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UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re	Chapter 11
Quebecor World (USA) Inc., et al.,	Case No. 08-10152 (___) Jointly Administered
Debtors.	Honorable _____

MOTION FOR ENTRY OF (I) AN INTERIM ORDER (A) AUTHORIZING THE DEBTORS TO OBTAIN POSTPETITION SECURED FINANCING PURSUANT TO 11 U.S.C. §§ 105, 361, 362, 364(c) AND 364(e), (B) AUTHORIZING USE OF CASH COLLATERAL AND GRANTING ADEQUATE PROTECTION TO PREPETITION SECURED LENDERS, (C) USING POSTPETITION FINANCING TO PURCHASE RECEIVABLES PORTFOLIO AND (D) SCHEDULING FINAL HEARING PURSUANT TO FED. R. BANKR. P. 4001(b) AND (c); AND (II) A FINAL ORDER AUTHORIZING THE DEBTORS TO OBTAIN POSTPETITION SECURED FINANCING PURSUANT TO 11 U.S.C. §§ 105, 361, 362, 364(c) AND 364(e)

The above-captioned debtors and debtors in possession (the "Debtors") [1] hereby move the Court (the "Motion"), pursuant to sections 105, 361, 362, 364(c) and 364(e) of title 11 of the

[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

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United States Code (the "Bankruptcy Code") and Rules 4001 and 9014 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules") for entry of (I) an interim order, substantially in the form of the proposed order attached hereto as Exhibit A (the "Interim Order") :

(a) authorizing the Debtors to execute and enter into that certain Senior Secured Superpriority Debtor-in-Possession Credit Agreement dated as of January 21, 2007 (the "DIP Credit Agreement") among Quebecor World (USA) Inc. (the "US Borrower" or "QWUSA"), Quebecor World Inc. ("QWI"), a corporation amalgamated under the laws of Canada and a debtor company under the Companies' Creditors Arrangements Act (Canada) (the "CCAA"), the Guarantors party thereto, Credit Suisse, as Administrative Agent (the "Administrative Agent"), Credit Suisse, as Collateral Agent (the "Collateral Agent"), such parties as may be identified by the Administrative Agent as Co-Syndication Agents (together with the Administrative Agent and the Collateral Agent, the "Agents"), acting as Agents for themselves, Credit Suisse, as Initial Issuing Bank (the "Initial Issuing Bank"), and a syndicate of financial institutions (together with the Agents and the Initial Issuing Banks, the "Lenders"), to be arranged by Credit Suisse Securities (USA) LLC and Morgan

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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 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 Waukee 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.

Stanley Senior Funding, Inc. ("MSSF"), as Joint Lead Arrangers and Co-Bookrunners, substantially in the form of Exhibit B hereto, and all other documents, agreements or instruments in connection therewith or related thereto (collectively, with the DIP Credit Agreement, as any of the foregoing may be amended or modified from time to time in accordance with the terms of this Order, the "DIP Loan Documents"), which, if approved on a final basis, would provide the US Borrower and QWI, on a joint and several basis, with postpetition secured credit of up to $1,000,000,000 (the "DIP Credit Facility") and to perform such other and further acts as may be contemplated by, or required in connection with, the DIP Loan Documents;

(b) authorizing the Debtors to immediately obtain revolving loans and letters of credit under the DIP Credit Facility up to an aggregate principal or face amount of $750,000,000 to (i) allow QWUSA to apply approximately $416.8 million to purchase the Receivables Portfolio (as defined below) under the Existing Receivables Facility (as defined below) **which would constitute an "Extraordinary Provision"** (an "Extraordinary Provision") as such term is used and defined in the General Order No. M-274 of the United States Bankruptcy Court for the Southern District of New York (the "Court's Guidelines"), (ii) pay costs and expenses in connection with such purchase set forth in subparagraph (i), the DIP Loan Documents and the Chapter 11 Cases, including but not limited to any and all fees to be paid upon the Effective Date (as defined in the DIP Credit Agreement) under the DIP Loan Documents and (iii) to provide financing for working capital, letters of credit, capital expenditures and other general corporate purposes of the Debtors (subject to any limitations of borrowings under the DIP Loan Documents), subject, however, to the right of any statutory

committee of unsecured creditors appointed in the Cases (the "Creditors' Committee"), if any, to challenge such purchase pursuant to the provisions of paragraphs 22 of the proposed Interim Order;

(c) pursuant to section 364(c)(2) of the Bankruptcy Code, granting senior first-priority Liens to the Administrative Agent (for the ratable benefit of the Lenders) upon all Unencumbered Property (as defined below) of the Debtors' estates (excluding certain Excluded Property (as defined below) but including, upon entry of the Final Order, any proceeds of Avoidance Actions (as defined below) **which would constitute Extraordinary Provisions under the Court's Guidelines**), in each case subject to the Carve-Out (as defined below);

(d) pursuant to section 364(c)(3) of the Bankruptcy Code, granting junior Liens to the Administrative Agent (for the ratable benefit of the Lenders) upon all property of the Debtors' estates (excluding certain Excluded Property (as defined below)) that is subject to valid, perfected and unavoidable liens in existence immediately prior to the Petition Date, including such liens, if any, securing the Prepetition Secured Indebtedness (as defined below) for the benefit of the lenders (the "Prepetition Secured Lenders") under or in connection with (i) that certain Amended and Restated Credit Agreement, dated as of December 15, 2005 (as heretofore amended, supplemented or otherwise modified, the "RBC Credit Agreement"), among QWI, the Company, the Prepetition Secured Lenders party thereto (the "Prepetition RBC Facility Lenders") and Royal Bank of Canada, as administrative agent for the RBC Facility Lenders (the "Prepetition Agent") and the Guaranty dated as of October 26, 2007, (as heretofore amended, supplemented or otherwise modified, the "RBC

