RR Donnelley & Sons Co
Form 11-K
June 29, 2015

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 11-K

ANNUAL REPORT

PURSUANT TO SECTION 15(d)

OF THE SECURITIES EXCHANGE ACT OF 1934

(Mark One):

x **ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 [NO FEE REQUIRED, EFFECTIVE OCTOBER 7, 1996].**
For the plan year ended December 31, 2014

OR

¨ **TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 [NO FEE REQUIRED].**
For the transition period from __________ to __________

Commission file number 1-4694

A. Full title of the plan and the address of the plan, if different from that of the issuer named below:
RR Donnelley Savings Plan

B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:

R.R. Donnelley & Sons Company

35 W. Wacker Drive

Chicago, Illinois 60601-1608

RR Donnelley Savings Plan

December 31, 2014 and 2013

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Note: All other schedules required by Section 2520.103-10 of the Department Of Labor s rules and regulating and disclosure under the Employee Retirement Income Security Act of 1974 have been omitted because they are not applicable to the R.R. Donnelley & Sons Savings Plan.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Administrator of the

RR Donnelley Savings Plan

We have audited the accompanying statements of net assets available for benefits of the RR Donnelley Savings Plan (the Plan) as of December 31, 2014 and 2013, and the related statements of changes in net assets available for benefits for the years ended December 31, 2014 and 2013. These financial statements are the responsibility of the Plan s Administrator. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2014 and 2013, and the changes in net assets available for benefits for the years ended December 31, 2014 and 2013, in conformity with accounting principles generally accepted in the United States of America.

The supplemental information in the accompanying Supplemental Schedule H, line 4(i) - Schedule of Assets (Held at End of Year) as of December 31, 2014 and Supplemental Schedule H, line 4(a) - Schedule of Delinquent Participant Contributions for the year ended December 31, 2014 has been subjected to audit procedures performed in conjunction with the audit of the Plan s financial statements. The supplemental information is presented for the purpose of additional analysis and is not a required part of the financial statements but includes supplemental information required by the Department of Labor s Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. The supplemental information is the responsibility of the Plan s Administrator. Our audit procedures included determining whether the supplemental information reconciles to the financial statements or the underlying accounting and other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in the supplemental information. In forming our opinion on the supplemental information in the accompanying schedules, we evaluated whether the supplemental information, including its form and content, is presented in conformity with the Department of Labor s Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. In our opinion, the supplemental information in the accompanying schedules is fairly stated in all material respects in relation to the financial statements as a whole.

/s/ Baker Tilly Virchow Krause, LLP

Chicago, Illinois

June 29, 2015

RR DONNELLEY SAVINGS PLAN

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

AS OF DECEMBER 31, 2014 AND 2013

(EMPLOYER IDENTIFICATION NUMBER 36-1004130, PLAN NUMBER 003)

	2014	2013
ASSETS		
Plan investments at fair value	$ 2,610,246,937	$ 2,525,201,977
Notes receivable from participants	54,222,760	51,522,092
Total assets	2,664,469,697	2,576,724,069
LIABILITIES		
Accrued expenses and other liabilities	1,378,001	265,448
NET ASSETS AVAILABLE FOR BENEFITS AT FAIR VALUE	2,663,091,696	2,576,458,621
Adjustment from fair value to contract value for fully benefit-responsive investment contracts	(8,915,698)	(6,307,273)
NET ASSETS AVAILABLE FOR BENEFITS	$ 2,654,175,998	$ 2,570,151,348

The accompanying notes are an integral part of these financial statements

RR DONNELLEY SAVINGS PLAN

STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

(EMPLOYER IDENTIFICATION NUMBER 36-1004130, PLAN NUMBER 003)

