrendered in the transaction that is allocable to a fractional share of RR Donnelley common stock for which cash is received;

The holding period for the shares of RR Donnelley common stock received in exchange for Moore Wallace common shares in the transaction will include the holding period for the Moore Wallace common shares surrendered by the shareholder in the transaction; and

To the extent that a holder of Moore Wallace common shares receives cash in lieu of a fractional share of RR Donnelley common stock, the shareholder will be required to recognize gain or loss equal to the difference between (1) the amount of cash received and (2) the tax basis of the Moore Wallace common shares surrendered in the transaction that is allocable to the fractional share of RR Donnelley common stock for which cash is received. This gain or loss generally will be capital gain or loss and will be long-term capital gain or loss if the holding period for the Moore Wallace common shares exchanged for the fractional share of RR Donnelley common stock is more than one year at the completion of the transaction.

The opinion described above will be based, in part, on customary factual assumptions and written factual representations that will be received from RR Donnelley and Moore Wallace, including those contained in the combination agreement and in certificates of officers of RR Donnelley and Moore Wallace, each of which must be accurate as of the effective time. If any of those assumptions or representations is inaccurate as of the effective time, the tax consequences of the transaction could differ from those described in this document.

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Opinions of counsel neither bind the Internal Revenue Service or any court, nor preclude the Internal Revenue Service from adopting a contrary position. No ruling has been or will be sought from the Internal Revenue Service on the tax consequences of the transaction.

This discussion does not address any U.S. tax consequences that may apply to shareholders who exercise their dissent rights with respect to the transaction nor to the consequences that may vary with, or are contingent on, individual circumstances. In addition, it does not address any non-income tax or any state or local tax consequences of the transaction. Accordingly, RR Donnelley and Moore Wallace urge each holder of Moore Wallace common shares to consult the holder's tax advisor to determine the particular U.S. federal, state, local or non-U.S. income or other tax consequences of the transaction to that shareholder. As discussed below, special U.S. federal income tax considerations may apply in the case of Moore Wallace restricted shares converted in the transaction.

*Exchange or Conversion of Moore Wallace Stock Options, Restricted Stock Units and Restricted Shares*

Holders of Moore Wallace options and restricted stock units will not recognize income for U.S. federal income tax purposes upon the exchange of their options and restricted stock units for or the conversion of their options and restricted stock units into RR Donnelley options and RR Donnelley restricted stock units in connection with the transaction. Notwithstanding the foregoing summary of the U.S. federal income tax consequences of the transaction to holders of Moore Wallace common shares, holders of Moore Wallace restricted shares who did not elect to be taxed at the time the restricted shares were granted will recognize compensation income for U.S. federal tax purposes (which will be subject to wage and social security tax withholding) (i) if the forfeiture conditions on the restricted shares lapse as a result of the transaction, in an amount equal to the excess of the fair market value of such shares at such time over the amount, if any, paid for such shares or (ii) if the forfeiture conditions do not lapse, in an amount equal to any cash payments received by them in lieu of any fractional interests in RR Donnelley restricted shares. Otherwise, such holders of Moore Wallace restricted shares will not recognize income for U.S. federal tax purposes upon the conversion of such restricted shares into RR Donnelley restricted shares. For a discussion of the U.S. federal income tax consequences of the exercise of RR Donnelley stock options or the payment of RR Donnelley restricted stock units or for a further discussion of the U.S. federal income tax consequences of the lapse of restrictions on RR Donnelley restricted shares, see *The Performance Incentive Plan Proposal U.S. Federal Income Tax Consequences* beginning on page 168.

*Certain U.S. Federal Income and Estate Tax Consequences of Owning RR Donnelley Common Stock*

For purposes of this discussion, a U.S. holder is any beneficial owner of shares of RR Donnelley common stock following the transaction who or which is, for U.S. federal income tax purposes:

a citizen or resident of the United States;

a domestic corporation;

an estate the income of which is subject to U.S. federal income tax without regard to its source; or

a trust, if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons have the authority to control all substantial decisions of the trust.

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For purposes of this discussion, a non-U.S. holder is any beneficial owner of shares of RR Donnelley common stock following the transaction who or which is not a United States person for U.S. federal income tax purposes.

Special rules, not discussed in this document, may apply to persons investing through entities treated for U.S. federal income tax purposes as partnerships, and those persons should consult their own tax advisors in that regard.

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### *Distributions with Respect to Shares of RR Donnelley Common Stock*

A distribution of cash with respect to shares of RR Donnelley common stock will be treated as a dividend for U.S. federal income tax purposes to the extent that it is paid out of current or accumulated earnings and profits of RR Donnelley. To the extent that the amount of a distribution exceeds the earnings and profits of RR Donnelley, it will be treated first as a tax-free return of capital to the extent of the holder's adjusted tax basis in the shares of RR Donnelley common stock and thereafter as capital gain.

