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**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

In re

Quebecor World (USA) Inc., et al.,

Debtors.

Chapter 11

Case No. 08-10152(____)

Jointly Administered

Honorable _____

**MOTION FOR ORDER PURSUANT TO SECTIONS 105 AND 331 OF THE
BANKRUPTCY CODE, BANKRUPTCY RULE 2016(A) AND LOCAL BANKRUPTCY
RULE 2016-1 FOR AN ORDER ESTABLISHING PROCEDURES GOVERNING
INTERIM MONTHLY COMPENSATION OF PROFESSIONALS**

The debtors and debtors in possession in the above-captioned cases (collectively, the “Debtors”)¹ hereby move the Court (the “Motion”), for entry of an order substantially in the form

¹ Contemporaneously, herewith, the Debtors have filed a motion to have their Chapter 11 cases consolidated for procedural purposes and jointly administered. The Debtors are the following entities: Quebecor World (USA) Inc., Quebecor Printing Holding Company, Quebecor World Capital Corporation, Quebecor World Capital II GP, Quebecor World Capital II LLC, WCZ, LLC, Quebecor World Lease GP, Quebecor World Lease LLC, QW Memphis Corp., The Webb Company, Quebecor World Printing (USA) Corp., Quebecor World Loveland Inc., Quebecor World Systems Inc., Quebecor World San Jose Inc., Quebecor World Buffalo Inc., Quebecor World Johnson & Hardin Co., Quebecor World Northeast Graphics Inc., Quebecor World UP / Graphics Inc., Quebecor World Great Western Publishing Inc., Quebecor World DB Acquisition Corp., WCP-D, INC., Quebecor World Taconic Holdings Inc., Quebecor World Retail Printing Corporation, Quebecor World Arcata Corp., Quebecor World Nevada Inc., Quebecor World Atglen Inc., Quebecor World Krueger Acquisition Corp., Quebecor World Book Services LLC, Quebecor World Dubuque Inc., Quebecor World Pendell Inc., Quebecor World Fairfield Inc., QW New York Corp., Quebecor World Dallas II Inc., Quebecor World Nevada II

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of Exhibit A hereto (the “Interim Compensation Procedures Order”), establishing procedures governing interim monthly compensation for professionals pursuant to sections 105 and 331 of the Bankruptcy Code, Rule 2016(a) of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”) and Rule 2106-1 of the Local Rules for the United States Bankruptcy Court for the Southern District of New York (the “Local Bankruptcy Rules”). In support of this Motion, the Debtors rely on the Declaration of Jeremy Roberts in support of Chapter 11 Petitions and First Day Orders (the “Declaration”). In further support of this Motion, the Debtors respectfully represent as follows:

Jurisdiction

1. This Court has jurisdiction over this Motion under 28 U.S.C. §§ 157 and 1334.

This matter is a core proceeding within the meaning of 28 U.S.C. § 157(b)(2).

2. Venue of this proceeding and this Motion is proper in this district pursuant to 28 U.S.C. §§ 1408 and 1409.

3. The statutory bases for the relief sought in this Motion are sections 105(a) and 331 of the Bankruptcy Code.

Footnote continued from previous page

LLC, Quebecor World Dallas, L.P., Quebecor World Mt. Morris II LLC, Quebecor World Petty Printing Inc., Quebecor World Hazleton Inc., Quebecor World Olive Branch Inc., Quebecor World Dittler Brothers Inc., Quebecor World Atlanta II LLC, Quebecor World RAI Inc., Quebecor World KRI Inc., Quebecor World Century Graphics Corporation, Quebecor World Waukeg Inc., Quebecor World Logistics Inc., Quebecor World Mid-South Press Corporation, Quebecor Printing Aviation Inc., Quebecor World Eusey Press Inc., Quebecor World Infiniti Graphics Inc., Quebecor World Magna Graphic Inc., Quebecor World Lincoln Inc, and Quebecor World Memphis LLC.

Background

4. On January 21, 2008 (the “Petition Date”), the 53 Debtors filed their voluntary petitions for relief (the “Chapter 11 Cases”) under chapter 11 of title 11 of the United States Code (the “Bankruptcy Code”).

5. The Debtors are operating their businesses and managing their properties as debtors-in-possession pursuant to §§ 1107(a) and 1108 of the Bankruptcy Code. No request has been made for the appointment of a trustee or examiner, and no official committee has yet been established in this case.

6. On January 20, 2008, the Debtors’ corporate parent, Quebecor World, Inc. (“QWI”) together with each of the Debtors commenced a proceeding before the Superior Court, Commercial Division, for the Judicial District of Montreal (the “Canadian Court”) for a plan of compromise or arrangement (the “Canadian Proceeding”) under the Canadian Companies’ Creditors Arrangement Act (“CCAA”).² Each of the Debtors was joined in the Canadian Proceeding, in order that each Debtor may obtain the protection of a stay under the CCAA as well as under the Bankruptcy Code.