Subsidiary Guaranty") by certain Debtors (the "RBC Subsidiary Guarantors" and together with the Soc Gen Subsidiary Guarantors (as defined below), the "Prepetition Subsidiary Guarantors") for the benefit of the Prepetition Agent, (ii) that certain Credit Agreement, dated as of January 13, 2006 (as heretofore amended, supplemented or otherwise modified, the "Soc Gen Credit Agreement"), among QWI, as borrower, the Company, as guarantor and Société Générale (Canada), as lender ("Soc Gen") and the Guaranty dated as of October 26, 2007, (as heretofore amended, supplemented or otherwise modified, the "Soc Gen Subsidiary Guaranty") by certain Debtors (the "Soc Gen Subsidiary Guarantors") for the benefit of Soc Gen and (iii) those certain security agreements, each dated on or about October 26, 2007, (as heretofore amended, supplemented or otherwise modified, the "Prepetition Security Agreements") by QWI and certain subsidiaries of QWI for the benefit of Computershare Trust Company of Canada, as collateral agent for the Prepetition Secured Lenders (the "Prepetition Collateral Agent") granting security interests and liens in the personal and real property described in the Prepetition Security Agreements (the "Prepetition Collateral") and securing a limited portion of the obligations under the RBC Subsidiary Guaranty and the Soc Gen Subsidiary Guaranty (the "Prepetition Secured Indebtedness");

(e) pursuant to section 364(c)(1) of the Bankruptcy Code, granting a Superpriority Claim (as defined below) to the Administrative Agent (for the benefit of the Agents and the Lenders (collectively, the "Secured DIP Creditors")) with priority over any and all administrative expenses, other than the Carve-Out;

(f) authority, pursuant to sections 361 and 363, to use cash collateral of the Prepetition Secured Lenders sourced from the QW Memphis Petition Date Inventory (as defined below) and to grant the Prepetition Secured Lenders adequate protection in the form of a fully-perfected first priority senior security interest in and a lien upon the Memphis Cash Collateral Account (as defined below) into which funds approximating the proceeds of the QW Memphis Petition Date Inventory shall be deposited, as set forth herein; and

(g) pursuant to Bankruptcy Rule 4001(b) and (c), scheduling a hearing (the "Final Hearing") to be held within 45 days of the entry of this Order to consider the entry of a the Final Order granting all of the relief requested in the Motion on a final basis, including (i) the relief granted in this Order, (ii) permitting the Debtors to waive any right to surcharge Collateral (as defined below) pursuant to section 506(c) of the Bankruptcy Code, **the waiver of which would constitute an Extraordinary Provision under the Court's Guidelines**, and (iii) authority for the US Borrower to borrow, on a joint and several basis with QWI, under the DIP Credit Facility up to an aggregate principal amount of $1,000,000,000 to (A) pay fees, costs and expenses in connection with the DIP Loan Documents and the Cases and (B) to provide financing for working capital, letters of credit, capital expenditures and other general corporate purposes of the Debtors (subject to any limitations in the DIP Loan Documents and to the rights afforded a Creditors' Committee in the Final Order), **which would constitute an Extraordinary Provision under the Court's Guidelines**; and

(II) a final order, substantially in the form of the Interim Order with appropriate conforming changes (the "Final Order" and, together with the Interim Order, the "DIP

Orders"), authorizing the Debtors to obtain postpetition financing pursuant to sections 105, 361, 362, 364(c) and 364(e) of the Bankruptcy Code. In support of the Motion, the Debtors state as follows

Jurisdiction

1. The Court has jurisdiction over this matter pursuant to 28 U.S.C. § 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.

Background

3. On January 21, 2008 (the "Petition Date"), the 53 Debtors filed their voluntary petitions for relief (the "Chapter 11 Cases") under chapter 11 of the Bankruptcy Code.

4. 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.

5. On January 20, 2008, 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 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.

[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.

II. The Debtors' Business

6. 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"). 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.

7. QW World's United States assets and operations are organized under QWI's principal United States subsidiary, 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.

8. 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.

9. 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.

10. 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 Magazine* 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, Albertsons and WalMart. 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 (d) direct mail services.

11. QW World's sales and marketing activities are highly integrated and reflect an increasingly global approach to customers' needs, complemented by product specific sales

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

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.

12. 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 materials 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.

13. 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.

III. The Debtors' Industry

14. 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.

15. 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.

IV. Prepetition Credit Obligations and Receivables Facility

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

(a) $750 million revolving credit facility under the RBC Credit Facility, 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 Existing Receivables Facility 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 RBC Credit Agreement was approximately $735 million.

(b) The Soc Gen Credit Agreement, providing for an equipment financing credit facility in the aggregate amount of the Canadian dollar equivalent of €136,165,415 expiring on July 1, 2015.[4] The amounts due under the Soc Gen Credit Agreement are guaranteed and secured on a pari passu basis up to $35 million by the same collateral as the credit facilities under the RBC Credit Agreement. As of January 11, 2008, the aggregate amount outstanding under the Soc Gen Credit Agreement was approximately $155 million.

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

(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 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 RBC Credit Agreement and the Soc Gen Credit Agreement to approximately $170 million.

(d) QWI and certain of the Debtors are parties to the Existing Receivables 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) the Receivables Purchase Agreement 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 generally not to exceed $408 million ($459 million during peak season); and (iii) the Receivables Sale Agreement among, inter alia, QWF, as seller, the purchasers party thereto and ABN Amro Bank N.V., as agent ("ABN"). Pursuant to the Receivables Sale Agreement, ABN holds a first priority lien on all of the Debtors' and QWI's accounts receivable purchased by QWF under the Existing Receivables Facility. As of December 31, 2007 the aggregate amount outstanding on account of the Debtors' accounts receivable subject to the Existing Receivables Facility was approximately $428 million.

V. Developments Necessitating Restructuring

17. 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 a reduction in amounts available under the RBC Credit 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.

18. 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.

19. 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.

20. Although the Debtors have to date aggressively sought to raise additional funds, they have not been successful, and the lenders under the RBC Credit 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 RBC Credit 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.

21. 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 RBC Credit 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, $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.

22. Quite simply, QWI and the Debtors do not have sufficient liquidity to pay obligations that either are now due or are expected to become due in January, 2008. The lenders under the RBC Credit Agreement have indicated that they will not provide any advances under the bank facility beyond those currently permitted under the RBC Credit 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.

