EXACT SCIENCES CORP
Form S-3/A
December 03, 2007

Use these links to rapidly review the document
TABLE OF CONTENTS

As filed with the Securities and Exchange Commission on December 3, 2007

Registration No. 333-147511

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

AMENDMENT NO. 1
TO
FORM S-3

REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

EXACT Sciences Corporation

(Exact name of registrant as specified in its charter)

Delaware	**02-0478229**
(State or other jurisdiction incorporation or organization)	(I.R.S. Employer Identification No.)

100 Campus Drive
Marlborough, Massachusetts 01752
(508) 683-1200

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Charles R. Carelli, Jr.
Senior Vice President, Chief Financial Officer, Treasurer and Secretary
EXACT Sciences Corporation
100 Campus Drive
Marlborough, Massachusetts 01752
(508) 683-1200

(Name, address, including zip code, and telephone number, including area code, of agent for service)

with copies to:

Jeffrey R. Luber **President** **EXACT Sciences Corporation** **100 Campus Drive** **Marlborough, Massachusetts 01752** **(508) 683-1200**	**Edward A. King, Esq** **Goodwin Procter LLP** **Exchange Place** **Boston, Massachusetts 02109** **(617) 570-1000**

Approximate date of commencement of proposed sale to the public: From time to time after this Registration Statement becomes effective.

If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box. o

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box. ý

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this Form is a registration statement pursuant to General Instruction I.D. or a post-effective amendment thereto that shall become effective upon filing with the Commission pursuant to Rule 462(e) under the Securities Act, check the following box: o

If this Form is a post-effective amendment to a registration statement filed pursuant to General Instruction I.D. filed to register additional securities or additional classes of securities pursuant to Rule 413(b) under the Securities Act, check the following box: o

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered(1)	Amount to be Registered	Proposed Maximum Offering Price Per Unit	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee
Primary Offering:				
Common Stock, par value $0.01 per share				
Preferred Stock, par value $0.01 per share				
Subordinated Debt Securities				
Senior Debt Securities				
Warrants				
Total for sale by Registrant:	$50,000,000(2)	(3)	$50,000,000	$1,535(4)
Secondary Offering(5):				
Common Stock, par value $0.01 per share	100,000 shares	$4.20(6)	$420,000	$12.90(4)
Total:			$50,420,000	$1,547.90(4)

(1) This Registration Statement also covers (i) debt securities, preferred stock and common stock that may be issued upon exercise of warrants and (ii) such indeterminate amount of securities as may be issued in exchange for or upon conversion of, as the case may be, the securities registered hereunder. In addition, securities registered hereunder may be sold separately or as units with other securities registered hereunder.

(2) An indeterminate number of the securities is being registered as may at various times be issued at indeterminate prices, with an aggregate public offering price not to exceed $50,000,000 or the equivalent thereof in one or more currencies or, if any debt securities are issued at any original issuance discount, such greater principal amount as shall result in an aggregate initial offering price of $50,000,000.

(3)

The proposed maximum offering price per unit will be determined from time to time by the registrant in connection with, and at the time of, the issuance of the shares of the securities registered hereunder.

(4) Calculated pursuant to Rule 457(o) under the Securities Act with respect to securities sold by the Registrant and pursuant to Rule 457(c) under the Securities Act with respect to shares of common stock sold by the selling shareholder in the secondary offering based upon the average of the high and low prices for our common stock on November 29, 2007, as reported by The NASDAQ Global Market. A registration fee of $1,535 was paid previously in connection with the primary offering for this Registration Statement.

(5) Up to 100,000 shares of our common stock may be sold from time to time pursuant to this Registration Statement by the selling stockholder.

(6) Estimated solely for the purpose of determining the registration fee based upon the average of the high and low prices for our common stock on November 29, 2007, as reported by The NASDAQ Global Market.

The registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until this Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

The information contained in this preliminary prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED DECEMBER 3, 2007

PROSPECTUS

EXACT SCIENCES CORPORATION

$50,000,000

Common Stock
Preferred Stock
Subordinated Debt Securities
Senior Debt Securities
Warrants

Offered by
EXACT Sciences Corporation

100,000 Shares of Common Stock

Offered by the
Selling Stockholder

This prospectus relates to common stock, preferred stock, subordinated debt securities, senior debt securities and warrants that we may sell from time to time in one or more offerings up to a total public offering price of $50,000,000 on terms to be determined at the time of sale. We will provide specific terms of these securities in supplements to this prospectus.

Up to 100,000 shares of common stock may be sold from time to time in one or more offerings by the selling stockholder identified on page 20. We will not receive any proceeds from sales of shares of our common stock by the selling stockholder.

You should read this prospectus and any supplement carefully before you invest. This prospectus may not be used to offer and sell securities unless accompanied by a prospectus supplement for those securities.

Our common stock is traded on The NASDAQ Global Market under the symbol "EXAS."

These securities may be sold directly by us, through dealers or agents designated from time to time, to or through underwriters or through a combination of these methods. See "Plan of Distribution" in this prospectus. We may also describe the plan of distribution for any particular offering of these securities in any applicable prospectus supplement. If any agents, underwriters or dealers are involved in the sale of any securities in respect of which this prospectus is being delivered, we will disclose their names and the nature of our arrangements with them in a prospectus supplement. The net proceeds we expect to receive from any such sale will also be included in a prospectus supplement.

Investing in our securities involves a high degree of risk. See "Risk Factors" on page 4 of this prospectus. We may include additional risk factors in an applicable prospectus supplement under the heading "Risk Factors." You should review that section of the prospectus supplement for a discussion of matters that investors in our securities should consider.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus or any accompanying prospectus supplement. Any representation to the contrary is a criminal offense.

The date of this prospectus is December 3, 2007.

TABLE OF CONTENTS

ABOUT THIS PROSPECTUS	3
ABOUT EXACT SCIENCES CORPORATION	3
CORPORATE INFORMATION	3
RISK FACTORS	4
SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS	4
USE OF PROCEEDS	5
RATIO OF EARNINGS TO FIXED CHARGES	5
DESCRIPTION OF CAPITAL STOCK	6
DESCRIPTION OF DEBT SECURITIES	9
DESCRIPTION OF WARRANTS	19
SELLING STOCKHOLDER	20
PLAN OF DISTRIBUTION	21
LEGAL MATTERS	23
EXPERTS	23
WHERE YOU CAN FIND MORE INFORMATION	23
INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE	24

YOU SHOULD RELY ONLY ON THE INFORMATION CONTAINED IN THIS PROSPECTUS, ANY PROSPECTUS SUPPLEMENT OR ANY DOCUMENT TO WHICH WE HAVE REFERRED YOU. WE HAVE NOT AUTHORIZED ANYONE ELSE TO PROVIDE YOU WITH INFORMATION THAT IS DIFFERENT. THIS PROSPECTUS AND ANY PROSPECTUS SUPPLEMENT MAY BE USED ONLY WHERE IT IS LEGAL TO SELL THESE SECURITIES. THE INFORMATION IN THIS PROSPECTUS OR ANY PROSPECTUS SUPPLEMENT IS CURRENT ONLY AS OF THE DATE ON THE FRONT OF THESE DOCUMENTS.

ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement that we filed with the Securities and Exchange Commission, or the SEC, using a "shelf" registration process. Under this shelf process, we may sell any combination of the securities described in this prospectus in one or more offerings. This prospectus provides you with a general description of the securities we may offer. Each time we or the selling stockholder sells securities, we will provide a prospectus supplement that will contain specific information about the securities being offered and the terms of that offering. The selling stockholder referred to in this prospectus and identified in supplements to this prospectus may offer and sell shares of our common stock under this prospectus. We will not receive any of the proceeds from any sale of shares by the selling stockholder.

The prospectus supplement may also add to, update or change information contained in this prospectus. You should read both this prospectus and any prospectus supplement together with the additional information described under the heading "Where You Can Find More Information" carefully before making an investment decision.

Unless the context otherwise requires, in this prospectus, "EXACT Sciences," "the Company," "we," "us," "our" and similar names refer to EXACT Sciences Corporation and its subsidiaries.

ABOUT EXACT SCIENCES CORPORATION

EXACT Sciences Corporation is an applied genomics company that develops proprietary DNA-based technologies for use in the detection of cancer. We have selected colorectal cancer as the first application of our technologies. We have licensed certain of our patents, on an exclusive basis through December 2010, to Laboratory Corporation of America® Holdings, or LabCorp®, in connection with a commercial testing service developed by LabCorp and sold since August 2003 under the name PreGen-Plus . Our license agreement with LabCorp and LabCorp's sales of PreGen-Plus represent our primary source of revenue.

PreGen-Plus is a non-invasive stool-based DNA testing service for the detection of colorectal cancer in the average-risk population. Colorectal cancer is the second leading cause of cancer death in the U.S. and the leading cause of cancer death among non-smokers. Patients who are diagnosed early in the progression of the disease, however, are more likely to have a complete recovery and to utilize lower levels of expensive medical resources. Accordingly, the American Cancer Society recommends that all persons age 50 and above undergo regular colorectal cancer screening. Of the more than 87 million people in the United States for whom colorectal cancer screening is recommended, approximately one-half have never been screened, and a significant portion of the balance have been inadequately screened. We believe that this large population of unscreened and inadequately screened people represents an opportunity to reduce the mortality associated with colorectal cancer.

CORPORATE INFORMATION

We were incorporated in Delaware in on February 10, 1995 as Lapidus Medical System, Inc. We changed our corporate name to EXACT Laboratories, Inc. on December 11, 1996, to EXACT Corporation on September 12, 2000 and to EXACT Sciences Corporation on December 1, 2000. Our

principal executive offices are located at 100 Campus Drive, Marlborough, Massachusetts 01752 and our telephone number is (508) 683-1200. We maintain EXACT Sciences Securities Corporation, a Massachusetts securities corporation, to hold our short term investments. Our Internet website address is http://www.exactsciences.com. The information contained on our website is not part of this prospectus. Our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as well as reports relating to our securities filed by others pursuant to Section 16 of such act, are available through the investor relations page of our Internet website free of charge as soon as reasonably practicable after we electronically file such material with, or furnish it to, the Securities and Exchange Commission (the "SEC"). The SEC maintains an Internet website that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC. The address of that website is http://www.sec.gov.

RISK FACTORS

Investing in our securities involves risk. The prospectus supplement applicable to each type or series of securities we offer will contain a discussion of the risks applicable to an investment in EXACT Sciences and to the particular types of securities that we are offering under that prospectus supplement. Prior to making a decision about investing in our securities, you should carefully consider the specific factors discussed under the heading "Risk Factors" in the applicable prospectus supplement, together with all of the other information contained or incorporated by reference in the prospectus supplement or appearing or incorporated by reference in this prospectus. You should also consider the risks, uncertainties and assumptions discussed under the heading "Risk Factors" included in our most recent annual report on Form 10-K, as revised or supplemented by our most recent quarterly report on Form 10-Q, each of which are on file with the SEC and are incorporated herein by reference, and which may be amended, supplemented or superseded from time to time by other reports we file with the SEC in the future.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus and any accompanying prospectus supplement (including any document incorporated by reference herein or therein) contain statements with respect to the Company which constitute "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, and are intended to be covered by the "safe harbor" created by those sections. Forward-looking statements, which are based on certain assumptions and reflect our plans, estimates and beliefs, can generally be identified by the use of forward-looking terms such as "believes," "expects," "may," "will," "should," "could," "seek," "intends," "plans," "estimates," "anticipates" or other comparable terms. Our actual results could differ materially from those discussed in the forward-looking statements. Factors that could cause or contribute to these differences include those discussed in "Risk Factors" in any prospectus supplement and in the documents incorporated by reference herein or therein.

We caution readers not to place undue reliance upon any such forward-looking statements, which speak only as of the date they are made. We disclaim any obligation, except as specifically required by law and the rules of the SEC, to publicly update or revise any such statements to reflect any change in company expectations or in events, conditions or circumstances on which any such statements may be based, or that may affect the likelihood that actual results will differ from those set forth in the forward-looking statements.

You should read this prospectus and any accompanying prospectus supplement and the documents that we reference herein and therein and have filed as exhibits to the registration statement, of which this prospectus is part, completely and with the understanding that our actual future results may be materially different from what we expect. You should assume that the information appearing in this

prospectus and any accompanying prospectus supplement is accurate as of the date on the front cover of this prospectus or such prospectus supplement only. Our business, financial condition, results of operations and prospects may change. We may not update these forward-looking statements, even though our situation may change in the future, unless we have obligations under the Federal securities laws to update and disclose material developments related to previously disclosed information. We qualify all of the information presented in this prospectus and any accompanying prospectus supplement, and particularly our forward-looking statements, by these cautionary statements.

USE OF PROCEEDS

We currently intend to use the estimated net proceeds from the sale of these securities for working capital and other general corporate purposes, and possibly acquisitions of other companies, products or technologies. Working capital and other general corporate purposes may include research and development expenditures, capital expenditures and any other purpose that we may specify in any prospectus supplement. While we have no current plans for any specific acquisitions at this time, we believe opportunities may exist from time to time to expand our current business through strategic alliances or acquisitions with other companies, products or technologies. We have not yet determined the amount of net proceeds to be used specifically for any of the foregoing purposes. Accordingly, our management will have significant discretion and flexibility in applying the net proceeds from the sale of these securities. Pending any use, as described above, we intend to invest the net proceeds in high-quality, short-term, interest-bearing securities. Our plans to use the estimated net proceeds from the sale of these securities may change, and if they do, we will update this information in a prospectus supplement.

We will not receive any proceeds from any sales of shares of our common stock by the selling stockholder.

RATIO OF EARNINGS TO FIXED CHARGES

The following table sets forth our ratio of earnings to fixed charges for each of the periods indicated:

	NINE MONTHS ENDED SEPTEMBER 30, 2007	FISCAL YEAR ENDED DECEMBER 31,				
		2006	2005	2004	2003	2002
RATIO OF EARNINGS TO FIXED CHARGES	(1)	(1)	(1)	(1)	(1)	(1)
RATIO OF EARNINGS TO COMBINED FIXED CHARGES AND PREFERRED STOCK DIVIDENDS	(2)	(2)	(2)	(2)	(2)	(2)

(1) During each of these periods, our earnings were less than our fixed charges. The amount of such deficiency was approximately $7.9 million for the nine months ended September 30, 2007, and $12.9 million, $14.5 million, $18.5 million, $28.3 million and $29.9 million for fiscal years ended December 31, 2006, 2005, 2004, 2003 and 2002, respectively.

(2) During each of these periods, the Company had no preferred stock outstanding.

DESCRIPTION OF CAPITAL STOCK

The following description of our common stock, together with the additional information included in any applicable prospectus supplement, summarizes the material terms and provisions of these securities but is not complete. For the complete terms of our common stock, please refer to our Sixth Amended and Restated Certificate of Incorporation, as amended to date, which we refer to as our Certificate of Incorporation, and our Amended and Restated By-laws, which we refer to as our By-laws, each of which is incorporated by reference into the registration statement of which this prospectus is a part.

General

We will describe in a prospectus supplement the specific terms of any common stock or preferred stock we may offer pursuant to this prospectus. If indicated in a prospectus supplement, the terms of such common stock or preferred stock may differ from the terms described below.

We have 105,000,000 shares of capital stock authorized under our Certificate of Incorporation, consisting of 100,000,000 shares of common stock, par value $0.01 per share and 5,000,000 shares of preferred stock, par value $0.01 per share. The authorized and unissued shares of common stock and the authorized and undesignated shares of preferred stock are available for issuance without further action by our stockholders, unless such action is required by applicable law or the rules of any stock exchange or automated quotation system on which our securities may be listed or traded. If the approval of our stockholders is not so required, our board of directors may determine not to seek stockholder approval.

Common Stock

As of November 14, 2007, there were approximately 27,075,523 shares of common stock outstanding. Holders of our common stock are entitled to one vote for each share of common stock held of record for the election of directors and on all matters submitted to a vote of stockholders. Holders of our common stock are entitled to receive dividends ratably, if any, as may be declared by our board of directors out of legally available funds, subject to any preferential dividend rights of any preferred stock then outstanding. Upon our dissolution, liquidation or winding up, holders of our common stock are entitled to share ratably in our net assets legally available after the payment of all our debts and other liabilities, subject to the preferential rights of any preferred stock then outstanding. Holders of our common stock have no preemptive, subscription, redemption or conversion rights. The rights, preferences and privileges of holders of common stock are subject to, and may be adversely affected by, the rights of the holders of shares of any series of preferred stock that we may designate and issue in the future. Except as described below in "Certain Provisions of Delaware Law and Our Certificate of Incorporation and By-laws," a majority vote of common stockholders is generally required to take action under our Certificate of Incorporation and By-laws.

Our common stock is listed on The NASDAQ Global Market under the symbol "EXAS." The American Stock Transfer and Trust Company is the transfer agent and registrar for our common stock. Its address is 59 Maiden Lane, Plaza Level, New York, NY 10038, and its telephone number is (800) 937-5449. The American Stock Transfer and Trust Company also maintains a website at www.amstock.com.

Preferred Stock

Our board of directors is authorized, without further vote or action by the stockholders, to issue from time to time up to an aggregate of 5,000,000 shares of preferred stock in one or more series and to fix or alter the designations, rights, preferences and privileges and any qualifications, limitations or restrictions of the shares of each such series of preferred stock, including the dividend rights, dividend

rates, conversion rights, voting rights, terms of redemption including sinking fund provisions, redemption price or prices, liquidation preferences and the number of shares constituting any series or designations of such series, any or all of which may be greater than the rights of common stock. The issuance of preferred stock could adversely affect the voting power of holders of our common stock and the likelihood that holders of our common stock will receive dividend payments and payments upon liquidation and could have the effect of delaying, deferring or preventing a change in control.

Although our board of directors has no intention at the present time of doing so, it could issue a series of preferred stock that could, depending on the terms of such series, impede the completion of a merger, tender offer or other takeover attempt.

Certain Provisions of Delaware Law and Our Certificate of Incorporation and By-laws

The following is a summary of certain provisions of Delaware law, our Certificate of Incorporation and our By-laws. This summary does not purport to be complete and is qualified in its entirety by reference to the corporate law of Delaware and our Certificate of Incorporation and By-laws.

We are subject to the provisions of Section 203 of the Delaware General Corporation Law. Subject to certain exceptions, Section 203 prohibits a publicly-held Delaware corporation from engaging in a "business combination" with an "interested stockholder" for a period of three years after the date of the transaction in which the person became an interested stockholder, unless the interested stockholder attained such status with the approval of the board of directors or unless the business combination is approved in a prescribed manner. A "business combination" is defined as a merger, asset sale or other transaction resulting in a financial benefit to the interested stockholder. Subject to various exceptions, an "interested stockholder" is a person who, together with affiliates and associates, owns, or within the past three years did own, 15% or more of a corporation's voting stock. This statute could prohibit or delay the accomplishment of mergers or other takeover or change in control attempts with respect to us and, accordingly, may discourage attempts to acquire us.

In addition, some provisions of our Certificate of Incorporation and By-laws may be deemed to have an anti-takeover effect and may delay, defer or prevent a tender offer or takeover attempt that a stockholder might deem to be in his or her best interest. The existence of these provisions could limit the price that investors might be willing to pay in the future for shares of our common stock. These provisions include:

Staggered Board. Pursuant to our Certificate of Incorporation, the number of directors is fixed by our board of directors. Our directors are divided into three classes, each class to serve a three year term and to consist as nearly as possible of one third of the directors. Pursuant to our By-laws, directors elected by stockholders at an annual meeting of stockholders will be elected by a plurality of all votes cast.

Stockholder Action; Special Meeting of Stockholders. Our Certificate of Incorporation provides that stockholders may not take action by written consent. Action may be taken only at a duly called annual or special meeting of stockholders. Our Certificate of Incorporation further provides that special meetings of our stockholders may be called only by the chairman of the board of directors, a majority of our directors or the president, and in no event may the stockholders call or force us to call a special meeting. Thus, without approval by the chairman, board of directors or president, stockholders may take no action between meetings.

Advance Notice Requirements for Stockholder Proposals and Director Nominations. Our By-laws provide that a stockholder seeking to bring business before an annual meeting of stockholders, or to nominate candidates for election as directors at an annual meeting of stockholders, must provide timely notice of this intention in writing. To be timely, a stockholder's notice must be delivered to or mailed and received at our principal executive offices not less than 120 days nor more than 150 days prior to

the first anniversary of the date of our notice of annual meeting provided with respect to the previous year's annual meeting of stockholders. However, if no annual meeting of stockholders was held in the previous year or the date of the annual meeting of stockholders has been changed to be more than 30 calendar days before or 60 days after the anniversary date of the preceding year's annual meeting, then a proposal shall be received no later than the close of business on the tenth day following the date on which notice of the date of the meeting was first made. Certain informational requirements must also be satisfied in order for us to be required to include the proposal in our proxy materials. The By-laws also include a similar requirement for making nominations at special meetings and specify requirements as to the form and content of a stockholder's notice. These provisions may preclude stockholders from bringing matters before an annual meeting of stockholders or from making nominations for directors at an annual or special meeting of stockholders.

Authorized But Unissued Shares. The authorized but unissued shares of common stock and preferred stock are available for future issuance without stockholder approval, subject to certain limitations imposed by The NASDAQ Global Market. These additional shares may be utilized for a variety of corporate acquisitions and employee benefit plans. The existence of authorized but unissued and unreserved common stock and preferred stock could render more difficult or discourage an attempt to obtain control of us by means of a proxy contest, tender offer, merger or otherwise.

Super-Majority Voting. Delaware law provides generally that the affirmative vote of a majority of the shares entitled to vote on any matter is required to amend a corporation's certificate of incorporation or bylaws, unless a corporation's certificate of incorporation or bylaws, as the case may be, require a greater percentage. Our Certificate of Incorporation requires the affirmative vote of the holders of at least 80% of the voting power of all the then outstanding shares of our capital stock entitled to vote generally in the election of directors, voting together as a single class, to amend or repeal any provision of our By-laws, amend or repeal the provision of our Certificate of Incorporation relating to amendments to our By-laws or adopt any provision inconsistent with such provisions. Our Certificate of Incorporation also requires the affirmative vote of the holders of at least 75% of the voting power of all of the then outstanding shares of our capital stock entitled to vote generally in the election of directors, voting together as a single class, to amend or repeal, the provisions of our Certificate of Incorporation relating to the election of directors, the classified board, or the right to act by written consent or to adopt any provision inconsistent with such provisions.

