

Quad/Graphics, Inc.
Form PRE 14A
March 22, 2019

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

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

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

Quad/Graphics, Inc.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

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

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(3) Filing Party:

(4) Date Filed:

QUAD/GRAPHICS, INC.

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

Time and Date:

Monday, May 20, 2019 at 10:00 a.m. Central Time

Place:

Quad/Graphics, Inc., N61 W23044 Harry's Way, Sussex, Wisconsin 53089

Matters to be Voted On:

1. To elect all nine director nominees to serve for a one-year term and until their successors are duly elected and qualified;
2. To approve an amendment to our Amended and Restated Articles of Incorporation to increase the total number of authorized shares of our class A common stock;
3. To approve an amendment to the Quad/Graphics, Inc. 2010 Omnibus Incentive Plan, as amended; and
4. To consider and act upon such other business as may properly come before the meeting or any adjournment or postponement thereof.

Who Can Vote:

Holders of Quad/Graphics, Inc. class A and class B common stock at the close of business on March 14, 2019.

We are pleased to take advantage of Securities and Exchange Commission rules that allow companies to furnish their proxy materials (i.e., proxy statement, 2018 annual report to shareholders and proxy card) over the internet. On or about April 10, 2019, we will commence mailing to the holders of our class A common stock entitled to vote at the Annual Meeting a Notice of Internet Availability of Proxy Materials (the "Notice"). We believe this process will expedite the receipt of proxy materials by our shareholders, ensure that proxy materials remain easily accessible to our shareholders, lower costs and reduce the environmental impact of our Annual Meeting.

The Notice contains clear instructions on how holders of our class A common stock can access our proxy materials and how such holders can vote via the internet, by telephone, by mail, or in person at our 2019 Annual Meeting of Shareholders. In addition, the Notice contains instructions on how to obtain printed proxy materials.

Holders of our class B common stock will continue to receive hard copies of our proxy materials, and we will commence mailing on or about April 10, 2019.

Your vote is very important to us, regardless of how many shares you own. Even if you plan to attend the meeting, please complete, date and sign the proxy card and submit the proxy card via the internet, by telephone, or by mail in accordance with the instructions provided on the proxy card. You may revoke your previously submitted proxy and vote your shares in person at the meeting.

By Order of the Board of Directors

Jennifer J. Kent

Executive Vice President of Administration

General Counsel and Secretary

April 10, 2019

Important notice regarding the availability of proxy materials for the shareholders' meeting to be held on May 20, 2019: The proxy statement and 2018 Annual Report to Shareholders are available at: <http://investors.qg.com>.

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PROXY SUMMARY

This summary highlights certain information that is described in more detail elsewhere in this proxy statement. This summary does not contain all the information you should consider before voting on the matters at our annual meeting, so we ask that you read the entire proxy statement carefully. Page references are provided to help you quickly find further information.

2019 Annual Meeting of Shareholders

Date and Time: May 20, 2019

Place: N61 W23044 Harry's Way
Sussex, Wisconsin 53089

Eligibility to Vote

You can vote at the 2019 annual meeting if you were a holder of record of our class A common stock or class B common stock at the close of business on March 14, 2019.

Governance Highlights

We are dedicated to high standards of corporate governance. Our Board of Directors is committed to acting in the long-term best interests of our shareholders and continually reviews our policies with those interests in mind, as well as in light of recent trends in corporate governance. Below is a summary of our corporate governance highlights with respect to our Board of Directors.

• Five out of our nine directors are independent.

• We maintain a fully independent Audit Committee.

• Our Board of Directors meets at regularly scheduled executive sessions, both without members of management present and also without non-independent directors present.

• Our Board of Directors and executive officers are prohibited from hedging our stock, and are required to obtain prior approval of any pledge of our stock.

• Our Board of Directors and executive officers are subject to stock ownership guidelines.

• We hold annual board and committee evaluations.

