



## **Customer FAQ – Announcement of Signed Purchase Agreement – September 15, 2020**

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### **1. What was announced?**

- We announced that, as a result of a robust and competitive sale process, we have entered into a stock and asset purchase agreement (the “Purchase Agreement”), under which an affiliate of Atlas Holdings (“Atlas”), with the support of certain of LSC’s secured creditors (the “Creditor Group”), will acquire LSC, including our operations in Mexico and Canada.
- We are pleased to have reached this agreement, which we believe represents the best path forward for LSC.
- Importantly, with the support of Atlas and the Creditor Group, following the closing of the transaction, we will continue serving our customers with the same high standards of quality, reliability and innovation they expect.
- Through this transaction, we will be able to move forward with an improved balance sheet and a more sustainable capital structure, enabling LSC to continue investing in our business and building on our strong foundation as a leader in print, mailing and distribution, and office products.
- We look forward to working with Atlas to better position LSC for the future.

### **2. Who is Atlas? What is the Creditor Group?**

- Based in Connecticut, Atlas and its affiliates own and operate a diversified group of 21 manufacturing and distribution businesses across targeted industrial sectors, including many relevant to our core offerings, such as distribution, industrial services, packaging, pulp, paper, and logistics.
- Atlas brings extensive knowledge of the printing industry and a long track record of strengthening and growing industrial businesses for the long-term, including companies facing challenging market environments. The Atlas team’s roots are in the paper industry – the formative investment that launched Atlas approximately 20 years ago was the acquisition of a paper mill.
- The Creditor Group comprises certain creditors that we have worked with throughout our financial restructuring process to reach the best outcome for LSC. They have a deep understanding of our business and believe in LSC’s fundamental strengths.
- Following the completion of the sale, we will work to ensure a smooth transition for all our stakeholders.
- As we take the next steps to complete the sale process, we remain committed to serving our customers with the same high standards of quality, reliability and innovation.



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### **3. Why is the Company being sold?**

- Through this transaction, LSC will move forward with an improved balance sheet and a more sustainable capital structure, enabling us to continue investing in our business and building on our strong foundation as a leader in print, mailing and distribution, and office products.
- When we announced our decision to file under Chapter 11 in April, our objective in entering into this financial restructuring process was to help address the fundamental changes in our industry and strengthen our financial position.
- As we've been working through our restructuring process, we have also been conducting a sale process to identify potential bidders for our company.
- Importantly, with the support of Atlas and the Creditor Group, following the closing of the transaction, we will continue serving our customers with the same high standards of quality, reliability and innovation they expect.

### **4. How will this process affect day-to-day operations at LSC?**

- Until the closing of the transaction, LSC will continue to operate as it has been since we filed for Chapter 11.
- We are continuing to operate our business safely and efficiently, and we remain committed to serving our customers with the same high standards of quality, reliability and innovation they expect. We are also committed to maintaining productive relationships with our vendors.

### **5. What are the next steps in this process? When is the sale expected to be completed?**

- The transaction is subject to Bankruptcy Court approval and other customary closing conditions, including regulatory approvals.
- Under the Purchase Agreement, Atlas will receive certain deal protections as previously authorized by the Court.
- The closing of the transaction is expected to occur during the fourth quarter of 2020.
- We will continue to provide additional updates as we move through the process.

### **6. Does this mean the Debtors will be out of bankruptcy upon the closing of the transaction?**

- After the closing of the transaction, substantially all of the Company's assets will be operating outside of bankruptcy and under new ownership.
- The Chapter 11 process will continue through a remaining legal entity and separate from LSC's operations. This is to ensure the proper distribution of the sale proceeds and to wrap up other matters.

### **7. Does this mean LSC will no longer be a public company?**

- If the transaction is approved, LSC will become a privately held company following the closing of the transaction.