DESCRIPTION OF DEBT SECURITIES

We may sell the securities being offered pursuant to this prospectus directly to purchasers, to or through underwriters, through dealers or agents, or through a combination of such methods. The prospectus supplement with respect to the securities being offered will set forth the terms of the offering of those securities, including the names of the underwriters, dealers or agents, if any, the purchase price, the net proceeds to us, any underwriting discounts and other items constituting underwriters' compensation, the initial public offering price, any discounts or concessions allowed or reallowed or paid to dealers and any securities exchanges on which such securities may be listed.

General

The debt securities that we may issue will constitute debentures, notes, bonds or other evidences of indebtedness of EXACT Sciences, to be issued in one or more series, which may include senior debt securities, subordinated debt securities and senior subordinated debt securities. The particular terms of any series of debt securities we offer, including the extent to which the general terms set forth below may be applicable to a particular series, will be described in a prospectus supplement relating to such series.

Debt securities that we may issue will be issued under the indenture between us and U.S. Bank National Association, as trustee. This prospectus refers to U.S. Bank National Association as the trustee. We have filed the form of the indenture as an exhibit to the registration statement of which this prospectus is a part. If we enter into any indenture supplement, we will file a copy of that supplement with the SEC.

THE FOLLOWING DESCRIPTION IS A SUMMARY OF THE MATERIAL PROVISIONS OF THE INDENTURE. IT DOES NOT RESTATE THE INDENTURE IN ITS ENTIRETY. THE INDENTURE IS GOVERNED BY THE TRUST INDENTURE ACT OF 1939. THE TERMS OF THE DEBT SECURITIES INCLUDE THOSE STATED IN THE INDENTURE AND THOSE MADE PART OF THE INDENTURE BY REFERENCE TO THE TRUST INDENTURE ACT. WE URGE YOU TO READ THE INDENTURE BECAUSE IT, AND NOT THIS DESCRIPTION, DEFINES YOUR RIGHTS AS A HOLDER OF THE DEBT SECURITIES.

The indenture contains no covenant or provision which affords debt holders protection in the event of a highly leveraged transaction.

Information You Will Find In The Prospectus Supplement

The indenture provides that we may issue debt securities from time to time in one or more series and that we may denominate the debt securities and make them payable in foreign currencies. The indenture does not limit the aggregate principal amount of debt securities that can be issued thereunder. The prospectus supplement for a series of debt securities will provide information relating to the terms of the series of debt securities being offered, which may include:

- the title and denominations of the debt securities of the series;
- any limit on the aggregate principal amount of the debt securities of the series;
- the date or dates on which the principal and premium, if any, with respect to the debt securities of the series are payable or the method of determination thereof;
- the rate or rates, which may be fixed or variable, at which the debt securities of the series shall bear interest, if any, or the method of calculating and/or resetting such rate or rates of interest;

the dates from which such interest shall accrue or the method by which such dates shall be determined and the duration of the extensions and the basis upon which interest shall be calculated;

the interest payment dates for the series of debt securities or the method by which such dates will be determined, the terms of any deferral of interest and any right of ours to extend the interest payments periods;

the place or places where the principal and interest on the series of debt securities will be payable;

the terms and conditions upon which debt securities of the series may be redeemed, in whole or in part, at our option or otherwise;

our obligation, if any, to redeem, purchase, or repay debt securities of the series pursuant to any sinking fund or other specified event or at the option of the holders and the terms of any such redemption, purchase, or repayment;

the terms, if any, upon which the debt securities of the series may be convertible into or exchanged for other securities, including, among other things, the initial conversion or exchange price or rate and the conversion or exchange period;

if the amount of principal, premium, if any, or interest with respect to the debt securities of the series may be determined with reference to an index or formula, the manner in which such amounts will be determined;

if any payments on the debt securities of the series are to be made in a currency or currencies (or by reference to an index or formula) other than that in which such securities are denominated or designated to be payable, the currency or currencies (or index or formula) in which such payments are to be made and the terms and conditions of such payments;

any changes or additions to the provisions of the indenture dealing with defeasance, including any additional covenants that may be subject to our covenant defeasance option;

the currency or currencies in which payment of the principal and premium, if any, and interest with respect to debt securities of the series will be payable, or in which the debt securities of the series shall be denominated, and the particular provisions applicable thereto in accordance with the Indenture;

the portion of the principal amount of debt securities of the series which will be payable upon declaration of acceleration or provable in bankruptcy or the method by which such portion or amount shall be determined;

whether the debt securities of the series will be secured or guaranteed and, if so, on what terms;

any addition to or change in the events of default with respect to the debt securities of the series;

the identity of any trustees, authenticating or paying agents, transfer agents or registrars;

the applicability of, and any addition to or change in, the covenants currently set forth in the indenture;

the subordination, if any, of the debt securities of the series and terms of the subordination;

any other terms of the debt securities of the series which are not prohibited by the indenture; and

10

whether securities of the series shall be issuable as registered securities or bearer securities (with or without interest coupons), and any restrictions applicable to the offering, sale or delivery of such bearer securities and the terms upon which such bearer securities of a series may be exchanged for registered securities, and vice versa.

Holders of debt securities may present debt securities for exchange in the manner, at the places, and subject to the restrictions set forth in the debt securities, the indenture, and the prospectus supplement. We will provide these services without charge, other than any tax or other governmental charge payable in connection therewith, but subject to the limitations provided in the indenture, any board resolution establishing such debt securities and any applicable indenture supplement. Debt securities in bearer form and the coupons, if any, appertaining thereto will be transferable by delivery.

Senior Debt

We may issue senior debt securities under the indenture and any coupons that will constitute part of our senior debt. Unless otherwise set forth in the applicable indenture supplement, any board resolution establishing such debt securities and described in a prospectus supplement, the senior debt securities will be senior unsecured obligations, ranking equally with all of our existing and future senior unsecured debt. The senior debt securities will be senior to all of our subordinated debt and junior to any secured debt we may incur as to the assets securing such debt.

Subordinated Debt

We may issue subordinated debt securities under the indenture and any coupons that will constitute part of such subordinated debt. These subordinated debt securities will be subordinate and junior in right of payment, to the extent and in the manner set forth in the indenture and any applicable indenture supplement, to all of our senior indebtedness.

If this prospectus is being delivered in connection with a series of subordinated debt securities, the accompanying prospectus supplement or the information incorporated by reference will set forth the approximate amount of senior indebtedness outstanding as of the end of the most recent fiscal quarter.

Senior Subordinated Debt

We may issue senior subordinated debt securities under the indenture and any coupons that will constitute part of our senior subordinated debt. These senior subordinated debt securities will be, to the extent and in the manner set forth in the indenture, subordinate and junior in right of payment to all of our "senior indebtedness" and senior to our other subordinated debt. See the discussions above under " Senior Debt" and " Subordinated Debt" for a more detailed explanation of our senior and subordinated indebtedness.

Interest Rate

Debt securities that bear interest will do so at a fixed rate or a floating rate. We may sell, at a discount below the stated principal amount, any debt securities which bear no interest or which bear interest at a rate that at the time of issuance is below the prevailing market rate. The relevant prospectus supplement will describe the special United States federal income tax considerations applicable to:

- any discounted debt securities; and
- any debt securities issued at par which are treated as having been issued at a discount for United States federal income tax purposes.

Registered Global Securities

We may issue registered debt securities of a series in the form of one or more fully registered global securities. We will deposit the registered global security with a depositary or with a nominee for a depositary identified in the prospectus supplement relating to such series. The global security or global securities will represent and will be in a denomination or aggregate denominations equal to the portion of the aggregate principal amount of outstanding registered debt securities of the series to be represented by the registered global security or securities. Unless it is exchanged in whole or in part for debt securities in definitive registered form, a registered global security may not be transferred, except as a whole in three cases:

- by the depositary for the registered global security to a nominee of the depositary;
- by a nominee of the depositary to the depositary or another nominee of the depositary; and
- by the depositary or any nominee to a successor of the depositary or a nominee of the successor.

The prospectus supplement relating to a series of debt securities will describe the specific terms of the depositary arrangement concerning any portion of that series of debt securities to be represented by a registered global security. We anticipate that the following provisions will generally apply to all depositary arrangements.

Upon the issuance of a registered global security, the depositary will credit, on its book-entry registration and transfer system, the principal amounts of the debt securities represented by the registered global security to the accounts of persons that have accounts with the depositary. These persons are referred to as "participants." Any underwriters, agents or debtors participating in the distribution of debt securities represented by the registered global security will designate the accounts to be credited. Only participants or persons that hold interests through participants will be able to beneficially own interests in a registered global security. The depositary for a global security will maintain records of beneficial ownership interests in a registered global security for participants. Participants or persons that hold through participants will maintain records of beneficial ownership interests in a global security for persons other than participants. These records will be the only means to transfer beneficial ownership in a registered global security.

The laws of some states may require that specified purchasers of securities take physical delivery of the securities in definitive form. These laws may limit the ability of those persons to own, transfer or pledge beneficial interests in global securities.

So long as the depositary, or its nominee, is the registered owner of a registered global security, the depositary or its nominee will be considered the sole owner or holder of the debt securities represented by the registered global security for all purposes under the indenture. Except as set forth below, owners of beneficial interests in a registered global security:

- may not have the debt securities represented by a registered global security registered in their names;
- will not receive or be entitled to receive physical delivery of debt securities represented by a registered global security in definitive form; and
- will not be considered the owners or holders of debt securities represented by a registered global security under the indenture.

Accordingly, each person owning a beneficial interest in a registered global security must rely on the procedures of the depositary for the registered global security and, if the person is not a participant, on the procedures of the participant through which the person owns its interests, to exercise any rights of a holder under the indenture applicable to the registered global security.

We understand that, under existing industry practices, if we request any action of holders, or if an owner of a beneficial interest in a registered global security desires to give or take any action which a holder is entitled to give or take under the indenture, the depositary for the registered global security would authorize the participants holding the relevant beneficial interests to give or take the action, and the participants would authorize beneficial owners owning through the participants to give or take the action or would otherwise act upon the instructions of beneficial owners holding through them.

Payment of Interest on and Principal of Registered Global Securities

We will make principal, premium, if any, and interest payments on debt securities represented by a registered global security registered in the name of a depositary or its nominee to the depositary or its nominee as the registered owner of the registered global security. None of EXACT Sciences, the trustee, or any paying agent for debt securities represented by a registered global security will have any responsibility or liability for:

- any aspect of the records relating to, or payments made on account of, beneficial ownership interests in such registered global security;
- maintaining, supervising, or reviewing any records relating to beneficial ownership interests;
- the payments to beneficial owners of the global security of amounts paid to the depositary or its nominee; or
- any other matter relating to the actions and practices of the depositary, its nominee or any of its participants.

We expect that the depositary, upon receipt of any payment of principal, premium or interest in respect of the global security, will immediately credit participants' accounts with payments in amounts proportionate to their beneficial interests in the principal amount of a registered global security as shown on the depositary's records. We also expect that payments by participants to owners of beneficial interests in a registered global security held through participants will be governed by standing instructions and customary practices. This is currently the case with the securities held for the accounts of customers registered in "street name." Such payments will be the responsibility of participants.

Exchange of Registered Global Securities

We may issue debt securities in definitive form in exchange for the registered global security if both of the following occur:

- the depositary for any debt securities represented by a registered global security is at any time unwilling or unable to continue as depositary or ceases to be a clearing agency registered under the Exchange Act; and
- we do not appoint a successor depositary within 90 days.

In addition, we may, at any time, determine not to have any of the debt securities of a series represented by one or more registered global securities. In this event, we will issue debt securities of that series in definitive form in exchange for all of the registered global security or securities representing those debt securities.

Covenants by EXACT Sciences

The indenture includes covenants by us, including among other things that we will make all payments of principal and interest at the times and places required. The board resolution or supplemental indenture establishing each series of debt securities may contain additional covenants,

including covenants which could restrict our right to incur additional indebtedness or liens and to take certain actions with respect to our businesses and assets.

Events of Default

Unless otherwise indicated in the applicable prospectus supplement, the following will be events of default under the indenture with respect to each series of debt securities issued under the indenture:

(a) failure to pay when due any interest on any debt security of that series, continued for 30 days;

(b) failure to pay when due the principal of, or premium, if any, on, any debt security of that series;

(c) default in the payment of any sinking fund installment with respect to any debt security of that series when due and payable;

(d) failure to perform any other covenant or agreement of ours under the indenture or the supplemental indenture with respect to that series or the debt securities of that series, continued for 90 days after written notice to us by the trustee or holders of at least 25% in aggregate principal amount of the outstanding debt securities of the series to which the covenant or agreement relates;

(e) certain events of bankruptcy, insolvency or similar proceedings affecting us; and

(f) any other event of default specified in any supplemental indenture under which such series of debt securities is issued.

Except as to certain events of bankruptcy, insolvency or similar proceedings affecting us and except as provided in the applicable prospectus supplement, if any event of default shall occur and be continuing with respect to any series of debt securities under the indenture, either the trustee or the holders of at least 25% in aggregate principal amount of outstanding debt securities of such series may accelerate the maturity of all debt securities of such series. Upon certain events of bankruptcy, insolvency or similar proceedings affecting us, the principal, premium, if any, and interest on all debt securities of each series shall be immediately due and payable.

After any such acceleration, but before a judgment or decree based on acceleration has been obtained by the trustee, the holders of a majority in aggregate principal amount of each affected series of debt securities may waive all defaults with respect to such series and rescind and annul such acceleration if all events of default, other than the non-payment of accelerated principal, have been cured, waived or otherwise remedied.

No holder of any debt securities will have any right to institute any proceeding with respect to the indenture or for any remedy under the indenture, unless such holder shall have previously given to the trustee written notice of a continuing event of default and the holders of at least 25% in aggregate principal amount of the outstanding debt securities of the relevant series shall have made written request and offered indemnity satisfactory to the trustee to institute such proceeding as trustee, and the trustee shall not have received from the holders of a majority in aggregate principal amount of the outstanding debt securities of such series a direction inconsistent with such request and shall have failed to institute such proceeding within 60 days. However, such limitations do not apply to a suit instituted by a holder of a debt security for enforcement of payment of the principal of and premium, if any, or interest on such debt security on or after the respective due dates expressed in such debt security.

Supplemental Indentures

We and the trustee may, at any time and from time to time, without prior notice to or consent of any holders of debt securities, enter into one or more indentures supplemental to the indenture, among other things:

- to add guarantees to or secure any series of debt securities;
- to provide for the succession of another person pursuant to the provisions of the indenture relating to consolidations, mergers and sales of assets and the assumption by such successor of our covenants, agreements, and obligations, or to otherwise comply with the provisions of the indenture relating to consolidations, mergers, and sales of assets;
- to surrender any right or power conferred upon us under the indenture or to add to our covenants further covenants, restrictions, conditions or provisions for the protection of the holders of all or any series of debt securities;
- to cure any ambiguity or to correct or supplement any provision contained in the indenture, in any supplemental indenture or in any debt securities that may be defective or inconsistent with any other provision contained therein;
- to modify or amend the indenture in such a manner as to permit the qualification of the indenture or any supplemental indenture under the Trust Indenture Act;
- to add to or change any of the provisions of the indenture to supplement any of the provisions of the indenture in order to permit the defeasance and discharge of any series of debt securities pursuant to the indenture, so long as any such action does not adversely affect the interests of the holders of debt securities of any series in any material respect;
- to add to, change, or eliminate any of the provisions of the indenture with respect to one or more series of debt securities, so long as any such addition, change or elimination shall not apply to any debt securities of any series created prior to the execution of such supplemental indenture and entitled to the benefit of such provision;
- to evidence and provide for the acceptance of appointment by a successor or separate trustee; and
- to establish the form or terms of debt securities of any series and to make any change that does not adversely affect the interests of the holders of debt securities.

With the consent of the holders of at least a majority in principal amount of debt securities of each series affected by such supplemental indenture (each series voting as one class), we and the trustee may enter into one or more supplemental indentures for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of the indenture or modifying in any manner the rights of the holders of debt securities of each such series.

Notwithstanding our rights and the rights of the trustee to enter into one or more supplemental indentures with the consent of the holders of debt securities of the affected series as described above, no such supplemental indenture shall, without the consent of the holder of each outstanding debt security of the affected series, among other things:

- change the final maturity of the principal of, or any installment of interest on, any debt securities;
- reduce the principal amount of any debt securities or the rate of interest on any debt securities;

change the currency in which any debt securities are payable;

release any security interest that may have been granted with respect to such debt securities;

impair the right of the holders to conduct a proceeding for any remedy available to the trustee;

reduce the percentage in principal amount of any series of debt securities whose holders must consent to an amendment or supplemental indenture;

modify the ranking or priority of the securities;

reduce any premium payable upon the redemption of any debt securities or change the time at which any debt security may be redeemed; or

make any change that adversely affects the relative rights of holders of subordinated debt securities with respect to senior debt securities.

Satisfaction and Discharge of the Indenture; Defeasance

Except to the extent set forth in a supplemental indenture with respect to any series of debt securities, we, at our election, may discharge the indenture and the indenture shall generally cease to be of any further effect with respect to that series of debt securities if (a) we have delivered to the trustee for cancellation all debt securities of that series (with certain limited exceptions) or (b) all debt securities of that series not previously delivered to the trustee for cancellation shall have become due and payable, or are by their terms to become due and payable within one year or are to be called for redemption within one year, and we have deposited with the trustee the entire amount sufficient to pay at maturity or upon redemption all such debt securities.

In addition, we have a "legal defeasance option" (pursuant to which we may terminate, with respect to the debt securities of a particular series, all of our obligations under such debt securities and the indenture with respect to such debt securities) and a "covenant defeasance option" (pursuant to which we may terminate, with respect to the debt securities of a particular series, our obligations with respect to such debt securities under certain specified covenants contained in the indenture). If we exercise our legal defeasance option with respect to a series of debt securities, payment of such debt securities may not be accelerated because of an event of default. If we exercise our covenant defeasance option with respect to a series of debt securities, payment of such debt securities may not be accelerated because of an event of default related to the specified covenants.

We may exercise our legal defeasance option or our covenant defeasance option with respect to the debt securities of a series only if we irrevocably deposit in trust with the trustee cash or U.S. government obligations (as defined in the indenture) for the payment of principal, premium, if any, and interest with respect to such debt securities to maturity or redemption, as the case may be. In addition, to exercise either of our defeasance options, we must comply with certain other conditions, including the delivery to the trustee of an opinion of counsel to the effect that the holders of debt securities of such series will not recognize income, gain or loss for Federal income tax purposes as a result of such defeasance and will be subject to Federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such defeasance had not occurred (and, in the case of legal defeasance only, such opinion of counsel must be based on a ruling from the Internal Revenue Service or other change in applicable Federal income tax law).

The trustee will hold in trust the cash or U.S. government obligations deposited with it as described above and will apply the deposited cash and the proceeds from deposited U.S. government obligations to the payment of principal, premium, if any, and interest with respect to the debt securities of the defeased series. In the case of subordinated debt securities, the money and U.S. government obligations held in trust will not be subject to the subordination provisions of the indenture.

Mergers, Consolidations and Certain Sales of Assets

We may not

- consolidate with or merge into any other person or entity or permit any other person or entity to consolidate with or merge into us in a transaction in which we are not the surviving entity, or
- transfer, lease or dispose of all or substantially all of our assets to any other person or entity

unless:

- the resulting, surviving or transferee entity shall be a corporation organized and existing under the laws of the United States or any state thereof and such resulting, surviving or transferee entity shall expressly assume, by supplemental indenture, executed and delivered in form satisfactory to the trustee, all of our obligations under the debt securities and the indenture;
- immediately after giving effect to such transaction (and treating any indebtedness which becomes an obligation of the resulting, surviving or transferee entity as a result of such transaction as having been incurred by such entity at the time of such transaction), no default or event of default would occur or be continuing; and
- we shall have delivered to the trustee an officers' certificate and an opinion of counsel, each stating that such consolidation, merger or transfer and such supplemental indenture (if any) comply with the indenture.

Governing Law

The indenture and the debt securities will be governed by the laws of the State of New York.

No Personal Liability of Directors, Officers, Employees and Stockholders

No director, officer, incorporator or stockholder of EXACT Sciences, as such, shall have any liability for any obligations of EXACT Sciences under the debt securities or the indenture or for any claim based on, in respect of, or by reason of, such obligations or their creation, solely by reason of his, her, or its status as director, officer, incorporator or stockholder of EXACT Sciences. By accepting a debt security, each holder waives and releases all such liability, but only such liability. The waiver and release are part of the consideration for issuance of the debt securities. Nevertheless, such waiver may not be effective to waive liabilities under the federal securities laws and it has been the view of the SEC that such a waiver is against public policy.

Conversion or Exchange Rights

Any debt securities offered hereby may be convertible into or exchangeable for shares of our equity or other securities. The terms and conditions of such conversion or exchange will be set forth in the applicable prospectus supplement. Such terms may include, among others, the following:

- the conversion or exchange price;
- the conversion or exchange period;
- provisions regarding our ability or that of the holder to convert or exchange the debt securities;

events requiring adjustment to the conversion or exchange price; and

provisions affecting conversion or exchange in the event of our redemption of such debt securities.

Concerning the Trustee

The indenture provides that there may be more than one trustee with respect to one or more series of debt securities. If there are different trustees for different series of debt securities, each trustee will be a trustee of a trust under a supplemental indenture separate and apart from the trust administered by any other trustee under such indenture. Except as otherwise indicated in this prospectus or any prospectus supplement, any action permitted to be taken by a trustee may be taken by the trustee only with respect to the one or more series of debt securities for which it is the trustee under an indenture. Any trustee under the indenture or a supplemental indenture may resign or be removed with respect to one or more series of debt securities. All payments of principal of, premium, if any, and interest on, and all registration, transfer, exchange authentication and delivery (including authentication and delivery on original issuance of the debt securities) of, the debt securities of a series will be effected by the trustee with respect to such series at an office designated by the trustee.

