UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2020

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission File Number 1-4694

R.R. DONNELLEY & SONS COMPANY

(Exact name of registrant as specified in its charter)

Delaware	**36-1004130**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
35 West Wacker Drive, Chicago, Illinois	**60601**
(Address of principal executive offices)	**(Zip code)**

(312) 326-8000
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value $0.01 per share	RRD	New York Stock Exchange
Preferred Stock Purchase Rights		New York Stock Exchange

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Sections 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated filer	☐	Accelerated filer	☒
Non-Accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ☐ No ☒

As of October 26, 2020, 71.4 million shares of common stock were outstanding.

R.R. DONNELLEY & SONS COMPANY

QUARTERLY REPORT ON FORM 10-Q
FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2020

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PART I. FINANCIAL INFORMATION

Item 1. Condensed Consolidated Financial Statements

R.R. DONNELLEY & SONS COMPANY AND SUBSIDIARIES ("RRD")

CONDENSED CONSOLIDATED BALANCE SHEETS
(in millions, except per share data)
(UNAUDITED)

	September 30, 2020	December 31, 2019
ASSETS		
Cash and cash equivalents	$ 414.8	$ 191.9
Receivables, less allowances for credit losses of $17.3 in 2020 (2019 - $14.3)	971.1	1,041.0
Inventories (Note 4)	323.7	301.8
Assets held-for-sale	149.2	200.6
Prepaid expenses and other current assets	144.4	95.6
Total current assets	2,003.2	1,830.9
Property, plant and equipment-net (Note 5)	438.0	499.4
Goodwill (Note 6)	407.5	404.5
Other intangible assets-net (Note 6)	73.8	88.8
Deferred income taxes	67.0	57.8
Operating lease assets	218.1	196.7
Other noncurrent assets	220.3	252.0
Total assets	$ 3,427.9	$ 3,330.1
LIABILITIES		
Accounts payable	$ 707.0	$ 798.9
Accrued liabilities and other	333.2	311.3
Short-term operating lease liabilities	71.3	64.6
Short-term and current portion of long-term debt (Note 15)	144.4	71.2
Liabilities held-for-sale	81.1	92.1
Total current liabilities	1,337.0	1,338.1
Long-term debt (Note 15)	1,876.9	1,747.2
Pension liabilities	100.7	113.6
Other postretirement benefits plan liabilities	57.7	61.7
Long-term income tax liability	68.2	75.8
Long-term operating lease liabilities	153.0	136.4
Other noncurrent liabilities	289.2	227.6
Total liabilities	3,882.7	3,700.4
Commitments and Contingencies (Note 14)		
EQUITY (Note 10)		
RRD stockholders' equity		
Preferred stock, $1.00 par value		
Authorized: 2.0 shares; Issued: None	—	—
Common stock, $0.01 par value		
Authorized: 165.0 shares;		
Issued: 89.0 shares in 2020 and 2019	0.9	0.9
Additional paid-in-capital	3,262.5	3,348.0
Accumulated deficit	(2,418.3)	(2,336.8)
Accumulated other comprehensive loss	(182.9)	(176.2)
Treasury stock, at cost, 17.6 shares in 2020 (2019 - 18.1 shares)	(1,130.2)	(1,219.6)
Total RRD stockholders' equity	(468.0)	(383.7)
Noncontrolling interests	13.2	13.4
Total equity	(454.8)	(370.3)
Total liabilities and equity	$ 3,427.9	$ 3,330.1

See Notes to Condensed Consolidated Financial Statements

R.R. DONNELLEY & SONS COMPANY AND SUBSIDIARIES ("RRD")

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(in millions, except per share data)
(UNAUDITED)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Net sales	1,191.3	1,417.2	3,417.7	4,044.0
Cost of sales	943.6	1,132.9	2,729.4	3,259.4
Gross profit	247.7	284.3	688.3	784.6
Selling, general and administrative expenses (exclusive of depreciation and amortization)	138.0	168.2	436.7	522.7
Restructuring, impairment and other expense (income) -net (Note 7)	54.2	(2.3)	93.8	30.7
Depreciation and amortization	36.2	42.0	112.3	121.5
Other operating expense	3.4	5.4	15.5	3.3
Income from operations	15.9	71.0	30.0	106.4
Interest expense-net	34.3	37.4	102.7	115.6
Investment and other income-net	(3.6)	(4.6)	(10.8)	(11.3)
Loss on debt extinguishment	0.2	0.8	0.4	0.8
(Loss) income from continuing operations before income taxes	(15.0)	37.4	(62.3)	1.3
Income tax (benefit) expense	(5.9)	44.3	(3.0)	9.2
Net loss from continuing operations	(9.1)	(6.9)	(59.3)	(7.9)
Loss on sale of discontinued operations, net of tax	—	—	(6.9)	—
Income (loss) from discontinued operations, net of tax (Note 2)	0.4	19.8	(12.6)	4.9
Net income (loss) from discontinued operations	0.4	19.8	(19.5)	4.9
Net (loss) income	(8.7)	12.9	(78.8)	(3.0)
Less: income attributable to noncontrolling interests	0.2	0.3	0.3	0.2
Net (loss) income attributable to RRD common stockholders	$ (8.9)	$ 12.6	$ (79.1)	$ (3.2)
Basic net (loss) earnings per share attributable to RRD common stockholders (Note 11):				
Continuing Operations	$ (0.13)	$ (0.10)	$ (0.83)	$ (0.11)
Discontinued Operations	$ 0.01	$ 0.28	$ (0.27)	$ 0.07
Net (loss) earnings attributable to RR Donnelley stockholders	$ (0.12)	$ 0.18	$ (1.10)	$ (0.04)
Diluted net (loss) earnings per share attributable to RRD common stockholders (Note 11):				
Continuing Operations	$ (0.13)	$ (0.10)	$ (0.83)	$ (0.11)
Discontinued Operations	$ 0.01	$ 0.28	$ (0.27)	$ 0.07
Net (loss) earnings attributable to RR Donnelley stockholders	$ (0.12)	$ 0.18	$ (1.10)	$ (0.04)
Weighted average number of common shares outstanding:				
Basic	72.4	71.4	72.1	71.2
Diluted	72.4	71.4	72.1	71.2

See Notes to Condensed Consolidated Financial Statements

R.R. DONNELLEY & SONS COMPANY AND SUBSIDIARIES ("RRD")

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(in millions)
(UNAUDITED)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Net (loss) income	$ (8.7)	$ 12.9	$ (78.8)	$ (3.0)
Other comprehensive income (loss), net of tax (Note 12):				
Translation adjustments	17.4	(19.9)	4.2	(21.9)
Adjustments for net periodic pension and postretirement benefits plan cost	0.8	(0.2)	2.3	(0.6)
Changes in fair value of derivatives	0.3	—	(13.0)	—
Other	—	0.6	—	2.1
Other comprehensive income (loss)	18.5	(19.5)	(6.5)	(20.4)
Comprehensive income (loss)	9.8	(6.6)	(85.3)	(23.4)
Less: comprehensive income (loss) attributable to non-controlling interests	0.6	(0.1)	0.5	(0.1)
Comprehensive income (loss) attributable to RRD common stockholders	$ 9.2	$ (6.5)	$ (85.8)	$ (23.3)

See Notes to Condensed Consolidated Financial Statements

R.R. DONNELLEY & SONS COMPANY AND SUBSIDIARIES ("RRD")

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in millions)
(UNAUDITED)

	Nine Months Ended September 30,	
	2020	**2019**
OPERATING ACTIVITIES		
Net loss	$ (78.8)	$ (3.0)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Impairment charges and other-net	22.3	0.5
Depreciation and amortization	116.6	126.2
Provision for credit losses	7.4	6.9
Share-based compensation	4.5	9.3
Deferred income taxes	(3.9)	9.8
Net pension and other postretirement benefits plan income	(10.1)	(12.1)
Loss (gain) on disposition of businesses and other assets	9.3	(15.3)
Other	6.5	11.7
Changes in operating assets and liabilities:		
Accounts receivable-net	57.7	17.7
Inventories	(21.7)	(21.1)
Prepaid expenses and other current assets	(6.5)	(11.4)
Accounts payable	(91.3)	(172.3)
Current income taxes	(18.8)	(41.1)
Accrued liabilities and other	38.3	11.5
Pension and other postretirement benefits plan contributions	(6.3)	(5.1)
Net cash provided by (used in) operating activities	25.2	(87.8)
INVESTING ACTIVITIES		
Capital expenditures	(54.4)	(107.4)
Acquisition of business	—	(3.0)
Disposition of businesses	16.8	10.4
Proceeds from sales of investments and other assets	29.7	32.8
Proceeds (payments) related to company-owned life insurance	4.4	(1.3)
Net cash used in investing activities	(3.5)	(68.5)
FINANCING ACTIVITIES		
Payments on other short-term debt	—	(8.0)
Payments of current maturities and long-term debt	(168.8)	(221.6)
Proceeds from credit facility borrowings	578.0	1,061.8
Payments on credit facility borrowings	(210.0)	(897.8)
Dividends paid	(2.1)	(6.4)
Payments of withholding taxes on share-based compensation	(0.6)	(0.9)
Other financing activities	(1.7)	(1.0)
Net cash provided by (used in) financing activities	194.8	(73.9)
Effect of exchange rate on cash, cash equivalents and restricted cash	2.1	(6.3)
Net increase (decrease) in cash, cash equivalents and restricted cash	218.6	(236.5)
Cash, cash equivalents and restricted cash at beginning of year	223.8	403.6
Cash, cash equivalents and restricted cash at end of period	$ 442.4	$ 167.1

Supplemental cash flow disclosures:

Operating cash flows provided by discontinued operations	$ 15.7	$ 10.5
Investing cash flows used in discontinued operations	$ (1.3)	$ (2.8)

See Notes to Condensed Consolidated Financial Statements

1. Basis of Presentation

The accompanying unaudited condensed consolidated interim financial statements include the accounts of R.R. Donnelley & Sons Company and its subsidiaries ("RRD," the "Company," "we," "us," and "our") and have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") for interim financial information and in accordance with the rules and regulations of the United States Securities and Exchange Commission (the "SEC"). Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. These unaudited condensed consolidated interim financial statements reflect all normal and recurring adjustments that are, in the opinion of management, necessary for a fair presentation of the results for the interim periods and should be read in conjunction with the consolidated financial statements and the related notes thereto included in our latest Annual Report on Form 10-K for the year ended December 31, 2019 filed with the SEC on February 26, 2020. Operating results for the nine months ended September 30, 2020 are not necessarily indicative of the results that may be expected for the fiscal year ending December 31, 2020. All significant intercompany transactions have been eliminated in consolidation. These unaudited condensed consolidated interim financial statements include estimates and assumptions of management that affect the amounts reported in the condensed consolidated financial statements. Actual results could differ from these estimates.

Due to the relationship of our various jurisdictional projections of full-year pre-tax earnings and income tax expense, as well as the projected impact of permanent tax differences and other items, our historic approach of using an estimated full-year world-wide effective income tax rate to determine interim period tax expense produced an income tax provision for the current year-to-date period that was not meaningful because tax expense calculated under the historical approach was not reflective of what taxes would be due and payable based on nine-month year to date pre-tax earnings. Accordingly, we calculated year-to-date fiscal 2020 tax expense based on domestic year-to-date earnings before tax to determine an estimate of the actual U.S. tax liability while using an estimated full-year international effective income tax rate on our international year-to-date earnings to determine interim period tax expense for our international jurisdictions. The third quarter tax expense is the fiscal year-to-date tax expense computed as of September 30, 2020 less tax expense recognized through the second quarter**.**

Beginning in the third quarter of 2020, we have reflected the Logistics Courier business (through the date of sale), the DLS Worldwide business, and the International Logistics business as discontinued operations for all periods presented in the Condensed Consolidated Statements of Operations. Unless otherwise noted, amounts and disclosures throughout these Notes to Condensed Consolidated Financial Statements relate to the Company's continuing operations.

We have historically presented Sales and Cost of Sales for products and services separately in the Condensed Consolidated Statement of Operations and related disclosures. Sales from services became immaterial in relation to Net Sales in the current quarter when adjusted by the effect of the activity of the Logistics business now presented in discontinued operations. Accordingly, beginning in the third quarter, we have presented sales from products and services together within Net Sales in the Condensed Consolidated Statement of Operations and related disclosures.

Cash, Cash Equivalents and Restricted Cash

The following table provides a reconciliation of cash, cash equivalents and restricted cash at September 30, 2020 and December 31, 2019 reported within the Condensed Consolidated Balance Sheets that sum to the total of the same such amounts shown in the Condensed Consolidated Statement of Cash Flows.

	September 30, 2020	December 31, 2019
Cash and cash equivalents	$ 414.8	$ 191.9
Restricted cash - current (a)	27.4	32.9
Restricted cash - noncurrent (b)	0.2	0.1
Total cash, cash equivalents and restricted cash	$ 442.4	$ 224.9

(a) Included within Prepaid expenses and other current assets within the Condensed Consolidated Balance Sheets
(b) Included within Other noncurrent assets within the Condensed Consolidated Balance Sheets

Cash payments for income taxes were $29.5 million and $54.5 million for the nine months ended September 30, 2020 and 2019, respectively. Cash refunds for income taxes were $4.6 million and $7.7 million for the nine months ended September 30, 2020 and 2019, respectively. Income taxes receivable of $16.3 million and $12.0 million as of September 30, 2020 and December 31, 2019, respectively, are included within Prepaid expenses and other current assets.

Allowance for Credit Losses

We recognize an allowance for credit losses for financial assets carried at amortized cost to present the net amount expected to be collected as of the balance sheet date. Such allowance is based on credit losses expected to arise over the life of the asset's contractual term, which includes consideration of prepayments. Assets are written off when we determine that such financial assets are deemed uncollectible and are recognized as a deduction from the allowance for credit losses. Expected recoveries of amounts previously written off, not to exceed the aggregate of the amount previously written off, are included in determining the necessary reserve at the balance sheet date. We pool financial assets based on similar risk characteristics to estimate expected credit losses. We estimate expected credit losses on financial assets individually when those assets do not share similar risk characteristics. We closely monitor our accounts receivable including timely account reconciliations, detailed reviews of past due accounts, updated credit limits, and monthly analysis of the adequacy of our reserve for credit losses.

We utilize a loss rate approach to determine lifetime expected credit losses for our financial assets. This method is used for calculating an estimate of losses based primarily on our historical loss experience. In determining loss rates, we evaluate information related to historical losses, adjusted for current conditions and further adjusted for the period of time that we can reasonably forecast. We have concluded that we can reasonably support a forecast period for the contractual life of our financial assets. Qualitative and quantitative adjustments related to current conditions and the reasonable and supportable forecast period consider the following: the customer or vendor's creditworthiness, changes in our policy and procedures to establish customer credit limits, changes in the payment terms of receivables, existence and effect of any concentration of credit and changes in the level of such concentrations, and the effects of other external forces such as the current and forecasted direction of the economic and business environment. We have considered the current and expected economic and market conditions as a result of COVID-19 in determining credit loss expense for the period ended September 30, 2020.