*U.S. Holders.* In general, dividends paid to a U.S. holder of shares of RR Donnelley common stock will be taxed at the rates applicable to ordinary income. Under recently enacted legislation, non-corporate U.S. holders, including individuals, who receive distributions on shares of RR Donnelley common stock that are treated as dividends for U.S. federal income tax purposes may be subject to U.S. federal income taxation with respect to such distributions at reduced rates applicable to long-term capital gains, not exceeding 15%. This tax relief is available for qualified dividend income received in tax years beginning before January 1, 2009. Unless this tax reduction is extended by future legislation, qualified dividend income received in tax years beginning after December 31, 2008 will be taxed at the rates applicable to ordinary income. Qualified dividend income does not include dividends on stock with respect to which the holder does not meet a minimum holding period requirement or dividends on stock to the extent the holder is obligated to make related payments with respect to substantially similar or related property (e.g., pursuant to a short sale of such stock).

To the extent that distributions on shares of RR Donnelley common stock are treated as dividends for U.S. federal income tax purposes, corporate U.S. holders might be eligible for the 70% dividends received deduction. Corporate U.S. holders of shares of RR Donnelley common stock are urged to consult their own tax advisors regarding the limitations on the availability of the dividends received deduction.

*Non-U.S. Holders.* Dividends paid to a non-U.S. holder of shares of RR Donnelley common stock generally will be subject to withholding of U.S. federal income tax at a rate of 30% (or such lower rate as may be specified by an applicable income tax treaty) unless the dividends are effectively connected with the conduct of a trade or business of the non-U.S. holder within the United States, in which case the non-U.S. holder generally will be taxed at rates applicable to U.S. holders (on a net income basis) on the dividends that are effectively connected with the conduct of such trade or business, and such dividends will not be subject to the withholding described above. If the non-U.S. holder is a corporation, any effectively connected income may also be subject to an additional branch profits tax at a 30% rate (or at a lower rate if the non-U.S. holder is eligible for the benefits of an income tax treaty that provides for a lower rate). Under the Treaty, a maximum rate of 15% generally applies to dividends paid from a United States corporation to a Canadian shareholder who is entitled to benefits under the Treaty, provided that the dividends are not attributable to a Canadian shareholder's permanent establishment in the United States. A non-U.S. holder will be required to satisfy certain certification requirements to claim treaty benefits or otherwise claim a reduction of the withholding tax described above.

### *Dispositions of RR Donnelley Common Stock*

*U.S. Holders.* A U.S. holder of shares of RR Donnelley common stock generally will recognize capital gain or loss on a sale or exchange of shares of RR Donnelley common stock equal to the difference between the amount realized upon the sale or exchange and the holder's tax basis in the shares sold or exchanged. Any capital gain or loss will be long-term capital gain or loss if the holder's holding period for the shares sold or exchanged is more than one year. Long-term capital gain of a non-corporate U.S. holder, including an individual, that is recognized in tax years beginning before January 1, 2009 is generally taxed at a maximum rate of 15%. The deductibility of capital losses is subject to limitations.

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*Non-U.S. Holders.* A non-U.S. holder generally will not be subject to U.S. federal income tax on any gain realized on the sale or exchange of shares of RR Donnelley common stock unless (1) the gain is effectively connected with the conduct of a United States trade or business by the non-U.S. holder, (2) in the case of a gain realized by an individual non-U.S. holder, the individual is present in the United States for 183 days or more

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during the taxable year of disposition and certain other conditions are satisfied or (3) RR Donnelley is or has been a U.S. real property holding corporation for U.S. federal income tax purposes during the five-year period preceding such sale or exchange (or if shorter, the period the non-U.S. holder held such shares of RR Donnelley common stock) and, during that period, the non-U.S. holder has owned (actually or constructively) more than 5% of the outstanding shares of RR Donnelley common stock. RR Donnelley does not believe that it has been, and does not anticipate that it will become, a U.S. real property holding corporation for U.S. federal income tax purposes.

### *Information Reporting and Backup Withholding*

*U.S. Holders.* In general, information reporting requirements will apply to dividend payments on shares of RR Donnelley common stock and the payment of proceeds from the sale of shares of RR Donnelley common stock effected at a United States office of a broker or a non-U.S. office of a broker under certain circumstances. In addition, certain holders may be subject to backup withholding (currently at a rate of 28%) with respect to the payment of dividends on shares of RR Donnelley common stock and to the payment of proceeds from the sale of shares of RR Donnelley common stock effected at a United States office of a broker or a non-U.S. office of a broker under certain circumstances unless such holders provide a correct taxpayer identification number or certification of other exempt status and otherwise comply with the applicable requirements of the backup withholding rules.

*Non-U.S. Holders.* Non-U.S. holders may be required to establish their exemption from information reporting and backup withholding by certifying their status on an appropriate Internal Revenue Service Form W-8.

Any amount withheld under the backup withholding rules from a payment to a holder of shares of RR Donnelley common stock is allowable as a credit against such holder's U.S. federal income tax liability, which may entitle the holder to a refund, provided that the holder furnishes the required information to the Internal Revenue Service.