The indenture contains limitations on the right of the trustee, should it become a creditor of EXACT Sciences, to obtain payment of claims in certain cases or to realize on certain property received in respect of any such claim as security or otherwise. If the trustee acquires an interest that conflicts with any duties with respect to the debt securities, the trustee is required to either resign or eliminate such conflicting interest to the extent and in the manner provided by the indenture.

The initial trustee is one of a number of banks with which we may maintain ordinary banking relationships and with which we may maintain credit facilities.

Limitations on Issuance of Bearer Debt Securities

Debt securities in bearer form are subject to special U.S. tax requirements and may not be offered, sold, or delivered within the United States or its possessions or to a U.S. person, except in certain transactions permitted by U.S. tax regulations. Investors should consult the relevant prospectus supplement, in the event that bearer debt securities are issued for special procedures and restrictions that will apply to such an offering.

DESCRIPTION OF WARRANTS

We may issue securities warrants for the purchase of debt securities, preferred stock or common stock. Securities warrants may be issued independently or together with debt securities, preferred stock or common stock and may be attached to or separate from any offered securities. Each series of securities warrants will be issued under a separate warrant agreement to be entered into between us and a warrant agent. The securities warrant agent will act solely as our agent in connection with the securities warrants and will not assume any obligation or relationship of agency or trust for or with any registered holders of securities warrants or beneficial owners of securities warrants. This summary of some provisions of the securities warrants is not complete. You should refer to the securities warrant agreement, including the forms of securities warrant certificate representing the securities warrants, relating to the specific securities warrants being offered for the complete terms of the securities warrant agreement and the securities warrants. That securities warrant agreement, together with the terms of securities warrant certificate and securities warrants, will be filed with the SEC in connection with the offering of the specific securities warrants.

The particular terms of any issue of securities warrants will be described in the prospectus supplement relating to the issue. Those terms may include:

- the title of such warrants;
- the aggregate number of such warrants;
- the price or prices at which such warrants will be issued;
- the currency or currencies (including composite currencies) in which the price of such warrants may be payable;
- the terms of the securities purchasable upon exercise of such warrants and the procedures and conditions relating to the exercise of such warrants;
- the price at which the securities purchasable upon exercise of such warrants may be purchased;
- the date on which the right to exercise such warrants will commence and the date on which such right shall expire;
- any provisions for adjustment of the number or amount of securities receivable upon exercise of the warrants or the exercise price of the warrants;
- if applicable, the minimum or maximum amount of such warrants that may be exercised at any one time;
- if applicable, the designation and terms of the securities with which such warrants are issued and the number of such warrants issued with each such security;
- if applicable, the date on and after which such warrants and the related securities will be separately transferable;
- information with respect to book-entry procedures, if any; and
- any other terms of such warrants, including terms, procedures and limitations relating to the exchange or exercise of such warrants.

The prospectus supplement relating to any warrants to purchase equity securities may also include, if applicable, a discussion of certain U.S. federal income tax and ERISA considerations.

Securities warrants for the purchase of preferred stock and common stock will be offered and exercisable for U.S. dollars only. Securities warrants will be issued in registered form only.

Each securities warrant will entitle its holder to purchase the principal amount of debt securities or the number of shares of preferred stock or common stock at the exercise price set forth in, or calculable as set forth in, the applicable prospectus supplement.

After the close of business on the expiration date, unexercised securities warrants will become void. We will specify the place or places where, and the manner in which, securities warrants may be exercised in the applicable prospectus supplement.

Upon receipt of payment and the warrant certificate properly completed and duly executed at the corporate trust office of the warrant agent or any other office indicated in the applicable prospectus supplement, we will, as soon as practicable, forward the purchased securities. If less than all of the warrants represented by the warrant certificate are exercised, a new warrant certificate will be issued for the remaining warrants.

Prior to the exercise of any securities warrants to purchase debt securities, preferred stock or common stock, holders of the securities warrants will not have any of the rights of holders of the debt securities, preferred stock or common stock purchasable upon exercise, including (i) in the case of securities warrants for the purchase of debt securities, the right to receive payments of principal of, any premium or interest on the debt securities purchasable upon exercise or to enforce covenants in the applicable indenture, or (ii) in the case of securities warrants for the purchase of preferred stock or common stock, the right to vote or to receive any payments of dividends on the preferred stock or common stock purchasable upon exercise.

SELLING STOCKHOLDER

The following table sets forth information about the selling stockholder's beneficial ownership of our common stock as of November 28, 2007 (such information has been provided by the selling stockholder) and after the sale of the common stock offered by the selling stockholder, assuming all such shares are sold. The selling stockholder has not committed to sell any shares under this prospectus. The number presented under "Shares of Common Stock Beneficially Owned After the Completion of the Offering" assumes that all of the shares offered by the selling stockholder are sold and that the selling stockholder acquires no additional shares of our common stock before the completion of this offering. The selling stockholder may offer all, some or none of the shares of our common stock beneficially owned by the selling stockholder. We will pay all expenses incurred with respect to the registration and sale of the common stock. The selling stockholder has not held any position or office with us or our affiliates within the last three years or has had a material relationship with us or any of our predecessors or affiliates within the past three years, other than as a result of the ownership of our shares or other securities. The percentages of shares owned are based on 27,073,440 shares of our common stock outstanding as of November 2, 2007, which includes the outstanding shares of common stock offered by this prospectus. The shares offered by this prospectus may be offered from time to time by the selling stockholder named below. The selling stockholder acquired the shares pursuant to the terms of a Manufacturing and Supply Agreement between us and the selling stockholder dated as of June 8, 2007.

Name of Selling Stockholder(1)	Shares of Common Stock Beneficially Owned Prior to the Offering		Shares of Common Stock Registered for Sale Hereby	Shares of Common Stock Beneficially Owned After the Completion of the Offering	
	Number	Percent		Number	Percent
OncoMethylome Sciences S.A.(2)	100,000	*	100,000		

* less than 1%

(1) Throughout this prospectus, when we refer to the "selling stockholder," we mean the person listed in the table above, as well as the pledges, donees, assignees, transferees, successors and others who later hold the selling

stockholder's interests, and when we refer to the shares of our common stock being offered by this prospectus on behalf of the selling stockholder, we are referring to the shares of our common stock held by the selling stockholder.

(2) Herman Spolders bvba, as Chief Executive Officer of OncoMethylome Sciences S.A., and Herman Spolders, as Managing Director of Herman Spolders bvba, each have voting and investment power with respect to such shares. Herman Spolders bvba and Mr. Spolders each disclaim beneficial ownership of such shares. The principal address for OncoMethylome Sciences S.A. is Tour 5 GIGA niveau +3, Av. de l'Hopital 11, 4000 Liege, Belgium.

PLAN OF DISTRIBUTION

We and/or the selling stockholder may sell the securities being offered pursuant to this prospectus directly to purchasers, to or through underwriters, through broker-dealers or agents, or through a combination of such methods. The prospectus supplement with respect to the securities being offered will set forth the terms of the offering of those securities, including the names of the underwriters, broker-dealers or agents, if any, the purchase price, the net proceeds to us, any underwriting discounts and other items constituting underwriters' compensation, the initial public offering price, any discounts or concessions allowed or reallowed or paid to broker-dealers and any securities exchanges on which such securities may be listed.

If underwriters are used in an offering, we and/or the selling stockholder will execute an underwriting agreement with such underwriters and will specify the name of each underwriter and the terms of the transaction (including any underwriting discounts and other terms constituting compensation of the underwriters and any dealers) in a prospectus supplement. The securities may be offered to the public either through underwriting syndicates represented by managing underwriters or directly by one or more investment banking firms or others, as designated. If an underwriting syndicate is used, the managing underwriter(s) will be specified on the cover of the prospectus supplement. If underwriters are used in the sale, the offered securities will be acquired by the underwriters for their own accounts and may be resold from time to time in one or more transactions, including negotiated transactions, at a fixed public offering price or at varying prices determined at the time of sale. Any public offering price and any discounts or concessions allowed or reallowed or paid to dealers may be changed from time to time. Unless otherwise set forth in the prospectus supplement, the obligations of the underwriters to purchase the offered securities will be subject to conditions precedent and the underwriters will be obligated to purchase all of the offered securities if any are purchased.

We and/or the selling stockholder may grant to the underwriters options to purchase additional securities to cover over-allotments, if any, at the public offering price, with additional underwriting commissions or discounts, as may be set forth in a related prospectus supplement. The terms of any over-allotment option will be set forth in the prospectus supplement for those securities.

If any underwriters are involved in the offer and sale, they will be permitted to engage in transactions that maintain or otherwise affect the price of the securities. These transactions may include over-allotment transactions, purchases to cover short positions created by the underwriter in connection with the offering and the imposition of penalty bids. If an underwriter creates a short position in the securities in connection with the offering by selling more securities than set forth on the cover page of the applicable prospectus supplement, the underwriter may reduce that short position by purchasing the securities in the open market. In general, purchases of a security to reduce a short position could cause the price of the security to be higher than it might be in the absence of such purchases. As noted above, underwriters may also choose to impose penalty bids on other underwriters and/or selling group members. This means that if underwriters purchase securities on the open market to reduce their short position or to stabilize the price of the securities, they may reclaim the amount of the selling concession from those underwriters and/or selling group members who sold such securities as part of the offering.

Neither we nor any underwriter make any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of such securities. In addition, neither we nor any underwriter make any representation that such underwriter will engage in such transactions or that such transactions, once commenced, will not be discontinued without notice.

If broker-dealers are used in an offering, we and/or the selling stockholder will sell the securities to the broker-dealers as principals. The broker-dealers then may resell the securities to the public at varying prices which they determine at the time of resale. The names of the broker-dealers and the terms of the transaction will be specified in a prospectus supplement. Broker-dealers engaged by the selling stockholder may arrange for other brokers-dealers to participate in sales. Broker-dealers may receive commissions or discounts from the selling stockholder (or, if any broker-dealer acts as agent for the purchaser of shares, from the purchaser) in amounts to be negotiated. The selling stockholder does not expect these commissions and discounts to exceed what is customary in the types of transactions involved. Any profits on the resale of shares of common stock by a broker-dealer acting as principal might be deemed to be underwriting discounts or commissions under the Securities Act of 1933, as amended, also referred to in this prospectus as the Securities Act. Discounts, concessions, commissions and similar selling expenses, if any, attributable to the sale of shares will be borne by the selling stockholder.

The securities may be sold directly by us and/or the selling stockholder or through agents we and/or the selling stockholder designate from time to time at a fixed price or prices, which may be changed, or at varying prices determined at the time of sale. If agents are used in an offering, the names of the agents and the terms of the agency will be specified in a prospectus supplement. Unless otherwise indicated in a prospectus supplement, the agents will act on a best-efforts basis for the period of their appointment.

Broker-dealers and agents named in a prospectus supplement and selling stockholders that are also broker-dealers may be deemed to be underwriters (within the meaning of the Securities Act) of the securities described therein. In addition, we and/or the selling stockholder may sell the securities directly to institutional investors or others who may be deemed to be underwriters within the meaning of the Securities Act with respect to any resales thereof.

Underwriters, dealers and agents may be entitled to indemnification by us and/or the selling stockholder against specific civil liabilities, including liabilities under the Securities Act, or to contribution with respect to payments which the underwriters or agents may be required to make in respect thereof, under underwriting or other agreements. The terms of any indemnification provisions will be set forth in a prospectus supplement. Certain underwriters, dealers or agents and their associates may engage in transactions with and perform services for us in the ordinary course of business.

If so indicated in a prospectus supplement, we and/or the selling stockholder will authorize underwriters or other persons acting as our agents to solicit offers by institutional investors to purchase securities pursuant to contracts providing for payment and delivery on a future date. We and/or the selling stockholder may enter into contracts with commercial and savings banks, insurance companies, pension funds, investment companies, educational and charitable institutions and other institutional investors. The obligations of any institutional investor will be subject to the condition that its purchase of the offered securities will not be illegal at the time of delivery. The underwriters and other agents will not be responsible for the validity or performance of such contracts.

Any common stock sold pursuant to a prospectus supplement will be eligible for quotation and trading on NASDAQ, subject to official notice of issuance. Any underwriters to whom securities are sold by us for public offering and sale may make a market in the securities, but such underwriters will not be obligated to do so and may discontinue any market making at any time without notice.

In order to comply with the securities laws of some states, if applicable, the securities offered hereby will be sold in those jurisdictions only through registered or licensed brokers or dealers. In addition, in some states securities may not be sold unless they have been registered or qualified for sale in the applicable state or an exemption from the registration or qualification requirement is available and complied with.

The selling stockholder may sell its shares pursuant to this prospectus, any prospectus supplement or pursuant to Rule 144 under the Securities Act, which permits limited resale of shares purchased in a private placement subject to the satisfaction of certain conditions, including, among other things, the availability of certain current public information concerning the issuer, the resale occurring following the required holding period under Rule 144 and the number of shares being sold during any three-month period not excluding certain limitations.

From time to time, the selling stockholder may pledge or grant a security interest in some or all of our common stock owned by the selling stockholder. If the selling stockholder defaults in the performance of its secured obligations, the pledgees or secured parties may offer and sell such common stock from time to time by this prospectus. The selling stockholder also may transfer and donate our common stock owned by the selling stockholder in other circumstances. The number of shares of our common stock beneficially owned by the selling stockholder will decrease as and when the selling stockholder transfers or donates its shares of our common stock or defaults in performing obligations secured by its shares of our common stock. The plan of distribution for the securities offered an60;

Net loss
$
(10.2
)

$
(35.6
)

$
(17.5
)

$
(44.1
)

Net earnings attributable to noncontrolling interests
(0.1
)

(0.1
)

(0.1
)

(0.1
)

Net loss attributable to Quad/Graphics common shareholders
$
(10.3
)

$
(35.7
)

$
(17.6
)

$
(44.2
)

Loss per share attributable to Quad/Graphics common shareholders:

Basic and Diluted
$
(0.22
)

$
(1.27
)

$
(0.37
)

$
(1.57
)

Weighted average number of common shares outstanding:

Basic and Diluted
47.3

28.1

47.3

28.1

See accompanying Notes to Condensed Consolidated Financial Statements (Unaudited).

3

Table of Contents

QUAD/GRAPHICS, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(in millions)
(UNAUDITED)

	June 30, 2011	December 31, 2010
ASSETS		
Cash and cash equivalents	$16.6	$20.5
Receivables, less allowances for doubtful accounts of $78.5 at June 30, 2011 and $85.5 at December 31, 2010	649.0	786.4
Inventories	279.7	247.4
Prepaid expenses and other current assets	114.2	64.3
Deferred income taxes	90.6	76.8
Short-term restricted cash	3.1	16.0
Total current assets	1,153.2	1,211.4
Property, plant and equipment—net	2,286.7	2,317.8
Goodwill	803.7	814.7
Other intangible assets—net	335.8	368.3
Long-term restricted cash	80.1	84.5
Equity method investments in unconsolidated entities	85.5	82.5
Other long-term assets	58.4	67.8
Total assets	$4,803.4	$4,947.0
LIABILITIES AND SHAREHOLDERS' EQUITY		
Accounts payable	$292.8	$332.4
Amounts owing in satisfaction of bankruptcy claims	23.3	26.1
Accrued liabilities	362.8	427.1
Short-term debt and current portion of long-term debt	88.1	102.6
Current portion of capital lease obligations	23.5	14.5
Total current liabilities	790.5	902.7
Long-term debt	1,424.9	1,418.4
Unsecured notes to be issued	44.5	52.5
Capital lease obligations	25.4	43.2
Deferred income taxes	464.3	433.8
Other long-term liabilities	561.2	603.8
Total liabilities	3,310.8	3,454.4
Commitments and contingencies (Note 10)		
Redeemable equity (Note 19)	10.0	10.6
Quad/Graphics common stock and other equity (Note 19)		
Preferred stock	—	—

Common stock, Class A	1.0	1.0
Common stock, Class B	0.4	0.4
Common stock, Class C	—	—
Additional paid-in capital	999.2	1,002.0
Treasury stock, at cost	(287.7)	(295.7)
Retained earnings	689.7	720.9
Accumulated other comprehensive income	79.5	52.7
Quad/Graphics common stock and other equity	1,482.1	1,481.3
Noncontrolling interests	0.5	0.7
Total common stock and other equity and noncontrolling interests	1,482.6	1,482.0
Total liabilities and shareholders' equity	$4,803.4	$4,947.0

See accompanying Notes to Condensed Consolidated Financial Statements (Unaudited).

4

Table of Contents

QUAD/GRAPHICS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in millions)
(UNAUDITED)

	Six Months Ended June 30,	
	2011	2010
OPERATING ACTIVITIES		
Net loss	$(17.5)	$(44.1)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	178.2	97.5
Impairment charges	—	24.4
Amortization of debt issuance costs	5.6	—
Stock-based compensation charges	4.6	2.5
(Gain) loss on sales or disposal of property, plant and equipment	(0.2)	0.6
Deferred income taxes	9.4	(1.9)
Equity in earnings of unconsolidated entities	(1.1)	(4.3)
Dividends from unconsolidated entities	1.6	0.1
Changes in operating assets and liabilities	(63.9)	(0.5)
Net cash provided by operating activities	116.7	74.3
INVESTING ACTIVITIES		
Purchases of property, plant and equipment	(98.5)	(42.5)
Proceeds from the sale of property, plant and equipment	8.2	0.5
Equity investment in unconsolidated entities	—	(10.0)
Transfers from restricted cash	17.3	—
Net cash used in investing activities	(73.0)	(52.0)
FINANCING ACTIVITIES		
Payments of long-term debt	(43.6)	(19.7)
Payments of capital lease obligations	(8.8)	(7.1)
Borrowings on revolving credit facilities	389.5	217.4
Payments on revolving credit facilities	(360.9)	(175.5)
Payment of capitalized debt issuance costs	—	(13.7)
Proceeds from issuance of common stock	1.6	0.2
Tax benefit on exercise of stock options	0.8	—
Bankruptcy claim payments on unsecured notes to be issued	(8.0)	—
Payment of cash dividends	(9.4)	(14.0)
Payment of tax distributions	(4.2)	(9.1)
Net cash used in financing activities	(43.0)	(21.5)
Effect of exchange rates on cash and cash equivalents	(4.6)	(0.9)
Net decrease in cash and cash equivalents	(3.9)	(0.1)
Cash and cash equivalents at beginning of period	20.5	8.9

Cash and cash equivalents at end of period	$16.6	$8.8

See accompanying Notes to Condensed Consolidated Financial Statements (Unaudited).

Table of Contents

QUAD/GRAPHICS, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2011
(In millions, except share and per share data and unless otherwise indicated)

Note 1. Basis of Presentation

The accompanying unaudited condensed consolidated financial statements for Quad/Graphics, Inc. and its subsidiaries (the "Company" or "Quad/Graphics") have been prepared by the Company pursuant to the rules and regulations for interim financial information of the United States Securities and Exchange Commission ("SEC"). Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") have been omitted pursuant to such SEC rules and regulations. These unaudited condensed consolidated financial statements should be read in conjunction with the audited consolidated annual financial statements as of and for the year ended December 31, 2010 and notes thereto included in the Company's latest Annual Report on Form 10-K filed with the SEC on March 24, 2011.

The Company's business is seasonal, with the majority of historical net sales and operating income recognized in the second half of the fiscal year. Seasonality is driven by increased magazine advertising page counts and retail inserts and catalogs primarily due to back-to-school and holiday related advertising and promotions. Within any year, seasonality could adversely affect the Company's cash flow and results of operations on a quarterly basis. Further, the comparability of the Company's results of operations between the three and six months ended June 30, 2011 and 2010 was materially impacted by the acquisition of World Color Press Inc. ("World Color Press") on July 2, 2010. The results of operations for World Color Press are included in the Company's consolidated results prospectively from July 2, 2010.

The financial information contained herein reflects all adjustments, in the opinion of management, necessary for a fair presentation of the Company's results of operations for the three and six months ended June 30, 2011 and 2010. All significant intercompany transactions have been eliminated in consolidation. These unaudited condensed consolidated 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.

Note 2. Recent Accounting Pronouncements

In June 2011, the Financial Accounting Standards Board ("FASB") issued new guidance on the presentation of comprehensive income. This new guidance requires the components of net income and other comprehensive income to be either presented in one continuous statement, referred to as the statement of comprehensive income, or in two separate, but consecutive statements. This new guidance eliminates the current option to report other comprehensive income and its components in the statement of shareholders' equity. While the new guidance changes the presentation of comprehensive income, there are no changes to the components that are recognized in net income or other comprehensive income under current accounting guidance. This new guidance is effective for the Company beginning January 1, 2012. As this guidance only amends the presentation of the components of comprehensive income, the adoption will not have an impact on our consolidated financial positions, results of operations or cash flows.

Note 3. Acquisitions

On July 2, 2010, the Company completed the acquisition of World Color Press, a provider of comprehensive print, digital and related services to retailers, catalogers, publishers, branded-goods companies and other businesses in North America and Latin American countries. The World Color Press acquisition was completed for $93.3 million in cash and $908.6 million in Company class A common stock. The Company also borrowed $950.0 million of debt to fund a

portion of the transaction and to refinance the World Color Press debt, including a $250.0 million advance from a revolving credit facility and $700.0 million from a term loan. The historical World Color Press United States and Canadian operations are included within the North American Print and Related Services segment, and the historical World Color Press Latin American operations are included within the International segment. In connection with the closing of the acquisition, the Company registered its class A common stock with the SEC under the Securities Exchange Act of 1934, as amended, and on July 6, 2010, Quad/Graphics' class A common stock commenced trading on The New York Stock Exchange, LLC ("NYSE") under the symbol "QUAD".

