



IN THE COURT OF CHANCERY OF THE STATE OF DELAWARE

IRON WORKERS LOCAL NO. 25 :
PENSION FUND, individually and :
on behalf of all others similarly :
situated, :

Plaintiff, :

v. :

THE CLARENCE W. SCHAWK :
1998 TRUST, THE CLARENCE W. :
AND MARILYN G. SCHAWK :
FAMILY FOUNDATION, THE :
MARILYN G. SCHAWK 1998 :
TRUST, THE CLARENCE W. :
SCHAWK 2013 GRAT, THE :
DAVID A. SCHAWK TRUST U/A :
SCHAWK DESCENDANTS :
TRUST, THE JUDITH LYNN :
SCHAWK GALLO TRUST U/A :
SCHAWK DESCENDANTS :
TRUST, THE CATHY ANN :
SCHAWK TRUST U/A SCHAWK :
DESCENDANTS TRUST, THE :
LISA B. STEARNS TRUST U/A :
SCHAWK DESCENDANTS :
TRUST, THE CLARENCE W. AND :
MARILYN G. SCHAWK FAMILY :
FOUNDATION, DAVID A. :
SCHAWK, THE DAVID A. :
SCHAWK 1998 TRUST, THE :
DAVID AND TERYL SCHAWK :
FAMILY FOUNDATION, THE :
KELLY SCHAWK DOUGLASS :
TRUST U/A DAVID A. SCHAWK :
2008 FAMILY TRUST, THE :
COLLEEN TERYL SCHAWK :

C.A. No. ____ -__

TRUST U/A DAVID A. SCHAWK :
2008 FAMILY TRUST, THE KARA :
ELIZABETH SCHAWK TRUST :
U/A DAVID A. SCHAWK 2008 :
FAMILY TRUST, THE TERYL :
ALYSON SCHAWK 1998 TRUST, :
THE O'DEMPSEY 2013 GIFT :
TRUST, THE KELLY SCHAWK :
DOUGLASS 2004 TRUST, THE :
KELLY LYNN SCHAWK TRUST :
U/A DAVID A. SCHAWK 1988 :
FAMILY TRUST, THE COLLEEN :
TERYL SCHAWK TRUST U/A :
DAVID A. SCHAWK 1988 FAMILY :
TRUST, THE TREVOR BARLO :
TRUST U/A ADDISON TERYL :
BARLO 2011 TRUST, THE :
ADDISON TERYL BARLO TRUST :
U/A ADDISON TERYL BARLO :
2011 TRUST, THE AVA LYNN :
DOUGLASS GIFT TRUST, THE :
TYLER DAVID DOUGLASS GIFT :
TRUST, KARA SCHAWK :
O'DEMPSEY, THE KELLY :
SCHAWK DOUGLASS 2011 GIFT :
TRUST AND THE AVA LYNN :
DOUGLASS TRUST AND THE :
TYLER DAVID DOUGLASS :
TRUST CREATED THEREUNDER, :
THE KARA ELIZABETH SCHAWK :
TRUST U/A DAVID A. SCHAWK :
1988 FAMILY TRUST, THE :
STEARNS 2006 REVOCABLE :
TRUST, THE EXEMPT FAMILY :
TRUST U/A LISA B. STEARNS :
2012 DESCENDANTS TRUST, THE :
MALLORY A. STEARNS TRUST :
U/A LISA BETH SCHAWK :

STEARNS 1991 FAMILY TRUST, :
A. ALEX SARKISIAN, AS :
CUSTODIAN FOR MALLORY A. :
STEARNS UNDER THE ILLINOIS :
UNIFORM TRANSFERS TO :
MINORS ACT, THE WILLIAM D. :
STEARNS TRUST U/A LISA BETH :
SCHAWK STEARNS 1991 FAMILY :
TRUST, THE SARAH 2006 TRUST, :
A. ALEX SARKISIAN, AS :
CUSTODIAN FOR SARAH :
STEARNS UNDER THE ILLINOIS :
UNIFORM TRANSFERS TO :
MINORS ACT, THE JESSICA :
LYNN GALLO TRUST U/A :
JUDITH LYNN GALLO 1991 :
FAMILY TRUST, JESSICA :
GALLO, THE JUDY SCHAWK :
GALLO 2014 GRAT, THE CATHY :
ANN SCHAWK 2005 TRUST, :
WILLIAM D. STEARNS, COLLEEN
TERYL BARLO, CLARENCE W.
SCHAWK, A. ALEX SARKISIAN,
LEONARD S. CARONIA,
STANLEY N. LOGAN, JOHN T.
MCENROE, MICHAEL G.
O'ROURKE, HOLLIS W.
RADEMACHER, PATRICK
J.O'BRIEN, SCHAWK, INC.,
MATTHEWS INTERNATIONAL
CORPORATION, MOONLIGHT
MERGER SUB CORP., and
MOONLIGHT MERGER SUB LLC,

Defendants.

VERIFIED CLASS ACTION COMPLAINT

Plaintiff, Iron Workers Local No. 25 Pension Fund (“Iron Workers Local No. 25”), individually and on behalf of all other similarly situated public shareholders of Schawk, Inc. (“Schawk” or the “Company”), makes the following allegations in this Verified Class Action Complaint (the “Complaint”) against Defendants herein in connection with the Agreement and Plan of Merger and Reorganization, Dated as of March 16, 2014 (“Merger Agreement”). The allegations are based on the knowledge of Plaintiff as to itself and its own actions, and on information and belief, including the investigation of counsel and review of publicly available information, as to all other matters.