### *U.S. Federal Estate Taxes*

Shares of RR Donnelley common stock held by a person who is not a U.S. person for U.S. federal estate tax purposes at the time of the holder's death will be included in the holder's gross estate for U.S. federal estate tax purposes, unless an applicable estate tax treaty provides otherwise.

## **Certain Canadian Federal Income Tax Considerations**

In the opinion of Osler, Hoskin & Harcourt LLP, Canadian counsel to Moore Wallace, and Stikeman Elliott LLP, Canadian counsel to RR Donnelley, the following summary describes the principal Canadian federal income tax considerations relating to the transaction that are generally applicable to (i) a holder of a right (which we refer to in this document as a Moore Wallace Stock Option) to acquire Moore Wallace common shares from Moore Wallace under certain Moore Wallace stock option, incentive and bonus plans pursuant to which Moore Wallace can be required to sell or issue Moore Wallace common shares to such holder, including a right to acquire Moore Wallace common shares from Moore Wallace under a restricted stock unit, and (ii) a holder of Moore Wallace common shares (including shares of restricted stock) who, for the purposes of the Canada Tax Act and at all relevant times, (a) holds the Moore Wallace common shares, and will hold any shares of RR Donnelley common stock received as a consequence of the transaction, as capital property, (b) deals at arm's length with Moore Wallace and RR Donnelley and (c) is not affiliated with Moore Wallace or RR Donnelley. Generally, Moore Wallace common shares and shares of RR Donnelley common stock received as a consequence of the transaction will be capital property to a holder unless the Moore Wallace common

shares or the shares of RR Donnelley common stock are held or were acquired in the course of carrying on a business or as

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part of an adventure or concern in the nature of trade. In some circumstances, residents of Canada whose Moore Wallace common shares might not otherwise be capital property may elect under the Canada Tax Act to have those shares be considered capital property for purposes of the Canada Tax Act (see *Moore Wallace Securityholders Resident in Canada* below).

This summary is based upon the current provisions of the Canada Tax Act, the regulations under the Canada Tax Act and counsel's understanding of the current administrative and assessing practices and policies of the Canada Customs and Revenue Agency published in writing prior to the date of this document. This summary also takes into account all specific proposals to amend the Canada Tax Act and regulations under the Canada Tax Act publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date of this document (which we refer to in this document as the proposed tax amendments). However, no assurances can be given that the proposed tax amendments will be enacted as proposed, or at all. This summary does not otherwise take into account or anticipate any changes in law or administrative or assessing practice whether by legislative, regulatory, administrative or judicial action or decision nor does it take into account tax legislation or considerations of any province, territory or jurisdiction outside of Canada, which may be different from those discussed in this summary.

This summary is not applicable to a holder (i) in respect of whom RR Donnelley is or will be a foreign affiliate, (ii) that is a specified financial institution, (iii) an interest in which is a tax shelter investment or (iv) that is, for purposes of certain rules applicable to securities held by financial institutions, a financial institution, as each of these terms is defined in the Canada Tax Act. In addition, this summary is not applicable to a holder of Moore Wallace common shares that acquired such shares on the exercise of an employee stock option. Such holders should consult their own tax advisors.

This summary is of a general nature only and is not, and is not intended to be, legal or tax advice to any particular holder of Moore Wallace common shares or Moore Wallace Stock Options. This summary is not exhaustive of all Canadian federal income tax considerations. Accordingly, holders of Moore Wallace common shares and Moore Wallace Stock Options should consult their own tax advisors with respect to the Canadian federal income tax consequences of the transaction having regard to their own particular circumstances.

For the purposes of the Canada Tax Act and the regulations under the Canada Tax Act, all amounts not in Canadian dollars relating to the acquisition, holding, exchange, conversion, exercise or disposition of Moore Wallace common shares, Moore Wallace Stock Options, shares of RR Donnelley common stock and RR Donnelley Stock Options (as defined below) must be converted into Canadian dollars based on the prevailing currency exchange rates at the relevant time. The amount of dividends or other amounts required to be included in the income of, and the capital gains or capital losses realized by, a holder as determined for purposes of the Canada Tax Act may therefore be affected by fluctuations in the Canadian/U.S. dollar exchange rate.

### *Moore Wallace Securityholders Resident in Canada*

The following portion of this summary is applicable to a holder (whom we refer to in this document as a resident holder) of a Moore Wallace common share or Moore Wallace Stock Option who (i) for the purposes of the Canada Tax Act and at all relevant times, is or is deemed to be resident in Canada and (ii) in the case of a holder of a Moore Wallace Stock Option, is a current or former employee of Moore Wallace (or any corporation with which Moore Wallace does not deal at arm's length for purposes of the Canada Tax Act) and who received such Moore Wallace Stock Option in respect of, in the course of or by virtue of such employment.

Some resident holders whose Moore Wallace common shares might not otherwise be capital property may, in some circumstances, be entitled to have the Moore Wallace common shares and every other Canadian security, as defined in the Canada Tax Act, held by them treated as capital property by making the irrevocable election permitted by subsection 39(4) of the Canada Tax Act. Resident holders who do not hold their



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Moore Wallace common shares as capital property should consult their own tax advisors for advice with respect to whether an election under subsection 39(4) of the Canada Tax Act is available or advisable in their particular circumstances.