23. 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

24. The Debtors will suffer immediate and irreparable harm if the relief sought in this Motion is not granted on an emergency basis. As set forth above and in the Declaration of Jeremy Roberts pursuant to Local Bankruptcy Rule 1007-2 and in Support of the Debtors' Petitions and First Day Motions, the Debtors simply do not have sufficient cash to meet their

operating needs for the remainder of January 2008, including cash needed to fund payments to vendors and suppliers, make payroll and support capital expenditures. The Debtors estimate that they will require approximately $225 million in order to continue their operations through the remainder of January 2008, and they currently have virtually no available cash.

25. In light of the labor and capital intensive nature of the Debtors' business, absent a substantial infusion of additional cash, the Debtors will be faced with severe disruptions to their operations resulting from an inability to obtain raw materials, pay their employees and undertake necessary repairs and maintenance to structures and equipment at their approximately 78 printing, binding and distribution facilities. Based on the Debtors' current cash forecast, the Debtors need $750 million of immediate postpetition financing for the period until January 31, 2008 and estimate that they will need approximately $1 billion in financing during the pendency of the Chapter 11 Cases. Of the $750 million to be advanced pursuant to the Interim Order, approximately $416.8 million will be used by QWUSA to purchase the Receivables Portfolio under the Existing Receivables Facility. The remaining amount, approximately $333 million, will be used for working capital and general corporate purposes and to pay fees incurred in connection with the DIP Credit Facility.

VI. The Debtors' Efforts To Obtain Postpetition Financing

26. As described above, several of the key events precipitating the commencement of the Chapter 11 Cases transpired rapidly over a period of several weeks near the end of 2007. As it became apparent that the Debtors would need to seek bankruptcy protection and obtain postpetition financing, the Debtors and their professionals and advisors acted to quickly identify and contact potential lenders who would be able to conduct due diligence and provide the financing required by the Debtors on an expedited basis.

27. Prior to agreeing upon the terms of the DIP Credit Facility, the Debtors engaged in extensive efforts to obtain alternative forms of financing and pursued strategic alternatives to obtaining postpetition credit. In particular, as reported in the days preceding the commencement of the Chapter 11 Cases, the Debtors were in negotiations with lenders under the RBC Credit Agreement with respect to various financial accommodations. In addition, Quebecor, Inc., the largest equity holder of QWI, together with a private investment firm, made a proposal with respect to new financing for the Debtors. The Debtors also considered postpetition financing proposals from sources other than the Lenders.

28. Ultimately, the Debtors, in consultation with their financial advisors, determined that the DIP Credit Facility contained the most favorable terms and most effectively addressed the Debtors' needs. The Debtors and the Lenders entered into extensive negotiations resulting in the Lenders' agreement to provide the Debtors with up to $1 billion in postpetition financing, on the terms and subject to the conditions set forth in the DIP Credit Agreement.

29. A central component of the DIP Credit Facility is the Debtors' request for authority to purchase, free and clear of all liens, encumbrances and other interests in property, all right, title and interest in and to certain accounts receivable and other related rights (the "Receivables Portfolio") sold, assigned and initially transferred to Quebecor World Finance Inc. ("QWF") pursuant to that (i) certain Receivables Purchase Agreement, dated as of September 24, 1999 (as amended, the "US Receivables Purchase Agreement"), and (ii) that certain Receivables Purchase Agreement dated October 24, 2007 (the "Canadian Receivables Purchase Agreement"), which interest in the Receivables Portfolio was, in turn, sold, assigned and transferred by QWF pursuant to the Amended and Restated Receivables Sale Agreement, dated as of December 22, 1999 (as amended, the "Receivables Sale Agreement" and together with the US Receivables

Purchase Agreement and the Canadian Receivables Purchase Agreement and all related documents, the "Existing Receivables Facility"), among QWF, Quebecor Printing (USA) Holdings, Inc., as collection agent, Amersterdam Funding Corporation, as a conduit purchaser, ABN AMRO Bank N.V., as agent for the Purchasers (as defined in the Receivables Sale Agreement) (the "Existing Receivables Facility Agent").

30. In addition the other key terms of the DIP Credit Facility are as follows:

Borrowers:	QWUSA and QWI.
Guarantees:	QWI and all of QWI's direct and indirect subsidiaries (subject to the "Guaranty Coverage Test" described below, the "Guarantors"), with such US subsidiaries as debtors and debtors-in-possession in the Chapter 11 Cases and as debtor companies under the Canadian Proceeding, such Canadian Proceeding together with the Chapter 11 Cases, the "Debtors' Cases"). QWI, QWUSA and the other Guarantors are referred to herein as "DIP Loan Parties" and each, a "DIP Loan Party". All obligations of the Borrowers under the DIP Facilities (as defined below) and under any interest rate protection or other hedging arrangements entered into with the Agent, the Arrangers, an entity that is a Lender at the time of such transaction, or any affiliate of any of the foregoing ("Hedging Arrangements") will be unconditionally guaranteed by the Guarantors. The "Guaranty Coverage Test" means (a) as to subsidiaries located or organized in North America, (i) any such subsidiary which contributes at least 5% to the consolidated EBITDAR[5] of QWI's North American operations or has assets constituting at least 5% of QWI's North American assets shall become a Guarantor and (ii) such other subsidiaries located or organized in North America shall become Guarantors to the extent necessary so that non-Guarantor subsidiaries located or organized in North America comprise no more than 5% of the aggregate EBITDAR and aggregate assets of QWI's operations in North America and (b) as to subsidiaries located or organized elsewhere, (i) any such subsidiary which contributes at least 5% to the consolidated EBITDAR of QWI or has assets constituting at least 5% of QWI's consolidated assets shall become a Guarantor and (ii) such other non-North American subsidiaries shall become Guarantors to the extent necessary so that all world-wide

[5] Earnings Before Interest, Taxes, Depreciation, Amortization and Restructuring costs.