I. The Debtors’ Business

7. The Debtors collectively operate the second largest commercial printing business in the United States, maintaining approximately 78 facilities in 29 states. QWI is a Canadian corporation and the corporate parent of the Debtors, having been incorporated on February 23, 1989 pursuant to the Canada Business Corporations Act to combine the assets constituting what was then the printing division of Quebecor Inc. (QWI, together with the Debtors and all of QWI’s debtor and non-debtor subsidiaries and affiliates are referred to herein as “QW World”).

² The Canadian Court appointed Ernst & Young, Inc. to serve as Monitor for the Canadian Proceeding, and UBS Investment Bank is serving as a financial advisor to the Canadian Affiliates.

QWI is a public company with shares listed on the Toronto Stock Exchange and the New York Stock Exchange, and its registered and principal office is located in the City of Montreal in the Province of Quebec, Canada.

8. QW World's United States assets and operations are organized under QWI's principal United States subsidiary, Quebecor World (USA), Inc. ("QWUSA"). QWUSA, one of the Debtors, is a wholly-owned subsidiary of Quebecor Printing Holding Company ("QPCH"), also a Debtor, and a direct, wholly-owned subsidiary of QWI. As the corporate parent of QW World's United States subsidiaries, QWUSA oversees the Debtors' cash management, operations, employee matters and other areas. In addition, QWUSA is a party to certain of the Debtors' prepetition financing agreements.

9. In addition to the Debtors' operations and assets in the United States, and QWI's operations and assets in Canada, QW World has operations and assets in Latin America, Europe and Asia, which are not the subject of any bankruptcy or insolvency proceeding. In Canada, QW World is the second largest commercial printer with 16 facilities in 5 provinces through which QW World offers a diversified mix of printed products and related value-added services, both to the Canadian market and internationally. QW World is also the largest independent commercial printer in Europe with 17 facilities operating in Austria, Belgium, Finland, France, Spain, Sweden, Switzerland and the United Kingdom, and is the largest commercial printer in Latin America with eight facilities, and has one facility in India.

10. For the year ending December 31, 2006, approximately 79% of QW World's revenue was derived from North American operations, 17% from European operations and 4% from Latin American operations. QW World's operations in the United States account for approximately 62% of overall revenue.

11. QW World's key customers include the largest publishers, retailers and catalogers in the geographic areas in which QW World operates. In the magazine group, QW World prints

magazines for publishers, including, for example, 15 magazine titles for Time, Inc.,³ *Cosmopolitan* for Hearst Corp., *Elle* for Hachette-Filippachi Magazines US, *ESPN the Magazine* for Walt Disney Corp., *Forbes* for Forbes Inc. and *In Touch Weekly* for Bauer Publishing USA, while QW World's retail insert group includes customers such as CVS, Sears, JC Penney, Kohl's, and Walgreens. QW World's operations also encompass (a) catalogues for customers such as Williams-Sonoma, Oriental Trading Company, Victoria's Secret, IKEA, Cabelas and Bass Pro, (b) books for McGraw-Hill, Scholastic, Simon & Schuster, Thomas Nelson, Time-Warner and Pearson Education, (c) directories for Yellow Book USA, RH Donnelly, Windstream and Frontier in the United States, the Yellow Pages Group in Canada, as well as Telmex and Telefonica in Latin America and (d) direct mail services.

12. QW World's sales and marketing activities are highly integrated and reflect an increasingly global approach to customers' needs, complemented by product specific sales efforts. Sales representatives are located in plants or in regional offices throughout North America, Europe and Latin America, and customers are able to coordinate simultaneous printing throughout QW World's network through a single sales representative.

13. Not surprisingly, the principal raw materials used in QW World's businesses are paper and ink. The Debtors, together with their non-debtor affiliates, utilize centralized raw material purchases in order to avoid administrative complications and realize cost benefits from efficiencies of scale. For most purchases, QW World negotiates with a limited number of suppliers to maximize purchasing power, although QW World does not rely on any single supplier.

³ These include *Time*, *Fortune*, *Money*, *Sports Illustrated*, *People*, *Entertainment Weekly*, *Southern Living*, *Cooking Light* and *Coastal Living*.

14. Much of the Debtors' business is seasonal, with the majority of historical operating income occurring during the second half of the financial year. This is primarily due to seasonal advertising patterns and the related higher number of magazine pages, new product launches and back-to-school, retail and holiday catalogue promotions. Because the Debtors depend on advertising for a significant portion of their revenue, operating results are also sensitive to prevailing economic conditions.

II. The Debtors' Industry

15. Commercial printing is a highly fragmented, capital intensive industry. The North American, European and Latin American printing industries are very competitive in most product categories and geographic regions. The Debtors estimate that in 2006, in the United States alone, there were approximately 30,700 commercial printers, with industry analysts considering most of the industry's markets to be currently oversupplied – and competition is significant. Competition is largely based on price, quality, range of services offered, distribution capabilities, customer service, availability of printing time on appropriate equipment and state-of-the-art technology.

16. In addition to competition from other commercial printers, technological changes continue to erode the Debtors' businesses, as increased accessibility and quality of electronic alternatives to the traditional delivery of printed documents, through the increased use of the internet and the electronic distribution of media content, documents and data, which provide consumers with virtually instant access to information. Nevertheless, while such trends put pressure on the Debtors' operations, the Debtors believe printed media will continue to play a strong role in marketing, advertising and publishing.