Table of Contents

QUAD/GRAPHICS, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2011
(In millions, except share and per share data and unless otherwise indicated)

The following unaudited pro forma combined financial information presents the Company's results as though Quad/Graphics and World Color Press had combined at January 1, 2010. The pro forma information has been prepared with the following considerations:

(1) The unaudited pro forma condensed consolidated financial information has been prepared using the acquisition method of accounting under existing GAAP. Quad/Graphics is the acquirer for accounting purposes.

(2) World Color Press historical amounts have been converted from Canadian generally accepted accounting principles to GAAP.

(3) The pro forma combined financial information does not reflect any operating synergy savings that the combined company may achieve as a result of the acquisition, the costs necessary to achieve these operating synergy savings or additional charges necessary as a result of the integration, or the tax effects for the Company's transition to a C corporation.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2011 (actual)	2010 (pro forma)	2011 (actual)	2010 (pro forma)
Pro forma net sales	$1,070.5	$1,075.3	$2,172.8	$2,170.9
Pro forma net loss attributable to common shareholders	(10.3)	(5.3)	(17.6)	(23.1)
Pro forma diluted loss per share attributable to common shareholders	(0.22)	(0.11)	(0.37)	(0.49)

Note 4. Restructuring, Impairment and Transaction-Related Charges

The Company recorded restructuring, impairment and transaction-related charges for the three and six months ended June 30, 2011 and 2010 as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	2010	2011	2010
Employee terminations	$5.1	$1.2	$20.2	$1.2
Impairment charges	—	24.4	—	24.4
Transaction-related charges	1.0	2.7	1.0	8.9
Integration costs	8.9	2.2	16.1	2.2
Other restructuring charges	8.4	0.8	20.9	0.9
Total	$23.4	$31.3	$58.2	$37.6

The restructuring charges recorded are based on restructuring plans that have been committed to by management and are, in part, based upon management's best estimates of future events. Changes to the estimates may require future restructuring charges and adjustments to the restructuring liabilities. The costs related to restructuring activities have been recorded on the condensed consolidated statements of operations as restructuring, impairment and transaction-related charges. For restructuring, impairment and transaction-related charges by segment, see Note 21.

2011 Restructuring Events

For the three and six months ended June 30, 2011, the Company recorded: (1) $5.1 million and $20.2 million, respectively, of employee termination costs related to headcount reductions of 523 and 904, respectively, for plant closures and other workforce reductions announced through the second quarter of 2011, as well from workforce reductions that commenced in 2010, (2) $1.0 million of transaction costs incurred primarily in connection with the transaction with Transcontinental Inc. ("Transcontinental") (see Note 22), (3) $8.9 million and $16.1 million, respectively, of World Color Press integration costs and (4) $8.4 million and $20.9 million, respectively, of various other restructuring charges including costs to maintain and exit

7

QUAD/GRAPHICS, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2011
(In millions, except share and per share data and unless otherwise indicated)

closed facilities, as well as lease exit charges. The $16.1 million of integration costs recognized during the six months ended June 30, 2011 included a $7.1 million gain on the collection of a previously written off note receivable for the June 2008 sale of World Color Press' European operations.

On January 17, 2011, the Company announced the closure of the St. Laurent plant located in Quebec, Canada resulting in 107 headcount reductions. As part of this initiative, the Company recognized $0 and $1.3 million of employee termination costs for the three and six months ended June 30, 2011, respectively. The Company has also recognized $0.5 million and $0.7 million of other restructuring charges related to equipment removal costs and facility carrying costs for the three and six months ended June 30, 2011, respectively.

On March 15, 2011, the Company announced the closure of the Mt. Morris, Illinois plant resulting in 490 headcount reductions (441 of which were previously included in a workforce reduction initiative during November 2010 and 49 of which were attributable to the March 2011 plant closure). As part of this initiative, the Company recognized $0.4 million and $2.8 million of employee termination costs for the three and six months ended June 30, 2011, respectively. The Company has also recognized $0.5 million and $0.9 million of other restructuring charges related to equipment removal costs and facility carrying costs for the three and six months ended June 30, 2011, respectively. The Company expects to incur additional restructuring charges for the Mt. Morris plant closure in the future.

On April 18, 2011, the Company announced the closure of the Buffalo, New York plant resulting in 414 headcount reductions. As part of this initiative, the Company recognized $0.8 million of employee termination costs for the three and six months ended June 30, 2011. The Company has also recognized $0.2 million of other restructuring charges related to equipment removal costs for the three and six months ended June 30, 2011. The Company expects to incur additional restructuring charges for the Buffalo plant closure in the future.

In addition to these plant closures, the Company continued to execute various workforce reduction and other restructuring initiatives related to the integration of the operations of World Color Press as well as certain corporate and administrative functions, resulting in 109 and 334 additional headcount reductions during the three and six months ended June 30, 2011, respectively. Severance costs also continue to be incurred related to previously announced plant closures and workforce reductions. Due to these initiatives, the Company has recognized the following charges for the three and six months ended June 30, 2011: (1) $3.9 million and $15.3 million of employee termination costs, respectively, (2) $2.2 million and $6.1 million of facility carrying costs, respectively, (3) $2.1 million and $6.0 million of estimated lease exit charges, respectively, and (4) $2.9 million and $7.0 million of other restructuring charges. The Company expects to incur additional restructuring charges related to these and other initiatives in the future.

2010 Restructuring Events

For the three and six months ended June 30, 2010, the Company recorded: (1) $1.2 million of employee termination costs related to 707 headcount reductions for the closure of the Pila, Poland plant, (2) $24.4 million of impairment charges on assets related to the closure of the Pila, Poland plant, (3) $2.7 million and $8.9 million, respectively, of transaction costs incurred primarily in connection with the World Color Press acquisition, (4) $2.2 million of integration costs incurred related to the acquisition of World Color Press and (5) $0.8 million and $0.9 million, respectively, of lease exit charges.

Table of Contents
QUAD/GRAPHICS, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2011
(In millions, except share and per share data and unless otherwise indicated)

Restructuring Reserve

Activity impacting the Company's restructuring reserve for the six months ended June 30, 2011 was as follows:

	Employee Terminations	Impairment Charges	Transaction-Related Charges	Integration Costs	Other Restructuring Charges	Total
Balance at December 31, 2010	$24.7	$—	$ —	$1.1	$42.6	$68.4
Reserve provisions	20.2	—	1.0	16.1	20.9	58.2
Cash payments	(37.7)	—	—	(13.9)	(26.3)	(77.9)
Non-cash adjustments	—	—	—	(1.6)	(0.5)	(2.1)
Balance at June 30, 2011	$7.2	$—	$ 1.0	$1.7	$36.7	$46.6

The restructuring reserves are classified as current accrued liabilities in the condensed consolidated balance sheets, as the Company expects the restructuring reserves to be paid within the next twelve months.

Note 5. Goodwill and Other Intangible Assets

Goodwill is tested annually for impairment as of October 31 or more frequently if events or changes in circumstances indicate that it is more likely than not that the fair value of a reporting unit is below its carrying value. Goodwill at June 30, 2011 and December 31, 2010 did not include any accumulated impairment losses. No goodwill impairment was recorded during the six months ended June 30, 2011 or 2010.

Goodwill at June 30, 2011 and December 31, 2010 was as follows:

	North America Print and Related Services	International	Total
Balance at December 31, 2010	$796.5	$18.2	$814.7
World Color Press acquisition	(12.6)	—	(12.6)
Translation adjustment	1.2	0.4	1.6
Balance at June 30, 2011	$785.1	$18.6	$803.7

The Company completed the World Color Press purchase price allocation during the second quarter of 2011 resulting in a $12.6 million reduction in the North America Print and Related Services segment goodwill.

Table of Contents

QUAD/GRAPHICS, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2011
(In millions, except share and per share data and unless otherwise indicated)

The components of other intangible assets at June 30, 2011 and December 31, 2010 were as follows:

	June 30, 2011					December 31, 2010				
	Weighted Average Amortization Period (Years)	Gross Carrying Amount	Accumulated Amortization and Foreign Exchange	Impairment	Net Book Value	Weighted Average Amortization Period (Years)	Gross Carrying Amount	Accumulated Amortization and Foreign Exchange	Impairment	Net Book Value
Finite-lived intangible assets:										
Trademarks, patents, licenses and agreements	5	$10.0	$(9.3)	$—	$0.7	5	$10.0	$(9.0)	$—	$1.0
Customer relationships	6	393.8	(63.6)	—	330.2	6	393.7	(32.3)	—	361.4
Capitalized software	5	4.1	(1.4)	—	2.7	5	4.1	(1.0)	—	3.1
Acquired technology	5	5.3	(3.3)	—	2.0	5	5.3	(2.7)	—	2.6
Total finite-lived intangible assets		413.2	(77.6)	—	335.6		413.1	(45.0)	—	368.1
Other indefinite-lived intangible assets		0.2	—	—	0.2		1.2	—	(1.0)	0.2
Total		$413.4	$(77.6)	$—	$335.8		$414.3	$(45.0)	$(1.0)	$368.3

Amortization expense for other intangible assets was $17.1 million and $33.8 million for the three and six months ended June 30, 2011, respectively, as compared to $0.6 million and $1.2 million for the three and six months ended June 30, 2010, respectively. The following table outlines the estimated amortization expense related to intangible assets as of June 30, 2011:

Remainder of 2011	$34.3
2012	68.0
2013	67.2
2014	66.8
2015	66.0
2016	33.3
Total	$335.6

Note 6. Inventories

The components of the Company's inventories at June 30, 2011 and December 31, 2010 were as follows:

	June 30, 2011	December 31, 2010

Raw materials and manufacturing supplies	$155.8	$164.4
Work in process	77.3	52.7
Finished goods	46.6	30.3
Total	$279.7	$247.4

10

Table of Contents
QUAD/GRAPHICS, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2011
(In millions, except share and per share data and unless otherwise indicated)

Note 7. Property, Plant and Equipment

The components of the Company's property, plant and equipment at June 30, 2011 and December 31, 2010 were as follows:

	June 30, 2011	December 31, 2010
Land	$135.7	$136.4
Buildings	914.9	919.1
Machinery and equipment	3,431.2	3,344.0
Other	195.0	182.4
Construction in progress	60.1	45.2
	4,736.9	4,627.1
Less: Accumulated depreciation	(2,450.2)	(2,309.3)
Total	$2,286.7	$2,317.8

Other consists of computer equipment, vehicles, furniture and fixtures, leasehold improvements and communication related equipment.

The Company recognized depreciation expense of $70.6 million and $144.4 million for the three and six months ended June 30, 2011, respectively. Depreciation expense of $47.6 million and $96.3 million was recorded for the three and six months ended June 30, 2010, respectively.

Assets Held for Sale

Certain closed World Color Press facilities are considered held for sale. The net book value of the assets held for sale was $20.0 million as of June 30, 2011 and December 31, 2010. Assets held for sale are included in prepaid expenses and other current assets in the condensed consolidated balance sheets.

Note 8. Restricted Cash

The components of the Company's restricted cash at June 30, 2011 and December 31, 2010 were as follows:

	June 30, 2011	December 31, 2010
Defeasance of unsecured notes to be issued (see Note 11)	$81.2	$89.2
Other	2.0	11.3
Total restricted cash	$83.2	$100.5
Less: short-term restricted cash	(3.1)	(16.0)
Long-term restricted cash	$80.1	$84.5

Note 9. Equity Method Investments in Unconsolidated Entities

The Company has a 49% ownership interest in Plural Editora e Gráfica ("Plural"), a commercial printer based in São Paulo, Brazil, and a 50% ownership interest in World Color Chile S.A. ("Chile"), a commercial printer based in Santiago, Chile. The Company's ownership interest in Plural is accounted for using the equity method of accounting for all periods presented. The Company's ownership interest in Chile is accounted for using the equity method of accounting since July 2, 2010, when the Company acquired its ownership interest in Chile as part of the World Color Press acquisition.

Table of Contents

QUAD/GRAPHICS, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2011
(In millions, except share and per share data and unless otherwise indicated)

The Company's percentage of Plural's and Chile's net results of operations is recorded in the line item entitled equity in earnings of unconsolidated entities in the Company's condensed consolidated statements of operations, and is included within the International segment.

The combined condensed statements of operations for Plural for the three and six months ended June 30, 2011 and 2010, and for Chile for the three and six months ended June 30, 2011 are presented below:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	2010	2011	2010
Net sales	$49.1	$23.2	$103.1	$46.2
Operating income	1.6	4.0	3.8	11.1
Net earnings	0.6	2.5	2.0	8.0

Note 10. Commitments and Contingencies

Commitments

The Company had firm commitments of $38.7 million to purchase press and finishing equipment at June 30, 2011.

Litigation

In the normal course of business, the Company is named as a defendant in various lawsuits in which claims are asserted against the Company. In the opinion of management, the liabilities, if any, which ultimately result from such lawsuits are not expected to have a material adverse effect on the condensed consolidated financial statements of the Company.

Environmental Reserves

The Company is subject to various laws, regulations and government policies relating to health and safety, to the generation, storage, transportation, and disposal of hazardous substances, and to environment protection in general. The Company provides for expenses associated with environmental remediation obligations when such amounts are probable and can be reasonably estimated. Such reserves are adjusted as new information develops or circumstances change. The environmental reserves are not discounted. The Company believes it is in compliance with such laws, regulations and government policies in all material respects. Furthermore, the Company does not anticipate that maintaining compliance with such environmental statutes will have a material adverse effect upon the Company's competitive or consolidated financial position.

Note 11. World Color Press Insolvency Proceedings

The Company continues to manage the bankruptcy claim settlement process for the Quebecor World Inc. ("QWI") bankruptcy proceedings in the United States and Canada (QWI changed its name to "World Color Press Inc." upon emerging from bankruptcy on July 21, 2009). To the extent claims are allowed, the holders of such claims are entitled to receive recovery, with the nature of such recovery dependent upon the type and classification of such claims. In this regard, with respect to certain types of claims, the holders thereof are entitled to receive cash and/or unsecured

notes, while the holders of certain other types of claims are entitled to receive a combination of Quad/Graphics common stock and cash, in accordance with the terms of the World Color Press acquisition agreement.

With respect to claims asserted by the holders thereof as being entitled to a priority cash recovery, the Company has estimated that approximately $23.3 million and $26.1 million of such recorded claims have yet to be paid as of June 30, 2011 and December 31, 2010, respectively, and this obligation is classified as amounts owing in satisfaction of bankruptcy claims in the condensed consolidated balance sheets.

With respect to unsecured claims held by creditors of the operating subsidiary debtors of Quebecor World (USA) Inc. (the "Class 3 Claims"), each allowed Class 3 Claim will be entitled to receive an unsecured note in an amount not to exceed 50% of such creditor's allowed Class 3 Claim, provided, however, that the aggregate principal amount of all such unsecured

Table of Contents
QUAD/GRAPHICS, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2011
(In millions, except share and per share data and unless otherwise indicated)

notes cannot exceed $75.0 million. In the event that the total of all allowed Class 3 Claims exceeds $150.0 million, each creditor holding an allowed Class 3 Claim will receive its pro rata share of $75.0 million of the unsecured notes issued, together with accrued interest and a 5% prepayment redemption premium thereon (the total of which is $89.2 million). In connection with the World Color Press acquisition, the Company was required to deposit the maximum potential payout to the Class 3 claim creditors of $89.2 million with a trustee, and that amount will remain with the trustee until either (1) it is paid to a creditor for an allowed Class 3 claim or (2) upon all Class 3 claims being resolved any excess amount will revert to the Company. In the six months ended June 30, 2011, $8.0 million was paid to Class 3 claim creditors, therefore $81.2 million remains at June 30, 2011 and is classified as restricted cash in the condensed consolidated balance sheet (see Note 8). Based on the Company's analysis of the outstanding claims, the Company has recorded a liability, classified as unsecured notes to be issued in the condensed consolidated balance sheet, of $44.5 million at June 30, 2011.

	Restricted Cash	Unsecured Notes to be Issued
Balance at December 31, 2010	$89.2	$52.5
Class 3 Claim Payments	(8.0)	(8.0)
Balance at June 30, 2011	$81.2	$44.5

While the liabilities recorded for any bankruptcy matters are based on management's current assessment of the amount likely to be paid, it is not possible to identify the final amount of priority cash claims or the amount of Class 3 Claims that will ultimately be allowed by the U.S. Bankruptcy Court. Therefore, amounts owing in satisfaction of bankruptcy claims on the condensed consolidated balance sheet could be materially higher than the amounts estimated, which would require additional cash payments to be made for the amount exceeding the Company's estimate. Amounts payable related to the unsecured notes could reach the maximum aggregate principal amount of $75.0 million, which would not require an additional cash payment as the maximum potential exposure has already been funded in trust, but would require additional liability and expense to be recorded as the Company's June 30, 2011 estimate of total Class 3 Claim payments is $44.5 million. In light of the substantial number and amount of claims filed, the claims resolution process will take considerable time to complete.

Note 12. Debt

Long-term debt consisted of the following as of June 30, 2011 and December 31, 2010:

	June 30, 2011	December 31, 2010
Master note and security agreement	$645.1	$672.0
Term loan—$700.0 million	684.0	686.5
Revolving credit facility—$530.0 million	85.7	57.0
International term loan	76.0	72.1
International revolving credit facility	16.4	14.9
Domestic term loan	—	11.3
Domestic revolving credit agreement	—	1.0
Other	5.8	6.2
Total debt	$1,513.0	$1,521.0
Less: short-term and current portion of long-term debt	(88.1)	(102.6)

Long-term debt	$1,424.9	$1,418.4

Based upon the interest rates available to the Company for borrowings with similar terms and maturities, the fair value of the Company's total debt was approximately $1.5 billion at June 30, 2011.

13

Table of Contents

QUAD/GRAPHICS, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2011
(In millions, except share and per share data and unless otherwise indicated)

As of June 30, 2011, the Company's various lending arrangements included certain financial covenants (all financial terms, numbers and ratios are as defined in the Company's debt agreements). Among these covenants, the Company was required to maintain the following (for each covenant, the most restrictive measurement has been included below):

- On a rolling twelve-month basis, the total leverage ratio, defined as total consolidated debt to consolidated EBITDA, shall not exceed 3.75 to 1.00 (for the twelve months ended June 30, 2011, the Company's leverage ratio was 2.39 to 1.00).

- On a rolling twelve-month basis, the minimum interest coverage ratio, defined as consolidated EBITDA to consolidated cash interest expense, shall not be less than 3.00 to 1.00 (for the twelve months ended June 30, 2011, the Company's interest coverage ratio was 6.05 to 1.00).

- On a rolling twelve-month basis, the fixed charge coverage ratio, defined as consolidated EBITDA and rent expense to interest and rent expense, shall not be less than 1.50 to 1.00 (for the twelve months ended June 30, 2011, the Company's fixed charge coverage ratio was 3.01 to 1.00).

- Consolidated net worth of at least $745.8 million plus 40% of positive consolidated net income cumulatively for each year (as of June 30, 2011, the Company's consolidated net worth under the most restrictive covenant per the various lending arrangements was $1.41 billion).

The covenants also included certain limitations on acquisitions, indebtedness, liens, dividends and repurchases of capital stock. As of and for the rolling twelve-month period ended June 30, 2011, the Company was in compliance with all debt covenants.

Note 13. Income Taxes

The Company records income tax expense on an interim basis. The estimated annual effective income tax rate is adjusted quarterly and items discrete to a specific quarter are reflected in tax expense for that interim period. The estimated annual effective income tax rate reflects the change in a valuation allowance due to expected current year earnings or loss. A valuation allowance is established when necessary to reduce deferred tax assets to the amount more likely than not to be realized. There was no material change in unrecognized tax benefits in the six month period ending June 30, 2011, and the Company does not anticipate a material change in total unrecognized tax benefits within the next 12 months.

Note 14. Financial Instruments and Fair Value Measurements

Certain assets and liabilities are required to be recorded at fair value on a recurring basis, while other assets and liabilities are recorded at fair value on a nonrecurring basis, generally as a result of acquisitions or impairment charges. Fair value is determined based on the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants. The Company records the fair value of its forward contracts, pension plans and other postretirement plans on a recurring basis. Assets measured at fair value on a nonrecurring basis include property, plant and equipment, assets held for sale, goodwill and other intangible assets. The fair value of cash and cash equivalents, receivables, restricted cash, accounts payable, accrued liabilities and amounts owing in satisfaction of

bankruptcy claims approximate their carrying values as of June 30, 2011 and December 31, 2010. See Note 12 for further discussion on the fair value of the Company's debt.

The Company has operations in countries that have transactions outside their functional currencies and periodically enters into foreign exchange contracts. These contracts are used to hedge the net exposures of changes in foreign currency exchange rates and are designated as either cash flow hedges or fair value hedges. Gains or losses on net foreign currency hedges are intended to offset losses or gains on the underlying net exposures in an effort to reduce the earnings volatility resulting from fluctuating foreign currency exchange rates.

The Company also periodically enters into foreign exchange contracts against firm equipment purchase contracts denominated in foreign currencies and natural gas forward purchase contracts to hedge against increases in these costs. Estimated market values were determined based upon quoted market prices.

Table of Contents

QUAD/GRAPHICS, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2011
(In millions, except share and per share data and unless otherwise indicated)

There were no open foreign currency exchange contracts at June 30, 2011 or December 31, 2010. During the three and six months ended June 30, 2011 and 2010, the Company's commodity contracts qualified for the exception related to normal purchases and sales as the Company takes delivery in the normal course of business. For the three and six months ended June 30, 2011 and 2010, hedge ineffectiveness was not material.