	non-Guarantor subsidiaries (including, for greater certainty, North American subsidiaries) comprise no more than 10% of the consolidated EBITDAR and assets of QWI.
Transactions:	On the Closing Date (as defined below), the Borrowers will obtain the senior secured credit facilities described below under the caption "DIP Facilities" and the Borrowers will use the proceeds (a) to purchase the existing North American accounts receivable securitization facility of approximately $425.0 million, (b) for working capital and other general corporate purposes of the debtors and, subject to limitations to be agreed, non-debtors, and (c) for the payment of fees and expenses incurred in connection with the foregoing (the "Transaction Costs"). The transactions described in this paragraph are collectively referred to herein as the "Transactions".
Agent:	Credit Suisse, acting through one or more of its branches or affiliates ("CS"), will act as sole Administrative Agent and Collateral Agent (collectively, in such capacities, the "Agent") for a syndicate of banks, financial institutions and other institutional lenders (together with CS and MSSF, the "Lenders"), and will perform the duties customarily associated with such roles.
Co-Bookrunners and Joint Lead Arrangers:	Credit Suisse Securities (USA) LLC and Morgan MSSF will act as co-bookrunners and joint lead arrangers for the DIP Facilities described below (collectively, in such capacities, the "Arrangers"), and will perform the duties customarily associated with such roles.
DIP Credit Facilities:	The DIP Credit Facility will consist of, subject to Availability (as defined below), a senior secured term loan facility in an aggregate principal amount of up to $600.0 million (the "Term Facility"). The Term Facility shall become due and payable on the DIP Credit Facility Termination Date (as defined below). Loans under the Term Facility shall be denominated in US Dollars. Subject to Availability, a senior secured revolving credit facility in an aggregate principal amount of up to $400.0 million (the "Revolving Credit Facility" and, together with the Term Facility, the "DIP Credit Facilities"). DIP Revolving Credit Loans (as defined below) shall be denominated in US Dollars, with a sublimit for Canadian Dollar loans of CDN$150 million. Subject to Availability, the Revolving Credit Facility will be available for revolving credit loans by the Lenders with commitments under the Revolving Credit Facility to the Borrowers (the "DIP Revolving Credit Loans"). All DIP Revolving Credit Loans shall become due and payable on the DIP Credit Facility Termination Date. A letter of credit subfacility shall be available

	under the Revolving Credit Facility in an aggregate amount of $100 million. A swing line subfacility shall be available under the Revolving Credit Facility in an aggregate amount of $50 million. Availability under each DIP Credit Facility ("Availability") will be equal to (a) under the Term Facility, $600.0 million from Interim Availability (as defined below) and (b) under the Revolving Credit Facility, (i) $150.0 million from Interim Availability until the entry of the Final Order (as defined below) (the "Interim Period") and (ii) after the Interim Period, an amount up to $400.0 million equal to the lesser of (A) the excess of (x) the DIP Borrowing Base (as defined below) less (y) the aggregate amount of DIP Revolving Credit Loans and the aggregate undrawn or unreimbursed amounts under the letter of credit subfacility (the "DIP Revolving Credit Facility Usage") and (B) the excess of (x) the then effective Revolving Credit Facility commitments less (y) the DIP Revolving Credit Facility Usage; provided that after the Interim Period, Availability shall be subject at all times to Borrowing Base Availability. Amounts borrowed under the Term Facility that are repaid or prepaid may not be reborrowed. "DIP Borrowing Base" shall mean at any time of determination the sum of the following: (a) up to 85% of eligible US and Canadian trade accounts receivable of the Debtors (other than accounts receivable subject to a lien in favor of the lenders under the Existing Credit Agreements (as defined below)); and (b) the lesser of (A) up to 85% of the Orderly Liquidation Value Percentage (as defined below) of eligible US inventory of the Debtors (other than inventory subject to a lien in favor of the lenders under the Existing Credit Agreements) and (B) up to 65% of eligible US inventory (in each case at the lower of cost on a FIFO basis and book value) of the Debtors (other than inventory subject to a lien in favor of the lenders under the Existing Credit Agreements) minus (C) reserves to be reasonably determined by the Agent. "Orderly Liquidation Value Percentage" shall mean the orderly liquidation value (net of costs and expenses incurred in connection with liquidation) of inventory as a percentage of the cost of such inventory, which percentage shall be determined by reference to the most recent third-party appraisal of such inventory received by the Agent (using appropriate sampling methodology to determine the

	orderly liquidation value of inventory as to which no physical appraisal has been conducted); provided that such third-party appraisals may be conducted no more than once per year or, upon the occurrence and continuance of a default or upon any significant decrease in the Borrowers' liquidity (with a threshold to be agreed and with exceptions to be agreed in respect of decreases resulting from permitted asset dispositions), at any time, at the reasonable request of the Agent. "Borrowing Base Availability" means, at any time, an amount equal to the lesser of (a) (i) the DIP Borrowing Base minus (ii) the DIP Revolving Credit Facility Usage at such time minus (iii) such availability reserves as the Agent, in its reasonable commercial judgment, deems appropriate consistent with standards for asset-based financings in order to protect and preserve the value of the Collateral (defined below) and (b) (i) the then effective commitments under the Revolving Credit Facility minus (ii) the DIP Revolving Credit Facility Usage minus (iii) such availability reserves as the Agent, in its reasonable commercial judgment, deems appropriate consistent with standards for asset based financings in order to protect and preserve the value of the Collateral including, without limitation, in respect of the Carve-Out and the Administration Charge. "Borrowing Base Availability Threshold" means Borrowing Base Availability of not less than an amount to be agreed. "Interim Availability" means the Availability during the Interim Period. "Final Availability" means the Availability after the conclusion of the Interim Period.
DIP Loan Documents:	The DIP Facilities will be documented by the DIP Credit Agreement and the DIP Loan Documents.
Closing Date:	The date on which the conditions precedent to Interim Availability shall have been satisfied (the "Closing Date").
Interest Rates:	Revolving Credit Facility: At the option of the Borrowers, adjusted LIBOR plus 2.25% or ABR plus 1.25%. With respect to any Canadian Dollar advances under the Canadian Dollar subfacility, at the option of the Borrowers, the average discount rate for bankers' acceptances of the appropriate amount and the appropriate term as quoted on the Reuters Screen CDOR Page (the "BA Rate") plus 2.25% or the Canadian prime rate plus 1.25%. Swing Line: ABR plus 1.25%.