• We require approval of certain related party transactions and annual Audit Committee review of any such transactions.

Additional information about our corporate governance policies and practices can be found at pages 22-27 of this proxy statement.

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Voting Matters

| Proposal | | Vote Required | Board Recommendation |
|-------------|--|---|----------------------|
| Proposal 1: | Election of Directors | Plurality | FOR all nominees |
| Proposal 2: | Approve an Amendment to the Amended and Restated Articles of Incorporation to Increase the Authorized Shares of Class A Common Stock | Votes For Exceed Votes Against ⁽¹⁾ | FOR |
| Proposal 3: | Approve an Amendment to the Quad/Graphics, Inc. 2010 Omnibus Incentive Plan, as amended | Majority of Votes Cast | FOR |

The votes cast for approval must exceed votes cast against by both (a) the holders of our class A common stock⁽¹⁾ and class B common stock, voting together as a single voting group, and (b) the holders of our class A common stock, voting separately as an independent voting group.

Election of Directors

We elect our directors on an annual basis. The Board of Directors currently consists of nine directors.

| Director Nominee | Age | Director Since | Independent |
|--------------------------|-----|----------------|-------------|
| J. Joel Quadracci | 50 | 2003 | |
| Kathryn Quadracci Flores | 51 | 2013 | |
| Mark A. Angelson | 68 | 2015 | X |
| Douglas P. Buth | 64 | 2005 | X |
| John C. Fowler | 68 | 2016 | |
| Stephen M. Fuller | 58 | 2016 | X |
| Christopher B. Harned | 56 | 2005 | |
| Jay O. Rothman | 59 | 2017 | X |
| John S. Shiely | 66 | 1996 | X |

Proposal to Approve an Amendment to the Amended and Restated Articles of Incorporation

Our Board of Directors has approved, and is recommending to our shareholders for approval, an amendment to our Amended and Restated Articles of Incorporation (sometimes referred to as the Articles) to increase the number of authorized shares of class A common stock from 80,000,000 to 105,000,000 and a corresponding increase to the number of authorized shares of capital stock from 180,500,000 to 205,500,000. The proposed amendment would not increase the authorized number of shares of class B common stock, class C common stock or preferred stock. Our Board of Directors believes that it is advisable and in the best interests of our shareholders to increase the number of authorized shares of our class A common stock to provide a sufficient reserve of shares for our future business and financial needs.

Proposal to Approve an Amendment to the 2010 Omnibus Incentive Plan

Our Board of Directors has approved, and is recommending to our shareholders for approval, an amendment to the Quad/Graphics, Inc. 2010 Omnibus Incentive Plan, as amended (sometimes referred to as the 2010 Plan) to increase the number of shares of class A common stock authorized for issuance under the 2010 Plan by 1,800,000 shares. The proposed amendment will allow us to continue to attract and retain outstanding individuals to serve as officers, directors, employees and consultants, and our Board of Directors believes that the proposed amendment to the 2010 Plan strikes an appropriate balance between rewarding performance and limiting shareholder dilution, while providing us with the flexibility to meet changing compensation needs.

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Director Tenure

We have added four new directors since 2015, three of whom are independent.

Committee Membership

There are three standing committees of the Board of Directors - the Audit Committee, the Finance Committee and the Compensation Committee. Current members of the committees are listed in the table below.

Additional information about our director nominees and executive officers can be found at pages 6-8 of this proxy statement.

Compensation Highlights

We periodically review best practices in the area of executive compensation and update our compensation policies and practices to reflect those that we believe are appropriate for our Company, including the following:

- Pay for performance—A substantial fraction of total compensation for our named executive officers is tied to the operating performance of our Company.
- Salary increases, bonuses and equity awards must be earned—We do not guarantee salary increases, bonuses or equity awards for our executive officers.
- No option repricing—Our equity compensation plan does not permit repricing of stock options.
- Compensation risk management—We periodically review our pay practices to ensure that they do not encourage excessive risk taking.
- Stock ownership—We maintain stock ownership guidelines for our directors and executive officers, including our named executive officers.