The allowance for credit losses as of December 31, 2019 and September 30, 2020, was as follows:

	Beginning Balance December 31, 2019	Additional Allowance Recognized Due to Adoption of Topic ASC326	Credit Loss Expense for the Period	Write offs During the Period	Ending Balance September 30, 2020
Trade receivables	$ 14.3	0.2	5.5	(2.7)	$ 17.3

Recoveries, notes receivables and rebates from vendors in the nine months ended September 30, 2020 were immaterial.

2. Discontinued Operations

On September 14, 2020, we entered into a definitive agreement to sell DLS Worldwide, which is a portion of our broader Logistics business and a component of the Business Services reporting segment for $225 million cash, subject to a customary working capital adjustment and an escrow of $22.5 million. We expect that the transaction will close in the fourth quarter of 2020 after completion of certain closing conditions. We expect to enter into a transaction support agreement with the buyer to assist them in the transition of certain functions, including, but not limited to, information technology, finance, and HR. Further, we plan to enter a commercial agreement whereby we will continue to receive logistics services from the divested business.

The sale of DLS Worldwide is part of our strategy to exit non-core businesses in order to pursue portfolio optimization and to reduce debt. As part of our plan, we previously sold Print Logistics in July 2018 and Courier Logistics in March 2020. In October 2020 we reached agreement to sell our International Logistics product line and expect to close by December 31, 2020. This will complete the exit of our Logistics business.

During the third quarter of 2020, we classified the assets and liabilities of DLS Worldwide and International Logistics as held for sale on the Condensed Consolidated Balance Sheet.

Beginning in the third quarter of 2020, we have reflected the Logistics Courier business (through the date of sale), the DLS Worldwide business, and the International Logistics business as discontinued operations for all periods presented in the Condensed Consolidated Statements of Operations.

Results of discontinued operations were as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Net sales	$ 190.5	$ 217.3	$ 558.5	$ 652.1
Cost of sales	(164.1)	(190.7)	(484.1)	(569.3)
Selling, general, administrative and other operating expenses	(21.3)	(23.8)	(69.7)	(71.1)
Restructuring, impairment and other expense	(0.2)	(0.1)	(21.0)	(0.1)
Operating income (loss) from discontinued operations	4.9	2.7	(16.3)	11.6
Income tax expense (benefit)	4.5	(17.1)	3.2	6.7
Net income (loss) from discontinued operations	$ 0.4	$ 19.8	$ (19.5)	$ 4.9

Sales from the Logistics business to RRD previously eliminated in consolidation have been recasted and are now shown as external sales within the financial results of discontinued operations above. The net sales were $11.0 million and $33.8 million and $15.2 million and $46.1 million respectively for the three and nine months ended September 30, 2020 and 2019.

Assets and liabilities of discontinued operations presented in the Condensed Consolidated Balance Sheets as of September 30, 2020 and December 31, 2019 include the following:

	September 30, 2020	December 31, 2019
Receivables, net of allowance	$ 101.2	$ 120.6
Operating lease right-of-use assets	2.8	8.8
Goodwill	28.7	53.3
Intangible assets, net	8.8	10.9
Other assets	7.7	7.0
Total assets of discontinued operations	$ 149.2	$ 200.6
Accounts payable	$ 52.5	$ 53.3
Accrued expenses and other liabilities	28.6	38.8
Total liabilities of discontinued operations	$ 81.1	$ 92.1

3. Revenue Recognition

Disaggregation of Revenue

The following table presents net sales disaggregated by product line:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Commercial print	347.7	$ 442.9	$ 986.6	$ 1,278.8
Packaging	193.6	182.1	459.1	484.2
Direct marketing	125.9	193.5	416.8	479.0
Labels	124.7	123.9	359.9	364.1
Digital print and fulfillment	104.4	122.5	302.6	347.2
Statements	104.3	134.0	333.1	417.1
Supply chain management	77.4	69.8	212.0	222.4
Forms	48.2	60.0	149.2	181.6
Business process outsourcing	40.9	61.1	125.5	189.3
Digital and creative solutions	24.2	27.4	72.9	80.3
Total net sales	$ 1,191.3	$ 1,417.2	$ 3,417.7	$ 4,044.0

Variable Consideration

Certain clients may receive volume-based rebates or early payment discounts, which are accounted for as variable consideration. We estimate these amounts based on the expected amount to be earned by our clients and reduce revenue accordingly. We do not expect significant changes to estimates of variable consideration. Given the nature of our products and the history of returns, product returns are not significant.

Contract Balances

The following table provides information about contract liabilities from contracts with clients:

	Contract Liabilities	
	Short-Term	Long-Term
Balance at December 31, 2019	$ 18.9	$ 0.2
Balance at September 30, 2020	12.6	—

Contract liabilities primarily relate to client advances received prior to completion of performance obligations. Reductions in contract liabilities are a result of our completion of performance obligations.

Revenue recognized during the nine months ended September 30, 2020 from amounts included in contract liabilities at the beginning of the period was approximately $16.6 million.

4. Inventories

The components of inventories, net of excess and obsolescence reserves for raw materials and finished goods, at September 30, 2020 and December 31, 2019 were as follows:

	September 30, 2020	December 31, 2019
Raw materials and manufacturing supplies	$ 150.2	$ 139.4
Work in process	71.1	64.6
Finished goods	119.4	116.4
LIFO reserve	(17.0)	(18.6)
Total inventories	$ 323.7	$ 301.8

5. Property, Plant and Equipment

The components of property, plant and equipment at September 30, 2020 and December 31, 2019 were as follows:

	September 30, 2020	December 31, 2019
Land	$ 38.0	$ 47.8
Buildings	361.8	379.5
Machinery and equipment	1,671.2	1,702.0
	2,071.0	2,129.3
Less: Accumulated depreciation	(1,633.0)	(1,629.9)
Total property, plant and equipment-net	$ 438.0	$ 499.4

During the three and nine months ended September 30, 2020 depreciation expense was $24.1 million and $77.8 million, respectively. During the three and nine months ended September 30, 2019 depreciation expense was $30.0 million and $85.2 million, respectively.

We include assets held for sale for continuing operations in Prepaid expenses and other current assets on the Condensed Consolidated Balance Sheets. The assets held for sale balance was $21.9 million and $1.5 million as of September 30, 2020 and December 31, 2019, respectively.

During the fourth quarter of 2017, we entered into an agreement to sell a printing facility in Shenzhen, China and transfer the related land use rights. As of September 30, 2020, we have received deposits in accordance with the terms of the agreement of approximately $122.3 million which is recorded in other noncurrent liabilities on the Consolidated Balance Sheets. As of September 30, 2020, the carrying cost of the building and land use rights is recorded in other noncurrent assets and is not material. Additional deposits will be paid to us in accordance with the agreement. Gross proceeds from the sale are expected to be approximately $250.0 million, subject to changes in the exchange rate, and we expect the transaction to close in 2022 after closing conditions are satisfied and government approvals are obtained. Our contract with the buyer requires them to pay the final installment in 2022 even if the government's approval is further delayed. If the buyer fails to comply with terms of the agreement or terminates for any reason, the Company is entitled to retain 30% of the purchase price as liquidated damages.

6. Goodwill and Other Intangible Assets

The carrying amount of goodwill at September 30, 2020 and December 31, 2019 were as follows:

	Business Services	Marketing Solutions	Total
Net book value as of December 31, 2019			
Goodwill	$ 2,059.1	$ 519.5	$ 2,578.6
Accumulated impairment losses	(1,920.0)	(254.1)	(2,174.1)
Total	139.1	265.4	404.5
Foreign exchange	3.0	—	3.0
Net book value as of September 30, 2020			
Goodwill	2,054.6	519.5	2,574.1
Accumulated impairment losses	(1,912.5)	(254.1)	(2,166.6)
Total	$ 142.1	$ 265.4	$ 407.5

The components of other intangible assets at September 30, 2020 and December 31, 2019 were as follows:

	September 30, 2020			December 31, 2019		
	Gross Carrying Amount	Accumulated Amortization	Net Book Value	Gross Carrying Amount	Accumulated Amortization	Net Book Value
Client relationships	$ 413.4	$ (353.3)	$ 60.1	$ 410.2	$ (337.1)	$ 73.1
Trade names	30.7	(17.0)	13.7	31.5	(15.8)	15.7
Trademarks, licenses and agreements	23.5	(23.5)	—	23.5	(23.5)	—
Patents	2.0	(2.0)	—	2.0	(2.0)	—
Total amortizable other intangible assets	469.6	(395.8)	73.8	467.2	(378.4)	88.8

Amortization expense for other intangible assets was $4.8 million and $14.5 million for the three and nine months ended September 30, 2020, respectively, and was $5.3 million and $16.6 million for the three and nine months ended September 30, 2019, respectively.

7. Restructuring, Impairment and Other

For the three months ended September 30, 2020 and 2019, we recorded the following net restructuring, impairment and other expenses:

	Three Months Ended September 30, 2020				
	Employee Terminations	Other Restructuring Charges	Multi-Employer Pension Plan Charges	Impairment and Other	Total
Business Services	$ 4.6	$ 2.2	$ 0.1	$ 0.1	$ 7.0
Marketing Solutions	2.2	1.3	0.1	1.1	4.7
Corporate	2.2	3.2	37.1	—	42.5
Total	$ 9.0	$ 6.7	$ 37.3	$ 1.2	$ 54.2

	Three Months Ended September 30, 2019				
	Employee Terminations	Other Restructuring Charges	Multi-Employer Pension Plan Charges	Impairment and Other	Total
Business Services	$ (0.4)	$ (0.7)	$ 0.7	$ (4.7)	$ (5.1)
Marketing Solutions	(0.1)	0.1	0.1	—	0.1
Corporate	1.0	1.7	—	—	2.7
Total	$ 0.5	$ 1.1	$ 0.8	$ (4.7)	$ (2.3)

For the nine months ended September 30, 2020 and 2019, we recorded the following net restructuring, impairment and other expenses:

	Nine Months Ended September 30, 2020				
	Employee Terminations	Other Restructuring Charges	Multi-Employer Pension Plan Charges	Impairment and Other	Total
Business Services	$ 16.7	$ 5.0	$ 1.8	$ (1.2)	$ 22.3
Marketing Solutions	4.3	1.8	0.3	1.1	7.5
Corporate	8.9	18.0	37.1	—	64.0
Total	$ 29.9	$ 24.8	$ 39.2	$ (0.1)	$ 93.8

	Nine Months Ended September 30, 2019				
	Employee Terminations	Other Restructuring Charges	Multi-Employer Pension Plan Charges	Impairment and Other	Total
Business Services	$ 17.5	$ 7.0	$ 1.9	$ (4.6)	$ 21.8
Marketing Solutions	0.4	0.1	0.3	—	0.8
Corporate	1.5	6.6	—	—	8.1
Total	$ 19.4	$ 13.7	$ 2.2	$ (4.6)	$ 30.7

Restructuring, Impairment and Other

For the three and nine months ended September 30, 2020, we recorded net restructuring charges of $9.0 million and $29.9 million, respectively, for employee termination costs. These charges primarily relate to the closure of the Chilean operations, other announced facility closures and the reorganization of selling, general and administrative functions across each segment. We also incurred $6.7 million and $24.8 million of other restructuring charges, primarily consulting charges, and $37.3 million and $39.2 million of multi-employer pension plan ("MEPP") withdrawal obligation charges during the three and nine months ended September 30, 2020, respectively. The MEPP charges during the three and nine months ended September 30, 2020 included $34.5 million which represents our current estimate of payments we believe we will be required to make with respect to LSC's MEPP liabilities. Refer to *Note 14, Commitment and Contingencies* for further discussion. We recorded net gains of $0.3 million and $1.8 million on the sale of restructured facilities for the three and nine months ended September 30, 2020.

For the three and nine months ended September 30, 2019, we recorded net restructuring charges of $0.5 million and $19.4 million for employee termination costs. These charges primarily related to the planned relocation of a printing facility in Shenzhen, China, other facility closures in the Business Services segment and the reorganization of selling, general and administrative functions across each segment. We also incurred other restructuring charges of $1.1 million and $13.7 million and MEPP withdrawal obligation charges of $0.8 million and $2.2 million for the three and nine months ended September 30, 2019. Additionally, we recorded net gains of $4.7 million and $4.6 million on the sale of restructured facilities for the three and nine months ended September 30, 2019.

Restructuring and MEPP Reserves

Restructuring and MEPP reserves as of December 31, 2019 and September 30, 2020, and changes during the nine months ended September 30, 2020, were as follows:

	December 31, 2019	Restructuring and Other Charges	Foreign Exchange and Other	Cash Paid	September 30, 2020
Employee terminations	$ 3.5	$ 29.9	$ —	$ (24.0)	$ 9.4
MEPP withdrawal obligations	40.5	39.2	—	(7.5)	72.2
Other	8.5	24.8	0.8	(24.6)	9.5
Total	$ 52.5	$ 93.9	$ 0.8	$ (56.1)	$ 91.1

The current portion of restructuring reserves of $31.0 million at September 30, 2020 was included in Accrued liabilities and other, while the long-term portion of $60.1 million, related to MEPP withdrawal obligations, employee terminations in litigation and other, was included in Other noncurrent liabilities at September 30, 2020. The liabilities for the withdrawal obligations associated with our previous decision to withdraw from all MEPPs included in Accrued liabilities and other and Other noncurrent liabilities are $15.1 million and $57.1 million, respectively, as of September 30, 2020.

We anticipate that payments associated with the employee terminations reflected in the above table will be fully completed by September 2021, excluding employee terminations in litigation within the Business Services segment.

Payments on all of our MEPP withdrawal obligations are scheduled to be substantially completed by 2034. Changes based on uncertainties in these estimated withdrawal obligations could affect the ultimate charges related to MEPP withdrawals.

The restructuring liabilities classified as "other" primarily consisted of reserves for employee termination litigation and environmental matters. Any potential recoveries or additional charges could affect amounts reported in our consolidated financial statements.

8. Retirement Plans

Components of net pension and other postretirement benefits plan ("OPEB") income for the three and nine months ended September 30, 2020 and 2019 were as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Pension income:				
Service cost	$ 0.2	$ 0.2	$ 0.7	$ 0.7
Interest cost	6.8	8.2	20.5	24.9
Expected return on plan assets	(10.2)	(11.5)	(30.4)	(34.7)
Amortization, net	2.5	1.6	7.5	4.6
Net pension income	$ (0.7)	$ (1.5)	$ (1.7)	$ (4.5)
OPEB income:				
Interest cost	1.9	2.7	5.5	7.7
Expected return on plan assets	(3.1)	(3.3)	(9.4)	(9.9)
Amortization, net	(1.5)	(1.9)	(4.5)	(5.4)
Net OPEB income	$ (2.7)	$ (2.5)	$ (8.4)	$ (7.6)

During the nine months ended September 30, 2020 and 2019, we contributed $6.3 million and $5.1 million, respectively, to our retirement plans.

9. Share-Based Compensation

Share-based compensation expense was $1.3 million and $4.5 million for the three and nine months ended September 30, 2020, respectively, and was $2.6 million and $9.3 million for the three and nine months ended September 30, 2019, respectively.

In March 2020, we awarded our annual share-based compensation grants, which consisted of 0.8 million restricted stock units with a grant date fair value of $1.61 per unit and 0.8 million performance share units also with a grant date fair value of $1.61 per unit. The restricted stock units are subject to a three year graded vesting period and the performance share units are subject to a 34 month cliff vesting period. Dividends are not paid on restricted stock units.