III. Prepetition Credit Obligations and Receivables Facility

17. The principal debt obligations and receivables facility of the Debtors currently outstanding consist of:

- (a) A \$750 million revolving credit facility with a bank syndicate under which the Royal Bank of Canada is administrative agent, secured up to a maximum of \$135 million by (i) unlimited guaranties, dated on or about October 26, 2007 from certain of the Debtors; (ii) a pledge of the shares of Debtor QW Memphis Corp. (“QW Memphis”) by Debtors QWUSA, the Webb Company and Quebecor World Memphis LLC, dated October 26, 2007; (iii) a pledge of the shares of QWUSA by QPHC, dated October 26, 2007; (iv) security on all personal and real property of QW Memphis, dated October 26, 2007, excluding accounts receivable subject to the North American receivable sale program and certain real estate located in Covington, Tennessee; and (v) security on all inventory of QWI located in Canada, dated October 26, 2007. As of January 11, 2008, the aggregate amount of indebtedness outstanding under the Bank Syndicate Agreement was approximately \$735 million.
- (b) An equipment financing agreement dated as of January 13, 2006 (as amended) among QWI, as borrower, QWUSA, as guarantor, and Société Générale (Canada) (“Soc Gen”), as lender, providing for an equipment financing credit facility in the aggregate amount of the Canadian dollar equivalent of €136,165,415 expiring on July 1, 2015⁴. The equipment financing facility is guaranteed and secured on a *pari passu* basis up to \$35 million by the same collateral as the credit facilities under the bank syndicate agreement. As of January 11, 2008, the aggregate amount outstanding under the Equipment Financing Agreement was approximately \$155 million.
- (c) Certain of the Debtors and QWI are obligors under note issuances consisting of (i) an indenture dated as of November 3, 2003 among Quebecor World Capital Corporation (“QWCC”), as issuer, QWI, as guarantor, and Wilmington Trust Company, as trustee, providing for the issuance of 4.875% senior notes due in 2008 and 6.125% senior notes due in 2013. The aggregate amounts outstanding under such notes as of September 30, 2007 were \$199.9 million and \$398.2 million, respectively; (ii) an indenture dated as of December 18, 2006 among QWI, as issuer, QWUSA, Quebecor World Capital LLC (“QWLLC”) as predecessor in interest to Quebecor World Capital II LLC (“QWLLC II”) and Quebecor World Capital ULC (“QWULC”) as predecessor in interest to Quebecor World Capital II GP (“QWCGP”), as guarantors, and Wilmington Trust Company, as trustee, providing for the issuance of 9.75% senior notes due in 2015. The aggregate amount outstanding under such notes as of

⁴ As of January 15, 2008, this is equivalent to approximately U.S. \$202,571,926.

September 30, 2007 was \$400 million; (iii) an indenture dated as of March 6, 2006 among QWULC as predecessor in interest to QWCGP, as issuer, QWI, QWUSA and QWLLC as predecessor in interest to QWLLC II, as guarantors, and Wilmington Trust Company, as trustee, providing for the issuance of 8.75% senior notes due in 2016. The aggregate amount outstanding under such notes as of September 30, 2007 was \$450 million; and (iv) an indenture dated as of January 22, 1997 among QWCC, as issuer, QWI (then known as Quebecor Printing Inc.), as guarantor, and The Bank of New York, as trustee, providing for the issuance of 6.50% senior notes due in 2027. The aggregate amount outstanding under such notes as of September 30, 2007 was \$3.2 million. The terms and conditions of the Note Issuances limit the aggregate amount of secured indebtedness that may be incurred under the Bank Syndicate Agreement and the Equipment Finance Agreement to approximately \$170 million.

- (d) QWI and certain of the Debtors are parties to an accounts receivable facility pursuant to: (i) a Canadian receivables purchase agreement dated as of October 24, 2007 between QWI, as seller, and Quebecor World Finance Inc. (“QWF”), as purchaser, whereby QWI sells, with limited recourse, its Canadian trade receivables on a revolving basis in an amount not to exceed \$135 million Canadian; (ii) a U.S. receivables purchase agreement dated as of September 24, 1999 (as amended) among certain Debtors, as sellers, and QWF, as purchaser, whereby the sellers sold, with limited recourse, all of their U.S. trade receivables on a revolving basis in an amount not to exceed \$408 million (\$459 million during peak season); and (iii) an amended and restated receivables sale agreement dated as of September 24, 1999, as amended and restated as of December 22, 1999 (as further amended the “RSA”) among, *inter alia*, QWF, as seller, the purchasers party thereto and ABN Amro Bank N.V., as agent (“ABN”). Pursuant to the RSA, ABN holds a first priority lien on all of the Debtors’ and QWI’s accounts receivable purchased by QWF under the respective Canadian and U.S. receivables purchase agreements. The Canadian receivables program was rolled into the U.S. receivable program on or about October 24, 2007, and as of December 31, 2007 the aggregate amount outstanding on account of the Debtors’ accounts receivable subject to the RSA was approximately \$428 million.

