

JUSTICE NEWS

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Justice Department Sues to Block Quad's Acquisition of LSC**Acquisition Would Eliminate Quad's Principal Competitor in Magazine, Catalog, and Book Printing**

The Department of Justice filed a civil antitrust lawsuit today seeking to block Quad/Graphics Inc.'s proposed acquisition of LSC Communications Inc. in order to preserve competition in the markets for magazine, catalog, and book printing services in the United States.

The Antitrust Division's lawsuit alleges that the transaction would combine the only two significant providers of magazine, catalog, and book printing services, denying publishers and retailers throughout the country the benefits of competition that has spurred lower prices, improved quality, and greater printing output. The Department filed its lawsuit in the U.S. District Court for the Northern District of Illinois.

"American publishers and retailers rely on Quad and LSC to print and distribute billions of magazines, catalogs, and books each year," said Assistant Attorney General Makan Delrahim of the Justice Department's Antitrust Division. "LSC is Quad's primary competitor. If this deal were allowed to proceed, Quad would dominate the markets for magazine, catalog, and book printing services and be able to raise prices and reduce quality at the expense of publishers, retailers, and, ultimately, American consumers."

The magazine, catalog, and book printing services offered by Quad and LSC include the printing, finishing, and distribution of publications to newsstands, retail facilities, or the postal service for delivery to consumers' homes. Quad and LSC are by far the largest printers in the United States and are relied upon by many of the largest publishers and retailers to ensure that high-quality products are printed and distributed on time.

According to the Department's complaint, Quad and LSC view each other as their "#1 competitor," and intense head-to-head competition between them has directly benefitted their customers through lower prices and better-quality services. The complaint quotes internal presentations and emails describing this competition:

- Internal documents outline the "two-horse race between LSC and Quad."
- A Quad internal presentation explained, "we are the only printer other than LSC that can offer the largest Publishers a complete solution."
- Executives observed a publisher "exploiting the fact that LSC [and] Quad[s] CEO's want to beat each other into oblivion."
- A senior Quad executive remarked of LSC, "We've been in a price war with them for some time. Don't see that changing."
- After hearing news of the merger, one Quad executive reflected on a recent battle between it and LSC and remarked, "I admit, in the case of [a large customer] I'm taking significant satisfaction in the news . . . I'm sure it's a bitter pill for them to swallow."

The complaint alleges that Quad's proposed acquisition of LSC would put an end to the "price war" between the two and allow it to dominate the magazine, catalog, and book printing markets.

Quad/Graphics Inc. is a Wisconsin corporation headquartered in Sussex, Wisconsin. It offers a variety of printing services, including magazine, catalog, and book printing services, to publishers across the country. In 2018, Quad's revenues were approximately \$4.2 billion.

LSC Communications Inc. is a Delaware corporation headquartered in Chicago, Illinois. In 2016, it was spun off from printing firm R.R. Donnelley. LSC offers a similar set of magazine, catalog, and book printing services as Quad. In 2018, LSC's revenues were approximately \$3.8 billion.

Attachment(s):[Download Complaint](#)**Topic(s):**

Antitrust

Component(s):[Antitrust Division](#)**Press Release Number:**

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