



Quad to Vigorously Defend Its Pending Acquisition of LSC Communications

**Business Combination Would Create Highly Efficient Print Platform to
Strengthen the Role of Print in an Increasingly Multichannel Media World that is
Dominated by Digital Advertising and Content**

SUSSEX, WI, June 20, 2019 — Quad/Graphics, Inc. (NYSE: QUAD) (“Quad” or the “Company”), a worldwide marketing solutions partner, announced today that it intends to vigorously defend its proposed acquisition of LSC Communications (“LSC”) in response to the U.S. Department of Justice’s (“DOJ”) lawsuit seeking to block the acquisition. The all-stock transaction was announced on October 31, 2018, and was approved by shareholders of both companies on February 22, 2019. Quad intends to work together with LSC to contest the DOJ’s allegations.

“We believe the acquisition of LSC will result in time- and cost-saving opportunities for clients while protecting jobs for employees. We also believe that the business combination will create a highly efficient print manufacturing and distribution platform that will strengthen the role of print in an increasingly multichannel media world that is dominated by digital advertising,” said Joel Quadracci, Quad Chairman, President & CEO. “We are fully committed to defending the DOJ’s lawsuit in court. We believe the combination of Quad and LSC is the best outcome for all stakeholders and that the DOJ’s attempt to stop the transaction will unfavorably impact our clients, our employees, and the print industry.”

Quadracci added: “The DOJ’s position ignores the dynamic conditions in the U.S. commercial printing industry, which consists of nearly 50,000 companies, generates an estimated \$76 billion in aggregate annual revenues and provides ample competition for the supply of printed products, especially in the face of decreasing demand. Neither Quad nor LSC accounts for more than 5 percent of that total print industry revenue. By comparison, two digital media companies, Google and Facebook alone, have worldwide digital ad sale revenues totaling more than \$75 billion – nearly the same amount as the entire printing industry. This underscores a key point: Our competition is not only other printers, but also other forms of media. Quad is in the business of manufacturing advertising and, therefore, is a direct competitor to digital channels. Given the continued migration of advertising dollars to digital channels, the printing industry has pursued platform consolidations as a key way to eliminate inefficient and expensive overcapacity, streamline operations and create the efficiencies. This will help ensure print remains an economically feasible alternative to digital channels for publishers and retailers. Our goal is to make print a more effective and affordable media option to that of digital giants such as Google and Facebook.”

Quadracci concluded: “In the end, we believe the completion of the transaction would enable Quad to more effectively compete with ongoing media disruption and meet future demand for print as part of a robust integrated marketing solutions offering dedicated to creating connected experiences for consumers. Regardless of the outcome of the DOJ’s challenge to the transaction, Quad will continue to take a disciplined build-partner-acquire approach to solve more of our clients’ most complex marketing problems and process challenges. We remain unwavering in our commitment to perform well for our clients and will continue our disciplined focus to enhance



EBITDA, including the acceleration of our transformation as a marketing solutions partner in growing vertical markets like direct-to-consumer.”

While we are unable to predict the timeframe for completion of the litigation, either Quad or LSC can terminate the merger agreement if the transaction is not consummated by October 30, 2019, or if there is a final, non-appealable order preventing the transaction. In this case, Quad will be required to pay LSC a “regulatory approval reverse termination fee” of \$45 million.

For the most up-to-date information on the Quad-LSC transaction, please visit www.QUAD.com/lsc-acquisition-information.