Note 15. Other Long-Term Liabilities

Other long-term liabilities consisted of the following as of June 30, 2011 and December 31, 2010:

	June 30, 2011	December 31, 2010
Single employer pension and postretirement obligations	$294.6	$330.7
Multiemployer pension plans—withdrawal liability	100.1	100.1
Tax-related liabilities	34.8	34.8
Employee-related liabilities	49.5	53.2
Other	82.2	85.0
Total	$561.2	$603.8

Note 16. Pension and Other Postretirement Benefits

The Company assumed multiple defined benefit pension and postretirement benefit plans as part of the World Color Press acquisition. Prior to the acquisition, the Company did not have defined benefit plans and the resulting pension and postretirement obligations. The components of the estimated pension expense and postretirement benefits income for the three and six months ended June 30, 2011 were as follows:

	Three Months Ended June 30, 2011	Six Months Ended June 30, 2011
Pension expense		
Service cost	$1.4	$2.8
Interest cost	12.2	24.4
Expected return on assets	(11.5)	(22.9)
Net pension expense	$2.1	$4.3
Postretirement benefits income		
Service cost	$0.2	$0.4
Interest cost	0.5	1.0
Amortization of deferred gains, net	(0.8)	(1.6)
Net postretirement benefits income	$(0.1)	$(0.2)

Note 17. Loss Per Share Attributable to Quad/Graphics Common Shareholders

Basic loss per share attributable to Quad/Graphics common shareholders is computed by dividing net loss attributable to Quad/Graphics common shareholders by the weighted average common shares outstanding of 47.3 million for the three and six months ended June 30, 2011, respectively, and 28.1 million shares for the three and six months ended June 30, 2010, respectively. The calculation of a diluted earnings per share amount includes the effect of any dilutive equity incentive instruments. The Company uses the treasury stock method to calculate the effect of outstanding

dilutive equity incentive instruments, which requires the Company to compute total proceeds as the sum of (1) the amount the employee must pay upon exercise of the award, (2) the amount of unearned stock-based compensation costs attributed to future services and (3) the amount of tax benefits, if any, that would be credited to additional paid-in capital assuming exercise of the award. Equity incentive instruments for which the total employee proceeds from exercise exceed the average fair value of the same equity incentive instrument over the period have an anti-dilutive effect on earnings per share, and accordingly, the Company excludes

Table of Contents
QUAD/GRAPHICS, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2011
(In millions, except share and per share data and unless otherwise indicated)

them from the calculation. Due to the net loss attributable to Quad/Graphics common shareholders incurred during the three and six months ended June 30, 2011 and 2010, the assumed exercise of all equity incentive instruments was anti-dilutive and, therefore, not included in the diluted loss per share attributable to Quad/Graphics common shareholders calculation.

Reconciliations of the numerator and the denominator of the basic and diluted per share computations for the Company's common stock are summarized as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	2010	2011	2010
Numerator:				
Net loss attributable to Quad/Graphics common shareholders	$(10.3)	$(35.7)	$(17.6)	$(44.2)
Denominator:				
Basic weighted average number of common shares outstanding for all classes of common shares	47.3	28.1	47.3	28.1
Plus: effect of dilutive equity incentive instruments	—	—	—	—
Diluted weighted average number of common shares outstanding for all classes of common shares	47.3	28.1	47.3	28.1
Net loss attributable to Quad/Graphics common shareholders per share:				
Basic and Diluted	$(0.22)	$(1.27)	$(0.37)	$(1.57)
Cash dividends paid per common share for all classes of common shares	$0.20	$—	$0.20	$0.50

Note 18. Equity Incentive Programs

The Company recognizes compensation expense, based on estimated grant date fair values, for all share-based awards issued to employees and non-employee directors using the Black-Scholes option pricing model. The total compensation expense recognized related to all equity incentive programs was $2.0 million and $4.6 million for the three and six months ended June 30, 2011, respectively, and $1.2 million and $2.5 million for the three and six months ended June 30, 2010 and was recorded in selling, general and administrative expenses. The Company recognizes compensation costs for only those awards expected to vest on a straight-line basis over the requisite service period of the awards, which is generally the vesting term. The Company estimated the number of awards expected to vest based, in part, on historical forfeiture rates and also based on management's expectations of employee turnover within the specific employee groups receiving each type of award. Forfeitures are estimated at the time of grant and revised, if necessary, in subsequent periods, if actual forfeitures differ from those estimates.

For grants made prior to January 1, 2011, equity incentive compensation expense only included the Company's 1999 Nonqualified Stock Option Plan and the 1990 Stock Option Plan. For grants beginning January 1, 2011, the shareholders of the Company approved the Quad/Graphics Inc. 2010 Omnibus Incentive Plan for two complimentary purposes: (1) to attract and retain outstanding individuals to serve as directors, officers and employees and (2) to increase shareholder value. Concurrent with the July 2, 2010 closing of the World Color Press acquisition, an additional 2.3 million shares of Class A common stock were approved for issuance under the Company's Omnibus

Plan. Within the framework of the Omnibus Plan, the Company's board of directors approved the form of a new stock option award agreement, a restricted stock award agreement, a restricted stock unit award agreement and a deferred stock unit award agreement. The first grants of any of these newly approved equity incentive instruments were made January 1, 2011 at an exercise price of $41.26. Each equity incentive instrument granted has an exercise price of no less than 100% of the fair market value of the class A common stock on the date of grant.

At June 30, 2011, the Company has authorized a total of 6.1 million shares of its class A common stock for grants under all of the Company's equity incentive plans, and 1.7 million shares were remaining for future grants.

Table of Contents
QUAD/GRAPHICS, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2011
(In millions, except share and per share data and unless otherwise indicated)

Stock Options

Options granted prior to 2011 generally vest at a rate of 5% to 10% per year and expire 90 days after the respective employee's termination from the Company. For new option grants beginning January 1, 2011, options vest over four years, with no vesting in the first year and one-third vesting upon the second, third and fourth anniversary dates. As defined in the individual grant agreements, acceleration of vesting may occur under a change in control, death, disability or normal retirement of the grantee. For the new option grants beginning January 1, 2011, options expire upon the earliest of the tenth anniversary of the grant date, twenty-four months after termination for death, thirty-six months after termination for normal retirement or disability and 90 days after termination of employment for any other reason. While stock options granted prior to 2011 were credited with dividend declarations, the new option grants after that time are not credited with dividend declarations. Stock options are only to be granted to employees and will only be granted under the new option grant terms from January 1, 2011 forward.

The Company granted 448,154 stock options under the new stock option plan on January 1, 2011, and the Company granted 495,000 options under the pre-2011 stock option plans on January 1, 2010. The grant date fair value of options was $13.19 and $18.78 for the grants during the six months ended June 30, 2011 and 2010, respectively. The fair value of each stock option grant is estimated on the date of grant with the following weighted average assumptions:

	Six Months Ended June 30,			
	2011		2010	
Expected volatility	36.0	%	27.0	%
Risk-free interest rate	2.3	%	3.8	%
Expected life (years)	7.0		9.8	
Dividend yield	2.0	%	—	%

The Company determined expected volatility based on the volatility of comparable company stock. The average risk-free interest rate is based on the United States treasury security rate in effect as of the grant date over the term of the expected life. The expected life is based on the term and vesting period of each grant adjusted for historical experience in vesting. Prior to 2011, no dividend yield is included because dividends were credited to the option holders.

Compensation expense recognized related to stock options was $1.6 million and $3.2 million for the three and six months ended June 30, 2011, respectively, and $1.2 million and $2.5 million for the three and six months ended June 30, 2010, respectively. Total future compensation expense for all stock options granted as of June 30, 2011 is approximately $33.2 million, which is expected to be recognized over the weighted-average vesting period of 3.6 years.

Cash received from option exercises was $0 and $1.6 million for the three and six months ended June 30, 2011, respectively, and $0.1 million and $0.2 million for the three and six months ended June 30, 2010, respectively.

Table of Contents

QUAD/GRAPHICS, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2011
(In millions, except share and per share data and unless otherwise indicated)

The following table is a summary of the stock option activity for the six months ended June 30, 2011:

	Shares Under Option (thousands)	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (years)	Aggregate Intrinsic Value (millions)
Outstanding at December 31, 2010	3,736	$ 13.12	6.9	$105.1
Granted	448	41.26	7.0	0.6
Exercised	(94)	(1.74)		(3.1)
Cancelled/forfeited/expired	(14)	16.28		(0.2)
Outstanding at June 30, 2011	4,076	$ 16.37	6.1	$92.7
Vested and expected to vest at June 30, 2011	3,700	$ 13.21	6.0	$85.4
Exercisable at June 30, 2011	1,577	$ 9.92	5.9	$45.6

The intrinsic value of options exercisable and options outstanding at June 30, 2011 and December 31, 2010 is based on the fair value of the stock price.

Share-based compensation activity for the three and six months ended June 30, 2011 and 2010 is noted below:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	2010	2011	2010
Total intrinsic value of stock options exercised	$—	$0.2	$3.1	$0.3
Cash received from stock option exercises	—	0.1	1.6	0.2
Total fair value of stock options vested	—	—	5.4	5.7

Restricted Stock, Restricted Stock Units and Deferred Stock Units

Restricted stock ("RS") and restricted stock unit ("RSU") awards consist of shares or the rights to shares of the Company's class A common stock which are awarded to employees of the Company. The awards are restricted such that they are subject to substantial risk of forfeiture and to restrictions on their sale or other transfer by the employee. RSU awards are typically granted to eligible employees outside of the United States. On January 1, 2011, RS awards of 119,315 shares and RSU awards of 14,625 units were granted at a grant date fair value of $41.26 and $38.86, respectively. All of the RS shares and the RSUs will vest on the third anniversary of the grant date, provided the holder of the share is continuously employed by the Company until the vesting date. As defined in the individual grant agreements, acceleration of vesting may occur under a change in control, or death, disability or normal retirement of the grantee. Grantees receiving RS grants are able to exercise full voting rights and receive full credit for dividends during the vesting period. All such dividends will be paid to the RS grantee within 45 days of full vesting. Grantees receiving RSUs are not entitled to vote and do not earn dividends. Upon vesting, RSUs will be settled either through cash payment equal to the fair market value of the RSUs on the vesting date or through issuance of Company class A common stock.

Table of Contents

QUAD/GRAPHICS, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2011
(In millions, except share and per share data and unless otherwise indicated)

Nonvested RS and RSU awards as of June 30, 2011, and changes for the six months ended June 30, 2011 were as follows:

	Restricted Stock			Restricted Stock Units		
	Shares (thousands)	Weighted-Average Grant Date Fair Value Per Share	Weighted-Average Remaining Contractual Term (Years)	Units (thousands)	Weighted-Average Grant Date Fair Value Per Share	Weighted-Average Remaining Contractual Term (Years)
Nonvested at December 31, 2010	—	$—	—	—	$—	—
Granted at January 1, 2011	119.3	41.26	3.0	14.6	38.86	3.0
Nonvested at June 30, 2011	119.3	$41.26	2.5	14.6	$38.86	2.5

Compensation expense of $0.4 million and $0.8 million was recognized related to RS and RSUs for the three and six months ended June 30, 2011, respectively. Total future compensation expense for all RS and RSUs granted as of June 30, 2011 is approximately $4.1 million, which is expected to be recognized over the weighted-average vesting period of 1.6 years. The aggregate fair value of outstanding RSUs as of June 30, 2011 was $0.6 million.

On January 1, 2011, 13,704 deferred stock units ("DSU") were granted at a grant date fair value of $41.26 to non-employee directors. The deferred stock units are fully vested on the grant date and all were outstanding as of June 30, 2011. Each DSU entitles the grantee to receive one share of class A common stock upon the earlier of the separation date of the grantee or the second anniversary of the grant date, but could be subject to acceleration for a change in control or death or disability as defined in the individual DSU grant agreement. Grantees of DSUs may not exercise voting rights, but are credited with dividends and those dividends will be converted into additional DSUs based on the closing price of the class A common stock upon settlement. For the three and six months ended June 30, 2011, the compensation expense recorded for these awards was $0 and $0.6 million, respectively. As these awards were fully vested on the grant date, all compensation expense was recognized at the date of grant.

Other information

Authorized unissued shares or treasury shares may be used for issuance under the Company's equity incentive programs. The Company intends to use treasury shares of its class A common stock to meet the stock requirements of its awards in the future.

Note 19. Shareholders' Equity

The Company has three classes of common stock. There are 80.0 million shares of $0.025 par value class A common stock authorized, of which 40.0 million shares (including 7.2 million shares in treasury stock) and 40.0 million shares (including 7.4 million shares in treasury stock) were issued at June 30, 2011 and December 31, 2010, respectively. There are 80.0 million shares of $0.025 par value class B common stock authorized, of which 15.0 million shares (including 0.8 million shares in treasury stock) were issued at June 30, 2011 and December 31, 2010. There are 20.0 million shares of $0.025 par value class C common stock authorized, of which 0.5 million shares (including 0.2 million shares in treasury stock) were issued at June 30, 2011 and December 31, 2010. The Company also has 0.5 million shares of $0.01 par value preferred stock authorized, of which none have been issued at June 30, 2011 and December 31, 2010. The Company has no present plans to issue any preferred stock. During the six months ended

June 30, 2011, the Company did not purchase any of its common stock in the open market.

In accordance with the Articles of Incorporation, dividends are paid equally for class A, class B and class C common shares. On May 10, 2011, the Board of Directors declared a $0.20 cash dividend for each share of class A, class B and class C common stock outstanding to shareholders of record on May 27, 2011, which was paid on June 10, 2011. On January 2, 2010, the Board of Directors declared a $0.50 cash dividend for each share of class A, class B and class C common stock outstanding to shareholders of record on January 2, 2010, which was paid on January 22, 2010.

In accordance with the Articles of Incorporation, each class A common share has one vote per share and each class B and class C common share has ten votes per share on all matters voted upon by the Company's shareholders.
Liquidation rights

Table of Contents
QUAD/GRAPHICS, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2011
(In millions, except share and per share data and unless otherwise indicated)

are the same for all three classes of stock.

Redeemable equity

The Company follows the applicable GAAP and SEC authoritative guidance for redeemable stock which requires the Company to record the class C common stock at full redemption value at each balance sheet date to the extent the redemption of those securities is not solely within the control of the Company. Under the terms of the Articles of Incorporation, the class C common shares are required to be owned by a qualified employee retirement plan of the Company and each holder of class C common stock has a continuous right to have the class C common stock repurchased by the Company.

The redemption value of the class C qualified employee retirement plan shares at June 30, 2011 and December 31, 2010 totaled $10.0 million and $10.6 million, respectively. There were no class C common shares redeemed by the Company during the six months ended June 30, 2011. Subsequent changes to the redemption value of the securities due to changes in stock valuation or dividend declarations are charged to retained earnings, while decreases in redemption value due to elimination of redemption features are credited to additional paid-in capital and retained earnings. During the six months ended June 30, 2011 the balance of redeemable equity decreased by $0.6 million, as shown in the table below:

	Class C Common Stock		Total
	Shares	Redemption Value	Redeemable Equity
Balance at December 31, 2010	0.3	$10.6	$10.6
Cash dividends declared	—	(0.1)	(0.1)
Decrease in redemption value of redeemable equity	—	(0.5)	(0.5)
Balance at June 30, 2011	0.3	$10.0	$10.0

Common stock and other equity and noncontrolling interests

Activity impacting the Company's common stock and other equity and noncontrolling interests for the six months ended June 30, 2011 was as follows:

	Quad/Graphics Common Stock and Other Equity	Noncontrolling Interests
Balance at December 31, 2010	$ 1,481.3	$0.7
Net loss attributable to Quad/Graphics common shareholders	(17.6)	—
Net earnings attributable to noncontrolling interests	—	0.1
Foreign currency translation adjustments	27.8	(0.3)
Pension and other postretirement benefit liability amortization, net of tax	(1.0)	—
Tax distribution dividends declared	(4.8)	—
Cash dividends declared	(9.3)	—
Tax benefit from exercise of stock options	0.8	—
Stock-based compensation	4.6	—
Sale of stock for options exercised	(0.2)	—

Decrease in redemption value of redeemable equity	0.5	—
Balance at June 30, 2011	$ 1,482.1	$0.5

Table of Contents
QUAD/GRAPHICS, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2011
(In millions, except share and per share data and unless otherwise indicated)

Note 20. Comprehensive Income (Loss)

The following table summarizes the Company's comprehensive income (loss) for the three and six months ended June 30, 2011 and 2010:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	2010	2011	2010
Net loss	$(10.2)	$(35.6)	$(17.5)	$(44.1)
Translation adjustments	15.0	(12.2)	27.8	(20.6)
Pension and other postretirement benefit liability amortization, net of tax	(0.5)	—	(1.0)	—
Comprehensive income (loss)	$4.3	$(47.8)	$9.3	$(64.7)
Less: Comprehensive income attributable to noncontrolling interests	(0.1)	(0.1)	(0.1)	(0.1)
Comprehensive income (loss) attributable to Quad/Graphics common shareholders	$4.2	$(47.9)	$9.2	$(64.8)

Note 21. Segment Information

The Company operates primarily in the commercial print portion of the printing industry, with related product and service offerings designed to offer customers complete solutions for communicating their messages to target audiences. The Company's operating and reportable segments are aligned with how the chief operating decision maker of the Company currently manages the business. The Company's reportable and operating segments and their product and service offerings are summarized below:

North America Print and Related Services

The North America Print and Related Services segment includes the Company's United States and Canada printing operations, managed as one integrated platform. This segment's products include catalogs, consumer magazines, special interest publications, direct marketing materials and retail inserts. The related service offerings include digital photography, digital imaging, binding, mailing and distribution, and data optimization and analytics services. This segment also includes the design, development, manufacture and service of printing-related auxiliary equipment, as well as the manufacture of ink.

International

The International segment includes the Company's printing operations in Europe and Latin America. This segment provides printed products and related services consistent with the North America Print and Related Services segment, with the exception of printing-related auxiliary equipment.

Corporate

Corporate consists of unallocated general and administrative activities and associated expenses including, in part, executive, legal, finance, information technology and human resources.

Table of Contents

QUAD/GRAPHICS, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2011
(In millions, except share and per share data and unless otherwise indicated)

	Net Sales		Operating Income/(Loss)	Restructuring, Impairment and Transaction-Related Charges
	Products	Services		
Three months ended June 30, 2011				
North America Print and Related Services	$837.9	$114.9	$45.2	$ 11.2
International	114.5	3.2	(6.0)	0.9
Total operating segments	952.4	118.1	39.2	12.1
Corporate	—	—	(23.8)	11.3
Total	$952.4	$118.1	$15.4	$ 23.4
Three months ended June 30, 2010				
North America Print and Related Services	$290.0	$46.0	$11.7	$ 0.8
International	55.5	2.8	(28.9)	25.6
Total operating segments	345.5	48.8	(17.2)	26.4
Corporate	—	—	(6.5)	4.9
Total	$345.5	$48.8	$(23.7)	$ 31.3
Six months ended June 30, 2011				
North America Print and Related Services	$1,706.3	$233.6	$81.7	$ 38.7
International	226.9	6.0	(10.8)	2.4
Total operating segments	1,933.2	239.6	70.9	41.1
Corporate	—	—	(40.9)	17.1
Total	$1,933.2	$239.6	$30.0	$ 58.2
Six months ended June 30, 2010				
North America Print and Related Services	$588.7	$95.6	$29.5	$ 0.9
International	108.1	5.5	(33.7)	25.6
Total operating segments	696.8	101.1	(4.2)	26.5
Corporate	—	—	(15.5)	11.1
Total	$696.8	$101.1	$(19.7)	$ 37.6

Restructuring, impairment and transaction-related charges for the three and six months ended June 30, 2011 and 2010 are further described in Note 4 and are included in the Operating Income/(Loss) results by segment above.

Note 22. Subsequent Events

Transcontinental Inc. Definitive Agreement

On July 12, 2011, the Company and Transcontinental entered into a definitive agreement whereby Quad/Graphics will acquire Transcontinental's Mexican operations as well as a portion of Transcontinental's book printing business that is produced for U.S. export, and the Company will sell its Canadian operations to Transcontinental (with the exception of Quad/Graphics' Vancouver, British Columbia facility). As part of the Canadian transaction, Transcontinental will assume pension and post-retirement obligations pertaining to all Canadian employees except those retained by the Company.

Transcontinental employs approximately 900 people among its three facilities in Azcapotzalco, Toluca and Xochimilco, Mexico. Quad/Graphics employs approximately 1,500 people among its seven facilities being sold to

Transcontinental, which are located in Aurora, Concord and Markham, Ontario; LaSalle and Montreal, Quebec; Edmonton, Alberta and Dartmouth, Nova Scotia.

The transactions are subject to customary regulatory clearances, including under the Mexican Federal Law on Economic Competition and the Canadian Competition Act. The definitive agreement allows for the transactions to close independently of each other. As of August 11, 2011, the regulatory reviews to approve the transactions were not complete.

Table of Contents

QUAD/GRAPHICS, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2011
(In millions, except share and per share data and unless otherwise indicated)

Amended and Restated Credit Agreement

On July 26, 2011, the Company entered into a $1.5 billion debt financing agreement with certain lenders. The $1.5 billion debt financing agreement includes three different loan facilities. The first is a revolving facility in the amount of $850.0 million with a term of five years maturing on July 25, 2016. The second facility is a Term Loan A in the aggregate amount of $450.0 million with a term of five years maturing on July 25, 2016. The third facility is a Term Loan B in the amount of $200.0 million with a term of seven years maturing on July 25, 2018, subject to certain required amortization. At any time when the Company's total leverage is 3.00 to 1.00 or greater, the Company is obligated to prepay the two term loan facilities from the net proceeds of asset sales, casualty losses, and certain indebtedness for borrowed money, or from a portion of its excess cash flow, subject to certain exceptions.

Borrowings under the revolving facility and Term Loan A loans made under the $1.5 billion debt financing agreement will initially bear interest at 2.25% in excess of reserve adjusted London Interbank Offered Rate ("LIBOR"), or 1.25% in excess of an alternate base rate, and Term Loan B loans will bear interest at 3.00% in excess of reserve adjusted LIBOR Rate, with a LIBOR floor of 1.00%, or 2.00% in excess of an alternative base rate at the Company's option.

This debt financing agreement was entered into to reduce the Company's borrowing costs with lower interest rates and to create more financial flexibility with a higher revolving credit capacity. The proceeds from the Term Loan A, Term Loan B and revolving credit facility were used to repay all outstanding balances on the Company's then outstanding $1.23 billion debt financing agreement, which terminated, and new debt issuance costs incurred.

The $1.5 billion debt financing agreement is secured by substantially all of the unencumbered assets of the Company. The $1.5 billion debt financing agreement also requires the Company to provide additional collateral to the lenders in certain limited circumstances.