IV. Developments Necessitating Restructuring

18. QWI’s financial performance has suffered in the past few years, especially with respect to its European operations, as a result of a combination of factors, including declining prices and sales volume, and a temporary disturbance caused by a major retooling of its printing operations initiated in 2002. While it has substantially completed its retooling program in North America, and achieved, and even surpassed, its cost reduction objectives, QWI has not yet met

its forecasted earnings projections. Rather, the combination of significant capital investments and continued operating losses, principally as a result of its European operations, together with the write down of its European assets, including goodwill, has resulted in increased financing needs. During this period, it was also necessary for QWI to repurchase certain private notes in order to avoid breaching certain debt to equity ratios, while also facing reduction in amounts available under the Bank Syndicate Agreement. These factors have had a significant impact on all of the members of QW World's corporate family, and, accordingly, have adversely impacted the Debtors' operations and financial position.

19. More recent events have further complicated the Debtors' efforts to improve their balance sheets and financial position. First, on November 13, 2007, QWI announced a refinancing plan consisting of a \$250 million equity offering and a \$500 million debt offering. On November 20, 2007, however, QWI announced the withdrawal of such refinancing plan due to adverse financial market conditions. Second, on December 13, 2007, QWI announced that it would not be able to consummate a previously announced transaction to sell its European operations, which would have resulted in proceeds to QWI of approximately \$341 million, to be paid in cash, shares and through the assumption of indebtedness.

20. In 2006, restructuring initiatives related to the closure or downsizing of various facilities were undertaken, mainly in connection with the North American and European operations, including the closure of printing and binding facilities in Illinois in the catalogue group, the closure of the Kingsport, Tennessee facility in the book group, and the closure of the Red Bank, Ohio, and the Brookfield, Wisconsin facilities in the magazine group, which further affected the Debtors' liquidity.

21. Although the Debtors have to date aggressively sought to raise additional funds, they have not been successful, and the lenders under the Bank Syndicate Agreement have recently indicated that they will not provide any further advances under the bank facility beyond

those currently permitted. Facing year end covenant defaults under the Bank Syndicate Agreement, the Debtors and QWI obtained a waiver from the bank syndicate lenders and from the sponsors of its North American securitization program, subject to the satisfaction of certain conditions and refinancing milestones including obtaining \$125 million in new financing by January 15, 2008. The Debtors and QWI were not successful in satisfying the conditions and refinancing milestones set by the bank syndicate lenders.

22. Moreover, the Debtors are currently facing a severe liquidity crisis. Even if operations were conducted in the normal course of business, the Debtors' cash flow projections indicate that they will require approximately \$225 million to satisfy their obligations through the end of January 2008, with virtually no availability under the Bank Syndicate Agreement. In this regard, as of November 30, 2007 QWI had aggregate outstanding trade payables of approximately \$526.7 million, of which approximately \$120 million are attributable to the Debtors, \$135 million are attributable to QWI's other North American operations and \$211 million are attributable to the European operations and \$60.6 million are attributable to Latin American operations. In addition to ordinary course payments, QWI was also contractually obligated to make debt payments of approximately \$19.5 million by January 15, 2008, which were not paid and to make payments related to pension obligations of approximately \$10 million, which were only partially made.

23. Quite simply, QWI and the Debtors do not have sufficient liquid resources to pay obligations that either are now due or are expected to become due in January, 2008. The lenders under the Bank Syndicate Agreement have indicated that they will not provide any advances under the bank facility beyond those currently permitted under the Bank Syndicate Agreement, suppliers are demanding cash terms and customers are threatening to cease doing business with QWI and the Debtors altogether unless letters of credit or similar accommodations are provided to such customers.

24. Although the Debtors represent a significant portion of the operations of QWI – a global leader in the printing field – and enjoy significant competitive advantages and a strong customer base, the fact remains that their current financial situation cannot continue. The Debtors’ overall businesses remain viable and stable, but restructuring changes must be made, including the discontinuance of business segments that cannot be made profitable and the streamlining of other business segments to increase profitability, in order to return the Debtors to financial health.

Relief Requested

25. Contemporaneously with the filing of this Motion, the Debtors are seeking the approval of the employment of (a) Arnold & Porter LLP as bankruptcy counsel; and (b) Richards, Kibbe & Orle LLP, as conflicts counsel, for the Debtors in these cases. The Debtors anticipate that they may retain other professionals and special counsel in these cases as well. In addition, a statutory committee of unsecured creditors (the “Committee”) likely will be appointed in these cases, and likely will retain counsel, and possibly other professionals, to represent it in these proceedings.

26. Pursuant to sections 105(a) and 331 of the Bankruptcy Code, Rule 2016(a) of the Bankruptcy Rules and Local Bankruptcy Rule 2016-1, the Debtors hereby seek the entry of an order: (a) establishing an orderly, regular process for the allowance and payment of compensation and reimbursement for attorneys and other professionals whose services are authorized by this Court pursuant to sections 327 or 1103 of the Bankruptcy Code and who are required to file applications for allowance of compensation and reimbursement of expenses pursuant to sections 330 and 331 of the Bankruptcy Code and Bankruptcy Rule 2016(a); and (b) establishing a procedure for reimbursement of reasonable out-of-pocket expenses incurred by members of any statutory committees appointed in these cases.