	2014	2013
ADDITIONS TO NET ASSETS:		
Investment income		
Interest income on notes receivable from participants	$ 2,260,130	$ 2,037,716
Dividend and interest income	29,105,040	27,617,592
Net appreciation in fair value of investments	107,094,581	342,013,451
Total investment income	138,459,751	371,668,759
Contributions		
Participant contributions	109,365,678	106,150,084
Rollover contributions	55,301,272	2,666,066
Total contributions	164,666,950	108,816,150
Total additions	303,126,701	480,484,909
DEDUCTIONS FROM NET ASSETS:		
Benefits paid to participants	216,084,031	192,490,804
Administrative expenses	3,018,020	2,723,529
Total deductions	219,102,051	195,214,333
Net increase	84,024,650	285,270,576
NET ASSETS, BEGINNING OF YEAR	2,570,151,348	2,284,880,772
NET ASSETS, END OF YEAR	$ 2,654,175,998	$ 2,570,151,348

The accompanying notes are an integral part of these financial statements

RR DONNELLEY SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS

AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2014 and 2013

NOTE 1 PLAN DESCRIPTION

The following description of the RR Donnelley Savings Plan (the Plan) is provided for general information purposes only. The Plan is a defined contribution plan sponsored by R. R. Donnelley & Sons Company (the Company) designed to allow eligible employees to save for retirement on a tax-advantaged basis. The Plan is intended to qualify as a cash or deferred arrangement under Section 401(k) of the Internal Revenue Code of 1986, as amended (the Code), and is subject to the Employee Retirement Income Security Act of 1974, as amended (ERISA). The description covers current Plan provisions, except as specifically noted otherwise. For more complete information, refer to the Summary Plan Description and the Plan document, including any modifications and amendments thereto.

Administration

The Plan is administered by the Plan s Benefits Committee and its delegates. The Plan s assets are held in the RR Donnelley Savings Plan Trust (the Trust). The Bank of New York Mellon was trustee for all of the Plan s assets, other than with respect to assets invested through the self-directed brokerage account, from January 1, 2014 through March 31, 2014. On April 1, 2014, The Northern Trust Company became the trustee of the Trust and custodian of the Plan s assets, other than with respect to assets invested through the self-directed brokerage accounts. Charles Schwab & Co., Inc. was custodian of assets invested through the self-directed brokerage account from January 1, 2014 through March 31, 2014. On April 1, 2014 J.P. Morgan (JPM) Securities LLC became the custodian of assets invested through the self-directed brokerage accounts. Aon Hewitt, LLC was the record keeper from January 1, 2014 through March 31, 2014. Great West Financial, operating under the brand name Empower Retirement, became the record keeper as of April 1, 2014.

Administrative Expenses

Administrative expenses paid by the Plan include recordkeeping fees, investment consulting fees, investment management fees, and most other administrative fees, including various printing and postage charges. Expenses paid by the Company include audit fees, legal fees, and some other administrative fees.

Eligibility

Generally, all employees of the Company and its U.S. subsidiaries are eligible to become Plan members (participants), unless they are part of a bargaining unit that does not participate in the Plan. Except with respect to certain contingent employees, eligible employees are not required to satisfy any service or age requirements to participate in the Plan and, accordingly, become eligible to participate in the Plan on their first day of employment with the Company or one of its participating affiliates. Elections to participate in the Plan are effective as soon as administratively practicable. Automatic enrollment provisions under the Plan became effective January 1, 2012. Employees hired on or after December 1, 2011 are automatically enrolled 30 days after being hired, in each case unless the employee opted, or opts, out of automatic enrollment or elected, or elects, to be enrolled earlier. Individuals who are automatically enrolled make contributions on a before-tax basis equal to 3% of eligible compensation.

Contributions

Eligible employees may elect to make before-tax, after-tax and Roth 401(k) contributions under the Plan. Subject to certain limitations, the contribution election percentages allowed are from 1%-85% of eligible compensation for before-tax, after-tax and Roth 401(k) contributions, and the total of all elections cannot exceed 85% of eligible compensation. Before-tax, after-tax and Roth 401(k) contributions are funded by payroll deductions and must be made in whole percentages of employee eligible earnings, although contributions designated as catch-up contributions must be designated in full dollar amounts. Participants can change contribution elections at any time. Earnings of the Plan attributable to before-tax, after-tax and matching contributions, as well as such before-tax contributions and matching contributions to the Plan, generally are not taxable to the participants until withdrawn.