INTRODUCTION

1. This case relates to a self-dealing sale of the Company by the Company’s controlling stockholder, “The Schawk Family Shareholders,” as defined herein. On March 17, 2014, Matthews International Corp. (“Matthews”) announced that it had signed a definitive agreement to acquire all of the outstanding stock of Schawk in a cash and stock transaction (the “Proposed Transaction”). Under the terms of the Merger

Agreement, the Company's shareholders will receive \$11.80 in cash and 0.20582 shares of Matthews common stock for each share they own. Based on the closing price of Schawk on March 14, 2014, the last day of trading before the Proposed Transaction was announced, the consideration represents an implied price of \$20.00 per Schawk share and a total enterprise value of approximately \$577 million.

2. Although according to reports a special committee of Schawk directors was involved, the Proposed Transaction requires approval of only a simple majority of the Company's outstanding shares. There is no provision requiring that a majority of the unaffiliated shares vote in favor for the Proposed Transaction to be completed. The Schawk Family Shareholders, members of the Schawk family and various Schawk family trusts, collectively own approximately 62% of the outstanding common stock of the Company and have agreed, among other things, to vote in favor of the Proposed Transaction. In addition, the Schawk Family Shareholders have agreed to pay to Matthews any profit, up to \$3 million, received by the Schawk Family Shareholders in a sale to another bidder above the price of the Proposed Transaction for a period of 18 months following a valid termination of the Merger Agreement.

3. The Proposed Transaction provides special benefits to the Schawk Family Shareholders. Following the transaction, defendant David Schawk will join the executive leadership team and Board of the combined Company. David Schawk will also be in charge of the combined brand solutions business, one of Matthews' two main segments. In addition, the Schawk Family Shareholders have entered into a Shareholders' Agreement, which entitles the Schawk Family Shareholders to special rights in the combined Company, including a Board seat. As a result of the Proposed Transaction, the Schawk Family Shareholders are expected to receive shares of Matthews' common stock representing in the aggregate approximately 10.1% of Matthews' total outstanding shares after the transaction.

4. Further, under the Merger Agreement terms, while the Company common stockholders will receive cash and Matthews' stock for their Company shares, the directors' and officers' options and restricted stock vest and are cashed out based on a \$20.00 per share price. In addition, the Merger Agreement includes substantial deal protections, including a strict no-solicitation clause, designed to coerce the consummation of the Proposed Transaction and impair the prospect of any superior transaction. There is no evidence that there was any shopping of the

Company prior to entry into the deal. Thus, the defensive tactics – including the no-shop clause and voting agreements - are unreasonable.

5. As alleged herein, the Proposed Transaction is not entirely fair to the Company's minority stockholders.

THE PARTIES

6. Plaintiff owns and has owned shares of Schawk common stock throughout the relevant time period.

7. Defendant Schawk is a corporation duly organized and existing under the laws of the State of Delaware, with its principal place of business at 1695 S. River Rd. Des Plaines, IL 60018. Schawk is a leading brand development company. It provides brand development and brand deployment services, related graphic services, brand and package strategy and design, digital promotion and advertising, and software to clients primarily in the consumer packaged goods, retail, and life sciences markets in North and South America, Europe, Asia, and Australia. The Company was founded in 1953. Its stock trades on the New York Stock Exchange under the symbol "SGK".

8. Defendant Matthews International Corporation operates as a designer, manufacturer, and marketer of memorialization products and solutions for the

cemetery and funeral home industries in the United States, Mexico, Canada, Europe, Australia, and Asia. The company was founded in 1850 and is based in Pittsburgh, Pennsylvania. The Company trades on the NASDAQ under the symbol “MATW”.

9. Defendant Moonlight Merger Sub Corp. (“Moonlight Corp.”) is a Delaware corporation and a wholly owned direct subsidiary of Matthews Corp.

10. Defendant Moonlight Merger Sub LLC (“Moonlight LLC”) is a Delaware limited liability company and a wholly owned direct subsidiary of Matthews Corp.

11. Defendant Clarence W. Schawk has been Chairman of the Board since 1992. He also serves as a member of the Board’s Executive Committee. He is the father of defendant David A. Schawk, President and Chief Executive Officer of the Company. He was the chief executive officer of Filtertek Inc., the Company’s predecessor from September 1992 until February 1993. He also served as Chairman of the Board of the corporation previously known as Schawk, Inc. (“Old Schawk”) from 1953 until the merger of Old Schawk and affiliated companies into Filtertek in 1994 and served as Chief Executive Officer until 1994. Defendant Clarence Schawk also served as a director of Old Schawk until the merger with Filtertek.

12. Defendants, the Schawk Family Shareholders, as set forth in the Shareholders' Agreement entered into in connection with the Merger Agreement, include: The Clarence W. Schawk 1998 Trust, the Clarence W. and Marilyn G. Schawk Family Foundation, the Marilyn G. Schawk 1998 Trust, the Clarence W. Schawk 2013 GRAT, the David A. Schawk Trust u/a Schawk Descendants Trust, the Judith Lynn Schawk Gallo Trust u/a Schawk Descendants Trust, the Cathy Ann Schawk Trust u/a Schawk Descendants Trust, the Lisa B. Stearns Trust u/a Schawk Descendants Trust, the Clarence W. and Marilyn G. Schawk Family Foundation, David A. Schawk, the David A. Schawk 1998 Trust, the David and Teryl Schawk Family Foundation, the Kelly Schawk Douglass Trust u/a David A. Schawk 2008 Family Trust, the Colleen Teryl Schawk Trust u/a David A. Schawk 2008 Family Trust, the Kara Elizabeth Schawk Trust u/a David A. Schawk 2008 Family Trust, the Teryl Alyson Schawk 1998 Trust, the O'Dempsey 2013 Gift Trust, the Kelly Schawk Douglass 2004 Trust, the Kelly Lynn Schawk Trust u/a David A. Schawk 1988 Family Trust, the Colleen Teryl Schawk Trust u/a David A. Schawk 1988 Family Trust, the Trevor Barlo Trust u/a Addison Teryl Barlo 2011 Trust, the Addison Teryl Barlo Trust u/a Addison Teryl Barlo 2011 Trust, the Ava Lynn Douglass Gift Trust, the Tyler David Douglass Gift Trust, Kara Schawk O'Dempsey, the Kelly Schawk Douglass 2011 Gift Trust and the Ava Lynn