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### **8. What is the Company's go forward strategy now?**

- As of now, our strategy and objectives remain the same.
- Importantly, with the support of Atlas and the Creditor Group, following the closing of the transaction, we will continue serving customers with the same high standards of quality, reliability and innovation.
- Through this transaction, LSC will move forward with an improved balance sheet and a more sustainable capital structure, enabling us to continue investing in our business and building on our strong foundation as a leader in print, mailing and distribution, and office products.

### **9. What does this mean for customers?**

- With the support of Atlas and the Creditor Group, following the closing of the transaction, we will continue serving customers with the same high standards of quality, reliability and innovation.
- Through this transaction, we will be able to move forward with an improved balance sheet and a more sustainable capital structure, enabling LSC to continue investing in our business and building on our strong foundation as a leader in print, mailing and distribution, and office products.
- The transaction is not expected to have any impact on our capabilities, service and scheduling responsiveness.
- We value our relationship and look forward to continuing to work together to achieve our mutual success.

### **10. Should I expect changes in my service and schedules?**

- LSC is focused on serving our customers with the same capabilities, service and scheduling responsiveness.
- We have also been actively managing through the impact of COVID-19 on our business, communities, customers and vendors.
- Importantly, with the support of Atlas and the Creditor Group, LSC will continue to operate and serve our customers with the same high standards of quality, reliability and innovation.
- Through this transaction, we will be able to move forward with an improved balance sheet and a more sustainable capital structure, enabling LSC to continue investing in our business and building on our strong foundation as a leader in print, mailing and distribution, and office products.
- As always, we will continue to keep you informed as there are updates to share.
- We value our relationship and look forward to continuing to work together to achieve our mutual success.



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### 11. Does this impact my current contract with LSC?

- Until the closing of the transaction, we expect to continue doing business as we have been with our customers and our contracts remain in effect.
- Importantly, with the support of Atlas and the Creditor Group, following the closing of the transaction, we will continue to operate and serve our customers with the same high standards of quality, reliability and innovation.
- Through this transaction, we will be able to move forward with an improved balance sheet and a more sustainable capital structure, enabling LSC to continue investing in our business and building on our strong foundation as a leader in print, mailing and distribution, and office products.

### 12. What happens to my contract with LSC following the closing of the sale? Is my contract being assigned?

- You may have received a notice of potential assignment because LSC may potentially assume your contract and assign it to a purchaser in connection with a sale of LSC's businesses.
- The notice you received does not guarantee that LSC will or will not assume or assign your contract to a purchaser. It is merely a notification that it may be assumed and assigned in accordance with the procedures approved by the Court.

### 13. What is a “cure cost” or a “cure amount”?

- A “cure amount” is the amount LSC proposes is necessary to “cure” any default under your contract upon assumption or assignment. This is an amount that LSC believes it owes to you because of its default. Because LSC is paying post-petition amounts (amounts occurring on or after April 13, 2020) when due, the cure amount included on the notice is LSC's calculation of prepetition amounts (amounts occurring prior to April 13, 2020) that are due and payable.
- The cure amount is determined by examining LSC's books and records and the terms of your contract.
- Under bankruptcy law, LSC may not assume and assign a contract unless it cures any defaults or provides adequate assurance that it will do so.

### 14. How do I find out what my cure cost is?

- The cure cost for your contract is listed in the right-most column of Exhibit A to LSC's Notices of Potential Assignment that are filed with the Court and served on you. LSC filed its original notice on July 16, 2020, and has filed supplemental notices to make certain corrections or provide updated information regarding its contracts.



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### **15. What if I disagree with the amount of the cure cost?**

- Objections to cure amounts were required to be filed in writing with the Court on or before the Sale Objection Deadline and to specify the alleged cure amount and any and all defaults that must be cured or satisfied in order for your contract to be assumed and assigned.
- Your objection must comply with the terms of LSC's Contract Assumption and Assignment Procedures, which can be found at Docket No. 422, the Bankruptcy Rules, the Local Bankruptcy Rules, and must be properly served on the objection notice parties listed in the Assumption and Assignment Procedures.
- Failure to have filed an objection will result in the cure amount becoming binding with respect to a proposed assumption of your contract.
- You do not need to file a formal objection to each supplemental notice. LSC will consider your filed objection valid against any subsequently filed supplemental notice.

