Quad/Graphics to Enhance Book Manufacturing Platform Through Investment and Plant Consolidation

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SUSSEX, Wis., Apr 18, 2011 (BUSINESS WIRE) --

Quad/Graphics, Inc. (NYSE: QUAD) ("Quad/Graphics") announced today plans to invest in and restructure its book manufacturing platform to create production and distribution efficiencies, and deliver enhanced value to book publishing clients.

The company plans to invest more than $15 million over the next several months to strengthen its book manufacturing platform in Martinsburg, W.Va. This investment is in addition to previously announced capital expenditures to enhance its book-component manufacturing capabilities in Leominster, Mass., as well as recent multimillion-dollar investments in digital press technology at the company's Fairfield, Pa., and Dubuque, Iowa, book facilities.

As far as platform restructuring, the company will close its Buffalo, N.Y., book facility in the fourth quarter of 2011. The action is part of the company's ongoing process to integrate operations and remove excess and inefficient capacity following its July 2, 2010, acquisition of Worldcolor.

"Quad/Graphics is strengthening its offering and position as one of North America's leading book printers," said Joel Quadracci, Quad/Graphics Chairman, President & CEO. "We recognize that the landscape is changing for book publishers and their interest in shorter runs and print-on-demand services is growing. To that end, we are adjusting our offering to be more responsive and flexible, and improve quality and turnaround times. We want to help book publishers be strong and competitive, especially as consumer preferences continue to evolve."

**Plant Closure**

The Buffalo plant, which specializes in mass-market paperbacks, will begin stepping down operations immediately, and production is expected to conclude in the fourth quarter of 2011. Client work will be moved to the company's Martinsburg, W.Va., and Leominster, Mass., facilities. The Buffalo plant encompasses approximately 830,000 square feet and currently employs approximately 400 people. The company will proactively assist impacted employees in finding new jobs, including those available at other Quad/Graphics locations.

"The plant closure is necessary to remove excess capacity from our platform and strengthen our overall competitive position, and in no way reflects on the performance of employees or the quality of service to clients," Mr. Quadracci said. "The age and condition of the facility, and its current capacity utilization, make this action necessary."

**Book Platform Investments**

Quad/Graphics' planned investments in its Martinsburg book facility will augment existing services for trade-book publishers while also accommodating and advancing services for mass-market paperback publishers. Among the investments the company will make are upgrading press equipment, and replacing all binders with more productive models. "We are committed to book publishers, and are making the necessary and desired investments to keep pace with a rapidly changing marketplace," Mr. Quadracci said. "The Martinsburg platform's infrastructure and equipment improvements will provide tangible value to our clients."

The company also expects to realize distribution efficiencies by concentrating more work in Martinsburg. The book facility is near Quad/Graphics' existing Martinsburg magazine and catalog plant, and its Fairfield book plant. By consolidating freight from these and other nearby facilities, the company will be able to provide economic, expedited distribution of product using the East Coast Interstate system. "Timely, efficient, cost-effective delivery is key to our clients' success, and we are committed to helping them succeed through a strategically placed East Coast distribution center," Mr. Quadracci explained.

In Leominster, the company will augment its already sizable book component capabilities by installing a new high-speed color press with inline UV coating for producing covers, dust jackets, end papers and inserts; bringing on line new high-speed foil-stamping and embossing systems; and expanding its coating and laminating offerings. These investments are part of a previously announced $13 million investment in the company's Commercial & Specialty platform. "These capabilities give our clients more options to differentiate their products in a crowded marketplace," Mr. Quadracci said.

Quad/Graphics' other recent investments in its book manufacturing platform include the installation of several advanced digital presses, some with fully integrated inline finishing systems, in both its Dubuque, Iowa, and Fairfield, Pa., facilities. "Our digital printing capabilities complement our conventional platform, and give book publishers more product delivery options," said Brian Freschi, President of Quad/Graphics' Retail Inserts, Books, Directories and Canada operations. "Our growing digital print-on-demand capabilities allow us to be a full-service provider for publishers throughout a book's lifecycle. We can do short initial runs on our digital equipment, followed by longer web offset runs. Then, for the 'tail' of a book's lifecycle, we can print mass-market paperback or softcover trade versions as well as reprints through more short digital press runs."

"We continue to listen to our clients' needs and are making appropriate investments to help them succeed," Mr. Freschi added.

**Forward-Looking Statements**

To the extent any statements made in this press release contain information that is not historical, these statements are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These forward-looking statements relate to, among other things, Quad/Graphics' objectives, goals, strategies, beliefs, intentions, plans, estimates, prospects, projections and outlook, and can generally be identified by the use of words such as "may," "will," "expect," "intend," "estimate," "anticipate," "plan," "foresee," "believe," or "continue," or the negatives of these terms, variations on them and other similar expressions. In addition, any
statements that refer to expectations, projections or other characterizations of future events or circumstances are forward-looking statements.

These forward-looking statements are not guarantees of future performance and are subject to risks, uncertainties and other factors, some of which are beyond the control of Quad/Graphics. These risks, uncertainties and other factors could cause actual results to differ materially from those expressed or implied by those forward-looking statements. Among such risks, uncertainties and other factors that may impact Quad/Graphics are: the impact of significant overcapacity in the commercial printing industry, which creates downward pricing pressure and fluctuating demand for printing services; the impact of fluctuations in costs and availability of raw materials, energy costs and freight rates; Quad/Graphics may be unable to achieve the estimated potential synergies expected from the recently completed acquisition of Worldcolor or it may take longer or cost more than expected to achieve those synergy savings; unexpected costs or liabilities related to the acquisition, including the effects of purchase accounting that may be different from Quad/Graphics' preliminary allocations; failure to successfully integrate the operations of Quad/Graphics and Worldcolor; the impact of electronic media and similar technological changes; changes in macroeconomic or political conditions in the countries where Quad/Graphics operates; regulatory matters and risks; legislative developments or changes in laws; the impact of fluctuations in interest rates and foreign exchange rates; and the effect of accounting pronouncements issued periodically by standard-setting bodies.

Quad/Graphics cautions that the foregoing list of risks, uncertainties and other factors is not exhaustive and you should carefully consider the other factors detailed from time to time in Quad/Graphics' filings with the United States Securities and Exchange Commission and other uncertainties and potential events when relying on the Company's forward-looking statements to make decisions with respect to Quad/Graphics.

Because forward-looking statements are subject to assumptions and uncertainties, actual results may differ materially from those expressed or implied by such forward-looking statements. You are cautioned not to place undue reliance on such statements, which speak only as of the date of this press release. Except to the extent required by the federal securities laws, Quad/Graphics undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

About Quad/Graphics

Quad/Graphics (NYSE: QUAD) is a global provider of print and related multichannel solutions for consumer magazines, special interest publications, catalogs, retail inserts and circulars, direct mail products, books, directories, and commercial and specialty products, including in-store signage. Headquartered in Sussex, Wis. (just west of Milwaukee), the Company has approximately 25,000 full-time equivalent employees working from approximately 60 print-production facilities as well as other support locations throughout the United States, Canada, Latin America and Europe. As a printing industry innovator, Quad/Graphics is redefining the power of print in today's multimedia world by helping its clients use print as the foundation of multichannel communications strategies to drive their top-line revenues.

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