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QUAD/GRAPHICS, INC.
N61 W23044 Harry's Way
Sussex, Wisconsin 53089

PROXY STATEMENT
For
ANNUAL MEETING OF SHAREHOLDERS
To Be Held May 20, 2019

This proxy statement is being furnished to shareholders by the Board of Directors (sometimes referred to as the Board) of Quad/Graphics, Inc. (sometimes referred to as the Company, Quad, we, our, us or similar terms), beginning on or about April 10, 2019. This proxy statement is being furnished in connection with a solicitation of proxies by the Board for use at the Annual Meeting of Shareholders to be held on Monday, May 20, 2019, at 10:00 A.M., Central Time, at the Company's corporate offices located at N61 W23044 Harry's Way, Sussex, Wisconsin 53089, and all adjournments or postponements thereof (sometimes referred to as the Annual Meeting), for the purposes set forth in the attached Notice of Annual Meeting of Shareholders.

If you are a shareholder of record, you may vote via the internet, by telephone, by mail using your proxy card, or in person at the Annual Meeting. To vote via the internet, follow the instructions provided on the Notice or on your proxy card. To vote by telephone, follow the instructions provided on your proxy card. To vote by mail, simply complete your proxy card, date and sign it, and return it in accordance with the instructions provided on the proxy card. Even if you vote via the internet, by telephone, or complete and mail your proxy card, you may nevertheless revoke your proxy at any time prior to the Annual Meeting by sending us written notice, voting your shares in person at the Annual Meeting or submitting a later-dated proxy. If a bank, broker or other nominee holds your Company common stock for your benefit but not in your own name, such shares are in "street name." In that case, your bank, broker or other nominee will send you a voting instruction form to use for your shares. The availability of internet voting instruction depends on the voting procedures of your bank, broker or other nominee. Please follow the instructions on the voting instruction form they send you.

A proxy which is properly executed, duly returned to the Company and not revoked, or a valid vote via the internet or by telephone, will be voted in accordance with the instructions contained in it. The shares represented by executed but unmarked proxies will be voted as follows:

- FOR all nine persons nominated for election as directors referred to in this proxy statement;

FOR the approval of an amendment to the Articles to increase the number of authorized shares of class A common stock;

FOR the approval of an amendment to the 2010 Plan; and

on such other business or matters that may properly come before the Annual Meeting in accordance with the best judgment of the persons named as proxies in the form of proxy.

Other than the election of nine directors, the proposed amendment to the Articles and the proposed amendment to the 2010 Plan, the Board has no knowledge of any matters to be presented for action by the shareholders at the Annual Meeting. An inspector of elections appointed by the Board will tabulate all votes at the Annual Meeting.

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Only holders of record of the Company's class A common stock and class B common stock (sometimes referred to collectively as the Common Stock) at the close of business on March 14, 2019 are entitled to vote at the Annual Meeting. On that date, the Company had outstanding and entitled to vote: (a) 37,759,868 shares of class A common stock, each of which is entitled to one vote per share, with an aggregate of 37,759,868 votes; and (b) 13,556,858 shares of class B common stock, each of which is entitled to ten votes per share, with an aggregate of 135,568,580 votes. The presence of a majority of the votes entitled to be cast shall constitute a quorum for the purpose of transacting business at the Annual Meeting, other than for the purpose of voting on the proposed amendment to the Articles. The presence of the majority of the votes entitled to be cast by (1) the holders of class A common stock, voting as an independent voting group, and (2) the holders of the class A common stock and class B common stock, voting as a single group, will constitute a quorum for the purpose of voting on the proposed amendment to the Articles. Abstentions and broker non-votes will be considered present for purposes of determining whether a quorum exists.