	Term Loan: At the option of the Borrowers, adjusted LIBOR plus 3.75% or ABR plus 2.75%. The Borrowers may elect interest periods of 1, 2, 3 or 6 months for adjusted LIBOR borrowings and for BA rate borrowings. Calculation of interest shall be on the basis of the actual days elapsed in a year of 360 days (or 365 or 366 days, as the case may be, in the case of ABR loans and CP Rate loans[6]) and interest shall be payable at the end of each interest period and, in any event, at least every three months. ABR is the Alternate Base Rate, which is the higher of CS's prime rate for Dollars loaned in the United States and the Federal Funds Effective Rate plus ½ of 1.0%. CP Rate is the higher of CS's prime rate for Canadian Dollar denominated commercial loans in Canada and the annual rate of interest equal to the sum of the one month CDOR Rate, plus 1.0%. Adjusted LIBOR will at all times include statutory reserves.
Unused Commitment Fee:	An unused commitment fee at the rate of 50 bps *per annum* will accrue as a percentage of the daily average unused portion of the Revolving Credit Facility (whether or not then available), payable monthly in arrears.
Letter of Credit Fee:	A per annum fee equal to the spread over adjusted LIBOR under the Revolving Credit Facility will accrue on the aggregate face amount of outstanding letters of credit under the Revolving Credit Facility, payable in arrears at the end of each quarter and upon the termination of the Revolving Credit Facility, in each case for the actual number of days elapsed over a 360-day year. Such fees shall be distributed to the Lenders participating in the Revolving Credit Facility pro rata in accordance with the amount of each such Lender's Revolving Credit Facility commitment. In addition, the Borrower shall pay to the Issuing Bank, for its own account, (a) a fronting fee equal to 0.25% of the aggregate face amount of outstanding letters of credit, payable in arrears at the end of each quarter and upon the termination of the Revolving Credit Facility, calculated based upon the actual number of days elapsed over a 360-day year, and (b) customary issuance and administration fees.

[6] CP Rate is the higher of CS's prime rate for Canadian Dollar denominated commercial loans in Canada and the annual rate of interest equal to the sum of the one month CDOR Rate, plus 1.0%.

Default Rate:	The applicable interest rate plus 2.0% per annum.
Final Maturity:	The DIP Facilities will mature on the DIP Credit Facility Termination Date. The "DIP Credit Facility Termination Date" shall be the earliest of (a) the date that is 18 months after the commencement of the Bankruptcy Cases, (b) 45 days after the entry of the Interim Order (as defined below) if the Final Order has not been entered prior to the expiration of such 45-day period, (c) the substantial consummation (as defined in Section 1101 of the Bankruptcy Code and which for purposes hereof shall be no later than the "effective date") of a plan of reorganization (a "Plan") filed in the Bankruptcy Cases that is confirmed pursuant to an order entered by the US Bankruptcy Court or (d) the acceleration of the loans and the termination of the commitment with respect to the DIP Facilities in accordance with the DIP Loan Documents.
Security and Priority:	The DIP Facilities, the Guarantees and any Hedging Arrangements will be secured (a) in the Chapter 11 Cases pursuant to sections 364(c)(2) and 364(c)(3) of the Bankruptcy Code by and (b) in the Canadian Proceeding, pursuant to a Canadian Court ordered superpriority charge over, substantially all the assets of QWI, QWUSA and each other Guarantor, whether owned on the Closing Date or thereafter acquired, including, upon entry of the Final Order, any proceeds of Avoidance Actions (as defined below) **which would constitute Extraordinary Provisions under the Court's Guidelines**), in each case subject to the Carve-Out (collectively, the "Collateral"), and the security granted to the Lenders shall include but not be limited to: (i) a perfected first-priority pledge of all the equity interests of QWUSA, (ii) a perfected first priority pledge of all the equity interests held by QWI, QWUSA or any other Guarantor (which pledge, in the case of any non-US subsidiary owned by a US subsidiary of QWUSA, shall be limited to 100% of the non-voting equity interests (if any) and 66% of the voting equity interests of such non- US subsidiary to the extent the pledge of any greater percentage would result in adverse tax consequences to QWUSA) and (iii) perfected first-priority security interests in, and mortgages on, substantially all tangible and intangible assets of QWI, QWUSA and each other Guarantor (including but not limited to accounts receivable, inventory, equipment, general intangibles, investment property, intellectual property, real property, leasehold interests, cash, deposit and securities accounts, commercial tort claims, letter of credit rights, intercompany notes and proceeds of the foregoing), *provided that* the Collateral shall not include accounts receivable of European Guarantors which are subject to existing factoring arrangements or factoring arrangements that are otherwise acceptable