Douglass Trust and the Tyler David Douglass Trust created thereunder, the Kara Elizabeth Schawk Trust u/a David A. Schawk 1988 Family Trust, the Stearns 2006 Revocable Trust, the Exempt Family Trust u/a Lisa B. Stearns 2012 Descendants Trust, the Mallory A. Stearns Trust u/a Lisa Beth Schawk Stearns 1991 Family Trust, A. Alex Sarkisian, as custodian for Mallory A. Stearns under the Illinois Uniform Transfers to Minors Act, the William D. Stearns Trust u/a Lisa Beth Schawk Stearns 1991 Family Trust, the Sarah 2006 Trust, A. Alex Sarkisian, as custodian for Sarah Stearns under the Illinois Uniform Transfers to Minors Act, the Jessica Lynn Gallo Trust u/a Judith Lynn Gallo 1991 Family Trust, Jessica Gallo, the Judy Schawk Gallo 2014 GRAT, the Cathy Ann Schawk 2005 Trust, William D. Stearns, Colleen Teryl Barlo.

13. Defendant David A. Schawk has served as a member of the Company's Board since 1992. He also serves on the Company's Executive Committee. He was appointed Chief Executive Officer and President of the Company in 1993. He served as Chief Operating Officer of the Company from 1992 through 2004. David A. Schawk served as the President of Old Schawk from 1987 until the merger and he also served as a director of Old Schawk until the merger. David A. Schawk is the son of defendant Clarence W. Schawk.

14. Defendant A. Alex Sarkisian has served on the Company's Board of Directors and as Corporate Secretary since September 1992. He was appointed Senior Executive Vice President of Client Development in July 2012. Prior to this position, defendant Sarkisian served as Chief Operating Officer since March 2004 and was appointed Executive Vice President in 1994. He was the Executive Vice President and Secretary of Old Schawk from 1988 and 1986, respectively, until the merger. Defendant Sarkisian also served as a Director of Old Schawk until the Merger. He is a member of the Executive and 401(k) Administration Committees of the Board. Defendant Sarkisian also is a trustee-signatory to the Voting and Support Agreement and the Shareholders Agreement as a trustee for certain of the Schawk Family Shareholders.

15. Defendant Leonard S. Caronia has served as a director of the Company since 2000. He is also a member of the Option Committee of the Board.

16. Defendant Stanley N. Logan has served as a director of the Company since 2007. He is a member of the Audit Committee of the Board.

17. Defendant John T. McEnroe has served as a director of the Company since 1992 and is a member of the Executive and Option Committees.

18. Defendant Michael G. O'Rourke has served as a director of the Company since 2007.

19. Defendant Hollis W. Rademacher has served as a director of the Company since 1994. He is a member of the Executive, Audit and Option Committees of the Board.

20. Defendant Patrick J. O'Brien has been a director of the Company since August 2012. He is also a member of the Option/Compensation Committee of the Board.

21. Each of the current members of the Schawk Board that is named as a defendant may individually or collectively be referred to as the "Individual Defendants."

22. The Schawk Family Shareholders, defendant David Schawk, defendant Clarence Schawk and defendant A. Alex Sarkisian, constitute the "Schawk Family Defendants."

SUBSTANTIVE ALLEGATIONS

A. BACKGROUND

23. Schawk describes itself as a leading global brand development, activation and deployment company. The Company produces brand assets and protects brand equities to make brands more profitable. Schawk provides strategic, creative and executional graphic services and solutions to clients in the consumer products packaging, retail, pharmaceutical and advertising markets. The Company

delivers these services to its clients in more than 150 locations in over 20 countries across North America, Europe, Asia and Australia.

24. Matthews is a Pennsylvania Corporation and does business as a designer, manufacturer and marketer of memorialization products and brand solutions. Memorialization products consist of bronze and granite memorials and other memorialization products, caskets and cremation equipment for the cemetery and funeral home industries. Brand solutions include graphics imaging products and services, marking and fulfillment systems products, and merchandising solutions. The company operates in six business segments: Cemetery Products, Funeral Home Products, Cremation, Graphics Imaging, Marking and Fulfillment Systems, and Merchandising Solutions.

25. Schawk and Matthews have a significant prior relationship, and over the years have held discussions about possible combinations. On the investor call discussing the Proposed Transaction, Joseph Bartolacci, the Chief Executive Officer and President of Matthews, stated: “We’ve been in the graphics industry for many, many years. I’ve known and talked to the Schawk family throughout those years. I’ve been with Matthews now 18 years and have had conversations with Clarence, David’s father and David over many years of we’ll buy you, you buy us, whatever it may be.”

B. THE PROPOSED TRANSACTION

26. On March 17, 2014, Matthews Corp. issued a press release announcing it had signed a definitive agreement to acquire Schawk. Under the terms of the Merger Agreement, Schawk shareholders will receive \$11.80 in cash and 0.20582 shares of Matthews common stock for each Schawk share they own. Based on the closing price of Matthews' stock on March 14, 2014, the day before the Proposed Transaction was announced, the consideration represents an implied price of \$20.00 per Schawk share and a total enterprise value of approximately \$577 million. The Schawk Family Shareholders' portion of the total enterprise value is approximately \$357 million, while the public shareholders' portion is approximately \$219 million. There is no collar on the stock portion of the consideration.