### *Exchange of Moore Wallace Common Shares for Shares of RR Donnelley Common Stock*

Under the Canada Tax Act, a resident holder whose Moore Wallace common shares are exchanged for shares of RR Donnelley common stock in the transaction will be considered to have disposed of such Moore Wallace common shares for proceeds of disposition equal to the sum of (i) the aggregate fair market value of the shares of RR Donnelley common stock acquired by such resident holder on the exchange and (ii) any cash received by such resident holder in lieu of a fractional share of RR Donnelley common stock. A resident holder will realize a capital gain (or capital loss) equal to the amount by which the proceeds of disposition of such Moore Wallace common shares, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base to the resident holder of such Moore Wallace common shares immediately before the exchange. See *Taxation of Capital Gain or Capital Loss* beginning on page 113. The cost to a resident holder of the shares of RR Donnelley common stock acquired in the transaction will be generally equal to the fair market value of such shares of RR Donnelley common stock at the time of the transaction. For the purpose of determining the adjusted cost base at any time to a resident holder of a share of RR Donnelley common stock acquired in the transaction, the adjusted cost base of such shares will be determined by averaging the cost of such shares with the adjusted cost base of all other shares of RR Donnelley common stock owned by the resident holder as capital property at that time, if any.

In the Economic Statement and Budget Update released on October 18, 2000, the Canadian government undertook to consult with interested parties with respect to the possible addition to the Canada Tax Act of a rule that would permit a Canadian resident holder of shares of a Canadian corporation to exchange such shares for shares of a non-Canadian corporation on a tax deferred basis (*i.e.*, without recognizing any capital gain or capital loss for Canadian tax purposes). In its February 18, 2003 federal budget, the Canadian government indicated that a draft of legislative proposals in this regard would be released in the near future for public review and comment. No such draft has yet been released, and, at this time, it is not possible to determine whether the proposed new rules, if and when enacted, would affect the tax treatment of a resident holder described above.

### *Dividends on Shares of RR Donnelley Common Stock*

A resident holder will be required to include in computing its income for a taxation year the amount of any dividends received on shares of RR Donnelley common stock. Dividends received on shares of RR Donnelley common stock by a resident holder who is an individual will not be subject to the gross-up and dividend tax credit rules in the Canada Tax Act normally applicable to taxable dividends received from taxable Canadian corporations. A resident holder that is a corporation will include such dividends in computing its income and will not be entitled to deduct the amount of such dividends in computing its taxable income. A resident holder that is throughout the year a Canadian-controlled private corporation (as defined in the Canada Tax Act) may be liable to pay an additional refundable tax of 6 2/3% on investment income, including dividends on shares of RR Donnelley common stock.

United States non-resident withholding tax on dividends may give rise to a resident holder's entitlement to claim a foreign tax credit or deduction in respect of such United States tax, where applicable under the Canada Tax Act. See *Certain U.S. Federal Income and Estate Tax Considerations* *Certain U.S. Federal Income and Estate Tax Consequences of Owning RR Donnelley Common Stock* *Distributions with Respect to Shares of RR Donnelley Common Stock* beginning on page 109.

### *Disposition of Shares of RR Donnelley Common Stock*

Generally, on a disposition or deemed disposition of a share of RR Donnelley common stock, a resident holder will realize a capital gain (or capital loss) equal to the amount, if any, by which the proceeds of

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disposition, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base to the resident holder of that share of RR Donnelley common stock immediately before the disposition or deemed disposition. See *Taxation of Capital Gain or Capital Loss* beginning on page 113. The resident holder may be entitled to claim a foreign tax credit or deduction in respect of any United States tax payable by the resident holder on any gain realized on such disposition or deemed disposition.

### *Taxation of Capital Gain or Capital Loss*

Generally, a resident holder is required to include in computing its income for a taxation year one half of the amount of any capital gain (which we refer to in this document as a taxable capital gain) realized by the resident holder in the year. A resident holder is required to deduct one-half of the amount of any capital loss (which we refer to in this document as an allowable capital loss) realized in a taxation year from taxable capital gains realized by the resident holder in the year, and allowable capital losses in excess of taxable capital gains realized in a taxation year may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year against net taxable capital gains realized in such years, to the extent and in the circumstances prescribed by the Canada Tax Act.

The amount of any capital loss realized by a resident holder that is a corporation on the disposition of a Moore Wallace common share may be reduced by the amount of any dividends received (or deemed to be received) by it on such share to the extent and under the circumstances prescribed by the Canada Tax Act. Similar rules may apply where a corporation is a member of a partnership or a beneficiary of a trust that owns Moore Wallace common shares or where a partnership or trust of which a corporation is a member or a beneficiary is a member of a partnership or a beneficiary of a trust that owns Moore Wallace common shares. Resident holders to whom these rules may be relevant should consult their own tax advisors.