In addition, in March 2020 we granted 1.5 million cash-settled restricted stock units ("phantom restricted stock units") and 1.5 million cash-settled performance stock units ("phantom performance stock units"). Our share price on the date of grant was $1.88. The phantom restricted stock units vest and are payable in three equal installments over a period of three years after the grant date. The phantom performance stock units are subject to a 34 month cliff vesting period. Phantom stock units are not shares of our common stock and therefore the recipients of these awards do not receive ownership interest in the Company or stockholder voting rights. Phantom stock unit awards are subject to forfeiture upon termination of employment prior to vesting, subject in some cases to early vesting upon specified events, including death or permanent disability of the grantee, termination of the grantee's employment under certain circumstances or a change in control of the Company. All phantom stock unit awards are classified as liability awards due to their expected settlement in cash and are included in Accrued liabilities and other in the Condensed Consolidated Balance Sheets. Compensation expense for these awards is measured based upon the fair value of the awards at the end of each reporting period. Dividends are not paid on phantom stock units.

10. Equity

Our equity as of December 31, 2019 and September 30, 2020, and changes during the three and nine months ended September 30, 2020, were as follows:

	Common Stock	Additional Paid-in-Capital	Treasury Stock	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total RRD's Stockholders' Equity	Noncontrolling Interests	Total Equity
Balance at December 31, 2019	$ 0.9	$ 3,348.0	$ (1,219.6)	$ (2,336.8)	$ (176.2)	$ (383.7)	$ 13.4	$ (370.3)
Net (loss) income				(13.0)		(13.0)	0.1	(12.9)
Other comprehensive loss					(31.0)	(31.0)	(0.2)	(31.2)
Share-based compensation		1.4				1.4		1.4
Issuance of share-based awards, net of withholdings and other		(82.3)	81.8			(0.5)		(0.5)
Cash dividends paid				(2.1)		(2.1)		(2.1)
Cumulative impact of adopting ASU 2016-03				(0.3)		(0.3)		(0.3)
Distributions to noncontrolling interests						—	(0.7)	(0.7)
Balance at March 31, 2020	$ 0.9	$ 3,267.1	$ (1,137.8)	$ (2,352.2)	$ (207.2)	$ (429.2)	$ 12.6	$ (416.6)
Net loss				(57.2)		(57.2)		(57.2)
Other comprehensive income					6.2	6.2		6.2
Share-based compensation		1.8				1.8		1.8
Issuance of share-based awards, net of withholdings and other		(7.7)	7.6			(0.1)		(0.1)
Balance at June 30, 2020	$ 0.9	$ 3,261.2	$ (1,130.2)	$ (2,409.4)	$ (201.0)	$ (478.5)	$ 12.6	$ (465.9)
Net (loss) income				(8.9)		(8.9)	0.2	(8.7)
Other comprehensive income					18.1	18.1	0.4	18.5
Share-based compensation		1.3				1.3		1.3
Balance at September 30, 2020	$ 0.9	$ 3,262.5	$ (1,130.2)	$ (2,418.3)	$ (182.9)	$ (468.0)	$ 13.2	$ (454.8)

Our equity as of December 31, 2018 and September 30, 2019, and changes during three and nine months ended September 30, 2019, were as follows:

	Common Stock	Additional Paid-in-Capital	Treasury Stock	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total RRD's Stockholders' Equity	Noncontrolling Interests	Total Equity
Balance at December 31, 2018	$ 0.9	$ 3,404.0	$ (1,285.5)	$ (2,225.7)	$ (153.8)	$ (260.1)	$ 14.7	$ (245.4)
Net (loss) income				(8.8)		(8.8)	0.3	(8.5)
Other comprehensive income					1.4	1.4	0.2	1.6
Share-based compensation		3.4				3.4		3.4
Issuance of share-based awards, net of withholdings and other		(54.7)	53.8			(0.9)		(0.9)
Cash dividends paid				(2.1)		(2.1)		(2.1)
Cumulative impact of adopting ASU 2016-02, net of tax				2.6		2.6		2.6
Distributions to noncontrolling interests						—	(0.7)	(0.7)
Balance at March 31, 2019	$ 0.9	$ 3,352.7	$ (1,231.7)	$ (2,234.0)	$ (152.4)	$ (264.5)	$ 14.5	$ (250.0)
Net loss				(7.0)		(7.0)	(0.4)	(7.4)
Other comprehensive loss					(2.4)	(2.4)	(0.1)	(2.5)
Share-based compensation		3.3				3.3		3.3
Issuance of share-based awards, net of withholdings and other		(0.5)	0.5			—		—
Cash dividends paid				(2.2)		(2.2)		(2.2)
Spinoff adjustments				(12.0)		(12.0)		(12.0)
Balance at June 30, 2019	$ 0.9	$ 3,355.5	$ (1,231.2)	$ (2,255.2)	$ (154.8)	$ (284.8)	$ 14.0	$ (270.8)
Net income				12.6		12.6	0.3	12.9
Other comprehensive loss					(19.1)	(19.1)	(0.4)	(19.5)
Share-based compensation		2.6				2.6		2.6
Issuance of share-based awards, net of withholdings and other		(0.8)	0.8			—		—
Cash dividends paid				(2.1)		(2.1)		(2.1)
Balance at September 30, 2019	$ 0.9	$ 3,357.3	$ (1,230.4)	$ (2,244.7)	$ (173.9)	$ (290.8)	$ 13.9	$ (276.9)

11. Earnings per Share

Basic earnings per share is calculated by dividing net earnings attributable to RRD common stockholders by the weighted average number of common shares outstanding for the period. In computing diluted earnings per share, basic earnings per share is adjusted for the assumed issuance of all potentially dilutive share-based awards, including stock options, restricted stock units and performance share units. Performance share units are excluded if the performance targets upon which the issuance of the shares is contingent have not been achieved and the respective performance period has not been completed as of the end of the current period. Additionally, stock options are considered anti-dilutive when the exercise price exceeds the average market value of our stock price during the applicable period. In periods when we are in a net loss, share-based awards are excluded from the calculation of earnings per share as their inclusion would have an anti-dilutive effect.

During the nine months ended September 30, 2020 and 2019, no shares of common stock were purchased by us; however, shares were withheld for tax liabilities upon the vesting of equity awards.

The reconciliation of the numerator and denominator of the basic and diluted earnings per share calculation and the anti-dilutive share-based awards for the three and nine months ended September 30, 2020 and 2019 were as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Basic net (loss) earnings per share attributable to RRD common stockholders:				
Continuing operations	$ (0.13)	$ (0.10)	$ (0.83)	$ (0.11)
Discontinued operations	$ 0.01	$ 0.28	$ (0.27)	$ 0.07
Net (loss) earnings attributable to RR Donnelley stockholders	$ (0.12)	$ 0.18	$ (1.10)	$ (0.04)
Diluted net (loss) earnings per share attributable to RRD common stockholders:				
Continuing operations	$ (0.13)	$ (0.10)	$ (0.83)	$ (0.11)
Discontinued operations	$ 0.01	$ 0.28	$ (0.27)	$ 0.07
Net (loss) earnings attributable to RR Donnelley stockholders	$ (0.12)	$ 0.18	$ (1.10)	$ (0.04)
Numerator:				
Net (loss) earnings attributable to RRD common stockholders - continuing operations	$ (9.3)	$ (7.2)	$ (59.6)	$ (8.1)
Net earnings (loss) from discontinued operations, net of income taxes	0.4	19.8	(19.5)	4.9
Net (loss) earnings attributable to RRD common stockholders	$ (8.9)	$ 12.6	$ (79.1)	$ (3.2)
Denominator:				
Weighted average number of common shares outstanding - Basic and Diluted	72.4	71.4	72.1	71.2
Weighted average number of anti-dilutive share-based awards:				
Stock options	0.3	0.4	0.3	0.5
Restricted stock units	1.5	1.3	1.1	1.0
Total	1.8	1.7	1.4	1.5
Dividends declared per common share	$ —	$ 0.03	$ 0.03	$ 0.09

12. Other Comprehensive Income (Loss)

The components of other comprehensive income (loss) and income tax expense (benefit) allocated to each component for the three and nine months ended September 30, 2020 and 2019 were as follows:

	Three Months Ended September 30, 2020			Nine Months Ended September 30, 2020		
	Before Tax Amount	Income Tax	Net of Tax Amount	Before Tax Amount	Income Tax	Net of Tax Amount
Translation adjustments	$ 17.4	$ —	$ 17.4	$ 4.2	$ —	$ 4.2
Adjustments for net periodic pension and OPEB cost	1.0	0.2	0.8	3.0	0.7	2.3
Change in fair value of derivatives	0.5	0.2	0.3	(17.0)	(4.0)	(13.0)
Other comprehensive income (loss)	$ 18.9	$ 0.4	$ 18.5	$ (9.8)	$ (3.3)	$ (6.5)

	Three Months Ended September 30, 2019			Nine Months Ended September 30, 2019		
	Before Tax Amount	Income Tax	Net of Tax Amount	Before Tax Amount	Income Tax	Net of Tax Amount
Translation adjustments	$ (19.9)	$ —	$ (19.9)	$ (21.9)	$ —	$ (21.9)
Adjustments for net periodic pension and OPEB cost	(0.3)	(0.1)	(0.2)	(0.8)	(0.2)	(0.6)
Other	—	(0.6)	0.6	—	(2.1)	2.1
Other comprehensive loss	$ (20.2)	$ (0.7)	$ (19.5)	$ (22.7)	$ (2.3)	$ (20.4)

Accumulated other comprehensive loss by component as of December 31, 2019 and September 30, 2020, and changes during the nine months ended September 30, 2020, were as follows:

	Changes in the Fair Value of Derivatives	Pension and OPEB Cost	Translation Adjustments	Total
Balance at December 31, 2019	$ 1.0	$ (185.7)	$ 8.5	$ (176.2)
Other comprehensive loss before reclassifications	(15.1)	—	4.0	(11.1)
Amounts reclassified from accumulated other comprehensive loss	2.1	2.3	—	4.4
Net change in accumulated other comprehensive loss	(13.0)	2.3	4.0	(6.7)
Balance at September 30, 2020	$ (12.0)	$ (183.4)	$ 12.5	$ (182.9)

Accumulated other comprehensive loss by component as of December 31, 2018 and September 30, 2019, and changes during the nine months ended September 30, 2019, were as follows:

	Pension and OPEB Cost	Translation Adjustments	Other	Total
Balance at December 31, 2018	$ (155.2)	$ 1.4	$ —	$ (153.8)
Other comprehensive loss before reclassifications	—	(17.1)	2.1	(15.0)
Amounts reclassified from accumulated other comprehensive loss	(0.6)	(4.5)	—	(5.1)
Net change in accumulated other comprehensive loss	(0.6)	(21.6)	2.1	(20.1)
Balance at September 30, 2019	$ (155.8)	$ (20.2)	$ 2.1	$ (173.9)

Reclassifications from accumulated other comprehensive loss for the three and nine months ended September 30, 2020 and 2019 were as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,		Classification in the Condensed Consolidated Statements of Operations
	2020	2019	2020	2019	
Translation Adjustments:					
Net realized gain, before tax	$ —	$ —	$ —	$ (4.5)	Other operating expense (income)
Reclassification, net of tax	$ —	$ —	$ —	$ (4.5)	
Amortization of pension and OPEB cost:					
Net actuarial loss	$ 3.9	$ 1.1	$ 6.9	$ 3.3	Investment and other income-net
Net prior service credit	(2.9)	(1.4)	(3.9)	(4.1)	Investment and other income-net
Reclassifications before tax	1.0	(0.3)	3.0	(0.8)	
Income tax expense (benefit)	0.2	(0.1)	0.7	(0.2)	
Reclassification, net of tax	0.8	(0.2)	$ 2.3	$ (0.6)	
Derivatives:					
Net realized loss	$ 1.3	$ —	$ 2.1	$ —	Interest expense-net
Reclassification, net of tax	1.3	—	2.1	—	
Total reclassifications, net of tax	$ 2.1	$ (0.2)	$ 4.4	$ (5.1)	

13. Segment Information

Our segments and their product and service offerings are summarized below:

Business Services

Business Services provides customized solutions at scale to help clients inform, service and transact with their customers. The segment's primary product and service offerings include commercial print, packaging, labels, statement printing, supply chain management, forms and business process outsourcing. This segment also includes all of our operations in Asia, Europe, Canada and Latin America.

Marketing Solutions

Marketing Solutions leverages an integrated portfolio of data analytics, creative services and multichannel execution to deliver comprehensive, end-to-end solutions. The segment's primary product and service offerings include direct marketing, in-store marketing, digital print, kitting, fulfillment, digital and creative solutions and list services.

Corporate

Corporate consists of unallocated selling, general and administrative activities and associated expenses including, in part, executive, legal, finance, communications, certain facility costs and last-in-first-out inventory provisions. In addition, certain costs and earnings of employee benefit plans, such as pension and OPEB expense (income) and share-based compensation, are included in Corporate and not allocated to the operating segments. Corporate also manages our cash pooling structures, which enables participating international locations to draw on our international cash resources to meet local liquidity needs.

Information by Segment

We have disclosed income (loss) from operations as the primary measure of segment earnings (loss). This is the measure of profitability used by our chief operating decision-maker and is most consistent with the presentation of profitability reported within the Condensed Consolidated Financial Statements.

	Three Months Ended September 30, 2020						
	Total Sales	Intersegment Sales	Net Sales	Income (Loss) from Operations	Depreciation and Amortization	Capital Expenditures	Assets of Operations As of September 30, 2020
Business Services	$ 953.0	$ (16.2)	$ 936.8	$ 69.1	$ 23.5	$ 10.2	$ 2,308.1
Marketing Solutions	258.7	(4.2)	254.5	10.3	11.4	2.6	649.1
Total operating segments	1,211.7	(20.4)	1,191.3	79.4	34.9	12.8	2,957.2
Corporate	—	—	—	(63.5)	1.3	3.5	470.7
Total operations	$ 1,211.7	$ (20.4)	$ 1,191.3	$ 15.9	$ 36.2	$ 16.3	$ 3,427.9

	Three Months Ended September 30, 2019						
	Total Sales	Intersegment Sales	Net Sales	Income (Loss) from Operations	Depreciation and Amortization	Capital Expenditures	Assets of Operations As of December 31, 2019
Business Services	$ 1,097.3	$ (23.5)	$ 1,073.8	$ 77.5	$ 24.8	$ 17.7	$ 2,328.9
Marketing Solutions	352.0	(8.6)	343.4	24.4	14.7	8.0	748.1
Total operating segments	1,449.3	(32.1)	1,417.2	101.9	39.5	25.7	3,077.0
Corporate	—	—	—	(30.9)	2.5	5.3	253.1
Total operations	$ 1,449.3	$ (32.1)	$ 1,417.2	$ 71.0	$ 42.0	$ 31.0	$ 3,330.1

	Nine Months Ended September 30, 2020					
	Total Sales	Intersegment Sales	Net Sales	Income (Loss) from Operations	Depreciation and Amortization	Capital Expenditures
Business Services	$ 2,667.4	$ (42.0)	$ 2,625.4	$ 123.9	$ 71.7	$ 30.0
Marketing Solutions	808.4	(16.1)	792.3	33.4	37.6	9.0
Total operating segments	3,475.8	(58.1)	3,417.7	157.3	109.3	39.0
Corporate	—	—	—	(127.3)	3.0	15.4
Total operations	$ 3,475.8	$ (58.1)	$ 3,417.7	$ 30.0	$ 112.3	$ 54.4

	Nine Months Ended September 30, 2019					
	Total Sales	Intersegment Sales	Net Sales	Income (Loss) from Operations	Depreciation and Amortization	Capital Expenditures
Business Services	$ 3,196.9	$ (59.4)	$ 3,137.5	$ 140.6	$ 77.4	$ 60.4
Marketing Solutions	930.9	(24.4)	906.5	38.9	38.2	31.6
Total operating segments	4,127.8	(83.8)	4,044.0	179.5	115.6	92.0
Corporate	—	—	—	(73.1)	5.9	15.4
Total operations	$ 4,127.8	$ (83.8)	$ 4,044.0	$ 106.4	$ 121.5	$ 107.4

Net restructuring, impairment and other expenses by segment are described in Note 7, *Restructuring, Impairment and Other*.