This $1.5 billion debt financing agreement subjects the Company to certain quarterly financial covenants and also includes certain limitations on acquisitions, indebtedness, liens, dividends and repurchases of capital stock. If the Company's total leverage ratio is greater than 3.00 to 1.00 (total leverage ratio as defined in the debt financing agreement), the Company is prohibited from making greater than $120.0 million of annual dividend payments, capital stock repurchases and certain other payments. If the total leverage ratio is less than 3.00 to 1.00, there are no such restrictions.

The quarterly financial covenants are as follows (all financial terms, numbers and ratios are as defined in the $1.5 billion debt financing agreement):

- On a rolling twelve-month basis, the total leverage ratio, defined as total consolidated debt to consolidated EBITDA, shall not exceed 3.50 to 1.00. In the previous $1.23 billion debt financing agreement, the total leverage ratio was 3.75 to 1.00, and then was to step down to 3.50 to 1.00 on December 31, 2012 and further step down to 3.25 to 1.00 on December 31, 2013.

- On a rolling twelve-month basis, the minimum interest coverage ratio, defined as consolidated EBITDA to consolidated cash interest expense, shall not be less than 3.00 to 1.00. This ratio will step up to 3.25 to 1.00 on December 31, 2011 and further step up to 3.50 to 1.00 on December 31, 2012. This covenant is unchanged from the $1.23 billion debt financing agreement.

- Consolidated net worth of at least $745.8 million plus 40% of positive consolidated net income cumulatively for each year. This covenant is unchanged from the $1.23 billion debt financing agreement.

Declaration of Quarterly Dividend

On August 9, 2011, the Company declared a quarterly dividend of $0.20 per share, which will be paid on September 9, 2011, to shareholders of record as of August 29, 2011.

Table of Contents

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

The following discussion of the financial condition and results of operations of Quad/Graphics should be read together with (1) the Quad/Graphics condensed consolidated financial statements for the three and six months ended June 30, 2011 and 2010, including the notes thereto, included elsewhere in this report and (2) the audited consolidated annual financial statements as of and for the year ended December 31, 2010 and notes thereto included in the Company's Annual Report on Form 10-K filed with the SEC on March 24, 2011.

Management's discussion and analysis of financial condition and results of operations is provided as a supplement to the Company's condensed consolidated financial statements and accompanying footnotes to help provide an understanding of the Company's financial condition, the changes in the Company's financial condition and the Company's results of operations. This discussion and analysis is organized as follows:

- Cautionary Statement Regarding Forward-Looking Statements.
- Overview. This section includes a general description of the Company's business and segments, an overview of key performance metrics the Company's management measures and utilizes to evaluate business performance and an overview of trends affecting the Company, including management's actions related to the trends.
- Results of Operations. This section contains an analysis of the Company's results of operations by comparing the results for (1) the three months ended June 30, 2011 to the three months ended June 30, 2010 and (2) the six months ended June 30, 2011 to the six months ended June 30, 2010. The comparability of the Company's results of operations was significantly impacted by the acquisition of World Color Press on July 2, 2010. The results of operations for World Color Press are included in the Company's consolidated results prospectively from July 2, 2010. Forward-looking statements providing a general description of recent and projected industry and company developments that are important to understanding the Company's results of operations are included in this section. This section also provides a discussion of EBITDA and EBITDA margin, non-GAAP financial measures the Company uses to assess the performance of its business.
- Liquidity and Capital Resources. This section provides an analysis of the Company's capitalization and cash flows. Forward-looking statements important to understanding the Company's financial condition are also included in this section.
- New Accounting Pronouncements. This section provides a discussion of new accounting pronouncements that the Company believes are important to understanding the Company's current and forward-looking results of operations and financial condition.

Cautionary Statement Regarding Forward-Looking Statements

To the extent any statements in this Quarterly Report on Form 10-Q contain information that is not historical, these statements are forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended. These forward-looking statements relate to, among other things, the Company's 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 the Company. These risks, uncertainties and other factors could cause actual results to differ materially from those expressed or implied by those forward-looking statements. Among risks, uncertainties and other factors that may impact Quad/Graphics are those described in Part I, Item 1A of the Company's 2010 Annual Report on Form 10-K, filed with the SEC on March 24, 2011, as may be amended or supplemented in Part II, Item 1A of the Company's subsequently filed Quarterly Reports on Form 10-Q (including this report), and the following:

- 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;

24

- Quad/Graphics may be unable to achieve the estimated potential synergies expected from the acquisition of World Color Press or it may take longer or cost more than expected to achieve those synergy savings;
- Unexpected costs or liabilities related to the World Color Press acquisition, including the effects of purchase accounting that may be different from Quad/Graphics' allocations;
- Failure to successfully integrate the operations of Quad/Graphics and World Color Press;
- 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;
- The retention of existing, and continued attraction of additional, key employees; 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 SEC 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 Quarterly Report on Form 10-Q. Except to the extent required by the federal securities laws, the Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Overview

Business Overview

Quad/Graphics is a leading global provider of print and related services, producing and delivering products and services designed to provide complete solutions to a broad base of customers. The Company's print products primarily include catalogs, consumer magazines, special interest publications, direct mail and other commercial specialty printed products, retail inserts, books and directories. Print-related services the Company provides include digital imaging and photography, binding, mailing and distribution, and logistics, data optimization and analytics services. In addition, substantial investments are made in research and development and other technological innovations. The Company has developed multiple manufacturing process improvements, including innovative press and finishing control systems and material-handling equipment for use in its own print operations as well as for sale to other printers worldwide. The Company believes that its in-house research and development and a continuous improvement mentality toward printing technology is important to its success. The Company also manufactures ink,

which is used in its own printing process. The Company separately reports its net sales and related costs of sales for its product and service offerings.

The Company's operating and reporting segments are aligned with how the Company's chief operating decision maker currently manages the business. The Company has three reportable segments: North America Print and Related Services, International and Corporate.

The North America Print and Related Services segment includes the Company's United States and Canada printing operations, managed as one integrated platform. This segment includes all of the product and related service offerings described above. The North America Print and Related Services segment accounted for approximately 89% of the Company's consolidated net sales in the three and six months ended June 30, 2011.

Table of Contents

The International segment includes the Company's printing operations in Europe and Latin America, which prior to the World Color Press acquisition included operations in Poland, Argentina and Brazil, and now also includes Mexico, Colombia, Peru, Chile and expanded operations in Argentina and Brazil. This segment produces and delivers all of Quad/Graphics' product and service offerings in Europe and Latin America, with the exception of printing-related auxiliary equipment designed, manufactured and marketed through Quad/Graphics' research subsidiary QuadTech, Inc, which is included in the North America Print and Related Services segment. The International segment accounted for approximately 11% of the Company's consolidated net sales in the three and six months ended June 30, 2011.

The Corporate segment consists of unallocated general and administrative activities and associated expenses including, in part, executive, legal, finance, information technology and human resources.

Key Performance Metrics Overview

The Company's management believes the ability to generate net sales growth and positive cash flow are key indicators of the successful execution of the Company's business strategy and will increase shareholder value. The Company uses period over period net sales growth, EBITDA, EBITDA margin and cash flows provided by operating activities as metrics to measure operating performance and financial condition. EBITDA and EBITDA margin are non-GAAP financial measures (see the reconciliation of net loss attributable to Quad/Graphics common shareholders to EBITDA in the Results of Operations section below).

Net sales growth. The Company uses period over period net sales growth as a key performance metric. The Company's management assesses net sales growth based on the ability to generate increased net sales through increased sales to existing customers, sales to new customers, sales of new or expanded solutions to existing and new customers and opportunities to expand sales through strategic investments, including acquisitions.

EBITDA and EBITDA margin. The Company uses EBITDA and EBITDA margin as metrics to assess operating performance. The Company's management assesses EBITDA and EBITDA margin based on the ability to increase revenues while controlling variable expense growth.

Cash flows provided by operating activities. The Company uses cash flows provided by operating activities as a metric to assess liquidity. The Company's management assesses cash flows provided by operating activities based on the ability to meet recurring cash obligations while increasing available cash to fund integration and restructuring requirements related to the acquired World Color Press operations, as well as to fund capital expenditures, debt service requirements, World Color Press single employer pension plan contributions, World Color Press multiemployer pension plan withdrawal liabilities, investments in future growth to create value for its shareholders and shareholder dividends. Cash flows provided by operating activities can be significantly impacted by the timing of non-recurring or infrequent receipts or expenditures.

Overview of Trends Affecting Quad/Graphics

Competition in the highly fragmented printing industry remains intense as the industry is consolidating and has excess manufacturing capacity. Combined with the global economic uncertainty, the printing industry continues to face downward pricing pressures. In addition, the growth and adaptation of alternative marketing technologies (such as distribution and hosting of online content and mobile technologies) as well as alternative delivery of content may result in a decrease in demand for printed products, which would further increase industry overcapacity. In response to these trends, the Company focuses on financial flexibility, a strong balance sheet and an efficient cost structure, which management believes will best position the Company for long-term success.

The Company believes that a disciplined approach for capital management and a strong balance sheet are critical to be able to invest in profitable growth opportunities and technological advances, thereby providing the highest return for shareholders. Management currently is balancing the use of cash between compelling investment opportunities, deleveraging the Company's balance sheet through reductions in debt and pension and postretirement liabilities and, starting in the second quarter of 2011, instituting a quarterly shareholder dividend of $0.20 per share.

Through June 30, 2011, the Company reduced overall debt and capital leases by $17 million since December 31, 2010, and $233 million since the July 2, 2010 World Color Press acquisition date, despite incurring significant costs related to integration and restructuring programs associated with the acquisition. In addition, the Company's pension and postretirement liability decreased by $145 million since the July 2, 2010 World Color Press acquisition date. Furthermore, on July 26, 2011, the Company refinanced a significant portion of its debt with a $1.5 billion debt financing agreement. The new debt agreement increases the revolving credit available to the Company from $530.0 million to $850.0 million, providing greater capacity to

Table of Contents

support the Company's growth plans. In addition to increasing financial flexibility, the new debt agreement reduces cash interest payments by an estimated $16 - $20 million annually at current borrowing levels.

The Company has been working diligently to lower its cost structure by consolidating its manufacturing platform into its most efficient facilities, as well as realizing purchasing, mailing and logistics efficiencies by centralizing and consolidating print manufacturing volumes and eliminating redundancies in its administrative and corporate operations. These efforts include the deployment of the Company's own brand of ERP software tools to streamline workflows and improve data visibility across the consolidated platform. Since the July 2, 2010 World Color Press acquisition, the Company has announced ten plant closures (including the closure of the St. Laurent, Quebec, Canada and Mt. Morris, Illinois plants during the first quarter of 2011 and the closure of the Buffalo, New York plant during the second quarter of 2011), closed the former World Color Press headquarters and completed other restructuring actions. Management believes the synergy savings will be more than $225 million. Management expects that these synergy savings will be achieved within the estimated integration-related costs range of $195 million to $240 million, and may exceed the range to the extent synergy savings exceed $225 million. There can be no assurance that the synergy savings target will be fully realized or that the integration-related costs will not exceed the estimate. In addition to cost savings through acquisition-related synergies, the Company continues its focus on cost reductions through lean manufacturing and continuous improvement initiatives in order to achieve improved efficiencies, reduce waste, lower overall operating costs, enhance quality and timeliness and create a safer work environment for the Company's employees.

In this increasingly multichannel marketplace, the Company believes that the printing industry will be driven to make capital investments in new technologies, such as those to deliver targeted and customized print solutions. The Company believes its ongoing commitment to technology, through its in-house equipment development operations, has been paramount in delivering high-quality and relevant offerings to its customers. The Company intends to invest $170 million to $200 million in new capital projects in 2011.

When making capital allocation decisions, management undertakes a thorough process aimed at driving the strongest contribution to long-term profitability, whether those are fixed asset additions as discussed above, organic growth opportunities or acquisitions.

On July 12, 2011, the Company and Transcontinental entered into a definitive agreement whereby Quad/Graphics will acquire Transcontinental's Mexican operations as well as a portion of Transcontinental's book printing business that is produced for U.S. export, and the Company will sell its Canadian operations to Transcontinental (with the exception of Quad/Graphics' Vancouver, British Columbia facility). As part of the Canadian transaction, Transcontinental will assume pension and post-retirement obligations pertaining to all Canadian employees except those retained by the Company. The Company believes with the acquisition of Trancontinental's Mexican operations it will be able to create an industry-leading print platform in an economy with a higher growth rate than that of Canada, and also achieve beneficial synergy savings through operational consolidation. The transactions are subject to customary regulatory clearances, including under the Mexican Federal Law on Economic Competition and the Canadian Competition Act. As of August 11, 2011, the regulatory reviews to approve the transactions were not complete.

The Company is subject to seasonality in its quarterly results as net sales and operating income are typically higher in the third and fourth quarters of the calendar year as compared to the first and second quarters, and management anticipates this same impact of seasonality in 2011. Seasonality is driven by increased magazine advertising page counts and retail inserts and catalogs primarily due to back-to-school and holiday related advertising and promotions. As a result, net sales and operating income during the first six months of 2011 are not a reliable predictor for what net sales and operating income will be for the full year of 2011.

27

Results of Operations for the Three Months Ended June 30, 2011 Compared to the Three Months Ended June 30, 2010

Summary Results

The Company's operating income (loss), operating margin and diluted loss per share attributable to Quad/Graphics common shareholders for the three months ended June 30, 2011 changed from the three months ended June 30, 2010 as follows (dollars in millions, except per share data):

	Operating Income (Loss)	Operating Margin	Loss Per Share Attributable to Quad/Graphics Common Shareholders—Diluted
For the Three Months Ended June 30, 2010	$(23.7)	(6.0)%	$ (1.27)
2011 Restructuring, Impairment and Transaction-Related Charges[1]	(23.4)	(2.2)%	(0.37)
2010 Restructuring, Impairment and Transaction-Related Charges[2]	31.3	7.9 %	1.11
Increase in Interest Expense[3]	N/A	N/A	(0.15)
Increase in Income Tax Benefit[4]	N/A	N/A	0.04
Increase in Operating Income[5]	31.2	1.7 %	0.42
For the Three Months Ended June 30, 2011	$15.4	1.4 %	$ (0.22)

(1) Restructuring, impairment and transaction-related charges of $23.4 million incurred during the three months ended June 30, 2011 included:

a. $5.1 million of employee termination costs related to 523 headcount reductions for the Buffalo, New York plant closure and other workforce reductions announced through the second quarter of 2011, as well as from workforce reductions that commenced in 2010;

b. $1.0 million of transaction costs incurred through June 30, 2011 primarily in connection with the transaction with Transcontinental;

c. $8.9 million of costs incurred in connection with the integration of World Color Press into Quad/Graphics; and

d. $8.4 million of various other restructuring charges including costs to maintain and exit closed facilities, as well as lease exit charges.

In connection with the integration of the operations of World Color Press into Quad/Graphics, the Company expects to incur substantial additional restructuring and integration costs in future reporting periods.

(2) Restructuring, impairment and transaction-related charges of $31.3 million incurred during the three months ended June 30, 2010 included:

a. $1.2 million of employee termination costs related to 707 headcount reductions for the Pila, Poland plant closure;

b. $24.4 million of impairment charges on assets related to the Pila, Poland plant closure;

c. $2.7 million of transaction costs incurred in connection with the World Color Press acquisition;

d. $2.2 million of costs incurred in connection with the integration of World Color Press into Quad/Graphics; and

e. $0.8 million of lease exit charges.

(3) Interest expense increased $14.5 million during the three months ended June 30, 2011 to $29.5 million. This change is due to the increased overall debt levels since the World Color Press acquisition.

Table of Contents

(4) Income tax benefit increased $2.1 million during the three months ended June 30, 2011 to a $3.6 million income tax benefit due to an increase in the effective income tax rate from the Company's change to C corporation tax status, partially offset by a decrease in the pre-tax loss. As a result of the July 2, 2010 acquisition of World Color Press, the Company changed the tax status of certain entities within the Quad/Graphics legal structure from S corporation to C corporation status under the provisions of the Internal Revenue Code of 1986, as amended. Subsequent to July 2, 2010, these entities are subject to federal and state income taxes. The effective tax rate for the three months ended June 30, 2011 was 25.5%, as compared to 3.9% for the same period in 2010, reflecting the change in tax status, partially offset by losses in foreign countries that could not be benefited.

(5) Operating income increased $31.2 million primarily due to the World Color Press acquisition and the synergy savings from the integration of World Color Press. Operating margin increased due to the World Color Press acquisition, which benefited from synergy savings related to the integration of World Color Press' operations. Partially offsetting a portion of the synergy savings were the impacts of continued pricing pressures and labor productivity decreases due to the size and complexity of the plant consolidation process. The following discussion provides additional details.

Consolidated

The following table sets forth certain information from the Company's condensed consolidated statements of operations on an absolute dollar basis and as a relative percentage of total net sales for each noted period, together with the relative percentage change in such information between the periods set forth below:

	Three Months Ended June 30,						
	2011			2010			
	(dollars in millions)						
	Amount	% of Sales	Amount	% of Sales	$ Change	% Change	
Net Sales:							
Products	$952.4	89.0 %	$345.5	87.6 %	$606.9	175.7 %	
Services	118.1	11.0 %	48.8	12.4 %	69.3	142.0 %	
Total Net Sales	1,070.5	100.0 %	394.3	100.0 %	676.2	171.5 %	
Cost of Sales:							
Products	737.5	68.9 %	255.4	64.8 %	482.1	188.8 %	
Services	94.5	8.8 %	33.8	8.6 %	60.7	179.6 %	
Total Cost of Sales	832.0	77.7 %	289.2	73.4 %	542.8	187.7 %	
Selling, General & Administrative Expenses	112.0	10.5 %	49.3	12.5 %	62.7	127.2 %	
Restructuring, Impairment and Transaction-Related Charges	23.4	2.2 %	31.3	7.9 %	(7.9)	(25.2)%	
Depreciation and Amortization	87.7	8.2 %	48.2	12.2 %	39.5	82.0 %	
Total Operating Expenses	1,055.1	98.6 %	418.0	106.0 %	637.1	152.4 %	
Operating Income (Loss)	$15.4	1.4 %	$(23.7)	(6.0)%	$39.1	165.0 %	

Net Sales

Product sales increased for the three months ended June 30, 2011 compared to the three months ended June 30, 2010 primarily due to the World Color Press acquisition, and to a lesser extent higher paper and byproduct sales, increased volumes for the legacy Quad customers and a favorable impact from foreign exchange rates on net sales. These increases were partially offset by lower pricing due to continued pricing pressure from excess manufacturing capacity in the printing industry.

Service sales, which primarily consist of imaging, logistics and distribution services, increased in the three months ended June 30, 2011 compared to the three months ended June 30, 2010 primarily due to the World Color Press acquisition and higher fuel surcharges on logistics and distribution revenues.

Table of Contents

Cost of Sales

Cost of product sales increased for the three months ended June 30, 2011 compared with the three months ended June 30, 2010 primarily due to the World Color Press acquisition, including the Company re-establishing a retirement benefit for the World Color Press employees. Additionally, cost of product sales increased as a result of: (1) decreased labor productivity associated with integration and restructuring activities related to hiring and training additional employees to prepare certain plants to receive transferred volumes from manufacturing facilities that were closed as part of the World Color Press integration, (2) increased paper sales volume and (3) increased energy and commodity costs. These cost increases were partially offset by acquisition synergy savings related to purchasing and distribution efficiencies realized, as well as labor cost reductions as a result of plant closures.

Cost of product sales as a percentage of net sales increased for the three months ended June 30, 2011 compared with the three months ended June 30, 2010 primarily due to higher operating costs for the acquired World Color Press business, decreased labor productivity associated with integration and restructuring activities, increased paper sales and increased energy and commodity costs. Paper is generally billed to customers at pass-through rates, and thus when paper sales increase during a period, the cost of product sales, as well as the cost of product sales as a percentage of net sales, increases.

Cost of service sales increased for the three months ended June 30, 2011 compared with the three months ended June 30, 2010 primarily due to the World Color Press acquisition and higher fuel prices.

Selling, General and Administrative Expenses

Selling, general and administrative expenses increased for the three months ended June 30, 2011 compared with the three months ended June 30, 2010 primarily due to the World Color Press acquisition, including the Company re-establishing a retirement benefit for the World Color Press employees, as well as a result of the compliance and support costs associated with the Company's status as a publicly traded entity starting on July 6, 2010. Selling, general and administrative expenses as a percentage of net sales decreased between periods due to synergy savings from the integration of World Color Press.

Restructuring, Impairment and Transaction-Related Charges

Restructuring, impairment and transaction-related charges of $23.4 million incurred in the three months ended June 30, 2011 include: (1) $5.1 million of employee termination costs related to 523 headcount reductions for the Buffalo, NY plant closure as well as from other workforce reductions, (2) $1.0 million of transaction costs incurred primarily in connection with the transaction with Transcontinental, (3) $8.9 million of costs incurred in connection with the integration of World Color Press and (4) $8.4 million of various other restructuring charges including costs to maintain and exit closed facilities, as well as lease exit charges.

Restructuring, impairment and transaction-related charges of $31.3 million incurred in the three months ended June 30, 2010 include: (1) $1.2 million of employee termination costs related to 707 headcount reductions for the Pila, Poland plant closure, (2) $24.4 million of impairment charges on assets related to the Pila, Poland plant closure, (3) $2.7 million of transaction costs incurred primarily in connection with the acquisition of World Color Press, (4) $2.2 million of costs incurred in connection with the integration of World Color Press and (5) $0.8 million of lease exit charges.

Depreciation and Amortization

Depreciation and amortization increased for the three months ended June 30, 2011 compared with the three months ended June 30, 2010 due to the World Color Press acquisition.