	to the Agent up to an amount to be agreed, and *provided however* that the liens of the Agent on the Collateral described above shall be junior (on terms acceptable to the Agent pursuant to Orders of the Court and the Canadian Bankruptcy Court) to (a) all valid liens presently held securing (i) indebtedness pursuant to that certain Amended and Restated Credit Agreement, dated as of December 15, 2005, among QWI, QWUSA, the lenders party thereto, Royal Bank of Canada, as administrative agent, and RBC Capital Markets, as arranger, (ii) indebtedness pursuant to that certain Credit Agreement, dated as of January 13, 2006, among QWI, QWUSA and Societe Generale (Canada), as lender (the agreements listed in subclauses (a) and (b), in each case as amended or otherwise modified as of the Closing Date, the "Existing Credit Agreements") and (b) capitalized leases, purchase money security interests or mechanics' liens in existence at the commencement of the Chapter 11 Cases or perfected subsequent to such commencement as permitted by Section 546(b) of the Bankruptcy Code or the orders of the Canadian Bankruptcy Court in the Canadian Proceeding), (c) other limited liens to be agreed upon, and (d) the Carve-Out (as defined below). All of the above described pledges, security interests and mortgages shall be senior to all priority payables other than as expressly approved by the Arrangers. All the above-described pledges, security interests and mortgages shall be created on terms, and pursuant to documentation, satisfactory to the Arrangers (including, in the case of real property, customary items such as satisfactory title insurance and surveys), and none of the Collateral shall be subject to any other liens, subject to customary and limited exceptions to be agreed upon. In addition, in the Chapter 11 Cases, the Lenders will be granted in each of the Interim Order and the Final Order a superpriority administrative claim under Section 364(c)(1) of the Bankruptcy Code for the payment of the obligations under the DIP Facilities with priority above all other administrative claims. The liens securing the Revolving Credit Facility will be first in priority (as between the Revolving Credit Facility and the Term Facility) with respect to the Revolver Collateral. The "Revolver Collateral" shall consist of all Collateral of QWUSA, QWI and each other Guarantor which is inventory, accounts receivable, cash and deposit accounts containing proceeds of the foregoing, related general intangibles (including the Agent's right to use any intellectual property in connection with the liquidation of any Revolver Collateral), books, records and documents with respect

	thereto and all proceeds and products of the foregoing. The liens securing the Term Facility with respect to the Revolver Collateral will be second in priority (as between the Revolving Credit Facility and the Term Facility) only to the liens securing the Revolving Credit Facility with respect to the Revolver Collateral. The liens securing the Term Facility will be first in priority (as between the Term Facility and the Revolving Credit Facility) with respect to the Term Collateral. The "Term Collateral" shall consist of capital stock and other investment property (including intercompany debt) owned by QWUSA, QWI and each other Guarantor, equipment, owned and leased real estate and general intangibles relating to such capital stock and other investment property, equipment and material owned and leased real estate (subject to the Agent's right to use any intellectual property in connection with the liquidation of any Revolver Collateral), all other Collateral which is not Revolver Collateral and all proceeds and products of the foregoing The liens securing the Revolving Credit Facility with respect to the Term Collateral will be second in priority (as between the Revolving Credit Facility and the Term Facility) only to the liens securing the Term Facility with respect to the Term Collateral. The priority of the security interests and related creditor rights between the Revolving Credit Facility and the Term Facility shall be set forth in an intercreditor agreement (the "Intercreditor Agreement"). Notwithstanding the foregoing, such superpriority perfected security interests in the assets of debtors in the Chapter 11 Cases (the "US Debtors"), and charges and administrative claims against the US Debtors shall be subject and subordinate to a carveout (the "Carve-Out") for the payment of (a) allowed fees and disbursements of professionals retained by the US Debtors and a statutory committee of unsecured creditors appointed in the Chapter 11 Cases (the "Committee") incurred prior to the occurrence of an Event of Default under the DIP Facilities, whether allowed before or after the occurrence of the Event of Default, (b) allowed fees and disbursements of professionals retained by the US Debtors and the Committee in an aggregate amount not to exceed an amount to be determined that are incurred following the occurrence of an event of default under the DIP Facilities, whether allowed before or after the occurrence of the Event of Default, (c) in the event of a conversion of the Bankruptcy Cases, the reasonable fees and expenses of a chapter 7 trustee under section 726(g) of the Bankruptcy Code not to exceed an amount to be determined and (d) in the Chapter 11 Cases,

	fees pursuant to 28 U.S.C. § 1930 and any fees payable to the clerk of the Court. In addition, so long as an event of default under the DIP Facilities has not occurred, in the Bankruptcy Cases, the DIP Loan Parties shall be permitted to pay fees and expenses allowed and payable under 11 U.S.C. § 330 and § 331, as the same may become due and payable, and the same shall not reduce the Carve-Out. Notwithstanding the foregoing, such superpriority perfected security interests in the assets of QWI in the Canadian Proceeding, shall be subject and subordinate to the court ordered administration charge (the "Administration Charge") in an aggregate amount not to exceed an amount acceptable to the Lenders, for the payment, following the occurrence of an event of default under the DIP Facilities of (a) allowed professional fees and disbursements incurred by professionals retained by QWI and (b) allowed professional fees and disbursements of the monitor appointed in the Canadian Proceeding including allowed legal fees and expenses of such monitor (including any allowed unpaid professional fees and disbursements incurred by such parties set out in (a) and (b) above prior to the occurrence of an event of default under the DIP Facilities).
Mandatory Prepayments:	The loans under the Term Facility shall be prepaid with (a) 100% of the net cash proceeds of all asset sales or other dispositions of property by QWI and its subsidiaries (including proceeds from the sale of stock of any subsidiary of QWUSA and insurance and condemnation proceeds and subject to exceptions and reinvestment provisions to be agreed upon), (b) 100% of the net cash proceeds of issuances, offerings or placements of debt obligations of QWI and its subsidiaries (subject to exceptions to be agreed upon) and (c) 100% of Extraordinary Receipts (to be defined). Mandatory prepayments under the Revolving Credit Facility shall further be required if (a) the DIP Revolving Credit Facility Usage exceeds the then effective commitments under the Revolving Credit Facility or (b) DIP Revolving Credit Facility Usage exceeds Availability. When there are no outstanding loans under the Term Facility, mandatory prepayments will be applied to prepay outstanding loans (and cash collateralization of outstanding letters of credit under the letter of credit subfacility) under the Revolving Credit Facility.
Voluntary Prepayments; Call Premium:	Voluntary prepayments of the borrowings under the Revolving Credit Facility will be permitted at any time without premium or penalty, subject to payment of customary breakage costs in the case of a prepayment of an adjusted LIBOR borrowing other than on the last day of the relevant interest period.