14. Commitments and Contingencies

We are subject to laws and regulations relating to the protection of the environment. We provide for expenses associated with environmental remediation obligations when such amounts are probable and can be reasonably estimated. Such accruals are adjusted as new information develops or circumstances change and are generally not discounted. We have been designated as a potentially responsible party or have received claims in three active federal and state Superfund and other multiparty remediation sites. In addition to these sites, we may also have the obligation to remediate six other previously and currently owned facilities. At the Superfund sites, the Comprehensive Environmental Response, Compensation and Liability Act provides that our liability could be joint and several, meaning that we could be required to pay an amount in excess of our proportionate share of the remediation costs.

Our understanding of the financial strength of other potentially responsible parties at the multiparty sites and of other liable parties at the previously owned facilities has been considered, where appropriate, in the determination of our estimated liability. We believe that our recorded accruals, recorded in Accrued liabilities and other and Other noncurrent liabilities, are adequate to cover our share of the potential costs of remediation at each of the multiparty sites and the previously and currently owned facilities. It is not possible to quantify with certainty the potential impact of actions regarding environmental matters, particularly remediation and other compliance efforts that we may undertake in the future. However, in our opinion, compliance with the present environmental protection laws, before taking into account estimated recoveries from third parties, will not have a material effect on our consolidated results of operations, financial position or cash flows.

In April 2019, we received a subpoena from the SEC related to previous business dealings with the Brazilian Ministry of Education. The SEC and Department of Justice ("DOJ") are investigating the matter, and we are cooperating as they conduct their investigations. In addition, the Brazil authorities are also investigating the matter.

From time to time, our clients and others file voluntary petitions for reorganization under United States bankruptcy laws. In such cases, certain pre-petition payments received by us from these parties could be considered preference items and subject to return. In addition, we may be party to certain litigation arising in the ordinary course of business. We believe that the final resolution of these preference items and litigation will not have a material effect on our consolidated results of operations, financial position or cash flows.

Leases

We determine if an arrangement is a lease at inception. Operating leases are recorded in Operating lease assets, Short-term operating lease liabilities and Long-term operating lease liabilities on the Condensed Consolidated Balance Sheets. Operating lease assets represent our right to use an underlying asset for the lease term and lease liabilities represent our obligation to make lease payments arising from the lease. Operating lease assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. In determining the present value of lease payments, we use our incremental borrowing rate based on the information available at the lease commencement date. Operating lease assets reflects lease payments and are reduced by any lease incentives received. Our lease terms may include options to extend or not terminate the lease when we are reasonably certain that we will exercise any such options. Leases with an expected term of 12 months or less are not recorded on the balance sheet. Lease expense is recognized on a straight-line basis over the expected lease term.

Our most significant leases are real estate leases for plants, warehouses, storage facilities, offices and other facilities. For real estate leases, we elected the practical expedient permitted under Topic 842 to combine lease and non-lease components. As a result, non-lease components, such as common area maintenance charges, are accounted for as a single lease element. Our remaining operating leases are primarily comprised of leases of machinery and technology equipment. Finance leases are not material.

Certain of our operating lease agreements include variable payments that are passed-through by the landlord, such as insurance, taxes and common area maintenance, payments based on the usage of the asset and rental payments adjusted periodically for inflation. Pass-through charges, payments due to change in usage of the asset and payments due to changes in inflation are included within variable rent expense.

Our lease agreements do not contain material residual value guarantees, restrictions or covenants.

Contingencies related to LSC Communication, Inc. and Subsidiaries ("LSC") and Donnelley Financial Solutions, Inc. ("Donnelley Financial")

Subsequent to the spinoff of LSC Communications, Inc. and Subsidiaries ("LSC") and Donnelley Financial Solutions, Inc. ("Donnelley Financial") on October 1, 2016, we may be contingently liable for obligations under various operating leases for office, warehouse and manufacturing locations of LSC and Donnelley Financial. In the event that LSC or Donnelley Financial, or any successor lessee, fail to make lease payments or fail to pay other obligations under these lease agreements, we may be required to satisfy those obligations to the lessor. Under various agreements executed at the time of the spinoff, LSC and Donnelley Financial agreed to fully indemnify us in the event that we would be required to make a payment on their behalf; however, there can be no assurance that the indemnities from LSC and Donnelley Financial will be sufficient to satisfy the full amount of any such contingent obligations. Our exposure to these potential contingent liabilities will decrease over time as LSC and Donnelley Financial pay monthly lease obligations and as the leases expire. As of September 30, 2020 and December 31, 2019, these potential contingent obligations were approximately $58.7 million and $78.8 million, respectively, for LSC, and $3.4 million and $5.5 million, respectively for Donnelley Financial. On April 13, 2020, LSC announced that it, along with most of its U.S. subsidiaries, voluntarily filed for business reorganization under Chapter 11 of the U.S. Bankruptcy Code. In September 2020, a third-party (the "Buyer") offered to buy the assets and assume certain obligations of LSC. We continue to monitor the proceedings and at the time of this filing, are aware that certain leases in which we have exposure have been rejected by LSC and the Buyer. As of September 30, 2020, we have recorded a $0.4 million contingent liability related to these leases.

In May and June 2020 we became aware that LSC failed to make required monthly contributions to certain of their multiemployer pension plans ("MEPP"). In accordance with laws and regulations governing multiemployer pension plans, we believe that we and Donnelley Financial, as former members of the control group, are contingently liable on a joint and several liability basis for LSC's MEPP obligations. We believe that the total undiscounted MEPP obligations for which LSC is responsible is approximately $100.0 million and is payable over an average 13 year period. The amount of our ultimate liability related to LSC's MEPP obligations is contingent upon the outcome of our negotiations with Donnelley Financial concerning how the obligations would be apportioned between us and Donnelley Financial. As part of its offer to purchase certain assets and assume certain liabilities of LSC, the Buyer is not expected to assume LSC's MEPP liabilities. During the third quarter, we commenced negotiations with Donnelley Financial related to how the MEPP liabilities would be apportioned between the two parties, and agreed to enter into mediation, and then arbitration if the parties do not reach an agreement in the mediation process. During the third quarter of 2020, we recorded a contingent liability of approximately $34.5 million representing our current estimate of the payments we believe we will be required to make with respect to LSC's MEPP liabilities. This amount, however, could be adjusted in the future based on the final allocation as a result of either the mediation process or arbitration. We expect to make annual payments through 2034.

In addition to the aforementioned contingent obligations, we may be contingently liable for other claims arising out of the LSC bankruptcy. In October 2020, we received a demand notice from a law firm representing more than 30 individuals whose accrued supplemental non-qualified pension benefits were transferred to LSC at the time of the spin. The law firm is asserting that these accrued supplemental non-qualified pension benefits were incorrectly or not appropriately transferred to LSC at the time of the spin, and as a result we remain responsible to pay the remaining accrued vested benefits under the plan. We may also be contingently liable for other liabilities that were assumed or assigned to LSC at the time of the spin, and other general unsecured or secured creditors of LSC may make a claim against us. We intend to vigorously defend ourselves against all claims, and at this time cannot estimate the amount, if any, we would be required to pay.

15. Debt

Debt at September 30, 2020 and December 31, 2019 consisted of the following:

	September 30, 2020	December 31, 2019
Borrowings under the ABL Credit Facility	$ 410.0	$ 42.0
7.625% notes due June 15, 2020	—	65.8
7.875% notes due March 15, 2021	83.3	167.1
8.875% debentures due April 15, 2021	55.6	60.2
7.000% notes due February 15, 2022	104.3	140.0
6.500% notes due November 15, 2023	75.0	290.6
Term Loan due January 15, 2024 (a)	536.9	540.3
6.000% notes due April 1, 2024	61.7	298.3
8.250% notes due July 1, 2027	245.9	—
6.625% debentures due April 15, 2029	103.4	157.9
8.500% notes due April 15, 2029	301.1	—
8.820% debentures due April 15, 2031	54.5	69.0
Unamortized debt issuance costs	(10.4)	(12.8)
Total debt	2,021.3	1,818.4
Less: current portion	144.4	71.2
Long-term debt	$ 1,876.9	$ 1,747.2

(a) As of September 30, 2020 and December 31, 2019, the interest rate on the Term Loan due January 15, 2024 was 5.16% and 6.80%, respectively.

Total cash, cash equivalents and restricted cash was $442.4 million and $224.9 million at September 30, 2020 and December 31, 2019, respectively.

The fair values of the notes and debentures, which were determined using the market approach based upon quoted prices or interest rates available to us for debt obligations with similar terms and maturities, were determined to be Level 2 under the fair value hierarchy. The fair value of our total debt at September 30, 2020 and December 31, 2019 was greater than its book value by approximately $24.2 million and $29.3 million, respectively.

During the third quarter of 2020, we repurchased on the open market $11.2 million aggregate principal of 7.875% notes due 2021 (the "2021 Notes") and $3.3 million aggregate principal of the 7.000% notes due in 2022 (the "2022 Notes") using available cash. During the nine months ended September 30, 2020 we repurchased on the open market $70.2 million aggregate principal of debt maturing in 2020 and 2021, including $1.3 million of the 7.625% notes due 2020, $67.6 million of the 2021 Notes, and $1.3 million of the 8.875% debentures due 2021 (the "2021 Debentures").

On October 27, 2020, we notified the holders of our 2021 Notes that we will redeem the remaining $83.3 million aggregate principal outstanding on December 4, 2020. The redemption price will be based on the terms of the notes and related indenture and will include a premium along with unpaid interest to the redemption date. We plan to use available cash to fund the redemption.

During the first and second quarters of 2020, we executed various transactions that reduced our near-term maturities and extended our debt maturity profile. On June 18, 2020, we completed a public exchange transaction in which we exchanged $246.2 million aggregate principal amount of the Company's debt held by various investors maturing between 2021 and 2024 (the "Old Debt") for $244.9 million aggregate principal amount of newly issued unsecured 8.25% notes due 2027 (the "New 2027 Notes"). The Old Debt that was exchanged consisted of $16.4 million of the 2021 Notes; $3.3 million of the 2021 Debentures; $25.8 million of the 2022 Notes; $161.6 million of the 6.500% notes due 2023 (the "2023 Notes"); and $39.1 million of the 6.000% of notes due 2024 (the "2024 Notes"). Other than the interest rate, the terms of the New 2027 Notes are substantially similar to the terms of the Old Debt. We treated the transaction as a debt modification, which resulted in a premium on the New 2027 Notes of approximately $1.0 million.

In March 2020, we entered into privately negotiated agreements with the largest holder of our outstanding notes (the "Holder") to extend a significant portion of the Company's 2023 and 2024 maturities. The agreements included the exchange of $277.0 million aggregate principal amount of notes owned by the Holder, consisting of $54.0 million of the 2023 Notes, $177.4 million of the 2024 Notes, and $45.6 million of the 6.625% debentures due 2029 (the "2029 Debentures") for $297.0 million aggregate principal amount of newly issued unsecured 8.50% notes due 2029 (the "New 2029 Notes"). Other than the interest rate, the terms of the New 2029 Notes are substantially similar to the terms of the 2029 Debentures. We treated the transaction as a debt modification, which resulted in a discount on the New 2029 Notes of approximately $20 million, inclusive of approximately $0.3 million of fees paid to the Holder. The exchange was executed in a series of transactions that were completed on April 8, 2020. The agreements also included the repurchase of $6.6 million of the 2022 Notes and $20.0 million of the 2024 Notes. These repurchases were completed in March and were funded with a draw from our ABL Credit Facility. We recorded a gain of $0.2 million on these repurchases.

In May 2020, we entered into an additional agreement with the Holder in which the Holder agreed to exchange approximately $9.0 million aggregate principal amount of the 2029 Debentures and $14.5 million aggregate principal amount of 8.820% Debentures due 2031 for approximately $21.2 million aggregate principal amount of New 2029 Notes. This transaction was completed on June 19, 2020. We treated the transaction as a debt modification, which resulted in a premium on the New 2029 Notes of approximately $2.1 million, inclusive of $0.2 million of fees paid to the Holder.

On October 15, 2018, we entered into a $550.0 million senior secured term loan B (the "Term Loan") pursuant to a credit agreement (the "Term Loan Credit Agreement"). The Term Loan is scheduled to mature on January 15, 2024, at which time the remaining outstanding balance under the Term Loan will be due and payable. Principal payments of $1.4 million are due quarterly. The Term Loan bears interest based on the London Interbank Offered Rate (LIBOR) plus a margin of 5% or a base rate plus a margin of 4%.

We entered into an $800.0 million senior secured asset-based revolving credit facility (the "ABL Credit Facility") on September 29, 2017, pursuant to a credit agreement (the "ABL Credit Agreement"), which replaced our prior $800.0 million senior secured revolving credit facility dated September 30, 2016. The ABL Credit Facility is scheduled to mature on September 29, 2022, at which time all outstanding amounts under the ABL Credit Facility will be due and payable.

The amount available to be borrowed under the ABL Credit Facility is equal to the lesser of (a) $800.0 million and (b) a borrowing base formula based on the amount of accounts receivable, inventory, machinery, equipment and, if we were to so elect in the future subject to the satisfaction of certain conditions, fee-owned real estate of ours and our material domestic subsidiaries, subject to certain eligibility criteria and advance rates (collectively, the "Borrowing Base"). The aggregate amount of real estate, machinery and equipment that can be included in the Borrowing Base formula cannot exceed $200.0 million.

Borrowings under the ABL Credit Facility bear interest at a rate dependent on the average quarterly availability and is calculated according to a base rate (except in certain circumstances, based on the prime rate) or a Eurocurrency rate (except in certain circumstances, based on LIBOR) plus an applicable margin. The applicable margin for base rate loans ranges from 0.25% to 0.50% and the applicable margin for Eurocurrency loans ranges from 1.25% to 1.50%. In addition, a fee is payable quarterly on the unused portion of the total commitments. This fee accrues at a rate of either 0.25% or 0.375% depending upon the average usage of the facility. Borrowings under the ABL Credit Facility may be used for working capital and general corporate purposes.