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ELECTION OF DIRECTORS

The Board currently consists of nine directors. At the Annual Meeting, the shareholders will elect all nine directors to one-year terms—to hold office until the 2020 Annual Meeting of Shareholders and until their successors are duly elected and qualified. Unless shareholders otherwise specify, the shares represented by the proxies received will be voted in favor of the election as directors of the nine persons named as nominees in this proxy statement. The Board has no reason to believe that the listed nominees will be unable or unwilling to serve as directors if elected. However, in the event that any nominee should be unable to serve or for good cause will not serve, the shares represented by proxies received will be voted for another nominee selected by the Board.

Each director will be elected by a plurality of the votes cast at the Annual Meeting, assuming a quorum is present. For this purpose, “plurality” means that the nominees receiving the largest number of votes will be elected as directors. Any shares not voted at the Annual Meeting, whether due to abstentions, broker non-votes or otherwise, will have no impact on the election of the directors. Shares of the Company’s class A common stock and class B common stock vote together as a single class on the election of directors.

The following sets forth certain information, as of March 14, 2019, about the Board’s nominees for election at the Annual Meeting.

J. Joel Quadracci, 50, has been a director of Quad since 2003, its President since January 2005, its President and Chief Executive Officer since July 2006 and its Chairman, President and Chief Executive Officer since January 2010. Mr. Quadracci joined Quad in 1991 and, prior to becoming President and Chief Executive Officer, served in various capacities, including Sales Manager, Regional Sales Strategy Director, Vice President of Print Sales, Senior Vice President of Sales & Administration and President and Chief Operating Officer. Mr. Quadracci has served as the President of the board of trustees of the Milwaukee Art Museum since December 2018. In March 2019, he was elected as a director of the National Association of Manufacturers. He also serves on the board of directors for Rise Interactive Media & Analytics, LLC; Skidmore College; the Metropolitan Milwaukee Association of Commerce; Pixability, Inc.; Road America, Inc.; and the Smithsonian National Postal Museum Advisory Council. Mr. Quadracci received a Bachelor of Arts in Philosophy from Skidmore College in 1991. Mr. Quadracci is the brother of Kathryn Quadracci Flores, M.D., a director of the Company, and the brother-in-law of Christopher B. Harned, a director of the Company. Quad believes that Mr. Quadracci’s experience in the printing industry and in leadership positions with the Company qualifies him for service as a director of the Company.

Kathryn Quadracci Flores, M.D., 51, has been a director of Quad since December 2013 and is a member of the Finance Committee. Dr. Flores serves as President and director of the Windhover Foundation and as Secretary of the board of trustees for the Collegiate School of New York. Dr. Flores previously served on the board of directors for the Brown University Sports Foundation and the board of trustees for the Marymount School of New York. Dr. Flores received her Bachelor of Arts and Bachelor of Science degrees from Brown University in 1990 and her Doctor of Medicine from Columbia University School of Physicians and Surgeons in 1995. Dr. Flores is the sister of J. Joel Quadracci, the Company’s Chairman, President and Chief Executive Officer, and the sister-in-law of Christopher B. Harned, a director of the Company. Quad believes that Dr. Flores’ knowledge of the Company, her education and her business and board experience qualifies her to serve as a director of the Company.

Mark A. Angelson, 68, has been a director of Quad since March 2015 and previously served as a director from the July 2010 acquisition of World Color Press Inc. (sometimes referred to as World Color Press) until April 2011. He was elected Chairman of NewPage Corporation, North America’s largest manufacturer of coated papers, in December 2012 and led its January 2015 merger with Verso Corporation. From February 2011 until September 2012, Mr. Angelson served sequentially as a member of Mayor-elect Rahm Emmanuel’s transition team and then as Deputy Mayor of the City of Chicago and Chairman of the Mayor’s Economic, Budgetary and Business Development Council.