	Voluntary prepayments of the borrowings under the Term Facility will be permitted at any time, subject to the payment of customary breakage costs in the case of a prepayment of an adjusted LIBOR borrowing other than on the last day of the relevant interest period.
Conditions to Interim Availability:	Usual for debtor-in-possession facilities of this type and including, without limitation, the following: loan, security, intercreditor and guarantee documentation to be prepared by counsel to the Agent and to be satisfactory to the Arrangers; delivery of satisfactory legal opinions (as to Delaware, New York and Canadian law, and as to such other jurisdictions as may be reasonably practicable by the Closing Date), corporate documents and officers' and public officials' certifications; execution of the Guarantees, which shall be in full force and effect (it being understood that certain Guarantees not practicably deliverable by the Closing Date shall be permitted to be delivered promptly thereafter, provided that Guarantees from at least the same entities that guarantee the Existing Credit Agreements shall have been delivered by the Closing Date); evidence of authority; payment of fees and expenses; obtaining of satisfactory insurance (together with a customary insurance broker's letter); delivery of notice; accuracy of representations and warranties; absence of DIP defaults; delivery of satisfactory balance sheets, income statements, pro forma statements, projections, and other financial statements; receipt at least five (5) business days prior to Closing Date of "know your customer" and similar information; first priority perfected security interests in the Collateral (free and clear of all liens, subject to customary and limited exceptions to be agreed upon) pursuant to the Interim Order and the CCAA Initial Order and together with execution and delivery of security documentation and perfection filings from the debtors in the Debtors' Cases by the Closing Date (with other security documentation and filings promptly thereafter); receipt of satisfactory lien and judgment searches; receipt of any required third party and governmental approvals and consents; the Debtors' Cases shall have been commenced by QWUSA, QWI and the other Guarantors and the same shall each be a debtor and a debtor-in-possession and a debtor company under the CCAA and all "first day orders" entered at the time of commencement of the Chapter 11 Cases and the Canadian Proceeding shall be reasonably satisfactory in form and substance to the Arrangers; the Agent shall have received a signed copy of (a) the Interim Order of the Court in substantially the form set forth as an exhibit to the Loan Documents and (b) an order of the Canadian Court substantially in the form set forth as an exhibit to the Loan Documents (the "CCAA Initial Order"), authorizing and approving the making of the DIP Revolving Credit Loans and the DIP Term Loans, and the granting of the superpriority charges, claims and liens

	and other liens referred to above under the heading "Security and Priority", which Interim Order and CCAA Initial Order each (i) shall authorize extensions of credit in amounts not in excess of $750.0 million, (ii) shall authorize the payment by the DIP Loan Parties of all of the fees provided for in respect of the DIP Facilities as set forth in the Commitment Letter, the Term Sheet, Fee Letter and the Side Letter among the Debtors, the Agents and the Arrangers, (iii) shall not have been vacated, reversed, modified, amended or stayed and (iv) a payoff letter with respect to the Existing Receivables Facility in form and substance satisfactory to the Arrangers.
Conditions to Final Availability:	Usual for debtor-in-possession facilities of this type and including, without limitation, the following: there shall exist no DIP Default or Event of Default after giving effect to the borrowing; delivery of documentation the Agent reasonably requires, including, without limitation, a notice of borrowing; truth and accuracy of representations and warranties in all material respects (the foregoing conditions also to be conditions to each subsequent borrowing); no later than 45 days after the entry of the Interim Order, the US Bankruptcy Court shall have entered an order (the "Final Order") in substantially the form of the Interim Order, with only such modifications as are reasonably satisfactory in form and substance to the Arrangers and which shall authorize extensions of credit under (a) the Term Facility in an aggregate amount of up to $600.0 million and (b) the Revolving Credit Facility in an aggregate amount of up to $400.0 million, subject to Availability; and the Interim Order or Final Order, as the case may be, shall be in full force and effect and shall not have been vacated, reversed, modified, amended or stayed in any respect without the consent of the Lenders; there shall exist no DIP Borrowing Base deficiency and delivery to the Agent of a DIP Borrowing Base certificate, a field audit for accounts and inventory and a third-party appraisal of inventory in each case satisfactory to the Agent.
Selected Financial Covenants:	The DIP Credit Agreement will contain (a) minimum consolidated Liquidity Availability (as defined below) covenant of $50 million and (b) a minimum consolidated EBITDAR covenant applicable to QWI and its subsidiaries. "Liquidity Availability" means unrestricted cash *plus* the unutilized Borrowing Base Availability.
Events of Default:	Usual for debtor-in-possession facilities of this type, others to be reasonably specified by the Agent, and including, without limitation, the following to be applicable to QWI, QWUSA and their respective subsidiaries (subject, where appropriate, to thresholds and grace periods to be agreed upon): (a) the entry of an order dismissing any of the Bankruptcy Cases or converting any of the Bankruptcy Cases

	to a Chapter 7 case or the Canadian Proceeding shall be dismissed or converted to a proceeding under the Bankruptcy and Insolvency Act, (b) the entry of an order appointing a Chapter 11 trustee in any of the Bankruptcy Cases or an examiner with enlarged powers; (c) the appointment of a receiver, interim receiver or receiver and manager in the Canadian Proceeding; (d) in the judgment of the Lenders, the entry of an order staying, reversing, vacating or otherwise modifying, in each case in a manner materially adverse to the Lenders and without the prior consent of the Lenders, the DIP Credit Facilities, the Final Order or the CCAA Initial Order; (e) the entry of an order in any of the Chapter 11 cases appointing an examiner having expanded powers (beyond those set forth under Sections 1106(a)(3) and (4) of the Bankruptcy Code); (f) the filing of any pleading by any Debtor seeking, or otherwise consenting to, any of the matters set forth in clauses (a) through (e); (g) the filing of a plan of reorganization that does not provide for the indefeasible payment in full upon confirmation in cash of all obligations owed to the Lenders; (h) the entry of the Final Order shall not have occurred within 45 days after entry of the Interim Order; (i) the entry of a final non-appealable order in the Bankruptcy Cases charging any of the Collateral under Section 506(c) of the Bankruptcy Code against the Lenders or the commencement of other actions adverse to the Lenders or their respective rights and remedies under the DIP Facilities in any of the Debtors' Cases; (j) the entry of an order granting relief from any stay of proceeding (including, without limitation, the automatic stay) so as to allow a third party to proceed against any material assets of the Debtors; (k) existence of any claims or charges, other than in respect of the DIP Facilities, entitled to superpriority under Section 364(c)(1) of the Bankruptcy Code or the existence of any charge granted by the Canadian Bankruptcy Court, in each case which is senior to or *pari passu* with the superpriority of the Lenders' claims (except as expressly provided herein); (l) failure of the Borrowers to pay (i) the principal of any DIP Loan when due or (ii) any interest on any DIP Loan or any other amount within three business days after such interest or other amount becomes due; (m) representations and warranties incorrect in any material respect on or as of the date made or deemed made; (n) failure of any DIP Loan Party to comply with covenants (with grace periods and notice requirements as applicable); (o) cross-default and cross-acceleration; (p) failure to satisfy or stay execution of judgments; (q) existence of certain material ERISA events; (r) actual or asserted invalidity or impairment of any DIP Loan Document (including the failure of any lien to remain perfected); (s) a Change of Control (to be defined) occurs.
Assignments and	The Lenders will be permitted to assign loans under the Term Facility, without the consent of (but with notice to) the Borrowers.