The Company did not make any matching contributions during the 2014 or 2013 Plan years. In addition, the Plan permits the Company to provide a discretionary matching contribution to certain employees. The Company did not make any such discretionary matching contributions for the 2014 or 2013 Plan years. Matching contributions, when made, are contributed to the Plan in cash and invested according to the participant s investment elections.

Employees may also roll over amounts to the Plan that were distributed from certain types of retirement plans and accounts.

NOTES TO FINANCIAL STATEMENTS

AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2014 and 2013 (Continued)

Vesting

Participants are always 100% vested in their before-tax, after-tax, Roth 401(k) and rollover contributions and investment earnings thereon. Except with respect to certain members of collective bargaining units, participants first hired before January 1, 2012 are always 100% vested with respect to matching and discretionary matching contributions (and earnings thereon), whereas participants first hired on or after January 1, 2012 do not become vested in such matching and discretionary matching contributions (and earnings thereon) until they have earned three years of service under the Plan, at which time they are 100% vested in such contributions and earnings. Different vesting rules apply to contingent employees.

Notes Receivable from Participants

Participants are permitted to borrow up to the lesser of 50% of their vested before-tax, after-tax, Roth 401(k), matching and rollover account balance, or $50,000, reduced by the highest outstanding loan balance in the last 12 months. The minimum loan amount is $1,000. Subject to certain exceptions for historical loans and loans originated under other plans, participants are allowed only one outstanding loan at any time and the maximum loan repayment period is four and a half years. The loans are secured by the balance in the participants accounts and bear interest at a rate equal to 1% over the prime rate, as published in the Wall Street Journal. The interest rate for the loans outstanding as of December 31, 2014 ranged from a low of 4.0% to a high of 9.5%. The participant pays an administrative fee of $50 to the Plan s recordkeeper, Empower Retirement, at the inception of the loan. Notes receivables are valued at cost plus accrued interest.

Benefit Payments and Withdrawals

A participant s account balance may be distributed on retirement or other termination of employment. Distributions may be made in the form of lump sum distribution of all or a portion of the participant s account, or in installment payments. Amounts invested in the Tax Reduction Act Stock Ownership Plan (TRASOP) Fund and, beginning in April 2013, the RR Donnelley Stock Fund, may be distributed in the form of shares of Company stock. All other payments are made in cash.

A participant may withdraw his or her after-tax contributions and rollover contributions, and the value of the participant s Fund B account, if any, at any time, and may withdraw an amount from his or her vested account (other than his or her TRASOP Account) while he or she is still employed if he or she incurs a financial hardship, or has attained age 59.5. A participant may withdraw all or part of his or her before-tax or Roth 401(k) contributions if he or she is performing service in the uniformed services while on active duty for more than 30 days. A participant may withdraw any portion of his or her vested account after attaining age 70.5, and will be required to begin taking distributions upon the later of his or her attainment of age 70.5 or termination of employment.

Investment Options

Participants are permitted to direct how their account balance under the Plan is invested. Subject to certain restrictions, participants can change investment elections on a daily basis. Generally, participants may invest up to 20% of their account balance and up to 20% of their current contributions in the RR Donnelley Stock Fund, and may shift their contributions into and out of the RR Donnelley Stock Fund at any time. As of December 31, 2014, the following investment options were offered under the Plan:

Core Investment Funds investment funds that invest in different asset classes, such as fixed income funds, bond funds, stock funds, and funds that invest in alternative investments. Examples offered under the Plan as of December 31, 2014 include the following funds: stable value, fixed income index, fixed income core plus, large cap core index, large cap value, large cap growth, small-mid cap core index, small cap value, small-mid cap growth, all country world ex-US index, international equity core plus, emerging markets multi asset, and diversified real asset. Effective December 31, 2014, several investment options were removed from the Plan s menu of investment options.

Target Date Funds mix of investments in core investment funds that automatically reduce their level of equity risk over time and target retirement at age 65.