During the first quarter of 2020, we increased our borrowings under the ABL Credit Facility to $450 million as a proactive measure in response to the COVID-19 pandemic. The amount of the borrowings under the ABL Credit Facility was subsequently reduced to $410 million at the end of the second quarter. Based on our Borrowing Base as of September 30, 2020 and outstanding borrowings, we had approximately $127.8 million borrowing capacity available under the ABL Credit Facility. The weighted average interest rate on borrowings under our ABL Credit Facility was 1.8% and 3.7% during the nine months ended September 30, 2020 and 2019, respectively.

The ABL Credit Agreement and Term Loan Credit Agreement contain customary affirmative and negative covenants including negative covenants restricting, among other things, our ability to incur debt, make investments, make certain restricted payments (including payments on certain other debt and external dividends), incur liens securing other debt, consummate certain fundamental transactions, enter into transactions with affiliates and consummate asset sales. The ABL Credit Agreement contains a covenant which requires us to maintain a minimum fixed charge coverage ratio of 1.0 to 1.0 if availability under the ABL Credit Facility declines below certain levels. The Term Loan Credit Agreement requires that the net cash proceeds of significant asset sales be used to prepay the Term Loan to the extent that the net cash proceeds are not used for reinvestment in assets useful to our business, certain acquisitions and investments, repayment of certain borrowings under our ABL Credit Facility or the funding of debt repayments, redemptions or tenders of certain existing notes maturing prior to the maturity of the Term Loan, in each case, subject to certain restrictions and limitations set forth in the Term Loan Credit Agreement.

Interest paid was $18.6 million and $86.4 million for the three and nine months ended September 30, 2020, respectively, and $27.0 million and $112.5 million for the three and nine months ended September 30, 2019, respectively.

Interest income was $0.2 million and $1.1 million for the three and nine months ended September 30, 2020, respectively, and $0.6 million and $2.3 million for the three and nine months ended September 30, 2019, respectively.

16. Derivatives

All derivatives are recorded as other current or noncurrent assets or other current or noncurrent liabilities in the Condensed Consolidated Balance Sheets at their respective fair values. Unrealized gains and losses related to derivatives are recorded in the Condensed Consolidated Statements of Operations, or in other comprehensive income (loss), net of applicable income taxes, depending on the purpose for which the derivative is held. At the inception of a hedge transaction, we formally document the hedge relationship and the risk management objective for undertaking the hedge. In addition, we assess both at inception of the hedge and on an ongoing basis, whether the derivative in the hedging transaction has been highly effective in offsetting changes in fair value or cash flows of the hedged item and whether the derivative is expected to continue to be highly effective. The impact of any ineffectiveness is also recognized in the Condensed Consolidated Statements of Operations.

We are exposed to the impact of foreign currency fluctuations based on our global operations. Foreign currency fluctuations affect the U.S. dollar value of revenues earned and expenses incurred in foreign currencies. We are also exposed to currency risk to the extent we own assets or incur liabilities, or enter into other transactions that are not in the functional currency of the subsidiary in which we operate. We employ different practices to manage these risks, including where appropriate the use of derivative instruments, such as foreign currency forwards. To the extent the gains and losses associated with the fair values of foreign currency derivatives are recognized in the Consolidated Statements of Operations, they are generally offset by gains and losses on underlying payables and receivables. We do not use derivative financial instruments for trading or speculative purposes. The aggregate notional value of the forward contracts at September 30, 2020 and December 31, 2019 was $274.4 million and $179.9 million, respectively. The fair values of foreign currency contracts were determined to be Level 2 under the fair value hierarchy and are valued using market exchange rates.

In 2019 and 2020, we entered into interest rate swap agreements to manage interest rate risk exposure, effectively changing the interest rate on $400.0 million of our floating-rate Term Loan based on LIBOR to a fixed-rate. The interest rate swaps, with a notional value of $400.0 million, were designated as cash flow hedges against the variability of cash flows associated with our Term Loan scheduled to mature on January 15, 2024, which are attributable to changes in the benchmark interest rate.

The fair values of interest rate swaps were determined to be Level 2 under the fair value hierarchy and were developed using the market standard methodology of netting the discounted future variable cash payments and the discounted expected fixed cash receipts. Credit valuation adjustments, which consider the impact of any credit enhancements to the contracts, are incorporated in the fair values to account for potential nonperformance risk. We evaluate the credit value adjustments of the interest rate swap agreements, which take into account the possibility of counterparty and our own default, on at least a quarterly basis.

Our foreign currency contracts and interest rate swaps are subject to master netting agreements that allow us to settle positive and negative positions with the respective counterparties. Under these master netting agreements, net settlement generally permits us or the counterparty to determine the net amount payable for contracts due on the same date and in the same currency for similar types of derivative transactions. The master netting agreements generally also provide for net settlement of all outstanding contracts with a counterparty in the case of an event of default or a termination event.

We manage credit risk for our derivative positions on a counterparty-by-counterparty basis, considering the net portfolio exposure with each counterparty, consistent with our risk management strategy for such transactions. Our agreements with each of our counterparties contain a provision where we could be declared in default on our derivative obligations if we either default or, in certain cases, are capable of being declared in default of any of our indebtedness greater than specified thresholds. These agreements also contain a provision where we could be declared in default subsequent to a merger or restructuring type event if the creditworthiness of the resulting entity is materially weakened.

As of September 30, 2020 and December 31, 2019, the fair values of our derivative financial instruments and their classifications on the Condensed Consolidated Balance Sheets were as follows:

	Classification on Consolidated Balance Sheets	September 30, 2020	December 31, 2019
Derivative assets			
Foreign currency contracts:			
Not designated as hedging instruments	Prepaid expenses and other current assets	$ 5.3	$ 0.9
Interest rate swap agreements:			
Designated as cash flow hedges	Other noncurrent assets	—	1.0
Derivative liabilities			
Foreign currency contracts:			
Not designated as hedging instruments	Accrued liabilities and other	$ 0.7	$ 0.1
Interest rate swap agreements:			
Designated as cash flow hedges	Accrued liabilities and other	4.9	—
Designated as cash flow hedges	Other noncurrent liabilities	11.1	—

The pre-tax losses (gains) recognized on derivative financial instruments in the Condensed Consolidated Statements of Operations for the three and nine months ended September 30, 2020 and 2019 were as follows:

		Three Months Ended September 30,		Nine Months Ended September 30,	
	Classification of Loss (Gain) Recognized in the Consolidated Statements of Operations	2020	2019	2020	2019
Derivatives not designated as hedges					
Foreign currency contracts	Selling, general and administrative expenses	$ (6.3)	$ 4.3	$ (5.2)	$ 2.8
Derivatives designated as cash flow hedges					
Interest rate swap agreements	Interest expense, net	1.3	—	2.1	—

The pre-tax losses recognized on derivative financial instruments in the Condensed Consolidated Statements of Comprehensive Loss for the three and nine months ended September 30, 2020 and 2019 were as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Derivatives designated as cash flow hedges				
Interest rate swap agreements	$ 0.9	$ —	$ 19.1	$ —

17. Dispositions

2020 Disposition

On March 2, 2020, we sold our Logistics Courier business within the Business Services segment for net proceeds of $10.4 million. The disposition of this business resulted in a pre-tax loss of $9.1 million during the nine months ended September 30, 2020, which was recorded in Loss from the sale of discontinued operations in the Condensed Consolidated Statements of Operations.

2019 Dispositions

On October 25, 2019, we completed the sale of substantially all of the Global Document Solutions ("GDS") business for approximately $53.7 million. GDS primarily provides statements and print management services in Europe. The disposition resulted in a loss of $3.8 million, which was recorded in Other operating expense (income) in the Consolidated Statements of Operations.

On May 8, 2019, we sold the R&D business within the Business Services segment for net proceeds of $11.6 million. The disposition resulted in a gain of $6.1 million during 2019, which was recorded in Other operating expense (income) in the Consolidated Statements of Operations.

On March 31, 2019, our subsidiary, RR Donnelley Editora e Grafica Ltda. ("RRD Brazil"), filed for bankruptcy liquidation in bankruptcy court in Brazil. The bankruptcy petition was approved by the court shortly thereafter and a bankruptcy trustee was appointed. As a result of the bankruptcy liquidation, we recorded a gain of $4.0 million in Other operating expense (income) during 2019, primarily reflecting the reclassification of cumulative currency translation adjustments into earnings and ongoing expenses associated with the bankruptcy proceedings. Subsequent to March 31, 2019, the operating results of RRD Brazil are no longer included in our consolidated results of operations except for legal fees associated with the bankruptcy proceedings. The operations of RRD Brazil had been included in the Business Services segment.

18. New Accounting Pronouncements

Recently Adopted Accounting Pronouncements

In June 2016, the FASB issued ASU No. 2016-13 "Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments" ("ASU 2016-13"), which changes the impairment model for most financial assets and certain other instruments. Under the new guidance, entities are required to measure expected credit losses for financial instruments, including trade receivables, based on historical experience, current conditions and reasonable forecasts. ASU 2016-13 is effective for public entities for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. We established a cross-functional implementation team to analyze the effect of Topic 326. The analysis included identifying pools of receivables, developing and assessing estimation methodologies, policy elections, and evaluating our business processes and internal controls to meet the accounting, reporting and disclosure requirements. On January 1, 2020, we adopted and applied Topic 326 using the modified retrospective method. The cumulative adjustment to retained earnings was $0.3 million.

Accounting Pronouncements Issued and Not Yet Adopted

In March 2020, the FASB issued ASU 2020-04, Reference Rate Reform, which provides companies with optional guidance, including expedients and exceptions for applying generally accepted accounting principles to contracts and other transactions affected by reference rate reform, such as LIBOR. This new standard was effective upon issuance and generally can be applied to applicable contract modifications through December 31, 2022. We are currently evaluating the impact of ASU 2020-04 on the consolidated financial statements.

In December 2019, the FASB issued ASU No. 2019-12 "Simplifying the Accounting for Income Taxes (Topic 740)" ("ASU 2019-12"), which simplifies the accounting for income taxes by eliminating certain exceptions to the guidance in Accounting Standards Codification ("ASC") 740 related to the approach for intraperiod tax allocation, the methodology for calculating income taxes in an interim period and the recognition of deferred tax liabilities for outside basis differences. The standard also simplifies aspects of the accounting for franchise taxes and enacted changes in tax laws or rates and clarifies the accounting for transactions that result in a step-up in the tax basis of goodwill. ASU 2019-12 will be effective for public entities for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2020, however early adoption is permitted. We are currently evaluating the impact of ASU 2019-12 on the consolidated financial statements.

In August 2018, the FASB issued ASU No. 2018-14 "Compensation—Retirement Benefits—Defined Benefit Plans—General (Subtopic 715-20): Disclosure Framework—Changes to the Disclosure Requirements for Defined Benefit Plans" ("ASU 2018-14"), which removes certain disclosures that are no longer cost beneficial and also includes additional disclosures to improve the overall usefulness of the disclosure requirements to financial statement users. ASU 2018-14 will be effective for public entities for fiscal years beginning after December 15, 2020, however early adoption is permitted. We will adopt ASU 2018-14 in the first quarter of 2021.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Company Overview

R.R. Donnelley & Sons Company ("RRD," the "Company," "we," "us," and "our"), a Delaware corporation, helps organizations communicate more effectively by working to create, manage, produce, distribute and process content on behalf of our clients. We assist clients in developing and executing multichannel communication strategies that engage audiences, reduce costs, drive revenues and enhance compliance. Our innovative content management offering, production platform, supply chain management, outsourcing capabilities and customized consultative expertise assists our clients in the delivery of integrated messages across multiple media to highly targeted audiences at optimal times to their customers in virtually every private and public sector. We have strategically located operations that provide local service and responsiveness while leveraging the economic, geographic and technological advantages of a global organization.

Segment Descriptions

Our segments and their product and service offerings are summarized below:

Business Services

Business Services provides customized solutions at scale to help clients inform, service and transact with their customers. The segment's primary product and service offerings include commercial print, packaging, labels, statement printing, supply chain management, forms and business process outsourcing. This segment also includes all of our operations in Asia, Europe, Canada and Latin America.

Marketing Solutions

Marketing Solutions leverages an integrated portfolio of data analytics, creative services and multichannel execution to deliver comprehensive, end-to-end solutions. The segment's primary product and service offerings include direct marketing, in-store marketing, digital print, kitting, fulfillment, digital and creative solutions and list services.

Corporate

Corporate consists of unallocated selling, general and administrative activities and associated expenses including, in part, executive, legal, finance, communications, certain facility costs and last-in-first-out inventory provisions. In addition, certain costs and earnings of employee benefit plans, such as OPEB expense (income) and share-based compensation, are included in Corporate and not allocated to the operating segments. Corporate also manages our cash pooling structures, which enables participating international locations to draw on our international cash resources to meet local liquidity needs.

Recent Developments

Discontinued Operations

On September 14, 2020, we entered into a definitive agreement to sell DLS Worldwide Inc. which is a portion of the broader Logistics business and a component of the Business Services reporting segment, for a cash purchase price of $225 million, subject to a customary working capital adjustment and an escrow of $22.5 million. We received regulatory approval for the sale on September 30, 2020 and expect that the transaction will close in November after completing other closing conditions. This transaction is part of our strategy to optimize our portfolio and reduce debt. As part of our plan, we previously sold the Print Logistics business in July 2018 and the Courier Logistics business in March 2020. In October 2020 we reached agreement to sell our International Logistics product line and expect to close by December 31, 2020. Accordingly, we have reflected the Logistics Courier business (through the date of sale), the DLS Worldwide business, and the International Logistics business as discontinued operations. The financial results of these businesses have been excluded from continuing operations and segment results for all periods presented unless otherwise noted. Refer to *Note 2 –Discontinued Operations* to our Condensed Consolidated Financial Statements for additional information.

Executive Overview

Response to COVID-19

The COVID-19 pandemic has continued to create significant business challenges for companies around the world, including many of our clients across the broad number of industries we serve. In response to the pandemic, we established a formal operating plan that we are utilizing to manage our business through this new and challenging global business environment. Our operating plan consists of three very clear priorities: to sustain operational and supply chain continuity, to protect the health and safety of our employees, and to effectively manage our business performance and liquidity throughout this very volatile period.

SUPPLY CHAIN CONTINUITY

We have activated our business continuity plans and are leveraging our strong supply chain partnerships to continue to meet the ongoing needs of our 50,000 global clients. We remain fully operational across the 29 countries and all of our printing and distribution operations remain open.

EMPLOYEES HEALTH AND SAFETY

We are continually evolving our policies and procedures to adhere to the latest best practices being provided by the Centers for Disease Control ("CDC") and World Health Organization ("WHO"). Our cross-functional COVID Task Force created at the onset of the pandemic has developed safety measures, policies, and procedures for our workplace. We have implemented flexible working policies, including telecommuting and staggered shifts, while allowing for voluntary leaves of absence. Currently, approximately 10,000 employees, including those providing essential services are working from home. For our offices, we have developed a phased approach for slowly and cautiously ending remote work arrangements when deemed practical. We are also enforcing social distancing policies within all of our facilities, and we are providing training for adherence to personal hygiene best practices in line with CDC and WHO guidelines. In response to the CDC recommendation that all individuals in the U.S. wear face masks, we are supplying our essential employees with a combination of disposable and cloth masks, as well as face shields, to ensure their safety and protection. With personal protective equipment in short supply around the world, our teams have exercised ingenuity and leadership to develop protective equipment within our own operations using our own equipment.