Mr. Angelson served as Chairman and/or CEO of a variety of public companies from 1996 to July 2010, including RR Donnelly & Sons Company (Chicago), Moore

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Corporation (Toronto), Moore Wallace Incorporated (New York) and World Color Press (Montreal). Mr. Angelson was one of the leaders of the transformation and consolidation of the printing industry. Mr. Angelson is a trustee and the vice chairman of the Institute of International Education (sometimes referred to as IIE) and Chairman of IIE's Scholar Rescue Fund. Mr. Angelson is a longstanding trustee of Northwestern University and, since 2010, adjunct professor of mergers and acquisitions at Northwestern's Kellogg School of Management. In July 2014, Mr. Angelson was appointed as the Richard D. Heffner Public Service Professor at Rutgers University. Later that year, Mr. Angelson was appointed as a member of the Rutgers University Board of Governors, and in 2017 was elected to be its Vice Chairman. He is also Vice Chairman of the Joseph Biden Foundation. Quad believes that Mr. Angelson's career as an executive and board director of various providers of print and related services, and the role he has played in transactions in the printing industry, qualify him for service as a director of the Company.

Douglas P. Buth, 64, has been a director of Quad since 2005 and is the Chair of the Audit Committee and also is a member of the Compensation and Finance Committees. Mr. Buth retired as Chairman and Chief Executive Officer of Appleton Papers, Inc., a producer of carbonless, thermal, security paper and performance packaging products, and as Chief Executive Officer and President of Paperweight Development Corp., the parent company of Appleton Papers, Inc., in 2005. Prior to becoming Chief Executive Officer, Mr. Buth had served in a variety of roles at Appleton Papers, Inc., including positions in strategic planning, marketing and sales and as general manager and executive vice president. Mr. Buth is currently a member of the board of directors for Trek Bicycle Corporation, where he serves as chairman of the audit committee and a member of the compensation committee, Grange Mutual Insurance Company, where he serves as a member of the investment committee and the audit committee. Mr. Buth received a Bachelor of Business Administration in Accounting from the University of Notre Dame in 1977. He qualified as a C.P.A. with PricewaterhouseCoopers LLP in 1979 and thereafter held a number of financial positions with Saks Fifth Avenue and BATUS Inc. Quad believes that Mr. Buth's financial background as a C.P.A. and his experience as a leader of a publicly-traded company and on several boards of directors qualify him for service as a director of the Company.

John C. Fowler, 68, has been a director of Quad since July 2016 and is a member of the Compensation Committee. Mr. Fowler served as the Company's Vice Chairman and Executive Vice President of Global Strategy and Corporate Development from March 2014 until December 2017. Prior thereto, he served as the Company's Executive Vice President and Chief Financial Officer from July 2010 to March 2014, as Senior Vice President and Chief Financial Officer from May 2005 to July 2010 and as Vice President and Controller from when he joined Quad in 1980 (which at the time was the Company's top financial position) until May 2005. Prior to joining Quad, Mr. Fowler worked for Arthur Andersen LLP for six years. In November 2018, Mr. Fowler was elected as a director of Mandel Group, Inc. He also serves on the boards of directors of Manipal Technologies Ltd., the L'Eft Bank Wine Company, is chairman of the board of TAI Diagnostics, Inc. and is a past board member of several private and venture capital companies that were successfully sold. Mr. Fowler attended Tufts University and Iowa State University, graduating summa cum laude with bachelor degrees in both economics and accounting. Quad believes that Mr. Fowler's experience in the printing industry and in leadership positions with the Company and on several boards of directors qualifies him for service as a director of the Company.