### **16. How will I know if my contract is assumed and assigned in the sale?**

- If the purchaser wishes to assume and have assigned your contract at the closing of the transaction, you will receive a Closing Assignment Notice identifying the successful purchaser of LSC's assets and assignee of your contract. The notice will also provide the purchaser's proposed form of adequate assurance of future performance.
- If the purchaser decides to assume and have assigned your contract after the Closing Assignment Notice has been filed, you will receive a Further Assignment Notice, which will provide the purchaser's proposed form of adequate assurance of future performance and the effective date of the assumption and assignment of your contract. You will have seven days after delivery of the Further Assignment Notice to object to the assignment of your contract.
- The purchaser may assume and have assigned to them LSC's contracts either at the closing or for 45 days after the closing of the transaction.

### **17. What happens if my contract is not assigned in the sale?**

- If your contract is not designated for assignment in the Closing Assignment Notice or a Further Assignment Notice, your contract will remain with the Debtors' estates. Your contract may be assumed by the Debtors, assigned to a different party or potentially rejected by the Debtors.
- If you believe you have a prepetition claim against the Debtors' estate, you should consider filing a proof of claim by September 24, 2020 at 4:00 p.m. Eastern Time. Information on how to file a proof of claim can be found at [cases.primeclerk.com/lsc](https://cases.primeclerk.com/lsc) or by calling 1-877-429-6615.



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### **18. What happens if my contract is assigned in the sale?**

- If the purchaser wishes to assume and have assigned your contract at the closing of the transaction, you will receive a Closing Assignment Notice identifying the successful purchaser of LSC's assets and assignee of your contract. The notice will also provide the purchaser's proposed form of adequate assurance of future performance.
- If the purchaser decides to assume and have assigned your contract after the Closing Assignment Notice has been filed, you will receive a Further Assignment Notice, which will provide the purchaser's proposed form of adequate assurance of future performance and the effective date of the assumption and assignment of your contract. You will have seven days after delivery of the Further Assignment Notice to object to the assignment of your contract.
- If you do not object to the assignment of your contract, you will have waived and released any objection and will have consented to the assignment of your contract. You will be barred from asserting that any additional amounts are due under your contract.
- The purchaser may assume and have assigned to them LSC's contracts either at the closing or for 45 days after the closing of the transaction.

### **19. Where can I find more information regarding contracts?**

- Additional information regarding the procedures governing the assignment and assumption of contracts can be found in the Contract Assumption and Assignment Procedures, Docket No. 422, at [cases.primeclerk.com/lsc](https://cases.primeclerk.com/lsc).

### **20. Why should customers continue to do business with LSC?**

- With the support of Atlas and the Creditor Group, following the closing of the transaction, we will continue serving customers with the same high standards of quality, reliability and innovation.
- Through this transaction, we will be able to move forward with an improved balance sheet and a more sustainable capital structure, enabling LSC to continue investing in our business and building on our strong foundation as a leader in print, mailing and distribution, and office products.
- The transaction is not expected to have any impact on our capabilities, service and scheduling responsiveness.
- We value our relationship and look forward to continuing to work together to achieve our mutual success.

### **21. Will customers have the same point of contact?**

- Yes. LSC is continuing to operate, and normal business relationships are expected to remain the same.



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### **22. How can customers get updates and additional information?**

- We are committed to keeping you informed as there are updates to share.
- In the meantime, please reach out to your usual LSC contact with any questions.
- Additional information regarding LSC's restructuring is also available at [www.lsc.com/restructuring.com](http://www.lsc.com/restructuring.com).