Capital gains realized by an individual or a trust, other than certain trusts, may give rise to alternative minimum tax under the Canada Tax Act. A resident holder that is throughout the year a Canadian-controlled private corporation (as defined in the Canada Tax Act) may be liable for a refundable tax of 6<sup>2</sup>/3% on investment income, including taxable capital gains.

### *Dissenting Holders of Moore Wallace Common Shares*

A resident holder who exercises the right to dissent with respect to the transaction and who receives from Moore Wallace payment of the fair value of the Moore Wallace common shares held by such dissenting resident holder will be deemed to receive a dividend equal to the amount by which the amount of the payment (excluding the amount of any interest awarded by a court) exceeds the paid-up capital (for purposes of the Canada Tax Act) of such resident holder's Moore Wallace common shares. Counsel is advised that the amount of the paid-up capital of a Moore Wallace common share is significantly less than its current fair market value.

The difference between the amount received (excluding the amount of any interest ordered by a court) and the amount of any deemed dividend will be treated as proceeds of disposition of Moore Wallace common shares for the purpose of computing any capital gain or capital loss arising on the disposition of such shares. A capital loss arising in such circumstances may be reduced by dividends previously received or deemed to have been received on Moore Wallace common shares as described above under *Taxation of Capital Gain or Capital Loss*.

In the case of a resident holder who is an individual (including a trust), any dividend deemed to be received as a result of the exercise of a dissent right in respect of the transaction will be included in computing the resident holder's income and will be subject to the gross-up and

dividend tax credit rules normally applicable to taxable dividends received from a taxable Canadian corporation.

In the case of a resident holder that is a corporation, the amount of any dividend that is deemed to be received by the corporation on the Moore Wallace common shares will be included in computing the

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corporation's income and will generally be deductible in computing its taxable income. However, in some circumstances all or part of any such deemed dividend may be treated as proceeds of disposition of the Moore Wallace common shares for the purpose of computing the resident holder's capital gain on the disposition of such shares. Accordingly, resident holders that are corporations should consult their tax advisors for specific advice with respect to the income tax consequences of exercising dissent rights in respect of the transaction.

A resident holder that is a private corporation or a subject corporation (as such terms are defined in the Canada Tax Act) may be liable to pay the 33 1/3% refundable tax under Part IV of the Canada Tax Act on dividends deemed to be received on the Moore Wallace common shares to the extent that such dividends are deductible in computing the corporation's taxable income. A resident holder that is a Canadian-controlled private corporation (as defined in the Canada Tax Act) may be liable to pay an additional refundable tax of 6/3% on dividends that are deemed to be received on Moore Wallace common shares and that are not deductible in computing taxable income.

Any interest awarded to a dissenting resident holder by a court will be included in the resident holder's income for Canadian income tax purposes.

### *Exercise of Moore Wallace Stock Options*

Resident holders of Moore Wallace Stock Options who are entitled to exercise and who do exercise such Moore Wallace Stock Options prior to the time that the transaction becomes effective will be subject to income tax consequences arising on such exercise that are not addressed in this summary and that may be relevant to a holder's decision as to whether to exercise such holder's Moore Wallace Stock Option prior to the time the transaction becomes effective. **Resident holders who are considering the exercise of Moore Wallace Stock Options prior to the transaction should consult their own tax advisors to determine the tax consequences to them of such exercise.**

### *Exchange of Moore Wallace Options for RR Donnelley Stock Options*

A resident holder whose Moore Wallace Stock Option is exchanged for a right to acquire shares of RR Donnelley common stock, including either an RR Donnelley option or an RR Donnelley restricted stock unit (which we refer to in this document as an RR Donnelley Stock Option), will not be considered to have disposed of the Moore Wallace Stock Option, provided that (i) the only consideration received by the resident holder on the exchange is the RR Donnelley Stock Option and (ii) (a) the total value immediately after the exchange of the shares of RR Donnelley common stock that the resident holder is entitled to acquire under the RR Donnelley Stock Option less the total amount payable, if any, by the resident holder to acquire such shares of RR Donnelley common stock does not exceed (b) the total value immediately before the exchange of the Moore Wallace common shares that the resident holder was entitled to acquire under the Moore Wallace Stock Option less the amount payable, if any, by the resident holder to acquire such Moore Wallace common shares. Because the only consideration that a resident holder of a Moore Wallace Stock Option will receive on the exchange of a Moore Wallace Stock Option in the transaction will be an RR Donnelley Stock Option, and because under the terms of the plan of arrangement the value referred to in (a) above will not exceed that referred to in (b) above, no income or gain will be realized by a resident holder on the exchange of a Moore Wallace Stock Option for an RR Donnelley Stock Option.

### *Foreign Property Information Reporting*

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In general, a resident holder who holds shares of RR Donnelley common stock, or RR Donnelley Stock Options, which have a cost amount to the resident holder determined under rules in the Canada Tax Act in excess of Cdn.\$100,000, may be required to file an annual information return disclosing certain information in respect

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of such property. Accordingly, resident holders holding RR Donnelley Stock Options or shares of RR Donnelley common stock should consult their own advisors regarding compliance with these rules.