BUSINESS IMPACT

Although the COVID-19 pandemic significantly impacted the Company's financial results in 2020, we believe that there are three primary factors that are helping mitigate the top line impact from the pandemic. These include our diverse portfolio of products and services, the lack of client concentration across industries, and the products and services we have introduced to meet the evolving needs of our clients.

The extent the outbreak will ultimately impact our business, results of operations, financial position and cash flows will depend on future developments which remain highly uncertain and cannot be fully predicted or estimated at this time. However, amidst the global uncertainty posed by COVID-19, we are positioning the company to weather the economic downturn and protect the short and long-term interests of our stakeholders. These decisions are difficult but critical to preserving the short-term financial flexibility of the Company as COVID-19 presents increasing challenges across the industries we serve. We are freeing up capital to ensure we are prepared for the range of scenarios we may experience as a result of the virus. As a result, we implemented several business actions, including the implementation of an employee furlough program with RRD paid medical benefits. We had temporarily closed those production facilities most heavily impacted by client volume decreases, shifting that production to other facilities to lower costs while continuing to meet client requirements. By the end of the third quarter, facilities which were temporarily shut down have either resumed operations or were permanently closed. We suspended all 2020 employee merit increases. We accelerated cost reduction initiatives, and will continue to assess opportunities for further reduction, and have delayed capital projects and reduced consulting and other discretionary spend. We suspended our quarterly dividend effective April 6, 2020.
To protect liquidity, we continue to hold more cash than has been typical and borrowings under our credit facility remain temporarily elevated. As of September 30, 2020 borrowings under our ABL Credit Facility are $410.0 million and cash and cash equivalents on our Condensed Consolidated Balance Sheet is $414.8 million.

Third Quarter Overview

Net sales decreased by $225.9 million, or 15.9%, for the three months ended September 30, 2020 compared to the same period in 2019. Net sales decreased $62.9 million due to business dispositions, primarily the Global Document Solutions ("GDS") business. Net sales also decreased due to lower volumes resulting from the COVID-19 pandemic and lower pricing, partially offset by new pandemic-related product orders in certain of our businesses.

We continue to assess opportunities to reduce our cost structure and enhance productivity throughout the business. During the three months ended September 30, 2020, we realized significant cost savings from previous restructuring activities including the reorganization of administrative and support functions across all segments, several facility consolidations, and asset rationalization. Selling, general and administrative expenses (exclusive of depreciation and amortization) decreased by $30.2 million, or 18.0%, for the three months ended September 30, 2020 compared to the same period in 2019 reflecting business dispositions and cost control initiatives.

Net cash provided by operating activities for the nine months ended September 30, 2020 was $25.2 million as compared to $87.8 million used for operating activities for the nine months ended September 30, 2019. The significant improvement is primarily driven by working capital improvements and lower tax and interest payments versus the prior year.

While we have a diversified client base with limited concentration, we do have clients that operate in industries hard-hit by the effects of COVID-19, including airlines, hotel chains, cruise lines, and restaurants. During the third quarter, we continued to see some cancellations of programmatic projects from these clients as they worked to mitigate the impact of the virus on their business.

Outlook

The Company continues to aggressively accelerate both permanent and temporary cost reduction actions to lessen the impact from lower sales volume as a result of the COVID-19 pandemic. In addition, the Company is also receiving pandemic-related orders in many parts of its business, including special notification letters, government mailings, product packaging, labels, signage, mail-in ballots, test kit assembly, emergency kits, protective face shields, digital creative and COVID-19 specific consumer research and analytics. These orders further mitigate the impact from COVID-19. The extent the pandemic will ultimately impact our business, results of operations, financial position and cash flows will depend on future developments which are highly uncertain and cannot be fully predicted or estimated at this time. In the nearer term, the Company expects fourth quarter sales to be lower than the prior year reflecting the continued impact from the COVID-19 pandemic, census work in the prior year period that will not repeat, and a modest decline due to recent business dispositions.

RESULTS OF OPERATIONS FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2020 AS COMPARED TO THE THREE MONTHS ENDED SEPTEMBER 30, 2019

The following table shows the results of operations for the three months ended September 30, 2020 and 2019:

	Three Months Ended September 30,			
	2020	2019	$ Change	% Change
	(in millions, except percentages)			
Net sales	1,191.3	1,417.2	(225.9)	(15.9%)
Cost of sales	943.6	1,132.9	(189.3)	(16.7%)
Gross profit	247.7	284.3	(36.6)	(12.9%)
Selling, general and administrative expenses (exclusive of depreciation and amortization)	138.0	168.2	(30.2)	(18.0%)
Restructuring, impairment and other expense (income) -net	54.2	(2.3)	56.5	nm
Depreciation and amortization	36.2	42.0	(5.8)	(13.8%)
Other operating expense	3.4	5.4	(2.0)	nm
Income from operations	$ 15.9	$ 71.0	$ (55.1)	(77.6%)

Consolidated

Continuing Operations

Net sales for the three months ended September 30, 2020 decreased $225.9 million, or 15.9%, to $1,191.3 million versus the same period in 2019. The third quarter of 2020 included a $62.9 million decrease in sales due to business dispositions. Net sales also decreased due to lower volume as a result of the COVID-19 pandemic, including reduced orders from clients in industries especially hard-hit such as airlines, lodging, restaurants, non-essential retailers, and education, and lower pricing. The sales decline was partially offset by pandemic-related orders.

Cost of sales for the three months ended September 30, 2020 decreased $189.3 million, or 16.7%, to $943.6 million versus the same period in 2019. Total cost of sales decreased primarily due to business dispositions, cost control initiatives, and lower volumes across certain of our products and services. As a percentage of net sales, cost of sales improved 0.7 percentage points for the three months ended September 30, 2020 versus the same period in 2019.

Gross profit decreased $36.6 million to $247.7 million for the three months ended September 30, 2020 versus the same period in 2019, primarily due to lower volume. Total gross margin increased from 20.1% in 2019 to 20.8% in 2020 primarily due to cost control initiatives.

Selling, general and administrative expenses decreased $30.2 million to $138.0 million for the three months ended September 30, 2020 versus the same period in 2019 reflecting business dispositions and cost control initiatives. As a percentage of net sales, selling, general and administrative expenses decreased from 11.9% to 11.6% for the three months ended September 30, 2020 versus the same period in 2019.

For the three months ended September 30, 2020, net restructuring, impairment and other charges of $54.2 million included $37.3 million for multi-employer pension plan charges, primarily to record a $34.5 million contingent liability related to LSC's MEPP obligations, and $9.0 million for employee termination costs. See Note 7, *Restructuring, Impairment and Other*, and *Note 14, Commitment and Contingencies*, within the Notes to the Condensed Consolidated Financial Statements for further discussion.

Depreciation and amortization decreased $5.8 million to $36.2 million for the three months ended September 30, 2020 compared to the same period in 2019. Depreciation and amortization included $4.8 million and $5.3 million of amortization of other intangible assets related to client relationships, trade names, trademarks, licenses and agreements for the three months ended September 30, 2020 and 2019, respectively.

Other operating expense for the three months ended September 30, 2020 was $3.4 million compared to $5.4 million in the same period in 2019. Other operating expenses in both periods primarily included expenses related to the ongoing SEC and DOJ investigations.

Income from operations for the three months ended September 30, 2020 was $15.9 million, a decrease of $55.1 million compared to the three months ended September 30, 2019.

	Three Months Ended September 30,			
	2020	2019	$ Change	% Change
	(in millions, except percentages)			
Interest expense-net	$ 34.3	$ 37.4	$ (3.1)	(8.3%)
Investment and other income-net	(3.6)	(4.6)	1.0	(21.7%)
Loss on debt extinguishment	0.2	0.8	(0.6)	(75.0%)

Net interest expense decreased by $3.1 million to $34.3 million for the three months ended September 30, 2020 versus the same period in 2019, primarily due to lower average interest rates on the ABL Credit Facility and Term Loan.

Investment and other income, net for the three months ended September 30, 2020 and 2019 was $3.6 million and $4.6 million, respectively, and principally comprised of net OPEB and pension income.

	Three Months Ended September 30,			
	2020	2019	$ Change	% Change
	(in millions, except percentages)			
(Loss) income from continuing operations before income taxes	$ (15.0)	$ 37.4	$ (52.4)	nm
Income tax (benefit) expense	(5.9)	44.3	(50.2)	nm
Effective income tax rate	39.3%	nm		

The effective income tax rate for the three months ended September 30, 2020 was a benefit of 39.3% primarily driven by the mix of earnings, the tax impact of our interest expense, and favorable changes in tax law.

Discontinued Operations

Net income from discontinued operations was $0.4 million and $19.8 million in the three-months ended September 30, 2020 and 2019 respectively. Income in the three months ended September 30, 2019 included a tax benefit of $17.0 million which did not occur in the current quarter.

Net loss attributable to RRD common stockholders was $8.9 million for the three months ended September 30, 2020 compared to income of $12.6 million for the three months ended September 30, 2019

Information by Segment

Business Services

	Three Months Ended September 30,	
	2020	2019
	(in millions, except percentages)	
Net sales	$ 936.8	$ 1,073.8
Income from operations	69.1	77.5
Operating margin	7.4%	7.2%
Restructuring, impairment and other expense (income)-net	7.0	(5.1)

Net sales for the Business Services segment for the three months ended September 30, 2020 were $936.8 million, a decrease of $137.0 million, or 12.8%, compared to the same period in 2019. Net sales decreased $62.9 million due to business dispositions, primarily the GDS business. Net sales also decreased due to lower volume as a result of the COVID-19 pandemic, and lower pricing, partially offset by pandemic-related orders particularly within our packaging and supply chain management services. The following table summarizes net sales by products and services in the Business Services segment:

	Three Months Ended September 30,			
Products and Services	2020	2019	$ Change	% Change
	(in millions, except percentages)			
Commercial print	$ 347.7	$ 442.9	$ (95.2)	(21.5%)
Packaging	193.6	182.1	11.5	6.3%
Labels	124.7	123.9	0.8	0.6%
Statements	104.3	134.0	(29.7)	(22.2%)
Supply chain management	77.4	69.8	7.6	10.9%
Forms	48.2	60.0	(11.8)	(19.7%)
Business process outsourcing	40.9	61.1	(20.2)	(33.1%)
Total Business Services	$ 936.8	$ 1,073.8	$ (137.0)	(12.8%)

Business Services segment income from operations decreased $8.4 million to $69.1 million for the three months ended September 30, 2020, primarily due to lower volume related to the COVID-19 pandemic, partially offset by cost control initiatives.

Marketing Solutions

	Three Months Ended September 30,	
	2020	2019
	(in millions, except percentages)	
Net sales	$ 254.5	$ 343.4
Income from operations	10.3	24.4
Operating margin	4.0%	7.1%
Restructuring and other expense-net	4.7	0.1

Net sales for the Marketing Solutions segment for the three months ended September 30, 2020 were $254.5 million, a decrease of $88.9 million, or 25.9%, compared to the same period in 2019. Net sales decreased primarily due to lower volume in direct marketing attributable to the 2020 Census contract, which was substantially completed by June 30, 2020, and lower orders of promotional material from financial institutions as a result of the COVID-19 pandemic.

The following table summarizes net sales by products and services in the Marketing Solutions segment:

Products and Services	Three Months Ended September 30, 2020	2019	$ Change	% Change
	(in millions, except percentages)			
Direct marketing	$ 125.9	$ 193.5	$ (67.6)	(34.9%)
Digital print and fulfillment	104.4	122.5	(18.1)	(14.8%)
Digital and creative solutions	24.2	27.4	(3.2)	(11.7%)
Total Marketing Solutions	$ 254.5	$ 343.4	$ (88.9)	(25.9%)

Marketing Solutions segment income from operations for the three months ended September 30, 2020 was $10.3 million, a decrease of $14.1 million compared to the same period in 2019, primarily due to lower volume attributable to the 2020 Census contract and lower volume related to the COVID-19 pandemic, partially offset by cost control initiatives.

Corporate

Corporate operating expenses during the three months ended September 30, 2020 were $63.5 million, an increase of $32.6 million compared to the same period in 2019. The increase is primarily driven by $34.5 million recorded in restructuring and other expense-net to reflect a contingent liability related to LSC's MEPP obligations, partially offset by lower selling, generally and administrative expenses. Other operating expenses primarily relate to the SEC and DOJ investigations in both quarters presented. The following table summarizes unallocated operating expenses and certain items impacting comparability within the activities presented as Corporate:

	Three Months Ended September 30, 2020	2019
	(in millions)	
Operating expenses	$ 63.5	$ 30.9
Restructuring, impairment and other expense-net	42.5	2.7
Other operating expense	3.4	5.4

RESULTS OF OPERATIONS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020 AS COMPARED TO THE NINE MONTHS ENDED SEPTEMBER 30, 2019

The following table shows the results of operations for the nine months ended September 30, 2020 and 2019:

	Nine Months Ended September 30, 2020	2019	$ Change	% Change
	(in millions, except percentages)			
Net sales	3,417.7	4,044.0	(626.3)	(15.5%)
Cost of sales	2,729.4	3,259.4	(530.0)	(16.3%)
Gross profit	688.3	784.6	(96.3)	(12.3%)
Selling, general and administrative expenses (exclusive of depreciation and amortization)	436.7	522.7	(86.0)	(16.5%)
Restructuring, impairment and other-net	93.8	30.7	63.1	nm
Depreciation and amortization	112.3	121.5	(9.2)	(7.6%)
Other operating expense	15.5	3.3	12.2	nm
Income from operations	$ 30.0	$ 106.4	$ (76.4)	(71.8%)

Consolidated

Continued Operations

Net sales for the nine months ended September 30, 2020 decreased $626.3 million, or 15.5%, to $3,417.7 million versus the same period in 2019. The nine months ended September 30, 2020 included a $205.2 million decrease due to business dispositions and a $14.4 million decrease due to unfavorable changes in foreign exchange rates. Net sales also decreased due to lower volume as a result of the COVID-19 pandemic, including reduced orders from customers in industries especially hard-hit such as airlines, lodging, restaurants, non-essential retailers and education, and lower pricing.

Cost of sales for the nine months ended September 30, 2020 decreased $530.0 million, or 16.3%, to $2,729.4 million versus the same period in 2019 primarily due to lower volume, business dispositions, and cost control initiatives.

Gross profit decreased $96.3 million to $688.3 million for the nine months ended September 30, 2020 versus the same period in 2019, primarily due to lower volume. Gross margin increased from 19.4% to 20.1% for the nine months ended September 30, 2020 versus the same period in 2019 reflecting a favorable product mix and cost control initiatives.

Selling, general and administrative expenses decreased $86.0 million to $436.7 million for the nine months ended September 30, 2020 versus the same period in 2019 reflecting business dispositions and cost control initiatives. As a percentage of net sales, selling, general and administrative expenses decreased from 12.9% to 12.8% for the nine months ended September 30, 2020 versus the same period in 2019.