Conservative Income Fund a conservative portfolio comprised of a mix of investments in core investment funds with equity risk maintained lower than any Target Date Fund.

RR Donnelley Stock Fund and TRASOP Fund unitized funds that invest primarily in shares of common stock of the Company and hold a certain percent of assets in cash-equivalents for liquidity purposes. Due to investments in cash equivalents, the RR Donnelley Stock Fund and the TRASOP Fund may not reflect the exact performance of Company stock over any given time period. The TRASOP Fund has been considered an employee stock ownership plan during all periods covered by these financial statements. Effective April 2013, the RR Donnelley Stock Fund is also considered an employee stock ownership plan. Dividends paid on the shares of Company stock held in the TRASOP Fund have historically been passed through and paid out to participants, whereas dividends paid on the shares of Company stock held in the RR Donnelley Stock Fund have been reinvested in the fund. The TRASOP Fund is closed to new investments.

NOTES TO FINANCIAL STATEMENTS

AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2014 and 2013 (Continued)

Self-Directed Brokerage Account participants may invest a portion of their account balance under the Plan in investment options not otherwise offered under the Plan, such as certain mutual funds, stocks, or bonds, by directing such portion of their account balance to be invested through the self-directed brokerage account offered under the Plan.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (US GAAP). The accounts of the Plan are maintained on the accrual basis of accounting. The Plan has evaluated subsequent events through June 29, 2015, which is the date that the financial statements were approved and available to be issued, for events requiring recording or disclosure in the Plan s financial statements.

Use of Estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Investment Valuation and Income Recognition

The Plan s investments are stated at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 6 for discussion of fair value measurements, including details on inputs, valuation techniques and the fair value levels within the fair value hierarchy.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

Net appreciation or depreciation of investments included in the accompanying Statement of Changes in Net Assets available for Benefits includes realized gains or losses from the sale of investments and unrealized appreciation or depreciation in the fair value of investments. Net unrealized appreciation or depreciation in the fair value of investments represents the net change in the fair value of the investments held during the period. The net realized gains or losses on the sale of investments represent the difference between the sale proceeds and the fair value of the investment as of the beginning of the period or the cost of the investment if purchased during the year.

Plan Distributions

Benefit payments to participants are recorded upon distribution. Bank of New York Mellon and The Northern Trust Company (each, a Trustee and, collectively, Trustees) use a distribution account to make all benefit payments. Amounts are transferred from the participant s investment fund(s) to this account as directed by the Plan administrator.

Risks and Uncertainties

The Plan provides various options for investing in securities. Investment securities are exposed to various risks, such as interest rate, market and credit risk. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in risks in the near term could materially affect participants account balances and the amounts reported in the Statements of Net Assets Available for Benefits and the Statements of Changes in Net Assets Available for Benefits.

Recent Accounting Pronouncements

In May 2015, the Financial Accounting Standards Board issued Accounting Standards Update No. 2015-07, Fair Value Measurement (Topic 820): Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent) (ASU 2015-07). ASU 2015-07 removes the requirement to include investments in the fair value hierarchy for which fair value is measured using the net asset value per share practical expedient under Accounting Standards Codification 820. ASU 2015-07 is effective for the Plan for years beginning after December 15, 2015 with early adoption permitted. The adoption of ASU 2015-07 is not expected to have a material impact.

NOTES TO FINANCIAL STATEMENTS

AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2014 and 2013 (Continued)

NOTE 3 PLAN MERGERS/BATCH ROLLOVERS

The Plan did not merge with any other plan during 2014, but did accept batch rollovers during 2014 in connection with the acquisitions of Consolidated Graphics, Inc. and the North American operations of Esselte Corporation.

The Plan did not merge with any other plan during 2013, but did accept batch rollovers during 2013 in connection with the acquisition of Meisel Photographic Corporation.