27. The Proposed Transaction is expected to close in the quarter ending September 30, 2014, and is expected to achieve \$35-\$45 million in annual cost-savings synergies. It is further expected to be accretive to Matthews' adjusted (non-GAAP) earnings per share in the first full fiscal year following the closing of the transaction.

28. The Schawk Family Shareholders collectively own approximately 62% of the Company's common stock and have agreed pursuant to a Voting and

Support Agreement to vote in favor of the Proposed Transaction (the “Voting Agreement”). As of March 16, 2014, the day before the Proposed Transaction was announced publicly, the Schawk Family Shareholders beneficially owned in the aggregate 16,172,720 shares, which was approximately 61.5% of the total outstanding shares. The Voting Agreement was filed with the SEC on March 19, 2014. Under the terms of the Voting Agreement, the Schawk Family Shareholders have also agreed to vote “against the approval or adoption of any proposal made in opposition to, or in connection with, the Proposed Transaction.” They have also agreed to vote “against any other proposal or action that could reasonably be expected to impede, interfere with, delay, postpone, discourage, or adversely affect the consummation of the Proposed Transaction.” Further, for a period of 18 months following a valid termination of the Merger Agreement, the Schawk Family Shareholders have agreed to pay to Matthews the profit to the Schawk Family Shareholders from any higher priced transaction, up to \$3 million. Thus, the Voting Agreement includes a significant disincentive for the Schawk Family Shareholders to support a higher bid for the Company.

29. According to the Company, a special committee of purportedly independent directors evaluated the Proposed Transaction. The Company has not yet disclosed which members of the Board were on the special committee or

whether the special committee was established to negotiate the Proposed Transaction, or simply to review it after it was negotiated by David Schawk. Moreover, given the control over the Company by the Schawk Family Shareholders, the purportedly independent directors are and have been effectively beholden to the Schawk family for their positions on the Board. There have also been business relations between Schawk and Signature Bank in Chicago, with which three of the purportedly independent directors (defendants O'Rourke, McEnroe and Caronia) are affiliated, that would call into question the independence of those directors.

30. Neither the Schawk Family Shareholders nor the special committee required the Proposed Transaction to be approved by a majority of the unaffiliated Company stockholders. The Proposed Transaction requires approval by only a majority of the outstanding Company shares. Thus, stockholder approval is assured unless the Merger Agreement is terminated. During the investor call following the announcement of the Proposed Transaction, Company management confirmed that only a simple majority vote is required to consummate the merger:

Q: - **Phil Buffa**>: I see that you guys are requiring a shareholder vote yet you already have 61% voting agreement.

Q: - Was that already done by written consent or will there actually [sic] a vote?

<A>...there will be a shareholder vote for the Schawk folks. Matthews will not have a shareholder vote.

<Q - **Phil Buffa**>: And will the shareholder vote just be a majority of the Schawk shares?

* * *

<A - **Timothy Cunningham**>: Yeah. *It's just the majority of the voting and obviously with the family having about 62% we're already there.* (emphasis added)

31. On the call, the Company again stated:

<Q - **Sachin Shah**>: Hi. Good morning again. So I just want to clarify. It's only a simple majority vote that is required even though the family has 61%, or is a majority of the minority that's required?

<A - **Joseph Bartolacci**>: *It is not the majority of the minority.* It's simple majority. (emphasis added)

<Q - **Sachin Shah**>: Okay. So you are going – and because of that, you are going to still file the proxy, right, and have other shareholders outside the family have the opportunity to vote on the deal *even though the vote is already locked?* (emphasis added)

<A - **Joseph Bartolacci**>: Yeah, absolutely. We have to go through that process.

32. The Proposed Transaction provides substantial special benefits to the Schawk family and Company management. Defendant David Schawk will join the executive leadership team and Board of the combined Company and will be in charge of the combined brand solutions business, one of the combined Company's two main segments. The Schawk Family Shareholders also are entitled to a Board seat under the Shareholder Agreement.

33. The Company officers and directors, including Defendant David Schawk and Defendant Sarkisian, will receive substantial additional special

benefits. Under the Merger Agreement, all Company options and restricted stock units vest and will be cashed out based on \$20.00 per share.

34. Since the announcement of the Proposed Transaction, shares of Schawk have been hovering around \$20.00, the value of the consideration offered in the Proposed Transaction. This reflects that the deal price is capped, given that the Schawk Family Shareholders have agreements in place to vote in favor of the deal and against any alternative bid that might have been made.

35. In addition to the Voting Agreement, which effectively makes any alternative bid impossible for a competing entity to pursue, the Merger Agreement contains substantial deal protection devices, which all but ensure the consummation of the unfair and inadequate deal with Matthews to the detriment of Schawk's public shareholders.

36. Section 5.2(a) requires the Company to "immediately cease and cause to be terminated all existing discussions or negotiations" with any person regarding an alternate proposal. Section 5.2(a) also contains a "no shop" provision, which provides that neither the Company nor its representatives "solicit, initiate, or knowingly encourage" the submission of any proposal, inquiry, or offer that is reasonably likely to lead to an alternate proposal. Under

this provision, the Company also cannot provide any interested party with non-public information.

37. Under Section 5.2(a) of the Merger Agreement, the Company can only talk with and provide information in response to a bona fide, written acquisition proposal if the Schawk Board determines, after consultation with legal and financial advisors, that it has received a “superior proposal” from that bidder. Even then, the third-party bidder would be required to enter into a confidentiality agreement “containing terms substantially similar to, and no less favorable to,” the Company than those set forth in the confidentiality agreement with Matthews. Also, the Company must provide a copy of all information not previously provided to Matthews prior to or concurrently with providing the alternate bidder with such information.