For the nine months ended September 30, 2020, net restructuring, impairment and other expense increased by $63.1 million to $93.8 million versus the same period in 2019. The increase was primarily driven by $34.5 million recorded to reflect a contingent liability related to LSC's MEPP obligations, $29.9 million for employee termination costs, and $24.8 million for other restructuring charges. See Note 7, *Restructuring, Impairment, and Other*, and *Note 14, Commitment and Contingencies* within the Notes to the Condensed Consolidated Financial Statements for further discussion.

Depreciation and amortization decreased $9.2 million to $112.3 million for the nine months ended September 30, 2020 compared to the same period in 2019. Depreciation and amortization included $14.5 million and $16.6 million of amortization of other intangible assets related to client relationships, trade names, trademarks, licenses and agreements for the nine months ended September 30, 2020 and 2019, respectively.

Other operating expense for the nine months ended September 30, 2020 was $15.5 million compared to $3.3 million for the same period in 2019. The current year amount includes $12.3 million of legal expenses related to the ongoing SEC and DOJ investigations. The prior year amount primarily included an increase in reserves for an unfavorable state sales tax matter and expenses related to the ongoing SEC and DOJ investigations, partially offset by a net gain on the sale of our R&D business and the bankruptcy liquidation of RRD Brazil.

Income from operations for the nine months ended September 30, 2020 was $30.0 million, a decrease of $76.4 million, or 71.8%, compared to the nine months ended September 30, 2019.

	Nine Months Ended September 30,			
	2020	2019	$ Change	% Change
	(in millions, except percentages)			
Interest expense-net	$ 102.7	$ 115.6	$ (12.9)	(11.2%)
Investment and other income-net	(10.8)	(11.3)	(0.5)	(4.4%)
Loss on debt extinguishment	0.4	0.8	(0.4)	nm

Net interest expense decreased by $12.9 million to $102.7 million for the nine months ended September 30, 2020 versus the same period in 2019, primarily due to repurchases and repayment of higher interest rate debt combined with lower average interest rates on the ABL Credit Facility and Term Loan, partially offset by the debt exchange transactions.

Investment and other income, net for the nine months ended September 30, 2020 and 2019 was $10.8 million and $11.3 million, respectively, and principally comprised of net pension and OPEB income.

	Nine Months Ended September 30,			
	2020	2019	$ Change	% Change
	(in millions, except percentages)			
(Loss) income from continuing operations before income taxes	$ (62.3)	$ 1.3	$ (63.6)	nm
Income tax (benefit) expense	(3.0)	9.2	12.2	nm
Effective income tax rate	4.8%	nm		

The effective income tax rate for the nine months ended September 30, 2020 was a benefit of 4.8% primarily driven by the mix of earnings, the tax impact of our interest expense, and favorable changes in tax law.

Discontinued Operations

Net loss from discontinued operations was $19.5 million for the nine months ended September 30, 2020 as compared to net income of $4.9 million in the same period in 2019. The net loss from discontinued operations in the nine months ended September 30, 2020 includes a $20.6 million non-cash charge related to impairment of goodwill and $9.1 million pre-tax loss on the sale of our Courier business in the first quarter of 2020.

Net loss attributable to RRD common stockholders $79.1 million and $3.2 million for the nine months ended September 30, 2020 and 2019, respectively.

Information by Segment

Business Services

	Nine Months Ended September 30,	
	2020	2019
	(in millions, except percentages)	
Net sales	$ 2,625.4	$ 3,137.5
Income from operations	123.9	140.6
Operating margin	4.7%	4.5%
Restructuring, impairment and other-net	22.3	21.8
Other operating expense (income)	0.2	(0.2)

Net sales for the Business Services segment for the nine months ended September 30, 2020 were $2,625.4 million, a decrease of $512.1 million, or 16.3%, compared to the nine months ended September 30, 2019. Net sales decreased $205.2 million due to business dispositions, primarily the GDS business, and $14.4 million due to unfavorable changes in foreign exchange rates. Net sales also decreased due to lower volume as result of the COVID-19 pandemic, including those clients in industries especially hard-hit such as airlines, lodging, restaurants, non-essential retailers, and education, and lower pricing. The following table summarizes net sales by products and services in the Business Services segment:

	Nine Months Ended September 30,			
Products and Services	2020	2019	$ Change	% Change
	(in millions, except percentages)			
Commercial print	$ 986.6	$ 1,278.8	$ (292.2)	(22.8%)
Packaging	459.1	484.2	(25.1)	(5.2%)
Labels	359.9	364.1	(4.2)	(1.2%)
Statements	333.1	417.1	(84.0)	(20.1%)
Supply chain management	212.0	222.4	(10.4)	(4.7%)
Forms	149.2	181.6	(32.4)	(17.8%)
Business process outsourcing	125.5	189.3	(63.8)	(33.7%)
Total Business Services	$ 2,625.4	$ 3,137.5	$ (512.1)	(16.3%)

Business Services segment income from operations decreased $16.7 million to $123.9 million for the nine months ended September 30, 2020, primarily due to lower volume partially offset by lower compensation expense, lower depreciation expense and cost control initiatives.

Marketing Solutions

	Nine Months Ended September 30,	
	2020	2019
	(in millions, except percentages)	
Net sales	$ 792.3	$ 906.5
Income from operations	33.4	38.9
Operating margin	4.2%	4.3%
Restructuring and other-net	7.5	0.8

Net sales for the Marketing Solutions segment for the nine months ended September 30, 2020 were $792.3 million, a decrease of $114.2 million compared to the nine months ended September 30, 2019. Net sales decreased primarily due to lower volume as a result of the COVID-19 pandemic and lower pricing. The following table summarizes net sales by products and services in the Marketing Solutions segment:

	Nine Months Ended September 30,			
Products and Services	**2020**	**2019**	**$ Change**	**% Change**
	(in millions, except percentages)			
Direct marketing	$ 416.8	$ 479.0	$ (62.2)	(13.0%)
Digital print and fulfillment	302.6	347.2	(44.6)	(12.8%)
Digital and creative solutions	72.9	80.3	(7.4)	(9.2%)
Total Marketing Solutions	$ 792.3	$ 906.5	$ (114.2)	(12.6%)

Marketing Solutions segment income from operations decreased $5.5 million to $33.4 million for the nine months ended September 30, 2020 primarily due to lower volume.

Corporate

Corporate operating expenses during the nine months ended September 30, 2020 were $127.3 million, an increase of $54.2 million compared to the same period in 2019. The increase is primarily related to higher restructuring expenses, including $34.5 million related to LSC's MEPP obligations, and higher other operating expenses which are related to the ongoing SEC and DOJ investigations, partially offset by lower compensation expense and cost control initiatives. The following table summarizes unallocated operating expenses and certain items impacting comparability within the activities presented as Corporate:

	Nine Months Ended September 30,	
	2020	**2019**
	(in millions)	
Operating expenses	$ 127.3	$ 73.1
Restructuring, impairment and other expense-net	64.0	8.1
Other operating expense	15.2	3.5

LIQUIDITY AND CAPITAL RESOURCES

We believe that we have sufficient liquidity to support our ongoing operations and to invest in future growth to create value for our stockholders. Our operating cash flows, existing cash balances and available capacity under our asset-based senior secured revolving credit facility (the "ABL Credit Facility") are our primary sources of liquidity and are expected to be used for, among other things, capital expenditures necessary to support productivity, completion of restructuring programs and payment of interest and principal on our long-term debt obligations.

The following describes our cash flows for the nine months ended September 30, 2020 and 2019.

	Nine Months Ended September 30,		
	2020	**2019**	**$ Change**
	(in millions)		
Net cash provided by (used in) operating activities	$ 25.2	$ (87.8)	$ 113.0
Net cash used in investing activities	(3.5)	(68.5)	65.0
Net cash provided by (used in) financing activities	194.8	(73.9)	268.7
Effect of exchange rates on cash, cash equivalents and restricted cash	2.1	(6.3)	8.4
Net increase (decrease) in cash, cash equivalents and restricted cash	$ 218.6	$ (236.5)	$ 455.1

Operating cash inflows are largely attributable to sales of our products and services. Operating cash outflows are largely attributable to recurring expenditures for raw materials, labor, rent, interest, taxes and other operating activities.

Net cash provided by operating activities was $25.2 million compared to a use of cash of $87.8 million in 2019. The improvement was primarily due to working capital improvements in addition to lower tax and interest payments and cash deferrals of the employer portion of payroll tax of approximately $23.3 million as part of the CARES Act. We expect to repay one-half of the full year deferrals in the fourth quarter of 2021 and the remaining one-half in the fourth quarter of 2022. Operating cash flows provided by discontinued operations was $15.7 million and $10.5 million for the nine months ending September 30, 2020 and 2019, respectively.

Included in net cash provided by (used in) operating activities were the following operating cash outflows:

	Nine Months Ended September 30,		
	2020	2019	$ Change
	(in millions)		
Income tax payments, net of tax refunds	$ 24.9	$ 46.8	$ (21.9)
Interest payments	86.4	110.2	(23.8)
Performance-based compensation payments	41.3	43.7	(2.4)
Restructuring and MEPP payments	56.1	32.8	23.3
Pension and other postretirement benefits plan contributions	6.3	5.1	1.2

Significant cash (outflows) inflows included in investing and financing activities for each period were as follows:

	Nine Months Ended September 30,		
	2020	2019	$ Change
	(in millions)		
Capital expenditures	$ (54.4)	$ (107.4)	$ 53.0
Acquisition of business	—	(3.0)	3.0
Proceeds from sale of investments and other assets	29.7	32.8	(3.1)
Disposition of businesses	16.8	10.4	6.4
Payments of current maturities and long-term debt	(168.8)	(221.6)	52.8
Net borrowings under credit facilities	368.0	164.0	204.0
Dividends paid	(2.1)	(6.4)	4.3

Proceeds from disposition of businesses in 2020 reflect the sale of the Logistics Courier business and a working capital adjustment received in 2020 from the sale of GDS which occurred in the fourth quarter of 2019.

Payments of current maturities and long-term debt in the first three quarters of 2020 primarily reflect repurchases of outstanding debt with maturities from 2020 to 2024 along with the repayment of the remaining $64.5 million balance on the notes that matured on June 15, 2020. The debt payments during the same period in 2019 primarily reflect the repayment of $172.2 million of outstanding notes at maturity and repurchases of outstanding debt maturing in 2021. Net borrowing under our ABL Credit Facility increased as compared to the same period in 2019. The additional borrowings are part of an effort to retain financial flexibility in light of the COVID-19 pandemic. See Item 2 Management's Discussion and Analysis of Financial Condition and Results of Operations, Executive Overview, *Response to COVID*-19 section and *Note 15 - Debt* to the Condensed Consolidated Financial Statements for further discussion

On October 27, 2020, we notified the holders of our 2021 Notes that we will redeem the remaining $83.3 million aggregate principal outstanding on December 4, 2020. The redemption price will be based on the terms of the notes and related indenture and will include a premium along with unpaid interest to the redemption date. We plan to use available cash to fund the redemption.

LIQUIDITY

During the nine months of 2020, we executed various debt transactions that reduced our near-term maturities and extended our debt maturity profile. Refer to *Note 15 – Debt* to the Condensed Consolidated Financial Statements for further discussion.

Cash and cash equivalents of $414.8 million as of September 30, 2020 included $164.1 million in the U.S. and $250.7 million at international locations. As a result of the Tax Act, we have opportunities to repatriate foreign cash, primarily generated from current year earnings, in a tax efficient manner. The previously taxed earnings from the transition tax and annual GILTI inclusion, as well as certain foreign earnings that receive a one hundred percent dividends received deduction may be repatriated with minimal additional tax consequences. As such, we are no longer permanently reinvested on certain foreign earnings yet remain permanently reinvested on all other foreign earnings and other outside basis differences. We record foreign withholding tax liabilities related to the certain foreign earnings for repatriation. We have recognized deferred tax liabilities of $6.7 million as of September 30, 2020 related to local taxes on certain foreign earnings which are not considered to be permanently reinvested.

Included in Cash and cash equivalents at September 30, 2020 were $8.8 million of short-term investments, which primarily consisted of short-term deposits and money market funds. These investments are held at institutions with sound credit ratings and are expected to be highly liquid.

The current availability under the ABL Credit Facility as of September 30, 2020 is shown in the table below:

	September 30, 2020 (in millions)
Availability	
ABL Credit Facility	$ 800.0
Availability reduction due to available borrowing base	203.1
	$ 596.9
Usage	
Borrowings under the ABL Credit Facility	$ 410.0
Outstanding letters of credit	59.1
	$ 469.1
Current availability at September 30, 2020	$ 127.8
Cash and cash equivalents	414.8
Total available liquidity (a)	$ 542.6

(a) Total available liquidity does not include credit facilities of non-U.S. subsidiaries, which are uncommitted facilities.

The failure of a financial institution supporting the ABL Credit Facility would reduce the size of our committed facility unless a replacement institution was added. Currently, the ABL Credit Facility is supported by eight U.S. financial institutions.

Dispositions

During the fourth quarter of 2017, we entered into an agreement to sell a printing facility in Shenzhen, China and transfer the related land use rights. As of September 30, 2020, we have received deposits in accordance with the terms of the agreement of approximately $122.3 million. These deposits are recorded in Other noncurrent liabilities on the Condensed Consolidated Balance Sheets. The buyer continues to work to obtain the necessary approvals from the government regarding their plans to redevelop the site. Gross proceeds from the sale are expected to be approximately $250.0 million, subject to changes in the exchange rate, and we expect the transaction to close in 2022 after closing conditions are satisfied and government approvals are obtained. Our contract with the buyer requires them to pay the final installment in 2022 even if the government's approval is further delayed. If the buyer fails to comply with terms of the agreement or terminates for any reason, we are entitled to retain 30% of the purchase price as liquidated damages. As of September 30, 2020, the carrying cost of the building and land use rights is recorded in Other noncurrent assets and is not material.

Dividends

During the nine months ended September 30, 2020, we paid cash dividends of $2.1 million. On April 6, 2020, the Board of Directors of the Company made a decision to suspend all dividends payments as part of the Company's response to the COVID-19 pandemic. See Item 2**.** Management's Discussion and Analysis of Financial Condition and Results of Operations*, Executive Overview, Response to COVID-19* Section for further discussion.

MANAGEMENT OF MARKET RISK

We are exposed to interest rate risk on our variable debt and price risk on our fixed-rate debt. Including the effect of the floating-to-fixed interest rate swaps (see Note 16, *Derivatives*, to the Consolidated Financial Statements), approximately 73.2% of our outstanding debt was comprised of fixed-rate debt as of September 30, 2020.

We assess market risk based on changes in interest rates utilizing a sensitivity analysis that measures the potential loss in earnings, fair values and cash flows based on a hypothetical 10% change in interest rates. Using this sensitivity analysis, such changes would not have a material effect on interest income or expense and cash flows and would change the fair values of fixed-rate debt at September 30, 2020 and December 31, 2019 by approximately $36.2 million and $25.8 million, respectively.