### *Proposed Tax Amendments Relating to Foreign Investment Entities*

On October 30, 2003, the Minister of Finance released revised proposed tax amendments regarding the taxation of certain interests in non-resident entities that are foreign investment entities. To the extent that these new rules apply and are enacted as proposed, unless exemptions are applicable, a Canadian resident taxpayer that holds certain interests in a foreign investment entity will be required to include in the taxpayer's income for each year an amount of income or gains computed in accordance with the new rules, whether or not the taxpayer actually receives any income or realizes any gains. It is proposed that the new rules will take effect for taxation years that begin after 2002.

Although no assurances can be given in this regard, based in part on a certificate from an officer of RR Donnelley, it is generally expected that RR Donnelley will not be considered a foreign investment entity for the purpose of these proposed tax amendments and that such proposed rules therefore should not apply to the resident holder in connection with the resident holder's shares of RR Donnelley common stock acquired in the transaction. In any event, even if RR Donnelley is a foreign investment entity for purposes of the proposed tax amendments, it is generally expected that the proposed rules should not apply to a resident holder of a share of RR Donnelley common stock as of the effective time, provided that (i) the aggregate fair market value of all shares of RR Donnelley common stock that are held by the resident holder, or an entity or individual with whom the resident holder does not deal at arm's length, does not exceed 10% of the fair market value of all shares of RR Donnelley common stock and (ii) it is reasonable to conclude that the resident holder has no tax avoidance motive (within the meaning of the proposed tax amendments) in respect of the shares of RR Donnelley common stock. The determination of whether a resident holder will have a tax avoidance motive for the purposes of the new rules will depend upon the particular circumstances of the resident holder.

### *Eligibility for Investment and Foreign Property Considerations*

At the time of the transaction, provided that the shares of RR Donnelley common stock received in exchange for a holder's Moore Wallace common shares are listed on a prescribed stock exchange, which includes the New York Stock Exchange and the Toronto Stock Exchange, the shares of RR Donnelley common stock (excluding RR Donnelley rights) so received will be qualified investments under the Canada Tax Act and the regulations under the Canada Tax Act for trusts governed by registered retirement savings plans, registered retirement income funds, registered education savings plans and deferred profit sharing plans. The RR Donnelley rights may not be qualified investments under the Canada Tax Act. However, RR Donnelley is of the view that the fair market value of such rights is nominal. Such determination of value is not binding on the Canada Customs and Revenue Agency, and counsel expresses no opinion as to the accuracy of this view. Based on such view, there should be no material consequences under the Canada Tax Act to registered retirement savings plans, registered retirement income funds or deferred profit sharing plans from holding such non-qualified investments. **However, registered education savings plans acquiring such non-qualified investments may realize adverse consequences, including potential revocation of registered status, regardless of the fair market value of such non-qualified investments, and, accordingly, registered education savings plans should consult their own tax advisors.**

Shares of RR Donnelley common stock will be foreign property for purposes of rules in the Canada Tax Act that restrict the amount of foreign property that may be held by certain taxpayers to, generally, 30% (based on cost amount for purposes of the Canada Tax Act) of all of such taxpayer's property. A resident holder that is subject to this foreign property restriction will be considered to dispose of, and to no longer have any cost of, the resident holder's Moore Wallace common shares, which are not foreign property. As a result of the transaction, the resident holder will be considered to acquire the shares of RR Donnelley common stock, which are foreign property, at a cost equal to the fair market value of the RR Donnelley common stock at the time of the



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transaction. Accordingly, the transaction may affect the calculation of the permitted amount of foreign property that may be held by such a resident holder. Such resident holders are advised to consult their own advisors in this regard.

### *Moore Wallace Securityholders Not Resident in Canada*

The following portion of this summary is applicable to a holder of a Moore Wallace common share or a Moore Wallace Stock Option who, for the purposes of the Canada Tax Act and at all relevant times, (i) has not been, is not and will not be resident or deemed to be resident in Canada and (ii) does not, will not and will not be deemed to use or hold Moore Wallace common shares, Moore Wallace Stock Options, shares of RR Donnelley common stock or RR Donnelley Stock Options in carrying on a business in Canada (whom we refer to in this document as a non-resident holder). Special rules, which are not discussed in this summary, may apply to a holder that is an insurer carrying on business in Canada and elsewhere.

### *Exchange of Moore Wallace Common Shares for Shares of RR Donnelley Common Stock*

A non-resident holder whose Moore Wallace common shares are exchanged for shares of RR Donnelley common stock in the transaction will not be subject to tax under the Canada Tax Act on any capital gain realized from such exchange unless the Moore Wallace Common shares are taxable Canadian property to the non-resident holder for purposes of the Canada Tax Act and such gain is not exempt from Canadian tax under an applicable income tax convention.