NOTE 4 INVESTMENT IN RR DONNELLEY SAVINGS PLAN

Investment contracts held by a defined-contribution plan are required to be reported at fair value. However, contract value is the relevant measurement attribute for that portion of the net assets available for benefits of a defined-contribution plan attributable to fully benefit-responsive investment contracts because contract value is the amount participants would receive if they were to initiate permitted transactions under the terms of the plan. The Statements of Net Assets Available for Benefits present the fair value of the investment contracts as well as the adjustment of the fully benefit-responsive investment contracts from fair value to contract value. The Statements of Changes in Net Assets Available for Benefits are prepared on a contract value basis. The amounts relating to the investment contract fair value, and related adjustment, are broken out in the Statements of Net Assets Available for Benefits.

Interest and dividends, along with net appreciation (depreciation) in the fair value of investments, are accounted for on a daily basis based upon the Plan s participation in the various investment funds and portfolios.

The following table presents the investments held by the Plan at December 31, 2014 and 2013:

	2014	2013
Investments at fair value:		
Collective trust funds	$ 1,253,735,293	$ 1,199,155,065
U.S. equity securities	519,383,840	489,364,685
Fixed income securities	282,699,453	294,995,235
Mutual funds	226,661,864	255,417,194
Non-U.S. equity securities	136,041,912	170,317,264
Cash and money market funds	120,410,984	44,825,368
Self-directed brokerage account	71,313,591	71,127,166
Total investments at fair value	2,610,246,937	2,525,201,977
Adjustment from fair value to contract value for fully benefit-responsive investment contracts	(8,915,698)	(6,307,273)
Total investments at contract value	$ 2,601,331,239	$ 2,518,894,704

Investment income of the Plan for the years ended December 31, 2014 and 2013 is summarized as follows:

	2014	**2013**
Net appreciation (depreciation) in fair value of investments:		
Mutual funds	$ 56,132,170	$ 29,067,862
U.S. equity securities	36,837,083	151,195,295
Collective trust funds	11,209,832	131,501,793
Fixed income securities	6,813,584	(17,095,301)
Self-directed brokerage account	3,208,637	11,064,955
Non-U.S. equity securities	(7,106,725)	36,278,847
Investment income	**$ 107,094,581**	**$ 342,013,451**

NOTES TO FINANCIAL STATEMENTS

AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2014 and 2013 (Continued)

Dividends and interest income for the Plan was $29,105,040 and $27,617,592 for the years ended December 31, 2014 and 2013.

The fair value of the Plan s investments that represent 5% or more of the Plan s net assets, at December 31, 2014 and 2013, are summarized as follows:

	2014	2013
Northern Trust Large Cap S&P 500 Index	$ 389,754,477	$
Wells Fargo Fixed Income Fund F	244,245,514	231,583,389
Vanguard Large Cap Core Index		309,194,270

Lending of Portfolio Securities

To generate additional income, a fund may lend a percentage of its investment securities to approved institutional borrowers who need to borrow securities provided a number of conditions are satisfied, including that the loan is fully collateralized in the form of cash or U.S. government securities. Investment funds that are separately managed for the Plan do not participate in securities lending. However, the Plan invests in collective trusts and mutual funds that participate in securities lending.

Each loan is initially collateralized, in the case of: (a) loaned securities denominated in U.S. dollars or whose primary trading market is located in the U.S. to the extent of 102% of the market value of the loaned securities, or (b) loaned securities not denominated in U.S. dollars or whose primary trading market is not located in the U.S. to the extent of 105% of the market value of the loaned securities.

By lending its investment securities, a fund attempts to increase its net investment income through the receipt of interest on the loan. Any gain or loss in the market price of the securities loaned that might occur during the term of the loan would belong to a fund. Each investment option within the Plan that participates in the program receives its pro-rata share of the income or loss earned by the collateral investment fund monthly and is reflected in the calculation of the investment option s net asset value (NAV).

NOTE 5 GALLIARD STABLE VALUE FUND

The Plan assets entered into benefit-responsive investment contracts via investment in the Galliard Stable Value Fund (the Fund).