38. Section 5.2(b) of the Merger Agreement also restricts the ability of the Schawk Board to change its recommendation on the Proposed Transaction. Specifically, the Schawk Board may not “withdraw” or “modify or qualify in any manner adverse” to Matthews its recommendation on the Proposed Transaction, or “cause or permit” the Company to enter into any or approve any alternate proposal, unless, among other things, (1) the alternate proposal constitutes a superior proposal to the Proposed Transaction, or (2) material changes in

circumstances were not known to the Board or Special Committee nor reasonably foreseeable. The Company, however, may not make an adverse recommendation change unless it promptly notifies Matthews in writing at least three business days before making the change of its intention to do so and provides Matthews with, among other things, the material terms and conditions of the alternate proposal. This provision is unreasonable on its face because the Voting and Support Agreement, which renders the shareholder vote meaningless and a *fait accompli*, also undercuts the ability of the Board to provide information that may be vital to decisions by minority stockholders on whether to seek their shareholder right of appraisal which requires, among other things, a dissenting stockholder not to vote in favor of the Merger. Moreover, the Schawk Board can only accept an alternate proposal if it has determined, in consultation with its outside legal counsel, that the failure to take such action would be inconsistent with its fiduciary duties to the Company's stockholders.

39. Under Section 5.2(c) of the Merger Agreement, no later than 24 hours after receipt of an alternate proposal, request for information, discussion or negotiation that is reasonably likely to lead to an alternate proposal, or inquiry, proposal or offer that is reasonably likely to lead to an alternate proposal, and at least 24 hours before providing such information, Schawk must provide Matthews

with the (1) the material terms and conditions of the alternate proposal, and (2) the identity of the person or group making the proposal or inquiry.

40. These Merger Agreement provisions, especially in tandem with the Voting and Support Agreement, combine to have a chilling effect on the submission of any alternate bids from competitors and effectively preclude the Company's shareholders from obtaining the best price for their shares. By entering into the Merger Agreement and failing to protect the interests of Schawk's public shareholders, the Individual Defendants have breached their fiduciary duties.

C. THE PROPOSED TRANSACTION IS NOT ENTIRELY FAIR

41. As alleged herein, the Schawk Family Shareholders stand on both sides of the Proposed Transaction. The Schawk Family Shareholders not only own more than 50% of the Schawk's outstanding stock, and hold the most senior and influential Board and management positions with the Company, but Schawk stated in its prospectus filed with the SEC on November 30, 2005, for its most recent common stock offering:

Various members of the Schawk family and their trusts currently control approximately 62% of the outstanding voting power of our company. Therefore, the Schawk family has the power to direct our affairs and is able to determine the outcome of substantially all matters required to be submitted to stockholders for approval, including the election of all our directors. Clarence W. Schawk and

David A. Schawk, members of the Schawk family, are directors of our company. We cannot assure you that members of the Schawk family will not exercise their control over us in a manner detrimental to your interests. In addition, members of the Schawk family could elect to sell substantial amounts of our common stock in the public market in the future, which could cause our market price to decline. An increase in the number of shares of our common stock in the public market could adversely affect prevailing market prices and could impair our future ability to raise capital through the sale of our equity securities.

Moreover, defendant David Schawk will continue as a senior executive in the combined company and the Schawk Family Shareholders are entitled to a seat on the Board.

42. To meet entire fairness scrutiny, the Schawk Family Shareholders and other self-dealing fiduciaries must establish that the Proposed Transaction is entirely fair to Schawk's public shareholders – *i.e.*, that it offers a fair price and was arrived at following a fair process. The Proposed Transaction fails both prongs.

43. The Proposed Transaction is unfair to Schawk's public shareholders. ***First***, the Schawk Family Shareholders, including defendants Clarence Schawk and David Schawk, collectively own approximately 62% of the Company's outstanding shares and control of the vote. As described in detail above, the Proposed Transaction is not conditioned upon a majority of the minority shareholder vote. The Schawk Family Shareholders own more than 50% of

outstanding shares and have already committed to vote in favor of the Proposed Transaction (and against any other potential alternative offer). The only decision for minority stockholders is, thus, whether to seek appraisal under Delaware law which determines fair value without synergies.

44. **Second**, the Proposed Transaction is unfair to the minority stockholders because the Merger Agreement deal protections unreasonably impair the prospect of alternative bidders coming forward, as described above.

45. **Third**, the Proposed Transaction provides special benefits to the Schawk Family Shareholders and the Company's officers and directors.

46. **Fourth**, the price of the Proposed Transaction is unfair. The price of \$20.00 per share represents only a 35% percent premium over the Company's \$14.73 closing price on March 14, 2014, the last trading day prior to the announcement. The structure of the Proposed Transaction effectively caps the value available to minority stockholders on a sale of the Company including synergies. Rather than engaging in a competitive bidding process, which would have uncovered other entities with differing valuation positions with respect to Schawk, upon information and belief, the Proposed Transaction price was set in private discussions between David Schawk and Matthews Corp., and the resulting

price has effectively capped the consideration that Schawk's public shareholders can obtain from a sale of the Company.

47. Further, the Voting Agreement includes a strong disincentive for the Schawk Family Shareholders to support any higher bid, as any increase in price paid by another bidder for 18 months is required to be paid by the Schawk Family Shareholders to Matthews up to \$3 million.