Generally, Moore Wallace common shares will not be taxable Canadian property to a non-resident holder at the effective time, provided that (i) the Moore Wallace common shares are listed on a prescribed stock exchange (which includes the Toronto Stock Exchange and the New York Stock Exchange) at that time and (ii) the non-resident holder, persons with whom the non-resident holder does not deal at arm's length or the non-resident holder together with all such persons has not owned 25% or more of the issued shares of any class or series of the capital stock of Moore Wallace at any time during the 60-month period that ends at that time. Notwithstanding the foregoing, Moore Wallace common shares may be deemed to be taxable Canadian property in the circumstances specified in the Canada Tax Act. Even if the Moore Wallace common shares were considered to be taxable Canadian property of a non-resident holder, the non-resident holder may be exempt from tax under the Canada Tax Act pursuant to the terms of an applicable income tax treaty or convention. Non-resident holders should consult their own tax advisors with respect to the availability of any relief under the terms of any applicable income tax treaty or convention in their particular circumstances.

In the event that the Moore Wallace common shares constitute taxable Canadian property to a non-resident holder and any capital gain realized by the non-resident holder on such shares as a result of the transaction is not exempt from Canadian tax by virtue of an applicable income tax treaty or convention, the tax consequences as described above under *Moore Wallace Securityholders Resident in Canada Exchange of Moore Wallace Common Shares for Shares of RR Donnelley Common Stock* and *Moore Wallace Securityholders Resident in Canada Taxation of Capital Gain or Capital Loss* will generally apply.

### *Dissenting Shareholders*

A non-resident holder who exercises the right to dissent with respect to the transaction and who receives from Moore Wallace payment of the fair value of the Moore Wallace common shares held by such dissenting non-resident holder will be deemed to receive a dividend in the amount

by which the amount of the payment (excluding the amount of any interest awarded by a court) exceeds the paid-up capital (for purposes of the Canada Tax Act) of such non-resident holder's Moore Wallace common shares. The amount of such dividend deemed to be received, and the amount of any interest awarded to the non-resident holder by a court, will be subject to Canadian withholding tax at a rate of 25% unless the rate is reduced under the provisions of an applicable income tax treaty or convention. Non-resident holders who are resident in the United States for

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purposes of the Treaty may be entitled to a reduction in the rate of Canadian withholding tax, (i) on interest paid by Moore Wallace to 10% and (ii) on dividends deemed to be paid by Moore Wallace to 15% unless the non-resident holder is a corporation that owns 10% or more of Moore Wallace's voting shares, in which case the rate may be reduced to 5%. **Non-resident holders should consult their own tax advisors with respect to the availability of any relief under the terms of any applicable income tax treaty or convention in their particular circumstances.**

*Moore Wallace Stock Options*

A holder of Moore Wallace Stock Options who is not resident in Canada but (i) generally subject to Canadian income tax with respect to employment benefits relating to Moore Wallace Stock Options or (ii) for whom the Moore Wallace Stock Options are not taxable Canadian property within the meaning of the Canada Tax Act will not be required to report any income or gain for Canadian federal income tax purposes as a result of the exchange of Moore Wallace Stock Options for RR Donnelley Stock Options. Generally, Moore Wallace Stock Options will not be taxable Canadian property to a non-resident holder at the effective time, provided that (i) the Moore Wallace common shares are listed on a prescribed stock exchange (which includes the Toronto Stock Exchange and the New York Stock Exchange) at that time and (ii) the non-resident holder, persons with whom the non-resident holder does not deal at arm's length or the non-resident holder together with all such persons has or have not owned 25% or more of the issued shares of any class or series of the capital stock of Moore Wallace at any time during the 60-month period that ends at that time.

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**BOARD OF DIRECTORS OF RR DONNELLEY AFTER THE TRANSACTION**

Pursuant to the combination agreement, the RR Donnelley board of directors will be comprised of 15 directors upon the completion of the transaction. We currently anticipate that the following RR Donnelley directors will continue to serve on the RR Donnelley board of directors after the effective time:

[LIST CONTINUING RR DONNELLEY DIRECTORS, INCLUDING BIOGRAPHIES.]

In addition, we currently anticipate that the following directors, who currently serve on the Moore Wallace board of directors, will be elected to the RR Donnelley board of directors effective immediately after the effective time:

[LIST MOORE WALLACE DIRECTORS WHO WILL BE JOINING RR DONNELLEY BOARD, INCLUDING BIOGRAPHIES.]

The following chart provides information regarding the anticipated composition of the committees of the RR Donnelley board of directors immediately after the effective time and the annual meeting of RR Donnelley shareholders at which each director's term will end.

	<u>Audit</u>	<u>Corporate Responsibility &amp; Governance</u>	<u>Executive</u>	<u>Finance</u>	<u>Human Resources</u>	<u>Annual Meeting at Which Term Ends</u>
[LIST DIRECTORS]						

\* Chair

**Table of Contents****SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT****RR Donnelley**

The following table shows, as of •, 2004 except where otherwise noted, the ownership of shares of RR Donnelley common stock, RR Donnelley restricted stock and RR Donnelley options exercisable prior to •, 2004 of each person who is known to RR Donnelley to own beneficially more than 5% of RR Donnelley's outstanding common stock, of each RR Donnelley director, of each RR Donnelley named executive officer and by all of RR Donnelley's directors and officers as a group. The address of each beneficial owner who is also a director or executive officer of RR Donnelley is c/o R.R. Donnelley & Sons Company, 77 West Wacker Drive, Chicago, Illinois 60601.