The Fund primarily invests in security-backed contracts issued by insurance companies and other financial institutions. A security-backed contract is an investment contract issued by an insurance company or other financial institution, backed by a portfolio of bonds or units of a collective fund that are owned by the Fund. The portfolio underlying the contract is maintained separately from the contract issue s general assets, usually by a third party custodian. These contracts typically allow for realized and unrealized gains and losses on the underlying assets to be amortized, usually over the duration of the underlying investments, through adjustment to the future interest crediting rate, rather than reflected immediately in the net assets of the Fund. The security-backed contracts are designed to reset their respective crediting rates on a quarterly basis and cannot credit an interest rate that is less than 0%. The issuer guarantees that all qualified participant withdrawals will be at contract value.

Risks arise when entering into any investment contract due to the potential inability of the issuer to meet the terms of the contract. In addition, security-backed contracts have the risk of default or the lack of liquidity of the underlying portfolio assets.

The credit risk of each issuer is evaluated and monitored through Galliard s credit analysis, and the underlying portfolio assets are rated investment grade at the time of purchase.

The primary variables impacting the future crediting rates of security-backed contracts include:

The current yield of the assets underlying the contract;

The duration of the assets underlying the contract; and

The existing difference between the fair value and contract value of the assets within the contract.

NOTES TO FINANCIAL STATEMENTS

AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2014 and 2013 (Continued)

The yield earned by the Galliard Fund at December 31, 2014 and 2013 was 1.51% and 1.48%, respectively. This represents the annualized earnings of all investments in the Fund, including the earnings recorded at the underlying collective trust funds, divided by the fair value of all investments in the Fund at December 31, 2014, or 2013, as applicable.

The yield earned by the Fund with an adjustment to reflect the actual interest rate credited to participants in the Fund at December 31, 2014 and 2013, was 1.93% and 1.88%, respectively. This represents the annualized earnings credited to participants in the Fund divided by the fair value of all investments in the Fund at December 31, 2014, or 2013, as applicable. The crediting rate of security-backed contracts will track current market yields on a trailing basis. The rate reset allows the contract value to converge with the fair value of the underlying portfolio over time, assuming the portfolio continues to earn the current yield for a period of time equal to the current portfolio duration.

To the extent that the underlying portfolio of a security-backed contract has unrealized and/or realized losses, a positive adjustment is made to the adjustment from fair value to contract value under contract value accounting. As a result, the future crediting rate may be lower over time than the then-current market rates. Similarly, if the underlying portfolio generates unrealized and/or realized gains, a negative adjustment is made to the adjustment from fair value to contract value, and the future crediting rate may be higher than the then-current market rates. The adjustment from fair value to contract value for fully benefit-responsive investment contracts was ($8,915,698) and ($6,307,273) at December 31, 2014 and 2013, respectively.

Security-backed contracts generally provide for withdrawals associated with certain events which are not in the ordinary course of Fund operations and are paid with a market value adjustment. Events that may trigger a market value adjustment can include the following:

Material amendments to the Fund s structure or administration;

Changes to the participating plans competing investment options including the elimination of equity wash provisions;

Complete or partial termination of the Fund, including merger with another fund;

The failure of the Fund to qualify for exemption from federal income taxes or any required prohibited transaction exemption under the ERISA;

The redemption of all or a portion of the interests in the Fund held by a participating plan including withdrawals due to the removal of a specifically identifiable group of employees from coverage under the participating plan, the closing or sale of a subsidiary, employing unit, or affiliate, the bankruptcy or insolvency of a plan sponsor, the merger of the plan with another plan, or the plan sponsor s establishment of another tax qualified defined contribution plan;

Any change in law, regulation, ruling, administrative or judicial position, or accounting requirement, applicable to the Funds or participating plans; and

The delivery of any communication to plan participants designed to influence a participant not to invest in the Fund.

At this time, the Fund does not believe that the occurrence of any such market value event, which would limit the Fund s ability to transact at contract value with participants, is probable.

Participants may redeem their shares at any time at contract value. However, there is a 90 day equity wash restriction for transfers from the Stable Value Fund to the PCRA (Brokerage) option.