Cautionary Statement Regarding Forward-Looking Statements

This communication contains certain forward-looking statements with respect to Quad and LSC. The forward-looking statements contained in this communication may include statements with respect to the financial condition, results of operations and business of Quad and the combined businesses of Quad and LSC and certain plans and objectives of Quad with respect thereto, including the expected benefits of the proposed transaction. These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts. Forward-looking statements often use words such as “anticipate”, “target”, “expect”, “estimate”, “intend”, “plan”, “goal”, “believe”, “hope”, “aim”, “continue”, “will”, “may”, “would”, “could” or “should” or other words of similar meaning or the negative thereof. There are several factors which could cause actual plans and results to differ materially from those expressed or implied in forward-looking statements. Such factors include, but are not limited to: (1) the ability to complete the proposed transaction between Quad and LSC on the anticipated terms and timetable; (2) the ability to satisfy various conditions to the closing of the proposed transaction contemplated by the agreement and plan of merger; (3) the ability to obtain governmental approvals of the proposed transaction on the proposed terms and schedule, and any conditions imposed on the combined entities in connection with consummation of the proposed transaction; (4) the risk that the cost savings and any other synergies from the proposed transaction may not be fully realized or may take longer to realize than expected; (5) disruption from the proposed transaction making it more difficult to maintain relationships with customers, employees or suppliers; (6) risks relating to any unforeseen liabilities of LSC or Quad; (7) consumer demand for our products; (8) our ability to manage disruptions in credit markets or changes to our credit ratings; (9) the success or timing of completion of ongoing or anticipated capital or maintenance projects; (10) the reliability of processing units and other equipment; (11) business strategies, growth opportunities and expected investment; (12) the adequacy of our capital resources and liquidity, including but not limited to, availability of sufficient cash flow to execute its business plans, including within the expected timeframe; (13) the effect of restructuring or reorganization of business components; (14) the potential effects of judicial or other proceedings on our businesses, financial condition, results of operations and cash flows; (15) continued or further volatility in and/or degradation of general economic, market, industry or business conditions; (16) the anticipated effects of actions of third parties such as competitors, activist investors or federal, foreign, state or local regulatory authorities or plaintiffs in litigation; (17) the ability to implement integration plans for the proposed transaction, including with respect to sales forces, cost containment, asset realization, systems integration and other key strategies; (18) the risk that the anticipated tax treatment of the proposed transaction is not obtained; (19) unexpected costs, charges or expenses resulting from the proposed transaction (20) the impact of adverse market conditions or other similar risks to those identified herein affecting Quad and LSC and (21) the factors set forth under the heading “Risk Factors” in



Amendment No. 1 to Quad's registration statement on Form S-4, which was filed with the Securities and Exchange Commission (the "SEC") on January 15, 2019, as well in Quad's and LSC's respective Annual Reports on Form 10-K for the year ended December 31, 2018, filed with SEC, as may be amended or supplemented in subsequently filed Quarterly Reports on Form 10-Q. These forward-looking statements are based on numerous assumptions and assessments made by Quad in light of its experience and perception of historical trends, current conditions, business strategies, operating environment, future developments and other factors that it believes appropriate. By their nature, forward-looking statements involve known and unknown risks and uncertainties because they relate to events and depend on circumstances that will occur in the future. The factors described in the context of such forward-looking statements in this communication could cause actual results, performance or achievements, industry results and developments to differ materially from those expressed in or implied by such forward-looking statements. Although it is believed that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct and persons reading this communication are therefore cautioned not to place undue reliance on these forward-looking statements which speak only as at the date of this communication. Quad does not assume any obligation to update the information contained in this communication (whether as a result of new information, future events or otherwise), except as required by applicable law.

About Quad

Quad (NYSE: QUAD) is a worldwide marketing solutions partner dedicated to creating a better way for its clients through a data-driven, integrated marketing platform that helps clients reduce complexity, increase efficiency and enhance marketing spend effectiveness. Quad provides its clients with unmatched scale for client onsite services and expanded subject expertise in marketing strategy, creative solutions, media deployment and marketing management services. With a client-centric approach that drives its expanded offering, combined with leading-edge technology and single-source simplicity, Quad believes it has the resources and knowledge to help a wide variety of clients in multiple vertical industries, including retail, publishing and healthcare. Quad has multiple locations throughout North America, South America and Europe, and strategic partnerships in Asia and other parts of the world. For additional information visit www.QUAD.com.

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