27. The Debtors also have filed a motion (the “Ordinary Course Professionals Motion”) seeking authority to continue to employ, retain and pay certain professionals (collectively, the “Ordinary Course Professionals”) in the ordinary course of business on terms substantially similar to those in effect prior to the Petition Date, without the need to file individual retention applications for each of these professionals. In particular, the Ordinary Course Professionals Motion seeks authority for the Debtors to pay Ordinary Course Professionals in full, without the need to file interim or final fee applications, in accordance with their prepetition arrangements, but subject to certain fee caps and other procedural requirements and limitations described therein. Under certain circumstances, Ordinary Course Professionals whose fees exceed the established dollar limitations will be required to file applications with the Court before being paid.

28. Thus, there are two categories of professionals who will be required to submit, pursuant to section 331 of the Bankruptcy Code, interim or final fee applications seeking compensation for services rendered and reimbursement of expenses incurred: (a) chapter 11 professionals separately retained under sections 327 or 1103 of the Bankruptcy Code (collectively, the “Retained Professionals”); and (b) under certain conditions, those Ordinary Course Professionals whose fees and expenses exceed the limitations set forth in the order approving the Ordinary Course Professionals Motion. Only the Retained Professionals will be required to comply with the proposed compensation and reimbursement procedures outlined herein.

Basis For Relief

29. Pursuant to section 331 of the Bankruptcy Code,⁵ all professionals are entitled to submit applications for interim compensation and reimbursement of expenses every 120 days, or more often if the court permits. In addition, section 105(a) of the Bankruptcy Code authorizes the court to issue any order “that is necessary or appropriate to carry out the provisions of [the Bankruptcy Code],” thereby codifying the bankruptcy court’s inherent equitable powers.

30. The Debtors seek the entry of an order, pursuant to sections 105(a) and 331 of the Bankruptcy Code and Bankruptcy Rule 2016(a) and in accordance with the standing General Order M-219 of the United States Bankruptcy Court for the Southern District of New York, signed on January 24, 2000 by Chief Judge Tina L. Brozman (the “Standing Order”), establishing procedures for monthly compensation and reimbursement of expenses of professionals in chapter 11 cases.

31. Procedures similar to those proposed herein have been approved in other large chapter 11 cases in this District. See, e.g., In re Dana Corp., Case No. 06-10354 (BRL) (Bankr. S.D.N.Y. Mar. 29, 2006) (see Docket No. 732); In re Musicland Holding Corp., Case No. 06-10064 (SMB) (Bankr. S.D.N.Y. Jan. 27, 2006) (see Docket No. 305); In re Calpine, Case No. 05-60200 (BRL) (Bankr. S.D.N.Y. Jan. 25, 2006) (see Docket No. 617); In re Delphi, Case No. 05-44481 (RDD) (Bankr. S.D.N.Y. Nov. 4, 2005 (see Docket No. 869).

⁵ Section 331 of the Bankruptcy Code provides, in part, as follows:

A trustee, an examiner, a debtor’s attorney, or any professional person employed under section 327 or 1103 of this title may apply to the court not more than once every 120 days after an order for relief in a case under this title, or more often if the court permits, for such compensation for services rendered before the date of such an application or reimbursement for expenses incurred before such date as is provided under section 330 of this title.

11 U.S.C. § 331.

32. In conjunction with the Standing Order, the Debtors propose that the payment of compensation and reimbursement of expenses of Retained Professionals be structured as follows (except as may otherwise be provided in orders of the Court authorizing the retention of specific Retained Professionals):

- (a) On or before the last day of each month following the month for which compensation is sought, each Retained Professional seeking compensation pursuant to this Order shall serve a monthly statement (a “Monthly Statement”), by hand or overnight delivery, on the following parties (collectively, the “Notice Parties”): (i) the Debtors, Quebecor World (USA) Inc., 299 State Street, North Haven Connecticut 06473 (Attn. Laura Norden, Assistant General Counsel); (ii) counsel to the Debtors, Arnold & Porter LLP, 399 Park Avenue New York, New York 10022 (Attn. Michael J. Canning); (iii) the attorneys for any statutory committees appointed in these cases; (iv) the Office of the United States Trustee for the Southern District of New York (the “U.S. Trustee”), 33 Whitehall Street, 21st Floor, New York, New York 10004; and (v) Shearman & Sterling LLP, 599 Lexington Avenue, New York, New York 10022, as counsel to the administrative agent for the Debtors’ proposed postpetition lenders, Credit Suisse Securities (USA) LLC and Morgan Stanley Senior Funding, Inc. (attn: Douglas Bartner and Andrew Tenzer).
- (b) The Monthly Statement need not be filed with the Court and a courtesy copy need not be delivered to chambers since this Order is not intended to alter the fee application requirements outlined in sections 330 and 331 of the Bankruptcy Code and since Retained Professionals are still required to serve and file interim and final applications for approval of fees and expenses in accordance with the relevant provisions of the Bankruptcy Code, the Bankruptcy Rules and the Local Bankruptcy Rules;
- (c) Each Monthly Statement must contain a list of the individuals and their respective titles (e.g., attorney, accountant or legal assistant) who provided services during the statement period, their respective billing rates, the aggregate hours spent by each individual, a reasonably detailed breakdown of the disbursements incurred and contemporaneously maintained time entries for each individual in increments of tenths of an hour;
- (d) Each Notice Party will have at least 15 days after its receipt of a Monthly Statement to review it and, if the Notice Party has an objection to the compensation or reimbursement sought in a particular Monthly Statement, the Notice Party shall, by no later than the 35th day following the month for which compensation is sought, serve upon the Retained Professional whose Monthly Statement is objected to, and the other Notice Parties, a written “Notice of Objection to Fee Statement,” setting forth the nature of the objection and the amount of fees or expenses at issue;