48. Moreover, while the Schawk Family Shareholders will gain significant special benefits from the Proposed Transaction, including the senior management position for David Schawk, seats on its board and the immediate vesting and cash payment for options and restricted stock, Schawk's public shareholders will be stuck with the choice of the Proposed Transaction or appraisal value which excludes synergies.

49. The Proposed Transaction values Schawk at a multiple of 13.0 times trailing 12 months Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA"). Innerworkings, Inc., a company that Schawk lists within its "primary peer group" in its 2013 proxy and that shares the same SIC code as Schawk, currently trades at a multiple of 31.9 times trailing 12 months EBITDA, more than twice Schawk's multiple under the Proposed Transaction. Both companies calculate and publish a metric they call "adjusted

EBITDA,” but the factors that go into each of the calculations vary significantly. Based on an independent financial analysis intended to compare Schawk and Innerworkings’ valuations on a level playing field, the Proposed Transaction significantly undervalues Schawk shares in comparison to Innerworkings’ current trading multiple. Furthermore, reasonable investors expect a certain “takeout premium” for their shares when public company buyouts are announced. In this case, not only did Schawk shareholders not receive a reasonable takeout premium, but the consideration falls far short of the current *trading* multiple of Schawk’s own selected peer in its industry.

Schawk / Innerworkings EBITDA
multiple analysis
12 months ending 12/31/13
in thousands

	<u>Schawk</u>	<u>Innerworkings</u>
Income from Continuing Ops (GAAP)	13,218	(5,981)
Interest Expense	4,324	2,954
Income Tax Expense (benefit)	6,902	(556)
Depreciation & Amortization	18,136	13,664
Stock Based Compensation	1,644	4,733
 EBITDA	 44,224	 14,814
 Enterprise Value	 577,000	 472,400
 EV / EBITDA	 13.0	 31.9

50. Additionally, the \$20.00 per share consideration offered in connection with the Proposed Transaction does not fairly reflect the Company's recent results and expected growth. Indeed, the Company announced its 2013 Fourth Quarter and Full-Year results on March 5, 2014, just over a week before the announcement of the Proposed Transaction. The full-year 2013 operating income grew \$55.2 million, earnings per diluted share from continuing operations improved \$1.41 and debt was reduced by 30.2 percent. David Schawk commented on these results, noting "During 2013, our profitability rose significantly as we further leveraged our operations, continued to align with client strategies and market trends and expanded our technological capabilities. The year-over-year improvement in adjusted operating income was \$11.5 million, or 48.6 percent. Moreover, we reduced our total debt by \$25.1 million, or 30.2 percent, during the year, primarily reflecting the improved cash flow from increased profitability and capital spending reductions on technology initiatives." He highlighted the Company's future growth noting: "Despite the continued challenging economic environment, our CPG revenue has grown for two consecutive years reflecting the investments we have made and continue to make in expanding our opportunities for long-term profitable revenue growth." Thus, the price the shareholders will receive in connection with the Proposed Transaction is unfair.

CLASS ACTION ALLEGATIONS

51. The Board members' failure to comply with their duty to present a Proposed Transaction that was arrived at following a fair process and at a fair price constitutes direct impairments of the rights of Plaintiff and Schawk's public shareholders. Because the Schawk Family collectively owns approximately 62% of the Company's common stock and have agreed to vote in favor of the merger, the Proposed Transaction is a *fait accompli*. Accordingly, these claims are properly brought as direct class action claims.

52. Plaintiff brings this action pursuant to Rule 23 of the Rules of the Court of Chancery, individually and on behalf of all other holders of Schawk's common stock (except Defendants herein and any person, firm, trust, corporation or other entity related to or affiliated with them and their successors in interest) who are or will be threatened with injury arising from Defendants' wrongful actions, as more fully described herein (the "Class").

53. This action is properly maintainable as a class action.

54. The Class is so numerous that joinder of all members is impracticable. As of February 26, 2014, there were over 26 million shares of Schawk common stock outstanding, of which approximately 10 million are held by public

shareholders. Under these circumstances, the Company undoubtedly has thousands of shareholders who are scattered throughout the United States.

55. There are questions of law and fact common to the Class including, *inter alia*, whether:

- a. The Proposed Transaction is entirely fair to Schawk's public shareholders;
- b. The Schawk Family Defendants breached their fiduciary duties in a self-dealing unfair transaction;
- c. The Individual Defendants breached the fiduciary duties owed to Schawk's minority common stockholders;
- d. Matthews and its affiliates aided and abetted the Schawk Family Defendants' breaches of their fiduciary duties;
- e. Matthews and its affiliates aided and abetted the Individual Defendants' breaches of the fiduciary duties;
- f. Plaintiff and the other members of the Class is being and will continue to be injured by the wrongful conduct alleged herein and, if so, what is the proper remedy and/or measure of damages; and
- g. Plaintiff and the other members of the Class will be damaged irreparably by Defendants' conduct.

56. Plaintiff is committed to prosecuting the action and has retained competent counsel experienced in litigation of this nature. Plaintiff's claims are typical of the claims of the other members of the Class, and Plaintiff has the same interests as the other members of the Class. Plaintiff is an adequate representative of the Class.

57. The prosecution of separate actions by individual members of the Class would create the risk of inconsistent or varying adjudications with respect to individual members of the Class, which would establish incompatible standards of conduct for Defendants, or adjudications with respect to individual members of the Class, which would as a practical matter be disjunctive of the interests of the other members not parties to the adjudications or substantially impair or impede their ability to protect their interests.

58. Defendants have acted, or refused to act, on grounds generally applicable to, and causing injury to, the Class and, therefore, preliminary and final injunctive relief on behalf of the Class, as a whole, is appropriate.