Stephen M. Fuller, 58, has been a director of Quad since 2016 and is a member of the Audit Committee. Mr. Fuller served as Senior Vice President and Chief Marketing Officer for L.L.Bean Inc. of Freeport, Maine from 2001 until his retirement in 2016. In this former role, he led all marketing functions for L.L.Bean, including branding, advertising, customer satisfaction, e-commerce, partnerships, database analytics and marketing operations. In addition to his CMO role, Mr. Fuller had full P&L responsibility for L.L.Bean's international efforts since 2008. Mr. Fuller received his undergraduate degree from Bates College in Lewiston, Maine, and his MBA from Boston College. He also attended Harvard Business School's Advanced Management Program. Currently, he is a member of the board of directors of Boyne Resorts, a trustee at Bates College and is a frequent speaker at Dartmouth College's Tuck School of Business. Mr. Fuller is a former member of L.L.Bean's board of directors. He also has been on the boards of several environmental and outdoor organizations. Quad believes that Mr. Fuller's leadership in

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marketing and board experience qualifies him to serve as a director of the Company.

Christopher B. Harned, 56, has been a director of Quad since 2005 and is the Chair of the Finance Committee. In September 2016, Mr. Harned joined Arbor Investments as a Partner and Head of the New York office. Prior to joining Arbor Investments, he was a Managing Director and Head of Consumer Products-Americas for Nomura Securities International, Inc. Starting in January 2012, he served as a Managing Director of the Investment Banking Group M&A team at Robert W. Baird & Co., Inc. He previously served as a Partner, Managing Director and Head of the Consumer Products Group of The Cypress Group LLC, a New York City-based private equity firm. Prior to joining The Cypress Group LLC in 2001, Mr. Harned was a Managing Director and Global Head of Consumer Products M&A with Lehman Brothers, where he had worked for over 16 years. During 2018, Mr. Harned joined the Board of Directors of Red Collar Pet Foods, a privately-held company. Mr. Harned is a former member of the board of directors of FreshPet, Inc., a pet food company, where he served on the audit and compensation committees. Mr. Harned is also a former member of the board of directors of bswift, Danka Business Systems PLC, The Meow Mix Company, Stone Canyon Entertainment, Brand Connections LLC and Philadelphia Media Network. Mr. Harned earned a Bachelor's degree from Williams College in 1985. Mr. Harned is the brother-in-law of J. Joel Quadracci, the Company's Chairman, President and Chief Executive Officer, and the brother-in-law of Kathryn Quadracci Flores, M.D., a director of the Company. Quad believes that Mr. Harned's experience in the financial services industry and his leadership at several companies in various industries qualifies him to serve as a director of the Company.

Jay O. Rothman, 59, has been a director of Quad since May 2017. He has served as the Chairman and Chief Executive Officer of Foley & Lardner LLP, a national law firm, since June 2011, has been a member of the firm's Management Committee since February 2002 and has been a partner since February 1994. He joined Foley & Lardner LLP in October 1986. Mr. Rothman serves as director of Mayville Engineering Company. Mr. Rothman received a Bachelor of Arts from Marquette University in 1982 and a Juris Doctor from Harvard Law School in 1985. Quad believes that Mr. Rothman's career as an executive and as a business attorney qualifies him to serve as a director of the Company.

John S. Shiely, 66, has been a director of Quad since 1996 and is the Chair of the Compensation Committee and a member of the Audit Committee. Mr. Shiely is the retired Chairman and Chief Executive Officer of Briggs & Stratton Corporation, a producer of air cooled gasoline engines for outdoor power equipment. Prior to becoming Chief Executive Officer in 2001 and Chairman in 2003, Mr. Shiely had worked for Briggs & Stratton Corporation in various capacities, including Vice President and General Counsel, Executive Vice President – Administration and President, since joining the company in 1986. Mr. Shiely has served as a director of BMO Financial Corporation since 2011, BMO Harris Bank N.A. since 2012, The Scotts Miracle-Gro Company from 2007 to 2013 and of Oshkosh Corporation since 2012, and served as a director of Marshall & Ilsley Corporation from 1999 until its sale in 2011. Mr. Shiely received a Bachelor of Business Administration in Accounting from the University of Notre Dame, a Juris Doctor from Marquette University Law School, a Master of Management from the J. L. Kellogg Graduate School of Management at Northwestern University, and in 2010 studied corporate governance as a visiting scholar in the graduate program at Harvard Law School. Quad believes that Mr. Shiely's career as an executive of a publicly-traded company, his experiences as a director of various publicly-traded companies, and his education in accounting and law qualify him to serve as a director of the Company.