- (e) At the expiration of the 35-day period, the Debtors shall promptly pay eighty percent (80%) of the fees and one hundred percent (100%) of the expenses identified in each Monthly Statement to which no objection has been served in accordance with paragraph (d) hereof;
- (f) If the Debtors receive an objection to a particular Monthly Statement, they shall withhold payment of that portion of the Monthly Statement to which the objection is directed and promptly pay the remainder of the fees and disbursements in the percentages set forth in paragraph (e) hereof;
- (g) Similarly, if the objecting parties and the Retained Professional are able to resolve their dispute following the service of a Notice of Objection to Fee Statement and if the party whose Monthly Statement was objected to serves on all of the Notice Parties a statement indicating that the objection is withdrawn and describing in detail the terms of the resolution, then the Debtors shall promptly pay, in accordance with paragraph (e) hereof, that portion of the Monthly Statement that is no longer subject to an objection;
- (h) All objections that are not resolved by the parties shall be preserved and scheduled for hearing before the Court at the next interim or final fee application hearing to be heard by the Court in accordance with paragraph (j) hereof;
- (i) The service of an objection in accordance with paragraph (d) hereof shall not prejudice the objecting party's right to object to any fee application made to the Court in accordance with the Bankruptcy Code on any ground, whether raised in the objection or not. Furthermore, the decision by any party not to object to a Monthly Statement shall not be a waiver of any kind or prejudice that party's right to object to any fee application subsequently made to the Court in accordance with the Bankruptcy Code;
- (j) Approximately every 120 days (but not less frequently than every 150 days), each Retained Professional shall serve and file with the Court, in accordance with General Order M-242, as amended by General Order M-269 (both of which can be found at www.nysb.uscourts.gov) and pursuant to sections 330 and 331 of the Bankruptcy Code, an application for interim or final (as the case may be) Court approval and allowance of the compensation and reimbursement of expenses and the Debtors shall schedule a hearing at which all such applications will be heard;
- (k) Any Retained Professional who fails to file an application seeking approval of compensation and expenses previously paid under this Order when due (i) shall be ineligible to receive further monthly payments of fees or reimbursement of expenses as provided herein until further order of the Court and (ii) upon Court order after notice and a hearing, may be required to disgorge any fees paid since retention or the last fee application, whichever is later;

- (l) The pendency of an application or a Court order that payment of compensation or reimbursement of expenses was improper as to a particular Monthly Statement shall not disqualify a Retained Professional from the future payment of compensation or reimbursement of expenses as set forth above, unless otherwise ordered by the Court;
- (m) Neither the payment of, nor the failure to pay, in whole or in part, monthly compensation and reimbursement as provided herein shall have any effect on this Court's interim or final allowance of compensation and reimbursement of expenses of any Retained Professional; and
- (n) The attorney for any statutory committee may, in accordance with the foregoing procedure for monthly compensation and reimbursement of Retained Professionals, collect and submit statements of expenses, with supporting vouchers, from members of the committee he or she represents; provided, however, that such committee counsel ensures that these reimbursement requests comply with this Court's Administrative Orders dated June 24, 1991 and April 21, 1995.

33. The Debtors propose that each Retained Professional whose retention has been approved by the Court as of the Petition Date may seek, in its first Monthly Statement, compensation for work performed and reimbursement for expenses incurred during the period beginning on the Petition Date and ending on February 29, 2008. The first interim fee application for such Retained Professionals shall seek compensation and reimbursement of expenses for the period from the Petition Date through April 30, 2008. All Retained Professionals not retained as of the Petition Date shall file their first Monthly Statement for the period from the effective date of their retention through the end of the first full month following the effective date of their retention, and otherwise in accordance with the procedures set forth in this Motion.

34. The proposed procedures will enable the Debtors to closely monitor the costs of administration, maintain level cash flow and implement efficient cash management procedures. Moreover, these procedures will also allow the Court and the key parties in interest to insure the reasonableness and necessity of the compensation and reimbursement sought pursuant to such procedures.