<b>Name and Address of Beneficial Owner</b>	<b>Number of Shares of Common Stock</b>	<b>Number of Shares of Restricted Stock</b>	<b>Stock Options Exercisable Prior to •, 2004</b>	<b>Total Shares</b>	<b>Percentage of Total Outstanding</b>
Dodge & Cox One Sansome Street 35th Floor San Francisco, California 94104	14,853,200(1)	0	0	14,853,200	13.1%
Northern Trust Corporation 50 South LaSalle Street Chicago, Illinois 60675	7,601,964(2)	0	0	7,601,964	6.71%
Pacific Financial Research, Inc. 9601 Wilshire Boulevard Suite 800 Beverly Hills, California 90210 William L. Davis, Chairman, President, Chief Executive Officer and Director Michael B. Allen, Executive Vice President, Print Solutions Ronald E. Daly, former President, Print Solutions Joseph C. Lawler, Executive Vice President Robert S. Pyzdrowski, President, Solutions Delivery, Print Solutions	7,004,163(3)	0	0	7,004,163	6.2%

Gregory A. Stoklosa, Executive  
Vice President and Chief Financial  
Officer

Joseph B. Anderson, Jr., Director

Gregory Q. Brown, Director

Martha Layne Collins, Director

James R. Donnelley, Director

Judith H. Hamilton, Director

Thomas S. Johnson, Director

Oliver R. Sockwell, Director

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<b>Name and Address of Beneficial Owner</b>	<b>Number of Shares of Common Stock</b>	<b>Number of Shares of Restricted Stock</b>	<b>Stock Options Exercisable Prior to •, 2004</b>	<b>Total Shares</b>	<b>Percentage of Total Outstanding</b>
Bide L. Thomas, Director					
Norman H. Wesley, Director					
Stephen M. Wolf, Director					
All directors and officers as a group					

\* Ownership represents less than 1% of the outstanding shares of common stock.

- (1) The number of shares of RR Donnelley common stock beneficially owned is based on an amended Schedule 13G filed on February 13, 2003 by Dodge & Cox reflecting ownership as of December 31, 2002. According to the amended Schedule 13G, Dodge & Cox has sole investment authority over all shares of RR Donnelley common stock, sole voting authority over 13,641,120 shares of RR Donnelley common stock and shared voting authority over 282,200 shares of RR Donnelley common stock.
- (2) The number of shares of RR Donnelley common stock beneficially owned is based on an amended Schedule 13G filed on February 13, 2003 by Northern Trust Corporation reflecting ownership as of December 31, 2002. According to the amended Schedule 13G, Northern Trust has sole investment authority over all shares of RR Donnelley common stock, sole voting authority over 5,751,766 shares of RR Donnelley common stock, shared voting authority over 1,529,240 shares of RR Donnelley common stock and no voting authority over 320,958 shares of RR Donnelley common stock.
- (3) The number of shares of RR Donnelley common stock beneficially owned is based on an amended Schedule 13G filed on February 14, 2003 by Pacific Financial Research, Inc. reflecting ownership as of December 31, 2002. According to the amended Schedule 13G, Pacific has sole investment authority over all shares of RR Donnelley common stock, sole voting authority over 6,485,400 shares of RR Donnelley common stock and no voting authority over 518,763 shares of RR Donnelley common stock.

**Moore Wallace**

The following table shows, as of •, 2004 except where otherwise noted, the ownership of Moore Wallace common shares, Moore Wallace restricted stock units and Moore Wallace options exercisable prior to •, 2004 of each person who is known to Moore Wallace to own beneficially more than 5% of Moore Wallace's outstanding common shares, of each Moore Wallace director, of each Moore Wallace named executive officer and by all of Moore Wallace's directors and officers as a group. The address of each beneficial owner who is also a director or executive officer of Moore Wallace is c/o Moore Wallace Incorporated, 6100 Vipond Drive, Mississauga, Ontario L5T 2X1, Canada.

<b>Name of Beneficial Owner</b>	<b>Number of Common Shares</b>	<b>Number of Restricted Stock Units</b>	<b>Stock Options Exercisable Prior to •, 2004</b>	<b>Total Shares</b>	<b>Percentage of Total Outstanding</b>
Greenwich Street Capital Partners II, L.P. 500 Campus Drive, Suite 220 Florham Park, NJ 07932	13,096,155(1)	0	0	13,096,155	8.29%
FMR Corp. 82 Devonshire Street	11,366,610(2)	0	0	11,366,610	7.19%

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Neuberger Berman, LLC	9,597,859(3)	0	0	9,587,859	6.07%
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605 Third Avenue

New York, NY 10158

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<u>Name of Beneficial Owner</u>	<u>Number of Common Shares</u>	<u>Number of Restricted Stock Units</u>	<u>Stock Options Exercisable Prior to •, 2004</u>	<u>Total Shares</u>	<u>Percentage of Total Outstanding</u>
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