THE BOARD RECOMMENDS THE FOREGOING NOMINEES FOR ELECTION AS DIRECTORS AND URGES EACH SHAREHOLDER TO VOTE "FOR" SUCH NOMINEES. SHARES OF COMMON STOCK REPRESENTED AT THE ANNUAL MEETING BY EXECUTED, OR OTHERWISE VALIDLY VOTED, BUT UNMARKED PROXIES, WILL BE VOTED "FOR" SUCH NOMINEES.

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AMENDMENT TO THE ARTICLES INCREASING AUTHORIZED CLASS A COMMON STOCK

The Company currently has 180,500,000 shares of capital stock authorized, consisting of 80,000,000 shares of class A common stock, 80,000,000 shares of class B common stock, 20,000,000 shares of class C common stock and 500,000 shares of preferred stock. The Board has approved, and is recommending to our shareholders for approval, an amendment to the Articles to increase the number of authorized shares of class A common stock from 80,000,000 to 105,000,000 and a corresponding increase to the number of authorized shares of capital stock from 180,500,000 to 205,500,000. The proposed amendment would not increase the authorized number of shares of class B common stock, class C common stock or preferred stock (no shares of class C common stock or preferred stock are currently outstanding).

The Company's class A common stock is the only class of the Company's stock that is publicly traded and available for issuance in acquisitions like the pending acquisition of LSC Communications, Inc. ("LSC"), which is expected to close in mid-2019, and under the 2010 Plan. In addition, each share of the Company's class B common stock is convertible at any time, at the option of the holder, into one (1) share of the Company's class A common stock and the Articles require that Quad reserve and keep available for issuance enough shares of class A common stock to fully allow any such conversion. As of March 14, 2019, 37,759,868 shares of class A common stock were outstanding, with 13,556,858 additional shares reserved for issuance upon conversion of the outstanding shares of class B common stock and 2,384,019 additional shares currently reserved for issuance under the 2010 Plan. Upon consummation of the acquisition of LSC, Quad will issue approximately 21,600,000 shares of class A common stock to the former LSC stockholders and, assuming the amendment to the 2010 Plan is approved by the shareholders at the Annual Meeting, there will be an additional 1,800,000 shares of class A common stock reserved for issuance under the 2010 Plan. As a result, a total of 77,100,745 shares of class A common stock will either be outstanding or reserved for issuance, leaving approximately 2,899,255 shares of class A common stock available for issuance for future purposes. In light of the foregoing, the Board of Directors deems it advisable to increase the authorized shares of the Company's class A common stock. The adoption of the proposed amendment would provide for an additional 25,000,000 shares of class A common stock for future issuance.

The Board believes that it is advisable and in the best interests of the Company's shareholders to increase the number of authorized shares of class A common stock to provide a sufficient reserve of shares for future business and financial needs of the Company. These additional authorized shares would provide the Company greater flexibility in the consideration of future (i) stock dividends or stock splits, (ii) sales of class A common stock or convertible securities to enhance capital and liquidity, (iii) possible future acquisitions, (iv) grants and awards pursuant to our equity compensation plans and agreements, and (v) other corporate purposes. Having these shares available for issuance allows shares to be issued without the expense and delay of a shareholders' meeting unless such action is required by applicable law or the NYSE. The NYSE requires shareholder approval prior to issuing shares in certain instances, such as where the number of shares to be issued would exceed 20% of the number of shares outstanding prior to issuance and any increase in shares reserved for issuance under equity compensation plans.