Memorandum Of Law

35. This Motion includes citations to the applicable authorities and does not raise any novel issues of law. Accordingly, the Debtors respectfully request that the Court waive the requirement contained in Local Bankruptcy Rule 9013-1(b) that a separate memorandum of law be submitted.

Notice

36. No trustee, examiner or creditors' committee has been appointed in these chapter 11 cases. Notice of this Motion has been provided to (a) the 60 largest unsecured creditors of the Debtors, (b) the Royal Bank of Canada as administrative agent under the Bank Syndicate Agreement, (c) Société Générale (Canada), (d) Wilmington Trust Company, as trustee for the 4.875% senior notes due in 2008 and 6.125% senior notes due in 2013, (e) Wilmington Trust Company, as trustee for the 9.75% senior notes due in 2015, (f) Wilmington Trust Company, as trustee for the 8.75% senior notes due in 2016, (g) The Bank of New York, as trustee for the 6.50% senior notes due in 2027, (h) Debtors' proposed post-petition lender, (i) the United States Trustee for the Southern District of New York, (j) the Securities and Exchange Commission, (k) the Internal Revenue Service, (l) the United States Department of Justice, and (m) Ken Coleman, Esq., Allen & Overy, as counsel for the Monitor. The Debtors submit that no other or further notice of this Motion is required. A copy of the Motion is also freely available on the website of the Debtors' proposed claim and noticing agent, Donlin, Recano & Company, Inc., at www.donlinrecano.com.

No Prior Request

37. No prior request for the relief sought in this Motion has been made to this or any other Court.

WHEREFORE, the Debtors respectfully request that the Court (a) enter an order substantially in the form attached hereto as Exhibit A, granting the relief requested herein; and (b) grant such other and further relief to the Debtors as the Court may deem proper.

Dated: January 22, 2008
New York, New York

Respectfully submitted,

/s/ Michael J. Canning
ARNOLD & PORTER LLP
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New York, New York 10022-4690
Telephone: (212) 715-1000
Facsimile: (212) 715-1399
Michael J. Canning (MC 8060)

*Proposed Counsel for the Debtors
and Debtors-in-Possession*

EXHIBIT A

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

In re

Quebecor World (USA) Inc., et al.,

Debtors.

Chapter 11

Case No. 08-10152 (____)
Jointly Administered

Honorable _____

**ORDER PURSUANT TO SECTIONS 105 AND 331 OF THE BANKRUPTCY CODE,
BANKRUPTCY RULE 2016(a) AND LOCAL BANKRUPTCY RULE 2016-1 FOR AN
ORDER ESTABLISHING PROCEDURES GOVERNING INTERIM
MONTHLY COMPENSATION OF PROFESSIONALS**

This matter coming before the Court on the Motion¹; of the debtors and debtors in possession (collectively, the “Debtors”), pursuant to sections 105(a) and 331 of the Bankruptcy Code, Bankruptcy Rule 2016(a) and Local Bankruptcy Rule 2016-1, for an Order Establishing Procedures for Interim Monthly Compensation of Professionals, and the Court having reviewed the Declaration of Jeremy Roberts in support of Chapter 11 Petitions and First Day Orders (the “Declaration”) and having considered the statements of counsel and the evidence adduced with respect to the Motion; and the Court having found that (a) the Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334, (b) this is a core proceeding pursuant to 28 U.S.C. § 157(b), (c) notice of the Motion and the hearing was sufficient under the circumstances and (d) in light of the circumstances, the requirements of Local Bankruptcy Rule 9013-1(b) that a separate memorandum of law be filed in support of the Motion is waived; and the Court having

¹ Capitalized terms not otherwise defined herein shall have the meanings given to them in the Motion.

determined that the legal and factual bases set forth in the Motion and the Declaration establish just cause for the relief granted herein;

IT IS HEREBY ORDERED THAT:

1. The Motion is granted as set forth herein.

2. Except as may otherwise be provided in orders of the Court authorizing the retention of specific professionals, all Retained Professionals in these cases may seek monthly compensation in accordance with the following procedure:

- (a) On or before the last day of each month following the month for which compensation is sought, each Retained Professional seeking compensation pursuant to this Order shall serve a monthly statement (a “Monthly Statement”), by hand or overnight delivery, on the following parties (collectively, the “Notice Parties”): (i) the Debtors, Quebecor World (USA) Inc., 299 State Street, North Haven Connecticut 06473 (Attn. Laura Norden, Assistant General Counsel); (ii) counsel to the Debtors, Arnold & Porter LLP, 399 Park Avenue New York, New York 10022 (Attn. Michael J. Canning); (iii) the attorneys for any statutory committees appointed in these cases; (iv) the Office of the United States Trustee for the Southern District of New York (the “U.S. Trustee”), 33 Whitehall Street, 21st Floor, New York, New York 10004; and (v) Shearman & Sterling LLP, 599 Lexington Avenue, New York, New York 10022, as counsel to the administrative agent for the Debtors’ proposed postpetition lenders, Credit Suisse Securities (USA) LLC and Morgan Stanley Senior Funding, Inc (attn: Douglas Bartner and Andrew Tenzer)..
- (b) The Monthly Statement need not be filed with the Court and a courtesy copy need not be delivered to chambers since this Order is not intended to alter the fee application requirements outlined in sections 330 and 331 of the Bankruptcy Code and since Retained Professionals are still required to serve and file interim and final applications for approval of fees and expenses in accordance with the relevant provisions of the Bankruptcy Code, the Bankruptcy Rules and the Local Bankruptcy Rules;
- (c) Each Monthly Statement must contain a list of the individuals and their respective titles (e.g., attorney, accountant or legal assistant) who provided services during the statement period, their respective billing rates, the aggregate hours spent by each individual, a reasonably detailed breakdown of the disbursements incurred and contemporaneously maintained time entries for each individual in increments of tenths of an hour;