Table of Contents

EBITDA and EBITDA Margin

EBITDA and EBITDA margin for the three months ended June 30, 2011 compared to the three months ended June 30, 2010 was as follows:

	Three Months Ended June 30,			
	2011		2010	
	Amount	% of Net Sales	Amount	% of Net Sales
	(dollars in millions)			
EBITDA and EBITDA margin	$103.3	9.6 %	$26.0	6.6 %

EBITDA increased $77.3 million for the three months ended June 30, 2011 primarily due to the World Color Press acquisition and the related synergy savings from integrating World Color Press. EBITDA margin increased for the three months ended June 30, 2011 compared with the three months ended June 30, 2010 due to synergy savings and decreased restructuring, impairment and transaction-related costs.

EBITDA represents net loss attributable to Quad/Graphics common shareholders, plus (i) interest expense and (ii) depreciation and amortization, and less (iii) income tax benefit. EBITDA margin represents EBITDA as a percentage of net sales. EBITDA and EBITDA margin are presented to provide additional information regarding Quad/Graphics' performance and because both are important measures by which Quad/Graphics gauges the profitability and assesses the performance of its business. EBITDA and EBITDA margin are not measures of financial performance in accordance with GAAP. EBITDA and EBITDA margin should not be considered alternatives to net loss as a measure of operating performance or to cash flows from operating activities as a measure of liquidity. Quad/Graphics' calculation of EBITDA and EBITDA margin may be different from the calculation used by other companies and therefore comparability may be limited. A reconciliation of EBITDA to net loss follows:

	Three Months Ended June 30,	
	2011	2010
	(dollars in millions)	
Net Loss Attributable to Quad/Graphics Common Shareholders[1]	$(10.3)	$(35.7)
Interest Expense	29.5	15.0
Income Tax Benefit	(3.6)	(1.5)
Depreciation and Amortization	87.7	48.2
EBITDA	$103.3	$26.0

(1) Net loss attributable to Quad/Graphics common shareholders includes the effects of restructuring, impairment and transaction-related charges of $23.4 million and $31.3 million for the three months ended June 30, 2011 and 2010, respectively.

31

Table of Contents

North America Print and Related Services

The following table summarizes net sales, operating income, operating margin and certain items impacting comparability, within the North America Print and Related Services segment:

	Three Months Ended June 30,			
	2011	2010		
	(dollars in millions)			
	Amount	Amount	$ Change	% Change
Net Sales:				
Products	$837.9	$290.0	$547.9	188.9 %
Services	114.9	46.0	68.9	149.8 %
Operating Income (including Restructuring, Impairment and Transaction-Related Charges)	45.2	11.7	33.5	286.3 %
Operating Margin	4.7 %	3.5 %	N/A	N/A
Restructuring, Impairment and Transaction-Related Charges	$11.2	$0.8	$10.4	1,300.0 %

Net Sales

Product sales for the North American Print and Related Services segment increased for the three months ended June 30, 2011 compared to the three months ended June 30, 2010 primarily due to the World Color Press acquisition. Additionally, product sales increased due to increased paper and byproduct sales, partially offset by lower pricing due to continued pricing pressures related to industry overcapacity.

Service sales for the North American Print and Related Services segment increased for the three months ended June 30, 2011 compared to the three months ended June 30, 2010 primarily due to the World Color Press acquisition. Additionally, service sales increased as a result of higher fuel surcharges to customers.

Operating Income

Operating income for the North America Print and Related Services segment increased for the three months ended June 30, 2011 compared with the three months ended June 30, 2010 primarily due to the World Color Press acquisition, partially offset by increased restructuring and integration expenses. Operating margin increased for the three months ended June 30, 2011 compared with the three months ended June 30, 2010 primarily due to synergy savings from the integration of World Color Press, partially offset by an increase in restructuring, impairment and transaction-related costs from the integration of World Color Press.

Restructuring, Impairment and Transaction-Related Charges

Restructuring, impairment and transaction-related charges for the North America Print and Related Services segment for the three months ended June 30, 2011 were $11.2 million, consisting of $3.7 million of employee termination costs related to 514 headcount reductions for the Buffalo, New York plant closure and other workforce reductions announced through the second quarter of 2011, as well as from 2010 workforce reductions, and $7.5 million of various other restructuring charges including costs to maintain and exit closed facilities, as well as lease exit charges.

Restructuring, impairment and transaction-related charges for the North America Print and Related Services segment for the three months ended June 30, 2010 were $0.8 million for lease exit charges.

Table of Contents

International

The following table summarizes net sales, operating loss, operating margin, certain items impacting comparability and equity in earnings of unconsolidated entities, within the International segment:

	Three Months Ended June 30, 2011		2010					
	(dollars in millions)							
	Amount		Amount		$ Change		% Change	
Net Sales:								
Products	$114.5		$55.5		$59.0		106.3	%
Services	3.2		2.8		0.4		14.3	%
Operating Loss (including Restructuring, Impairment and Transaction-Related Charges)	(6.0	)	(28.9	)	22.9		(79.2	)%
Operating Margin	(5.1	)%	(49.6	)%	N/A		N/A	
Restructuring, Impairment and Transaction-Related Charges	$0.9		$25.6		$(24.7	)	(96.5	)%
Equity in Earnings of Unconsolidated Entities	0.3		1.2		(0.9	)	(75.0	)%

Net Sales

Product sales for the International segment increased for the three months ended June 30, 2011 compared to the three months ended June 30, 2010 primarily due to the World Color Press acquisition, and to a lesser extent due to a favorable impact from foreign exchange rates on net sales. These increases were partially offset by declines in print volumes at the Company's Poland location.

Operating Loss

Operating loss for the International segment decreased for the three months ended June 30, 2011 compared with the three months ended June 30, 2010 primarily due to the decreased restructuring expenses in connection with the Pila, Poland announced plant closure in June 2010 as well as due to the World Color Press acquisition, partially offset by a negative impact from foreign exchange rates on the operating loss in Poland.

Restructuring, Impairment and Transaction-Related Charges

Restructuring, impairment and transaction-related charges for the International segment for the three months ended June 30, 2011 were $0.9 million, consisting of $0.1 million of employee termination costs related to 9 headcount reductions in Latin America and $0.8 million of other restructuring and integration charges.

Restructuring, impairment and transaction-related charges for the International segment for the three months ended June 30, 2010 were $25.6 million, consisting of $1.2 million of employee termination costs related to 707 headcount reductions and $24.4 million of impairment charges on assets related to the Pila, Poland plant closure.

Equity in Earnings of Unconsolidated Entities

Investments in entities where Quad/Graphics has both the ability to exert significant influence but not control and has an ownership interest of 50% or less but more than 20% are accounted for using the equity method of accounting. The Company holds a 49% ownership interest in Plural, a commercial printer based in São Paulo, Brazil, as well as a 50% interest in Chile that was acquired as part of the World Color Press acquisition. The equity in earnings of

unconsolidated entities in the International segment decreased during the three months ended June 30, 2011 due to a $1.0 million loss incurred during the three months ended June 30, 2011 at Chile.

Table of Contents

Corporate

The following table summarizes unallocated operating expenses presented as Corporate:

	Three Months Ended June 30,	
	2011	2010
	(dollars in millions)	
Operating Expenses (including Restructuring, Impairment and Transaction-Related Charges)	$23.8	$6.5
Restructuring, Impairment and Transaction-Related Charges	11.3	4.9

Corporate operating expenses increased for the three months ended June 30, 2011 compared with the three months ended June 30, 2010 primarily due to the World Color Press acquisition and higher restructuring and integration costs. Additional corporate expenses were incurred due to the compliance and support costs associated with the Company's new status as a publicly traded entity, which includes increased levels of administrative staff (information technology, finance, legal, human resources, treasury and other administrative labor), and increased costs incurred in connection with the integration of World Color Press.

Corporate restructuring, impairment and transaction-related charges for the three months ended June 30, 2011 were $11.3 million, consisting of: (1) $1.3 million of employee termination costs related to workforce reductions that commenced in 2010, (2) $1.0 million of transaction costs incurred primarily in connection with the transaction with Transcontinental, (3) $8.9 million of costs incurred in connection with the integration of World Color Press and (4) $0.1 million of other restructuring charges.

Corporate restructuring, impairment and transaction-related charges for the three months ended June 30, 2010 were $4.9 million, consisting of $2.7 million of transaction costs and $2.2 million of integration costs incurred in connection with the acquisition of World Color Press.

Table of Contents

Results of Operations for the Six Months Ended June 30, 2011 Compared to the Six Months Ended June 30, 2010

Summary Results

The Company's operating income (loss), operating margin and diluted loss per share attributable to Quad/Graphics common shareholders for the six months ended June 30, 2011 changed from the six months ended June 30, 2010 as follows (dollars in millions, except per share data):

	Operating Income (Loss)	Operating Margin	Loss Per Share Attributable to Quad/Graphics Common Shareholders—Diluted
For the Six Months Ended June 30, 2010	$(19.7)	(2.5)%	$ (1.57)
2011 Restructuring, Impairment and Transaction-Related Charges[1]	(58.2)	(2.7)%	(0.78)
2010 Restructuring, Impairment and Transaction-Related Charges[2]	37.6	4.7 %	1.34
Increase in Interest Expense[3]	N/A	N/A	(0.15)
Increase in Income Tax Benefit[4]	N/A	N/A	0.19
Increase in Operating Income[5]	70.3	1.9 %	0.60
For the Six Months Ended June 30, 2011	$30.0	1.4 %	$ (0.37)

(1) Restructuring, impairment and transaction-related charges of $58.2 million incurred during the six months ended June 30, 2011 included:

a. $20.2 million of employee termination costs related to 904 headcount reductions for plant closures and other workforce reductions announced through the second quarter of 2011, as well as from workforce reductions that commenced in 2010;

b. $1.0 million of transaction costs incurred through June 30, 2011 primarily in connection with the transaction with Transcontinental;

c. $16.1 million of costs incurred in connection with the integration of World Color Press into Quad/Graphics (net of a $7.1 million gain on the collection of a previously written off note receivable for the June 2008 sale of World Color Press' European operations); and

d. $20.9 million of various other restructuring charges including costs to maintain and exit closed facilities, as well as lease exit charges.

(2) Restructuring, impairment and transaction-related charges of $37.6 million incurred during the six months ended June 30, 2010 included:

a. $1.2 million of employee termination costs related to 707 headcount reductions for the Pila, Poland plant closure;

b. $24.4 million of impairment charges on assets related to the Pila, Poland plant closure;

c. $8.9 million of transaction costs incurred primarily in connection with the acquisition of World Color Press;

d. $2.2 million of costs incurred in connection with the integration of World Color Press into Quad/Graphics; and

e. $0.9 million of lease exit charges.

(3) Interest expense increased $29.1 million during the six months ended June 30, 2011 to $59.4 million. This change is due to the increased overall debt levels since the World Color Press acquisition.

35

Table of Contents

(4) Income tax benefit increased $9.2 million during the six months ended June 30, 2011 to a $10.8 million income tax benefit due to an increase in the effective income tax rate from the Company's change to C corporation tax status, partially offset by a decrease in the pre-tax loss. As a result of the July 2, 2010 acquisition of World Color Press, the Company changed the tax status of certain entities within the Quad/Graphics legal structure from S corporation to C corporation status under the provisions of the Internal Revenue Code of 1986, as amended. Subsequent to July 2, 2010, these entities are subject to federal and state income taxes. The effective tax rate for the six months ended June 30, 2011 was 36.7%, as compared to 3.2% for the same period in 2010, reflecting the change in tax status.

(5) Operating income increased $70.3 million primarily due to the World Color Press acquisition and the synergy savings from the integration of World Color Press. Operating margin increased due to the World Color Press acquisition, which benefited from synergy savings related to the integration of World Color Press' operations. Partially offsetting a portion of the synergy savings were the impacts of continued pricing pressures and labor productivity decreases due to the size and complexity of the plant consolidation process. The following discussion provides additional details.

Consolidated

The following table sets forth certain information from the Company's condensed consolidated statements of operations on an absolute dollar basis and as a relative percentage of total net sales for each noted period, together with the relative percentage change in such information between the periods set forth below:

	Six Months Ended June 30,					
	2011		2010			
	(dollars in millions)					
	Amount	% of Sales	Amount	% of Sales	$ Change	% Change
Net Sales:						
Products	$1,933.2	89.0 %	$696.8	87.3 %	$1,236.4	177.4 %
Services	239.6	11.0 %	101.1	12.7 %	138.5	137.0 %
Total Net Sales	2,172.8	100.0 %	797.9	100.0 %	1,374.9	172.3 %
Cost of Sales:						
Products	1,501.0	69.1 %	515.7	64.6 %	985.3	191.1 %
Services	184.4	8.5 %	69.9	8.8 %	114.5	163.8 %
Total Cost of Sales	1,685.4	77.6 %	585.6	73.4 %	1,099.8	187.8 %
Selling, General & Administrative Expenses	221.0	10.2 %	96.9	12.1 %	124.1	128.1 %
Restructuring, Impairment and Transaction-Related Charges	58.2	2.7 %	37.6	4.7 %	20.6	54.8 %
Depreciation and Amortization	178.2	8.2 %	97.5	12.2 %	80.7	82.8 %
Total Operating Expenses	2,142.8	98.7 %	817.6	102.4 %	1,325.2	162.1 %
Operating Income (Loss)	$30.0	1.4 %	$(19.7)	(2.5)%	$49.7	252.3 %

Net Sales

Product sales increased for the six months ended June 30, 2011 compared to the six months ended June 30, 2010 primarily due to the World Color Press acquisition, and to a lesser extent higher paper and byproduct sales, increased volumes for the legacy Quad customers and a favorable impact from foreign exchange rates on net sales. These increases were partially offset by lower pricing due to continued pricing pressure from excess manufacturing capacity in the printing industry.

Service sales, which primarily consist of imaging, logistics and distribution services, increased in the six months ended June 30, 2011 compared to the six months ended June 30, 2010 primarily due to the World Color Press acquisition and higher fuel surcharges on logistics and distribution revenues.

Table of Contents

Cost of Sales

Cost of product sales increased for the six months ended June 30, 2011 compared with the six months ended June 30, 2010 primarily due to the World Color Press acquisition, including the Company re-establishing a retirement benefit for the World Color Press employees. Additionally, cost of product sales increased as a result of: (1) decreased labor productivity associated with integration and restructuring activities related to hiring and training additional employees to prepare certain plants to receive transferred volumes from manufacturing facilities that were closed as part of the World Color Press integration, (2) increased paper sales volume and (3) increased energy and commodity costs. These cost increases were partially offset by acquisition synergy savings related to purchasing and distribution efficiencies realized, as well as labor cost reductions as a result of plant closures.

Cost of product sales as a percentage of net sales increased for the six months ended June 30, 2011 compared with the six months ended June 30, 2010 primarily due to higher operating costs for the acquired World Color Press business, decreased labor productivity associated with integration and restructuring activities, increased paper sales and increased energy and commodity costs. Paper is generally billed to customers at pass-through rates, and thus when paper sales increase during a period, the cost of product sales, as well as the cost of product sales as a percentage of net sales, increases.

Cost of service sales increased for the six months ended June 30, 2011 compared with the six months ended June 30, 2010 primarily due to the World Color Press acquisition and higher fuel prices.

Selling, General and Administrative Expenses

Selling, general and administrative expenses increased for the six months ended June 30, 2011 compared with the six months ended June 30, 2010 primarily due to the World Color Press acquisition, including the Company re-establishing a retirement benefit for World Color Press employees, as well as a result of the compliance and support costs associated with the Company's status as a publicly traded entity starting on July 6, 2010. Selling, general and administrative expenses as a percentage of net sales decreased between periods due to synergy savings from the integration of World Color Press.

Restructuring, Impairment and Transaction-Related Charges

Restructuring, impairment and transaction-related charges of $58.2 million incurred in the six months ended June 30, 2011 include: (1) $20.2 million of employee termination costs related to 904 headcount reductions for plant closures and other workforce reductions, (2) $1.0 million of transaction costs incurred primarily in connection with the transaction with Transcontinental, (3) $16.1 million of costs incurred in connection with the integration of World Color Press (net of a $7.1 million gain on the collection of a previously written off note receivable for the June 2008 sale of World Color Press' European operations) and (4) $20.9 million of various other restructuring charges including costs to maintain and exit closed facilities, as well as lease exit charges.

Restructuring, impairment and transaction-related charges of $37.6 million incurred in the six months ended June 30, 2010 include: (1) $1.2 million of employee termination costs related to 707 headcount reductions for the Pila, Poland plant closure, (2) $24.4 million of impairment charges on assets related to the Pila, Poland plant closure, (3) $8.9 million of transaction costs incurred primarily in connection with the acquisition of World Color Press, (4) $2.2 million of integration costs incurred related to the acquisition of World Color Press and (5) $0.9 million of lease exit charges.

Depreciation and Amortization

Depreciation and amortization increased for the six months ended June 30, 2011 compared with the six months ended June 30, 2010 due to the World Color Press acquisition.

Table of Contents

EBITDA and EBITDA Margin

EBITDA and EBITDA margin for the six months ended June 30, 2011 compared to the six months ended June 30, 2010 was as follows:

	Six Months Ended June 30,			
	2011		2010	
	Amount	% of Net Sales	Amount	% of Net Sales
	(dollars in millions)			
EBITDA and EBITDA margin	$209.2	9.6 %	$82.0	10.3 %

EBITDA increased $127.2 million for the six months ended June 30, 2011 primarily due to the World Color Press acquisition and the related synergy savings from integrating World Color Press. EBITDA margin decreased for the six months ended June 30, 2011 compared with the six months ended June 30, 2010 primarily due to increased restructuring, impairment and transaction-related costs.

EBITDA represents net loss attributable to Quad/Graphics common shareholders, plus (i) interest expense and (ii) depreciation and amortization, and less (iii) income tax benefit. EBITDA margin represents EBITDA as a percentage of net sales. EBITDA and EBITDA margin are presented to provide additional information regarding Quad/Graphics' performance and because both are important measures by which Quad/Graphics gauges the profitability and assesses the performance of its business. EBITDA and EBITDA margin are not measures of financial performance in accordance with GAAP. EBITDA and EBITDA margin should not be considered alternatives to net loss as a measure of operating performance or to cash flows from operating activities as a measure of liquidity. Quad/Graphics' calculation of EBITDA and EBITDA margin may be different from the calculation used by other companies and therefore comparability may be limited. A reconciliation of EBITDA to net loss follows:

	Six Months Ended June 30,	
	2011	2010
	(dollars in millions)	
Net Loss Attributable to Quad/Graphics Common Shareholders[1]	$(17.6)	$(44.2)
Interest Expense	59.4	30.3
Income Tax Benefit	(10.8)	(1.6)
Depreciation and Amortization	178.2	97.5
EBITDA	$209.2	$82.0

(1) Net loss attributable to Quad/Graphics common shareholders includes the effects of restructuring, impairment and transaction-related charges of $58.2 million and $37.6 million for the six months ended June 30, 2011 and 2010, respectively.

Table of Contents

North America Print and Related Services

The following table summarizes net sales, operating income, operating margin and certain items impacting comparability, within the North America Print and Related Services segment:

	Six Months Ended June 30,			
	2011	2010		
	(dollars in millions)			
	Amount	Amount	$ Change	% Change
Net Sales:				
Products	$1,706.3	$588.7	$1,117.6	189.8 %
Services	233.6	95.6	138.0	144.4 %
Operating Income (including Restructuring, Impairment and Transaction-Related Charges)	81.7	29.5	52.2	176.9 %
Operating Margin	4.2 %	4.3 %	N/A	N/A
Restructuring, Impairment and Transaction-Related Charges	$38.7	$0.9	$37.8	4,200.0 %

Net Sales

Product sales for the North America Print and Related Services segment increased for the six months ended June 30, 2011 compared to the six months ended June 30, 2010 primarily due to the World Color Press acquisition. Additionally, product sales increased due to increased paper and byproduct sales, partially offset by lower pricing due to continued pricing pressures related to industry overcapacity.

Service sales for the North America Print and Related Services segment increased for the six months ended June 30, 2011 compared to the six months ended June 30, 2010 primarily due to the World Color Press acquisition. Additionally, service sales increased as a result of higher fuel surcharges to customers.

Operating Income

Operating income for the North America Print and Related Services segment increased for the six months ended June 30, 2011 compared with the six months ended June 30, 2010 primarily due to the World Color Press acquisition, partially offset by increased restructuring and integration expenses. Operating margin decreased for the six months ended June 30, 2011 compared with the six months ended June 30, 2010 primarily due to an increase in restructuring, impairment and transaction-related costs from the integration of World Color Press. Excluding restructuring, impairment and transaction-related costs, operating margin would have increased primarily as a result of synergy savings from integrating World Color Press.

Restructuring, Impairment and Transaction-Related Charges

Restructuring, impairment and transaction-related charges for the North America Print and Related Services segment for the six months ended June 30, 2011 were $38.7 million, consisting of: (1) $18.1 million of employee termination costs related to 835 headcount reductions for plant closures and various workforce reductions announced through the second quarter of 2011, as well as from 2010 workforce reductions, (2) $1.6 million of costs incurred in connection with the integration of World Color Press and (3) $19.0 million of various other restructuring charges including costs to maintain and exit closed facilities, as well as lease exit charges.

Restructuring, impairment and transaction-related charges for the North America Print and Related Services segment for the six months ended June 30, 2010 were $0.9 million for lease exit charges.

Table of Contents

International

The following table summarizes net sales, operating loss, operating margin, certain items impacting comparability and equity in earnings of unconsolidated entities, within the International segment:

	Six Months Ended June 30,							
	2011		2010					
	(dollars in millions)							
	Amount		Amount		$ Change		% Change	
Net Sales:								
Products	$226.9		$108.1		$118.8		109.9	%
Services	6.0		5.5		0.5		9.1	%
Operating Loss (including Restructuring, Impairment and Transaction-Related Charges)	(10.8	)	(33.7	)	22.9		(68.0	)%
Operating Margin	(4.6	)%	(29.7	)%	N/A		N/A	
Restructuring, Impairment and Transaction-Related Charges	$2.4		$25.6		$(23.2	)	(90.6	)%
Equity in Earnings of Unconsolidated Entities	1.1		3.8		(2.7	)	(71.1	)%

Net Sales

Product sales for the International segment increased for the six months ended June 30, 2011 compared to the six months ended June 30, 2010 primarily due to the World Color Press acquisition, and to a lesser extent due to a favorable impact from foreign exchange rates on net sales. These increases were partially offset by declines in print volumes at the Company's Poland location.