The additional shares of class A common stock, if and when issued, would have the same rights and privileges as the shares of class A common stock currently authorized. Approval of this proposal and the issuance of additional authorized shares of class A common stock would not affect the rights of the holders of currently outstanding shares of our class A or class B common stock, except for the effects incidental to increasing the number of shares outstanding (such as dilution of voting power of existing shareholders, decreasing earnings per share, and, depending on the price at which they are issued, could be dilutive to our existing shareholders). Existing holders of the outstanding shares of our class A common stock and class B common stock have no preemptive rights under the Articles to purchase any additional shares of class A common stock issued by the Company. We have no current plans, written or otherwise, to issue these additional shares of class A common stock at this time.

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The Board has not proposed the increase in the authorized number of shares of class A common stock with the intention of using the additional shares for anti-takeover purposes, although an issuance of additional shares could, in certain circumstances, make an attempt to acquire control of the Company more difficult. The Board is not at this time aware of any such attempts and is not proposing this increase in response to any third-party effort to acquire control of the Company.

Article III of the Articles currently provides that the total number of shares of all classes of stock that the Company is authorized to issue is 180,500,000, which includes 80,000,000 shares of class A common stock. The proposed amendment to the first sentence of the first paragraph of Article III and to clause (a) in the first sentence of the first paragraph of Article III of the Articles would delete the existing provisions and in their place insert the following:

“The aggregate number of shares which the corporation shall have authority to issue is two hundred five million five hundred thousand (205,500,000) shares, divided into four (4) classes consisting of:

(a) one hundred five million (105,000,000) shares designated as “Class A Common Stock,” with a par value of Two and One-Half Cents (\$.025) per share;”

If approved, this amendment will become effective upon the filing of articles of amendment to our Articles with the State of Wisconsin, which we would do promptly after the Annual Meeting.

Vote Required

Under Wisconsin law, the following two “voting groups” must approve the proposed amendment to our Articles: (1) the holders of our class A common stock and class B common stock, voting together as a single voting group; and (2) the holders of our class A common stock, voting separately as an independent voting group. Assuming a quorum of each voting group is present at the Annual Meeting, the number of votes cast within the voting group for the approval of the amendment to the Articles must exceed the number of votes cast against it. Abstentions and broker non-votes will have no effect on the outcome of the vote.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE "FOR" ADOPTION OF THE AMENDMENT TO THE ARTICLES. SHARES OF THE COMPANY'S COMMON STOCK REPRESENTED AT THE ANNUAL MEETING BY EXECUTED BUT UNMARKED PROXIES WILL BE VOTED “FOR” THE ADOPTION OF THE AMENDMENT TO THE ARTICLES.

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APPROVAL OF AN AMENDMENT TO THE
QUAD/GRAPHICS, INC. 2010 OMNIBUS INCENTIVE PLAN, AS AMENDED

Background

The Board is seeking approval from the Company's shareholders of an amendment to the 2010 Plan to increase the number of shares of class A common stock authorized for issuance under the 2010 Plan by 1,800,000 shares. The proposed amendment will allow the Company to continue to attract and retain outstanding individuals to serve as officers, directors, employees and consultants, and the Company believes that the proposed amendment to the 2010 Plan strikes an appropriate balance between rewarding performance and limiting shareholder dilution, while providing the Company with the flexibility to meet changing compensation needs. The 2010 Plan was originally approved and ratified by the Company's shareholders at the 2011 annual meeting. Amendments to the 2010 Plan relating to the termination of certain stock options granted in prior years to some of the Company's employees (sometimes referred to as the 409A Options) and the grant of new options (sometimes referred to as the 2011 Options) were approved by the Company's shareholders at the 2012 annual meeting. Amendments to the 2010 Plan authorizing the issuance of an additional 2,000,000 and 3,000,000 shares of class A common stock were approved by the Company's shareholders at the 2013 and 2016 annual meetings, respectively.

The compensation committee recommended to the Board that 1,800,000 additional shares of class A common stock be authorized under the 2010 Plan. In determining the number of shares of cl