- (d) Each Notice Party will have at least 15 days after its receipt of a Monthly Statement to review it and, if the Notice Party has an objection to the compensation or reimbursement sought in a particular Monthly Statement, the Notice Party shall, by no later than the 35th day following the month for which compensation is sought, serve upon the Retained Professional whose Monthly Statement is objected to, and the other Notice Parties, a written "Notice of Objection to Fee Statement," setting forth the nature of the objection and the amount of fees or expenses at issue;
- (e) At the expiration of the 35-day period, the Debtors may promptly pay eighty percent (80%) of the fees and one hundred percent (100%) of the expenses identified in each Monthly Statement to which no objection has been served in accordance with paragraph (d) hereof;
- (f) If the Debtors receive an objection to a particular Monthly Statement, they shall withhold payment of that portion of the Monthly Statement to which the objection is directed and promptly pay the remainder of the fees and disbursements in the percentages set forth in paragraph (e) hereof;
- (g) Similarly, if the objecting parties and the Retained Professional are able to resolve their dispute following the service of a Notice of Objection to Fee Statement and if the party whose Monthly Statement was objected to serves on all of the Notice Parties a statement indicating that the objection is withdrawn and describing in detail the terms of the resolution, then the Debtors shall promptly pay, in accordance with paragraph (e) hereof, that portion of the Monthly Statement that is no longer subject to an objection;
- (h) All objections that are not resolved by the parties shall be preserved and scheduled for hearing before the Court at the next interim or final fee application hearing to be heard by the Court in accordance with paragraph (j) hereof;
- (i) The service of an objection in accordance with paragraph (d) hereof shall not prejudice the objecting party's right to object to any fee application made to the Court in accordance with the Bankruptcy Code on any ground, whether raised in the objection or not. Furthermore, the decision by any party not to object to a Monthly Statement shall not be a waiver of any kind or prejudice that party's right to object to any fee application subsequently made to the Court in accordance with the Bankruptcy Code;
- (j) Unless otherwise ordered, approximately every 120 days (but not less frequently than every 150 days), each Retained Professional shall serve and file with the Court, in accordance with General Order M-242, as amended by General Order M-269 (both of which can be found at www.nysb.uscourts.gov) and pursuant to sections 330 and 331 of the Bankruptcy Code, an application for interim or final (as the case may be) Court approval and allowance of the compensation and reimbursement of

expenses and the Debtors shall schedule a hearing at which all such applications will be heard;

- (k) Any Retained Professional who fails to file an application seeking approval of compensation and expenses previously paid under this Order when due (i) shall be ineligible to receive further monthly payments of fees or reimbursement of expenses as provided herein until further order of the Court and (ii) upon Court order after notice and a hearing, may be required to disgorge any fees paid since retention or the last fee application, whichever is later;
- (l) The pendency of an application or a Court order that payment of compensation or reimbursement of expenses was improper as to a particular Monthly Statement shall not disqualify a Retained Professional from the future payment of compensation or reimbursement of expenses as set forth above, unless otherwise ordered by the Court;
- (m) Neither the payment of, nor the failure to pay, in whole or in part, monthly compensation and reimbursement as provided herein shall have any effect on this Court's interim or final allowance of compensation and reimbursement of expenses of any Retained Professional; and
- (n) The attorney for any statutory committee may, in accordance with the foregoing procedure for monthly compensation and reimbursement of Retained Professionals, collect and submit statements of expenses, with supporting vouchers, from members of the committee he or she represents; provided, however, that such committee counsel ensures that these reimbursement requests comply with this Court's Administrative Orders dated June 24, 1991 and April 21, 1995.

3. The initial monthly statements of all Professionals seeking interim compensation and reimbursement of expenses shall be served on or before March 31, 2008, for the period from the Petition Date through February 29, 2008.

4. The Debtors shall include all payments to professionals on their monthly operating reports, detailed so as to state the amount paid to each of the professionals.

5. Any party may object to requests for payments made pursuant to this Order, including on the grounds that (a) the Debtors have not timely filed monthly operating reports or (b) the Debtors have not remained current with their administrative expenses and 28 U.S.C.

§ 1930 fees; otherwise, this Order shall continue and shall remain in effect during the pendency of these cases.

6. All time periods set forth in this Order shall be calculated in accordance with Rule 9006(a) of the Bankruptcy Rules.

Dated: New York, New York
January __, 2008

UNITED STATES BANKRUPTCY JUDGE