Operating Loss

Operating loss for the International segment decreased for the six months ended June 30, 2011 compared with the six months ended June 30, 2010 primarily due to the decreased restructuring expenses in connection with the Pila, Poland announced plant closure in June 2010, partially offset by a negative impact from foreign exchange rates on the operating loss in Poland.

Restructuring, Impairment and Transaction-Related Charges

Restructuring, impairment and transaction-related charges for the International segment for the six months ended June 30, 2011 were $2.4 million, consisting of $0.7 million of employee termination costs related to 69 headcount reductions in Latin America and $1.7 million of other restructuring and integration charges.

Restructuring, impairment and transaction-related charges for the International segment for the six months ended June 30, 2010 were $25.6 million, consisting of $1.2 million of employee termination costs related to 707 headcount reductions and $24.4 million of impairment charges on assets related to the Pila, Poland plant closure.

Equity in Earnings of Unconsolidated Entities

Investments in entities where Quad/Graphics has both the ability to exert significant influence but not control and has an ownership interest of 50% or less but more than 20% are accounted for using the equity method of accounting. The Company holds a 49% ownership interest in Plural, a commercial printer based in São Paulo, Brazil, as well as a

50% interest in Chile that was acquired as part of the World Color Press acquisition. The equity in earnings of unconsolidated entities in the International segment decreased during the six months ended June 30, 2011 due to increased labor costs at Plural as labor productivity declined due to start up costs associated with recently added press capacity to meet growing demand. Equity method earnings also decreased due to a $1.3 million loss incurred during the six months ended June 30, 2011 at Chile.

Table of Contents

Corporate

The following table summarizes unallocated operating expenses presented as Corporate:

	Six Months Ended June 30,	
	2011	2010
	(dollars in millions)	
Operating Expenses (including Restructuring, Impairment and Transaction-Related Charges)	$40.9	$15.5
Restructuring, Impairment and Transaction-Related Charges	17.1	11.1

Corporate operating expenses increased for the six months ended June 30, 2011 compared with the six months ended June 30, 2010 primarily due to the World Color Press acquisition and higher restructuring and integration costs. Additional corporate expenses were incurred due to the compliance and support costs associated with the Company's new status as a publicly traded entity, which includes increased levels of administrative staff (information technology, finance, legal, human resources, treasury and other administrative labor), and increased costs incurred in connection with the integration of World Color Press.

Corporate restructuring, impairment and transaction-related charges for the six months ended June 30, 2011 were $17.1 million, consisting of: (1) $1.4 million of employee termination costs related to workforce reductions that commenced in 2010, (2) $1.0 million of transaction costs incurred primarily in connection with the transaction with Transcontinental, (3) $14.5 million of costs incurred in connection with the integration of World Color Press (net of a $7.1 million gain on the collection of a previously written off note receivable for the June 2008 sale of World Color Press' European operations) and (4) $0.2 million of other restructuring charges.

Corporate restructuring, impairment and transaction-related charges for the six months ended June 30, 2010 were $11.1 million, consisting of $8.9 million of transaction costs primarily incurred in connection with the acquisition of World Color Press and $2.2 million of costs incurred in connection with the integration of World Color Press.

Liquidity and Capital Resources

The Company utilizes cash flows from operations and borrowings under its credit facilities to satisfy its liquidity and capital requirements. The Company believes its expected future cash flows from operations and unused available capacity under its revolving credit facilities provide sufficient resources to fund ongoing operating requirements and the integration and restructuring requirements related to the acquired World Color Press operations, as well as future capital expenditures, debt service requirements, World Color Press single employer pension plan contributions, World Color Press multiemployer pension plans withdrawal liabilities, investments in future growth to create value for its shareholders and shareholder dividends. The Company's borrowing capacity has been increased, and the ongoing cost of borrowings reduced, with the execution of a $1.5 billion debt financing agreement on July 26, 2011, as further discussed below in Debt Obligations.

Cash Flows Provided by Operating Activities

Six Months Ended June 30, 2011 Compared to Six Months Ended June 30, 2010

Net cash provided by operating activities was $116.7 million for the six months ended June 30, 2011, compared to $74.3 million for the six months ended June 30, 2010, resulting in a $42.4 million increase. The increase in cash flows provided by operating activities was primarily due to a reduction in net loss, partially offset by higher working capital. Working capital increased primarily due to increased cash payments in 2011 for pension and postretirement

contributions related to benefit plans assumed in the World Color Press acquisition and for increased income tax payments (due to the Company's change in tax status to a C corporation in July 2010).

Cash Flows Used in Investing Activities

Six Months Ended June 30, 2011 Compared to Six Months Ended June 30, 2010

Net cash used in investing activities was $73.0 million for the six months ended June 30, 2011, compared to $52.0 million for the six months ended June 30, 2010, resulting in a $21.0 million increase. The increase in cash flows used in

41

Table of Contents

investing activities was primarily due to a $56.0 million increase in capital expenditures related to the increased requirements of the Company with the World Color Press acquisition, partially offset by a reduction of $17.3 million in restricted cash and a $10.0 million equity investment in HGI Company, LLC made in 2010.

Cash Flows Used in Financing Activities

Six Months Ended June 30, 2011 Compared to Six Months Ended June 30, 2010

Net cash used in financing activities was $43.0 million for the six months ended June 30, 2011, compared to $21.5 million for the six months ended June 30, 2010, resulting in a $21.5 million increase. The increase in cash flows used in financing activities was primarily due to a $38.9 million increase in net debt payments ($23.8 million of net payments in the six months ended June 30, 2011 compared to $15.1 million of net borrowings in the same period in 2010) and $8.0 million of bankruptcy claim payments on the unsecured notes to be issued in 2011, partially offset by $13.7 million of debt issuance costs paid in 2010 and $9.5 million of decreased dividend payments in 2011.

Debt Obligations

Through June 30, 2011, the Company utilized a combination of debt instruments to fund working capital and other cash requirements, including:

- Senior notes ($645.1 million outstanding as of June 30, 2011);

- $700.0 million term loan ($684.0 million outstanding as of June 30, 2011);

- $530.0 million revolving credit facility ($85.7 million outstanding as of June 30, 2011) — this $530.0 million revolving credit facility and the $700.0 million term loan are collectively referred to as the "$1.23 billion debt financing agreement";

- A $100.8 million foreign currency denominated facilities agreement including both term loan and revolving credit facility components (total of $92.4 million outstanding as of June 30, 2011).

In addition to the foregoing debt instruments, there are certain other debt agreements totaling $5.8 million outstanding as of June 30, 2011. There were no material changes in any of the existing debt facilities between December 31, 2010 and June 30, 2011.

On July 26, 2011, the Company entered into a $1.5 billion debt financing agreement with certain lenders. The $1.5 billion debt financing agreement includes three different loan facilities. The first is a revolving facility in the amount of $850.0 million with a term of five years maturing on July 25, 2016. The second facility is a Term Loan A in the aggregate amount of $450.0 million with a term of five years maturing on July 25, 2016. The third facility is a Term Loan B in the amount of $200.0 million with a term of seven years maturing on July 25, 2018, subject to certain required amortization. At any time when the Company's total leverage is 3.00 to 1.00 or greater, the Company is obligated to prepay the two term loan facilities from the net proceeds of asset sales, casualty losses, and certain indebtedness for borrowed money, or from a portion of its excess cash flow, subject to certain exceptions.

Borrowings under the revolving facility and Term Loan A loans made under the $1.5 billion debt financing agreement will initially bear interest at 2.25% in excess of reserve adjusted LIBOR, or 1.25% in excess of an alternate base rate, and Term Loan B loans will bear interest at 3.00% in excess of reserve adjusted LIBOR Rate, with a LIBOR floor of 1.00%, or 2.00% in excess of an alternative base rate at the Company's option.

This debt financing agreement was entered into to reduce the Company's borrowing costs with lower interest rates and to create more financial flexibility with a higher revolving credit capacity. The proceeds from the Term Loan A, Term Loan B and revolving credit facility were used to repay all outstanding balances on the Company's then outstanding $1.23 billion debt financing agreement, which terminated, and new debt issuance costs incurred.

The $1.5 billion debt financing agreement is secured by substantially all of the unencumbered assets of the Company. The $1.5 billion debt financing agreement also requires the Company to provide additional collateral to the lenders in certain limited circumstances.

Table of Contents

This $1.5 billion debt financing agreement subjects the Company to certain quarterly financial covenants and also includes certain limitations on acquisitions, indebtedness, liens, dividends and repurchases of capital stock. If the Company's total leverage ratio is greater than 3.00 to 1.00 (total leverage ratio as defined in the debt financing agreement), the Company is prohibited from making greater than $120.0 million of annual dividend payments, capital stock repurchases and certain other payments. If the total leverage ratio is less than 3.00 to 1.00, there are no such restrictions.

The quarterly financial covenants are as follows (all financial terms, numbers and ratios are as defined in the $1.5 billion debt financing agreement):

- On a rolling twelve-month basis, the total leverage ratio, defined as total consolidated debt to consolidated EBITDA, shall not exceed 3.50 to 1.00. In the previous $1.23 billion debt financing agreement, the total leverage ratio was 3.75 to 1.00, and then was to step down to 3.50 to 1.00 on December 31, 2012 and further step down to 3.25 to 1.00 on December 31, 2013.

- On a rolling twelve-month basis, the minimum interest coverage ratio, defined as consolidated EBITDA to consolidated cash interest expense, shall not be less than 3.00 to 1.00. This ratio will step up to 3.25 to 1.00 on December 31, 2011 and further step up to 3.50 to 1.00 on December 31, 2012. This covenant is unchanged from the $1.23 billion debt financing agreement.

- Consolidated net worth of at least $745.8 million plus 40% of positive consolidated net income cumulatively for each year. This covenant is unchanged from the $1.23 billion debt financing agreement.

Covenants and Compliance

Prior to the July 26, 2011 debt refinancing discussed above, the Company's various lending arrangements included certain financial covenants (all financial terms, numbers and ratios in this Covenants and Compliance section are as defined in the Company's debt agreements). Among these covenants, the Company was required to maintain the following as of June 30, 2011 (for each covenant, the most restrictive measurement has been included below):

- On a rolling twelve-month basis, the total leverage ratio, defined as total consolidated debt to consolidated EBITDA, shall not exceed 3.75 to 1.00 (for the twelve months ended June 30, 2011, the Company's leverage ratio was 2.39 to 1.00).

- On a rolling twelve-month basis, the minimum interest coverage ratio, defined as consolidated EBITDA to consolidated cash interest expense, shall not be less than 3.00 to 1.00 (for the twelve months ended June 30, 2011, the Company's interest coverage ratio was 6.05 to 1.00).

- On a rolling twelve-month basis, the fixed charge coverage ratio, defined as consolidated EBITDA and rent expense to interest and rent expense, shall not be less than 1.50 to 1.00 (for the twelve months ended June 30, 2011, the Company's fixed charge coverage ratio was 3.01 to 1.00).

- Consolidated net worth of at least $745.8 million plus 40% of positive consolidated net income cumulatively for each year (as of June 30, 2011, the Company's consolidated net worth under the most restrictive covenant per the various lending arrangements was $1.41 billion).

The covenants also included certain limitations on acquisitions, indebtedness, liens, dividends and repurchases of capital stock. As of and for the rolling twelve-month period ended June 30, 2011, the Company was in compliance with all debt covenants. While the Company currently expects to be in compliance in future periods with the

remaining covenants from the senior notes and the new covenants from the $1.5 billion debt financing agreement discussed above in Debt Obligations, there can be no assurance that financial covenants will continue to be met. The Company's failure to maintain compliance with these financial covenants could prevent the Company from borrowing additional amounts and could result in a default under any of the debt agreements. Such default could cause the outstanding indebtedness to become immediately due and payable, by virtue of cross-acceleration or cross-default provisions.

Risk Management

For a discussion of the Company's exposure to market risks and management of those market risks, see Item 3. Quantitative and Qualitative Disclosures About Market Risk of this Quarterly Report on Form 10-Q.

Table of Contents

Contractual Obligations and Off-Balance Sheet Arrangements

As of June 30, 2011, the only off-balance sheet arrangements that existed were lease obligations, which have not changed materially from that listed in the Contractual Obligations and Other Commitments table in the Company's Annual Report on Form 10-K filed on March 24, 2011. As of June 30, 2011, the Company's contractual obligations have not changed materially from the table and related notes to the table listed in such Form 10-K. Subsequent to June 30, 2011, the Company entered into the $1.5 billion debt financing agreement discussed above.

New Accounting Pronouncements

In June 2011, the FASB issued new guidance on the presentation of comprehensive income. This new guidance requires the components of net income and other comprehensive income to be either presented in one continuous statement, referred to as the statement of comprehensive income, or in two separate, but consecutive statements. This new guidance eliminates the current option to report other comprehensive income and its components in the statement of shareholders' equity. While the new guidance changes the presentation of comprehensive income, there are no changes to the components that are recognized in net income or other comprehensive income under current accounting guidance. This new guidance is effective for the Company beginning January 1, 2012. As this guidance only amends the presentation of the components of comprehensive income, the adoption will not have an impact on our consolidated financial positions, results of operations or cash flows.

Table of Contents

ITEM 3. Quantitative and Qualitative Disclosures About Market Risk

The Company is exposed to a variety of market risks which may adversely affect the Company's results of operations and financial condition, including changes in interest and foreign currency exchange rates, changes in the economic environment that would impact credit positions and changes in the prices of certain commodities. The Company's management takes an active role in the risk management process and has developed policies and procedures that require specific administrative and business functions to assist in the identification, assessment and control of various risks. These risk management strategies may not fully insulate the Company from adverse effects due to market risks.

Interest Rate Risk

The Company is exposed to interest rate risk on variable rate debt obligations and price risk on fixed rate debt and capital leases. As of June 30, 2011, the Company had fixed rate debt and capital leases outstanding of $694.0 million at a current weighted average interest rate of 7.4% and variable rate debt outstanding of $867.9 million at a current weighted average interest rate of 5.1%. The variable rate debt outstanding at June 30, 2011 is primarily comprised of the $1.23 billion variable rate debt financing agreement entered into in connection with the acquisition of World Color Press, including $684.0 million outstanding on the $700.0 million term loan and $85.7 million outstanding on the $530.0 million revolving credit facility. The term loan bears interest primarily based on the LIBOR; however, it is subject to a 1.5% LIBOR minimum rate and thus the interest rate on the term loan will not begin to fluctuate until LIBOR exceeds that percentage. At June 30, 2011, LIBOR was significantly lower than that 1.5% LIBOR minimum rate. Considering that the interest rate on the largest portion of the variable rate debt obligations would not fluctuate if market interest rates increased 10%, a hypothetical change in the interest rate of 10% from the Company's current weighted average interest rate on variable rate debt obligations (excluding the term loan) of 4.07% would not have a material impact on the Company's interest expense. A hypothetical 10% change in market interest rates would change the fair value of fixed rate debt at June 30, 2011 by approximately $21.4 million.

Foreign Currency Risk and Translation Exposure

The Company is exposed to the impact of foreign currency fluctuations in certain countries in which it operates. The exposure to foreign currency movements is limited in most countries because the operating revenues and expenses of its various subsidiaries and business units are substantially in the local currency of the country in which they operate. Although operating in local currencies may limit the impact of currency rate fluctuations on the results of operations of the Company's non-U.S. subsidiaries and business units, fluctuations in such rates may affect the translation of these results into the Company's consolidated financial statements. To the extent revenues and expenses are not in the applicable local currency, the Company may enter into foreign exchange contracts to hedge the currency risk. The Company's hedging operations have not been material, and gains or losses from these operations have not been material to the Company's cash flows, financial position or results of operations. The Company does not use derivative financial instruments for trading or speculative purposes.

These international operations are subject to risks typical of international operations, including, but not limited to, differing economic conditions, changes in political climate, potential restrictions on the movement of funds, differing tax structures, and other regulations and restrictions. Accordingly, future results could be adversely impacted by changes in these or other factors.

Credit Risk

Credit risk is the possibility of loss from a customer's failure to make payments according to contract terms. Prior to granting credit, each customer is evaluated in an underwriting process, taking into consideration the prospective

customer's financial condition, past payment experience, credit bureau information and other financial and qualitative factors that may affect the customer's ability to pay. Specific credit reviews and standard industry credit scoring models are used in performing this evaluation. Customers' financial condition is continuously monitored as part of the normal course of business. Some of the Company's customers may be highly leveraged or otherwise subject to their own operating and regulatory risks. Based on those customer account reviews and due to the continued uncertainty of the global economy, the Company has established an allowance for doubtful accounts of $78.5 million as of June 30, 2011, and during the three and six months ended June 30, 2011 the Company recorded provisions for doubtful accounts of $2.1 and $4.4 million, respectively.

The Company had a large, diverse customer base prior to the acquisition of World Color Press; however, the credit risk from customer concentration has further decreased after the acquisition with the addition of new customers, geographies and products the Company now produces. The Company does not have a high degree of concentration with any single customer account. During the three and six months ended June 30, 2011, the Company's largest customer accounted for less than 5% of

45

Table of Contents

the Company's net sales. Even if the Company's credit review and analysis mechanisms work properly, the Company may experience financial losses in its dealings with customers and other parties. Any increase in the nonpayment or nonperformance by customers could adversely affect the Company's results of operations and financial condition. Economic disruptions could result in significant future charges.

Commodity Risk

The primary raw materials used by the Company are paper, ink and fuel. At this time, the Company's supply of raw materials is readily available from numerous suppliers; however, based on market conditions, that could change in the future. The majority of paper used in the printing process is supplied by the Company's customers. For those customers who do not supply paper, the Company will generally include price adjustment clauses in sales contracts, which it also does for other critical raw materials in the printing process. As a result, management believes a hypothetical 10% change in the price of paper and other raw materials would not have a significant direct impact on the Company's consolidated annual results of operations or cash flows; however, significant increases in commodity pricing could influence future customer print volumes. Inflation has not had a significant impact on the Company historically.

Table of Contents

ITEM 4. Controls and Procedures

Disclosure controls and procedures

The Company's management, with the participation of the Company's principal executive officer and principal financial officer, has evaluated the effectiveness of the design and operation of the Company's disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934) as of the end of the period covered by this report and has concluded that, as of the end of such period, the Company's disclosure controls and procedures were effective.

Changes in internal control over financial reporting

This Quarterly Report on Form 10-Q does not include a discussion of changes in the Company's internal controls over financial reporting due to a transition period established by rules of the SEC for newly public companies.

Table of Contents

PART II — OTHER INFORMATION

ITEM 1A. Risk Factors

Risk factors relating to the Company are contained in Part I, Item 1A of the Company's 2010 Annual Report on Form 10-K, filed with the SEC on March 24, 2011. No material change to such risk factors occurred during the period from January 1, 2011 through June 30, 2011.

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

(a) None.

(b) Not applicable.

(c) Not applicable.

See "Management's Discussion And Analysis Of Financial Condition And Results Of Operations — Liquidity and Capital Resources — Debt Obligations," included elsewhere in this Quarterly Report on Form 10-Q, for a discussion of covenants under the Company's debt agreements that may restrict the Company's ability to pay dividends.

ITEM 6. Exhibits

The exhibits listed in the accompanying index of exhibits are filed as part of this Quarterly Report on Form 10-Q.

Table of Contents

SIGNATURES

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

QUAD/GRAPHICS, INC.

Date: August 11, 2011	By:	/s/ J. Joel Quadracci J. Joel Quadracci Chairman, President and Chief Executive Officer (Principal Executive Officer)
Date: August 11, 2011	By:	/s/ John C. Fowler John C. Fowler Executive Vice President and Chief Financial Officer (Principal Financial Officer)

Table of Contents

QUAD/GRAPHICS, INC.

Exhibit Index to Quarterly Report on Form 10-Q
For the Quarterly Period ended June 30, 2011

Exhibits

(3.1)	Amendment to the Amended Bylaws of Quad/Graphics, Inc. effective April 27, 2011 (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K dated April 27, 2011 and filed on May 3, 2011).
(3.2)	Amended Bylaws of Quad/Graphics, Inc., as amended through April 27, 2011 (incorporated by reference to Exhibit 3.2 to the Company's Current Report on Form 8-K dated April 27, 2011 and filed on May 3, 2011).
(4)	Amended and Restated Credit Agreement dated as of July 26, 2011 by and among Quad/Graphics, Inc., as the Borrower, the Lenders party thereto, JPMorgan Chase Bank, N.A., as Administrative Agent, Bank of America, N.A. and U.S. Bank National Association, as Co-Syndication Agents, and PNC Bank, National Association and SunTrust Bank, as Co-Documentation Agents (incorporated by reference to Exhibit 4 to the Company's Current Report on Form 8-K dated and filed on July 27, 2011).
(31.1)	Certification by the Chief Executive Officer pursuant to Rule 13a-14(a) or 15d-14(a) under the Securities Exchange Act of 1934.
(31.2)	Certification by the Chief Financial Officer pursuant to Rule 13a-14(a) or 15d-14(a) under the Securities Exchange Act of 1934.
(32)	Written Statement of the Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350.
(101*)	Financial statements from the Quarterly Report on Form 10-Q of Quad/Graphics, Inc. for the quarter ended June 30, 2011 formatted in eXtensible Business Reporting Language (XBRL): (i) the Condensed Consolidated Statements of Operations (Unaudited), (ii) the Condensed Consolidated Balance Sheets (Unaudited), (iii) the Condensed Consolidated Statements of Cash Flows (Unaudited), (iv) the Notes to Condensed Consolidated Financial Statements (Unaudited), and (v) document and entity information.

---

* In accordance with Rule 406T of Regulation S-T, the information in these exhibits shall not be deemed to be "filed" for purposes of Section 18 of the Securities and Exchange Act of 1934, as amended, or otherwise subject to liability under that section, and shall not be incorporated by reference into any registration statement or other document filed under the Securities Act of 1933, as amended, except as expressly set forth by specific reference in such filing.