COUNT I
BREACH OF FIDUCIARY DUTY AGAINST
THE SCHAWK FAMILY DEFENDANTS

59. Plaintiff repeats and realleges each of the forgoing allegations.

60. The Schawk Family Defendants, as controlling stockholders of Schawk, owe fiduciary duties to the Company's minority shareholders. The Schawk Family Defendants are required to establish entire fairness of self-dealing transactions that are not subject to review under the business judgment rule.

61. As alleged herein, the Proposed Transaction is a self-dealing transaction by the Schawk Family Defendants which is not subject to review under

the business judgment rule.

62. The Schawk Family Defendants have breached their fiduciary duties to the Company's minority stockholders as alleged herein and the Proposed Transaction is not entirely fair.

63. As a result of the breaches of fiduciary duties, the Class will be harmed.

COUNT II
CLAIM FOR BREACH OF FIDUCIARY DUTY AGAINST
THE OFFICER DIRECTOR DEFENDANTS

64. Plaintiff repeats and re-alleges each of the foregoing allegations.

65. Defendant David Schawk, in addition to being included in the Schawk Family Shareholders, is an executive officer and director of the Company and therefore owes fiduciary duties to the Company and its stockholders in that capacity as well. David Schawk's exertion of control over the Company and its assets to facilitate self-dealing use of the Company and its assets at the unfair expense of the unaffiliated stockholders is in breach of his fiduciary duties.

66. David Schawk breached his fiduciary duties by attempting to sell the Company to Matthews Corp. without providing shareholders with a fair process or fair price in connection with a transaction in which his, his family's and their affiliated trusts' interests diverged from that of the public shareholders.

67. Defendants A. Alex Sarkisian, in addition to being a trustee of the Schawk Family Shareholders, in an executive officer and a director of the Company and thus owes fiduciary duties to the Company and its minority stockholders. Defendant Sarkisian has breached his duties as alleged herein.

68. As a result of the breaches of fiduciary duty described herein, the Class will be harmed.

COUNT III
CLAIM FOR BREACH OF FIDUCIARY DUTY
AGAINST THE INDIVIDUAL DEFENDANTS

69. Plaintiff repeats and re-alleges each of the foregoing allegations.

70. By virtue of their positions as directors of Schawk, the Individual Defendants owe fiduciary duties to Schawk and its stockholders. Each of the Individual Defendants was required to, among other things, (a) use his or her ability to control and manage Schawk in a fair, just and equitable manner and (b) act in furtherance of the best interests of Schawk and its shareholders and not his or her own best interests, or the interests of a fellow Board member or Company executive.

71. The Individual Defendants breached their fiduciary duties of care and loyalty to Schawk's shareholders by, *inter alia*, not ensuring that the Proposed Transaction was negotiated by non-conflicted Company and Board representatives;

not providing for consideration of alternative proposals prior to approving the Proposed Transaction; and not requiring a majority of the minority provision to give Schawk's public shareholders a meaningful say on the Proposed Transaction.

72. As a result of the Individual Defendants' breaches of fiduciary duty described herein, the Class will be harmed.

COUNT IV
CLAIM FOR AIDING AND ABETTING THE INDIVIDUAL DEFENDANTS'
BREACHES OF FIDUCIARY DUTY AGAINST
SCHAWK, INC. AND THE MATTHEWS DEFENDANTS

73. Plaintiff repeats and re-alleges each of the foregoing allegations.

74. As set forth above, the Individual Defendants breached their fiduciary duties of care and loyalty to Schawk's shareholders by, *inter alia*, structuring the Proposed Transaction without giving the public shareholders a meaningful say in the Proposed Transaction. Schawk, Inc. and the Matthews Defendants aided and abetted those breaches.

75. Schawk, Inc. and the Matthews Defendants knew that the Individual Defendants could not, consistent with their fiduciary duties, accept an offer without a fair process and by which Schawk's minority shareholders would receive an unfair price. Nonetheless, Schawk and Matthews conditioned – in tandem with defendant David Schawk and the Individual Defendants – the Proposed Transaction in such a way as to remove Schawk's public shareholders from having

any meaningful vote on the Proposed Transaction, and further entered into Voting Agreements and a Merger Agreement that effectively make it impossible for any deal other than the Proposed Transaction from being completed. In taking these actions, Schawk, Inc. and the Matthews Defendants substantially assisted David Schawk's and the Individual Defendants' breaches of their fiduciary duties to Schawk's shareholders.

76. As a result of this misconduct, Plaintiff and the Class have been damaged.

WHEREFORE, Plaintiff prays for judgment, as follows:

A. determining that this action is a proper class action and that Plaintiff is a proper class representative, and appointing Plaintiff's counsel as Class Counsel;

B. declaring that the Schawk Family Defendants have breached their fiduciary duties to Plaintiff and the Class;

C. declaring that David Schawk has breached his fiduciary duties to Plaintiff and the Class;

D. declaring that each member of the Schawk Board has breached his or her fiduciary duties to Plaintiff and the Class;

E. declaring that Schawk, Inc. and the Matthews Defendants aided and abetted David Schawk's and the Individual Defendants' breaches of fiduciary duties to Plaintiff and the Class;

F. enjoining the Individual Defendants from accepting Matthews' offer to acquire Schawk;

G. requiring Defendants to re-structure the Proposed Transaction to provide a majority of the minority voting provision for Schawk's public, non-affiliated shareholders and an additional period for other potential bidders to make offers for the Company;

H. awarding to Plaintiff the costs and disbursements of this action, including a reasonable allowance for the fees and expenses of Plaintiff's attorneys and experts; and

I. granting such other and further relief as the Court deems appropriate.

Dated: April 4, 2014

CHIMICLES & TIKELLIS LLP

/s/ *Robert J. Kriner, Jr.*

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Robert J. Kriner (DE Bar 2546)
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Counsel for Plaintiff