We are exposed to the impact of foreign currency fluctuations based on our global operations. Foreign currency fluctuations affect the U.S. dollar value of revenues earned and expenses incurred in foreign currencies. We are also exposed to currency risk to the extent we own assets or incur liabilities, or enter into other transactions that are not in the functional currency of the subsidiary in which we operate. We employ different practices to manage these risks, including where appropriate the use of derivative instruments, such as foreign currency forwards. As of September 30, 2020 and December 31, 2019, the aggregate notional amount of outstanding foreign currency contracts was approximately $274.4 million and $179.9 million, respectively (see Note 16, *Derivatives*, to the Condensed Consolidated Financial Statements). Net unrealized gains from these foreign currency contracts were $4.6 million at September 30, 2020 and $0.8 million at December 31, 2019. We do not use derivative financial instruments for trading or speculative purposes.

OTHER INFORMATION

Litigation and Contingent Liabilities

For a discussion of certain litigation, see Note 14, *Commitments and Contingencies,* to the Condensed Consolidated Financial Statements.

New Accounting Pronouncements and Pending Accounting Standards

Recently issued accounting standards and their estimated effect on our consolidated financial statements are described in Note 18, *New Accounting Pronouncements*, to the Condensed Consolidated Financial Statements.

CAUTIONARY STATEMENT

This Quarterly Report on Form 10-Q and any documents incorporated by reference contain forward-looking statements as defined in the Private Securities Litigation Reform Act of 1995. These statements are subject to risks and uncertainties and are based on our beliefs and assumptions. Generally, forward-looking statements include information concerning possible or assumed future actions, events, or results of operations of ours. These statements may include, or be preceded or followed by, the words “may,” “will,” “should,” “might,” “could,” “would,” “potential,” “possible,” “believe,” “expect,” “anticipate,” “intend,” “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. The factors identified below are believed to be significant factors, but not necessarily all of the significant factors, that could cause actual results to differ materially from those expressed in any forward-looking statement. Unpredictable or unknown factors could also have material effects on us.

The following important factors, in addition to those discussed elsewhere in this Quarterly Report on Form 10-Q and under the “Risk Factors” section of our Annual Report on Form 10-K for the fiscal year ended December 31, 2019, could affect our future results and could cause those results or other outcomes to differ materially from those expressed or implied in our forward-looking statements:

- the severity and length of the economic downturn due to COVID-19, which could have the effect of heightening many of the risks described below and in our Form 10-K for the year ended December 31, 2019
- demand for our products and services, including fluctuating orders specifically related to COVID-19;
- adverse changes in global economic conditions and the resulting effect on the businesses of our clients;
- changes in customer preferences or a failure to otherwise manage relationships with our significant clients;
- loss of brand reputation and decreases in quality of client support and service offerings;
- political and regulatory risks and uncertainty in the countries in which we operate or sell our products and services;

- taxation related risks in multiple jurisdictions;
- adverse credit market conditions and other issues that may affect our ability to obtain future financing on favorable terms;
- limitations on our borrowing capacity in our credit facilities;
- increases in interest rates;
- our ability to make payments on, reduce or extinguish any of our material indebtedness;
- impairment of assets as a result of a decline in our individual reporting units' expected profitability;
- changes in the availability or costs of key materials (such as ink, paper and fuel) or increases in shipping costs;
- our ability to improve operating efficiency rapidly enough to meet market conditions;
- impairment of assets as a result of a decline in our individual reporting units' expected profitability;
- our ability and/or our vendors' ability to implement and maintain information technology and security measures sufficient to protect against breaches and data leakage or the failure to properly use and protect customer, Company and employee information and data, particularly in light of the increased prevalence of remote working arrangements during COVID-19
- a failure in or breach of data held in the computer systems we and our vendors maintain;
- increased pricing pressure as a result of the competitive environment in which we operate;
- successful negotiation, execution and integration of acquisitions and successful negotiation and execution of dispositions;
- our ability to execute on our portfolio optimization strategies, including potential sales of non-core assets;
- increasing health care and benefits costs for employees and retirees;
- changes in our pension and OPEB obligations;
- adverse trends or events in our operations outside of the United States;
- the effect of inflation, changes in currency exchange rates and changes in interest rates;
- catastrophic events which may damage our facilities or otherwise disrupt the business;
- the effect of changes in laws and regulations, including changes in accounting standards, trade, tax, environmental compliance, health and welfare benefits, price controls and other regulatory matters and the cost, which could be substantial, of complying with these laws and regulations;
- changes in the regulations applicable to our clients, which may adversely impact demand for our products and services;
- factors that affect client demand, including changes in postal rates, postal regulations and service levels, changes in the capital markets, changes in advertising markets, clients' budgetary constraints and changes in clients' short-range and long-range plans;
- failures or errors in our products and services;
- changes in technology, including electronic substitution and migration of paper based documents to digital data formats, and our ability to adapt to these changes;
- inability to hire and retain employees;
- potential contingent obligations related to leases, multiemployer pension plan liabilities, environmental liabilities, deferred compensation and supplemental pension plans, and other liabilities associated with the bankruptcy of LSC.
- the spinoffs resulting in significant tax liability; and
- other risks and uncertainties detailed from time to time in our filings with the SEC.

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. Undue reliance should not be placed on such statements, which speak only as of the date of this document or the date of any document that may be incorporated by reference into this document.

Consequently, readers of this Quarterly Report on Form 10-Q should consider these forward-looking statements only as our current plans, estimates and beliefs. We do not undertake and specifically disclaims any obligation to publicly release the results of any revisions to these forward-looking statements that may be made to reflect future events or circumstances after the date of such statements or to reflect the occurrence of anticipated or unanticipated events. We undertake no obligation to update or revise any forward-looking statements in this Quarterly Report on Form 10-Q to reflect any new events or any change in conditions or circumstances.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

See Item 2 of Part I under "Management of Market Risk." Other than COVID-19 discussed in Part 2 – *Risk Factors*, Section 1A, there have been no significant changes to our market risk since December 31, 2019. For a discussion of exposure to market risk, refer to Part II, Item 7A – Quantitative and Qualitative Disclosures about Market Risk, set forth in our 2019 Form 10-K.

Item 4. Controls and Procedures

(a) Disclosure controls and procedures.

As required by Rule 13a-15(b) and Rule 15d-15(e) of the Securities Exchange Act of 1934, the Company's management, including the Chief Executive Officer and Chief Financial Officer, is responsible for establishing and maintaining effective disclosure controls and procedures, as defined under Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934. As of September 30, 2020, an evaluation was performed under the supervision and with the participation of management, including the Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that disclosure controls and procedures as of September 30, 2020 were effective in ensuring information required to be disclosed in our SEC reports was recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms, and that such information was accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

(b) Changes in internal control over financial reporting.

There were no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934) that occurred during the quarter ended September 30, 2020 that had materially affected, or were reasonably likely to materially affect, our internal control over financial reporting. We have not experienced any material impact to our internal controls over financial reporting despite the fact that most of our employees are working remotely due to the COVID-19 pandemic. We are continually monitoring and assessing the impact of the COVID-19 pandemic on our internal controls to ensure they remain effective.

PART II— OTHER INFORMATION

Item 1. Legal Proceedings

For a discussion of certain litigation, see Note 14, *Commitments and Contingencies,* to the Condensed Consolidated Financial Statements.

Item 1A. Risk Factors

There is no material change in the information reported under "Part 1 -Items 1A Risk Factors" contained in our annual Report on Form 10-K for the fiscal year ended December 31, 2019 with the exception of the following:

COVID-19

In December 2019, a novel strain of coronavirus (COVID-19) emerged in Wuhan, Hubei Province, China. While initially the outbreak was largely concentrated in China and caused significant disruptions to its economy, during and subsequent to the first quarter of 2020, COVID-19 continued to spread across the globe at an increasing rate including a significant outbreak in the U.S. The outbreak in the U.S and most other countries forced governments to close non-essential businesses and substantially restrict the lives of most people. Measures taken by various governmental authorities, including the U.S government, to limit the spread of this virus has created tremendous business challenges for us and for other companies around the world, including many of our clients and suppliers. We have taken a number of proactive measures to manage through the impact of the growing pandemic. The extent to which the coronavirus continues to impact our operations and the operations of our suppliers and our customers will depend on future developments, which continue to be highly uncertain at this time, including the duration of the outbreak, the degree and ultimate success of government intervention in stabilizing economies around the world, and other actions to contain the coronavirus or treat its impact, among others. The continued spread of COVID-19 and ongoing governmental efforts to contain the pandemic has significantly impacted the global economy, resulting in decreased demand for some of our products and services. While the Company continues to implement measures to mitigate the effects of COVID-19, this decreased demand has adversely affected our business, operating results, financial condition and cash flows and we expect such adverse impacts to continue for the foreseeable future. Depending on the severity and duration of the global economic decline, revenue declines from decreased client demand could materially adversely affect our business, operating results, financial condition and cash flows. Additionally, declining operating results and cash flows may also cause impairments of tangible and intangible assets and an increase in allowance for doubtful accounts as a result of our inability to collect customer accounts receivable balances.

Contingent Liabilities

Subsequent to the spinoff of LSC Communications, Inc. and Subsidiaries ("LSC") and Donnelley Financial Solutions, Inc. ("Donnelley Financial"), we may be contingently liable for obligations under various operating leases for office, warehouse and manufacturing locations of LSC and Donnelley Financial. In the event that LSC or Donnelley Financial, or any successor lessee, fail to make lease payments or fail to pay other obligations under these lease agreements, we may be required to satisfy those obligations to the lessor. Under various agreements executed at the time of the spinoff, LSC and Donnelley Financial agreed to fully indemnify us in the event that we would be required to make a payment on their behalf; however, there can be no assurance that the indemnities from LSC and Donnelley Financial will be sufficient to satisfy the full amount of any such contingent obligations. Our exposure to these potential contingent liabilities will decrease over time as LSC and Donnelley Financial pay monthly lease obligations and as the leases expire. As of September 30, 2020, these potential contingent obligations were approximately $58.7 million and $3.4 million for LSC and Donnelley Financial, respectively. On April 13, 2020, LSC announced that it, along with most of its U.S. subsidiaries, voluntarily filed for business reorganization under Chapter 11 of the U.S. Bankruptcy Code. As a result, we may be liable for portions of liabilities where we share joint and several liability with LSC and other members of the control group including LSC's frozen multiemployer pension plan ("MEPP") liabilities and certain environmental liabilities.

We believe that the total undiscounted MEPP obligations for which LSC is responsible is approximately $100.0 million and is payable over an average 13-year period. The amount of our ultimate liability related to LSC's MEPP obligations is contingent upon whether LSC or a successor company will be required to make full or partial required contributions to their MEPPs as determined by the bankruptcy court, as well as the outcome of our negotiations with Donnelley Financial concerning how the obligations would be apportioned between us and Donnelley Financial. As part of its offer to purchase certain assets and assume certain liabilities of LSC, the Buyer is not expected to assume LSC's MEPP liabilities. During the third quarter, we commenced negotiations with Donnelley Financial related to how the MEPP liabilities would be apportioned between the two parties, and agreed to enter into mediation, and then arbitration if an agreement is not reached though the mediation process. During the third quarter of 2020, we recorded a contingent liability of approximately $34.5 million representing our current estimate of the payments we believe we will be required to make with respect to LSC's MEPP liabilities. This amount however could be adjusted in the future based on the final allocation as a result of the mediation process or arbitration. We will be required to make annual payments through 2034.

In addition to the aforementioned contingent obligations, we may be contingently liable for other claims arising out of the LSC bankruptcy. In October 2020, we received a demand notice from a law firm representing more than 30 individuals whose accrued supplemental non-qualified pension benefits were transferred to LSC at the time of the spin. The law firm is asserting that these accrued supplemental non-qualified pension benefits were incorrectly or not appropriately transferred to LSC at the time of the spin, and as a result we remain responsible to pay the remaining accrued vested benefits under the plan. We may also be contingently liable for other liabilities that were assumed or assigned to LSC at the time of the spin, and other general unsecured or secured creditors of LSC may make a claim against us. We intend to vigorously defend ourselves against all claims, and at this time cannot estimate the amount, if any, we would be required to pay. However, if we are required to make payments in connection with these contingent liabilities, it may adversely affect our results of operations, financial condition or cash flows.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

There were no issuer purchases of equity securities during the three months ended September 30, 2020.

The ABL Credit Agreement and Term Loan Credit Agreement contain customary affirmative and negative covenants including negative covenants restricting, among other things, our ability to incur debt, make investments, make certain restricted payments (including payments on certain other debt and external dividends), incur liens securing other debt, consummate certain fundamental transactions, enter into transactions with affiliates and consummate asset sales.

Item 4. Mine Safety Disclosures

Not applicable

Item 6. Exhibits

31.1*	Certification by Daniel L. Knotts, President and Chief Executive Officer, required by Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act of 1934
31.2*	Certification by Terry D. Peterson, Executive Vice President and Chief Financial Officer, required by Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act of 1934
32.1**	Certification by Daniel L. Knotts, President and Chief Executive Officer, required by Rule 13a-14(b) or Rule 15d-14(b) of the Securities Exchange Act of 1934 and Section 1350 of Chapter 63 of Title 18 of the United States Code
32.2**	Certification by Terry D. Peterson, Executive Vice President and Chief Financial Officer, required by Rule 13a-14(b) or Rule 15d-14(b) of the Securities Exchange Act of 1934 and Section 1350 of Chapter 63 of Title 18 of the United States Code
101.INS	Inline XBRL Instance Document
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

* Filed herewith
** Furnished herewith

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Company has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

R.R. DONNELLEY & SONS COMPANY

By: /s/ TERRY D. PETERSON
Terry D. Peterson
Executive Vice President and Chief Financial Officer

Date: October 28, 2020

Exhibit 31.1

Certification Pursuant to Rule 13a-14(a) and Rule 15d-14(a)
of the Securities Exchange Act of 1934

I, Daniel L. Knotts, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of R.R. Donnelley & Sons Company;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 28, 2020

/s/ DANIEL L. KNOTTS
Daniel L. Knotts
President and Chief Executive Officer

Exhibit 31.2

Certification Pursuant to Rule 13a-14(a) and Rule 15d-14(a)
of the Securities Exchange Act of 1934

I, Terry D. Peterson, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of R.R. Donnelley & Sons Company;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 28, 2020

/s/ TERRY D. PETERSON
Terry D. Peterson
Executive Vice President and Chief Financial Officer

Exhibit 32.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

**CERTIFICATION PURSUANT TO RULE 13a-14(b) OR RULE 15d-14(b)
AND SECTION 1350 OF CHAPTER 63 OF TITLE 18
OF THE UNITED STATES CODE (18 U.S.C. 1350),
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of R. R. Donnelley & Sons Company (the "Company") on Form 10-Q for the period ended September 30, 2020 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Daniel L. Knotts, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

October 28, 2020

/s/ DANIEL L. KNOTTS

Daniel L. Knotts
President and Chief Executive Officer

Exhibit 32.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER

**CERTIFICATION PURSUANT TO RULE 13a-14(b) OR RULE 15d-14(b)
AND SECTION 1350 OF CHAPTER 63 OF TITLE 18
OF THE UNITED STATES CODE (18 U.S.C. 1350),
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of R. R. Donnelley & Sons Company (the "Company") on Form 10-Q for the period ended September 30, 2020 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Terry D. Peterson, Executive Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

October 28, 2020

/s/ TERRY D. PETERSON

Terry D. Peterson
Executive Vice President and Chief Financial Officer