NOTE 6 FAIR VALUE MEASUREMENTS

Various inputs are used in determining the fair value of the Plan s investments. These inputs are categorized in the three tier value hierarchy, which prioritizes valuation methodology based on the reliability of inputs, as listed below:

Level 1 Valuations based on quoted prices for identical assets and liabilities in active markets.

Level 2 Valuations based on observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets and liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data.

Level 3 Valuations based on unobservable inputs reflecting the Plan s own assumptions, consistent with reasonably available assumptions made by other market participants.

NOTES TO FINANCIAL STATEMENTS

AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2014 and 2013 (Continued)

The asset or liability s fair value measurement level within the fair value hierarchy is based on the lowest level of the input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description by major asset categories of the valuation methodologies and levels used for determining fair value. There have been no changes in the methodology used at December 31, 2014 and 2013.

Cash and other assets Carrying value approximates fair value. Cash and other assets are classified as Level 1.

Collective trust funds Collective trust funds are priced using the NAV and are classified as Level 2. The NAV is deemed appropriate as these funds do not have finite lives, unfunded commitments relating to these types of investments, or significant restrictions on redemptions. The investments include the Galliard Stable Value Fund as discussed in Note 5. Prices for government, agency, municipal, corporate mortgage backed, and asset backed securities of the Fund are primarily obtained from independent pricing services. These prices are based on observable market data for the same or similar securities, including quoted prices in markets that are not active, or internal matrix pricing models or other similar techniques that use observable market inputs, such as benchmark yields, expected prepayment speeds and volumes, and issuer ratings.

Equity securities The values of individual equity securities were based on quoted prices in active markets. As such, these assets are classified as Level 1. This includes all U.S. and Non-U.S. equity securities, the RR Donnelley Stock Fund and the TRASOP fund. The individually managed self-directed brokerage accounts are also classified as Level 1 since the underlying investments are actively traded on the market or exchange.

Fixed income securities Fixed income securities are typically priced based on a valuation model rather than a last trade basis and are not exchange-traded. These valuation models involve utilizing dealer quotes, analyzing market information, estimating prepayment speeds and evaluating underlying collateral. Accordingly, these fixed income securities are classified as Level 2.

Mutual funds Valued at the NAV of shares held by the Plan at year end. NAV is derived by the quoted prices of underlying investments. All funds that are separately managed and not traded on an exchange are classified as Level 2. The valuation methodologies described above may generate a fair value calculation that may not be indicative of net realizable value or future fair values. While the Plan believes the valuation methodologies used are appropriate, the use of different methodologies or assumptions in calculating fair value could result in different amounts. The Plan invests in various assets in which valuation is determined by NAV. The Plan believes that the NAV is representative of fair value at the reporting date, as there are no significant restrictions on redemption of these investments or other reasons to indicate that the investment would be redeemed at an amount different than the NAV.

NOTES TO FINANCIAL STATEMENTS

AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2014 and 2013 (Continued)

The fair values of the Plan s investments as of December 31, 2014 and 2013 were as follows:

Investment Category	**Level 1**	**Level 2**	**Level 3**	**Total as of December 31, 2014**
Cash and other assets	$ 120,410,984	$	$	$ 120,410,984
Collective trust funds				
Fixed income securities		619,091,090		619,091,090
Large cap core index fund		389,754,477		389,754,477
Other short term investment funds		68,333,989		68,333,989
Treasury inflation protected securities fund		74,564,894		74,564,894
All country world ex-US fund		39,367,308		39,367,308
Emerging markets fund		36,915,275		36,915,275
Extended equity index fund		25,708,260		25,708,260
Total collective trust funds		1,253,735,293		1,253,735,293
U.S. equity securities	519,383,840			519,383,840
Fixed income securities		282,699,453		282,699,453
Mutual funds				
Small cap fund		117,301,184		117,301,184
Diversified real asset fund		63,135,331		63,135,331
Real estate investment trust fund		46,225,349		46,225,349
Total mutual funds		226,661,864		226,661,864
Non-U.S. equity securities	136,041,912			136,041,912
Self-directed brokerage account				