IN THE COURT OF CHANCERY OF THE STATE OF DELAWARE

IRON WORKERS LOCAL NO. 25	:
PENSION FUND, individually and on	:
behalf of all others similarly situated,	:
	:
Plaintiff	:
	:
v.	:
	:
THE CLARENCE W. SCHAWK 1998	:
TRUST, THE CLARENCE W. AND	:
MARILYN G. SCHAWK FAMILY	:
FOUNDATION, THE MARILYN G.	:
SCHAWK 1998 TRUST, THE CLARENCE	:
W. SCHAWK 2013 GRAT, THE DAVID	:
A. SCHAWK TRUST U/A SCHAWK	:
DESCENDANTS TRUST, THE JUDITH	:
LYNN SCHAWK GALLO TRUST U/A	:
SCHAWK DESCENDANTS TRUST,	:
THE CATHY ANN SCHAWK TRUST	:
U/A SCHAWK DESCENDANTS TRUST,	:
THE LISA B. STEARNS TRUST U/A	:
SCHAWK DESCENDANTS TRUST, THE	:
CLARENCE W. AND MARILYN G. SCHAWK	:
FAMILY FOUNDATION,	:
DAVID A. SCHAWK, THE DAVID A.	:
SCHAWK 1998 TRUST, THE DAVID	:
AND TERYL SCHAWK FAMILY	:
FOUNDATION, THE KELLY SCHAWK	:
DOUGLASS TRUST U/A DAVID A.	:
SCHAWK 2008 FAMILY TRUST,	:

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**AFFIDAVIT AND VERIFICATION OF DENNIS KRAMER
IN SUPPORT OF VERIFIED CLASS ACTION COMPLAINT**

THE COLLEEN TERYL SCHAWK TRUST :
 U/A DAVID A. SCHAWK 2008 FAMILY :
 TRUST, THE KARA ELIZABETH :
 SCHAWK TRUST U/A DAVID A. :
 SCHAWK 2008 FAMILY TRUST, THE :
 TERYL ALYSON SCHAWK 1998 :
 TRUST, THE O'DEMPSEY 2013 GIFT :
 TRUST, THE KELLY SCHAWK :
 DOUGLASS 2004 TRUST, THE KELLY :
 LYNN SCHAWK TRUST U/A DAVID A. :
 SCHAWK 1988 FAMILY TRUST, THE :
 COLLEEN TERYL SCHAWK TRUST U/A :
 DAVID A. SCHAWK 1988 FAMILY :
 TRUST, THE TREVOR BARLO TRUST :
 U/A ADDISON TERYL BARLO 2011 :
 TRUST, THE ADDISON TERYL BARLO :
 TRUST U/A ADDISON TERYL BARLO :
 TRUST U/A/ADDISON TERYL BARLO :
 2011 TRUST, THE AVA LYNN :
 DOUGLASS GIFT TRUST, THE TYLER :
 DAVID DOUGLASS GIFT TRUST, :
 KARA SCHAWK O'DEMPSEY, THE :
 KELLY SCHAWK DOUGLASS 2011 :
 GIFT TRUST AND THE AVA LYNN :
 DOUGLASS TRUST AND THE TYLER :
 DAVID DOUGLASS TRUST CREATED :
 THEREUNDER, THE KARA ELIZABETH :
 SCHAWK TRUST U/A DAVID A. :
 SCHAWK 1988 FAMILY TRUST, THE :
 STEARNS 2006 REVOCABLE TRUST, :
 THE EXEMPT FAMILY TRUST U/A :
 LISA B. STEARNS 2012 DESCENDANTS :
 TRUST, THE MALLORY A. STEARNS :
 TRUST U/A LISA BETH SCHAWK :
 STEARNS 1991 FAMILY TRUST, A. :
 ALEX SARKISIAN, AS CUSTODIAN :
 FOR MALLORY A. STEARNS UNDER :
 THE ILLINOIS UNIFORM TRANSFERS :
 TO MINORS ACT, THE WILLIAM D. :
 STEARNS TRUST U/A LISA BETH :
 SCHAWK STEARNS 1991 FAMILY TRUST. :

caption continued on following page

4. The facts alleged in the Complaint are true and correct to the best of my knowledge, information and belief.

5. In accordance with Delaware Court of Chancery Rule 23(aa), Iron Workers Local No. 25 has not received, been promised or offered and will not accept any form of compensation, directly or indirectly, for prosecuting or serving as a representative party in this class action except for:

(a) such damages or other relief as the Court may award Iron Workers Local No. 25 as a member of the class;

(b) such fees, costs or other payments as the Court expressly approves to be paid to or on behalf of Iron Workers Local No. 25; or

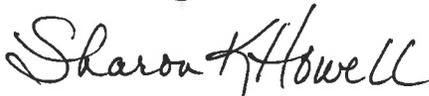
(c) reimbursement, paid by its attorneys, of actual and reasonable out-of-pocket expenditures incurred directly in connection with the prosecution of this action.

IRON WORKERS LOCAL NO. 25
PENSION FUND

By: 
Dennis Kramer

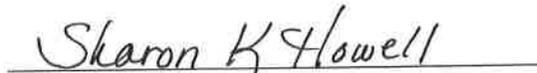
STATE OF MICHIGAN)
) S.S.
COUNTY OF OAKLAND)

SWORN TO AND SUBSCRIBED before me, a Notary Public in the State and County aforesaid, this 3rd day of April, 2014.



Sharon K Howell
Notary Public, State of Michigan
County of Oakland

My Commission Expires May 09, 2020
Acting in the County of Oakland


Notary Public

My Commission Expires: May 9, 2020