Participations:	The Lenders will be permitted to assign loans and commitments under the Revolving Credit Facility, so long as there is no Event of Default occurring and continuing, with the consent of the Borrowers (such consent not to be unreasonably withheld or delayed).
Expenses and Indemnification:	The Borrowers will indemnify the Arrangers, the Agent, the Syndication Agent, the Documentation Agent, the Lenders, their respective affiliates, successors and assigns and the officers, directors, employees, agents, advisors, controlling persons and members of each of the foregoing (each, an "Indemnified Person") and hold them harmless from and against all costs, expenses (including reasonable fees, disbursements and other charges of counsel) and liabilities of such Indemnified Person arising out of or relating to any claim or any litigation or other proceeding (regardless of whether such Indemnified Person is a party thereto and regardless of whether such matter is initiated by a third party or by QWI, QWUSA or any of their respective affiliates) that relates to the Transactions, including the financing contemplated hereby, *provided* that no Indemnified Person will be indemnified for any cost, expense or liability to the extent determined in the final, non-appealable judgment of a court of competent jurisdiction to have resulted primarily from its gross negligence or willful misconduct. In addition, (a) all out-of-pocket expenses (including, without limitation, fees, disbursements and other charges of counsel) of the Agent and the Arrangers in connection with the Transactions shall be paid by the Borrowers on the Closing Date and from time to time thereafter, whether or not the Transactions close, and (b) all out-of-pocket expenses (including, without limitation, fees, disbursements and other charges of counsel) of the Arrangers, the Agent, the Syndication Agent, the Documentation Agent and the Lenders, for enforcement costs and documentary taxes associated with the DIP Facilities will be paid by the Borrowers.
Governing Law:	New York

III. Disclosure of Provisions Pursuant to the Court's Guidelines

31. The Court's Guidelines require the Debtors to disclose prominently whether the proposed financing contains any of the "Extraordinary Provisions" described in Part II.A of the General Order.

32. The following provisions of the DIP Credit Facility merit separate disclosure under the Court's Guidelines:

(a) Purchase of Receivables Portfolio. Without prejudice to the rights of any other party (but subject to the limitations thereon and the reservation of the Debtors' rights set forth below) certain of the Debtors sold, assigned and transferred to QWF all of their right, title and interest in their respective accounts receivable now constituting, in part, the Receivables Portfolio, pursuant to the US Receivables Purchase Agreement, and the sellers under the Canadian Receivables Purchase Agreement sold, assigned and transferred to QWF all of their right, title and interest in their respective accounts receivable now constituting, in part, the Receivables Portfolio, pursuant to the Canadian Receivables Purchase Agreement. QWF, in turn, sold, assigned and transferred its interest in the Receivables Portfolio pursuant to the Receivables Sale Agreement to the Existing Receivables Facility Agent and the Purchasers (as defined in the Receivables Sale Agreement), subject to QWF's right to retain any collections received on account of the Receivables Portfolio in excess of the Existing Receivables Facility Agent's and Purchaser's interest therein (the "Remainder Interest"). As of the Petition Date, the Existing Receivables Facility Agent and the Purchasers agreed to sell all their right, title and interest in the Receivables Portfolio to QWUSA for $416,800,000 plus expenses, pursuant to the terms of a Purchase Agreement substantially in the form attached as Exhibit C hereto (the "Purchase Agreement"). The sale of all right, title and interest of the Existing Receivables Facility Agent and the Purchasers in the Receivables Portfolio to QWUSA shall be effected by the assignment contained in the Purchase Agreement. Promptly upon the later of (i) the entry of the Interim Order and (ii) the satisfaction of the conditions to lending under and the availability of the DIP Facility, QWUSA shall purchase all right, title and interest of the Existing Receivables Facility Agent and the

Purchasers in the Receivables Portfolio for a purchase price of approximately $416,800,000 plus expenses pursuant to the terms of the Purchase Agreement, which sale shall be effected by the assignment contained in the Purchase Agreement, and QWF shall transfer all of its right, title and interest in the Remainder Interest to QWUSA in full satisfaction of that certain revolving subordinated note issued by QWF to QWUSA incident to the US Receivables Purchase Agreement.

(b) Certain Events of Default. Certain provisions of the DIP Credit Facility provide for an Event of Default upon:

i. The filing of a pleading by the Debtors seeking (A) the entry of an order dismissing any of the Chapter 11 Cases or converting any of the Chapter 11 Cases to a Chapter 7 case or if the Canadian Proceeding shall be dismissed or converted to a proceeding under Canada's Bankruptcy and Insolvency Act, (B) the entry of an order appointing a Chapter 11 trustee in any of the Chapter 11 Cases or an examiner with enlarged powers; (C) the appointment of a receiver, interim receiver or receiver and manager in the Canadian Proceeding; (D) in the judgment of the Lenders, the entry of an order staying, reversing, vacating or otherwise modifying, in each case in a manner materially adverse to the Lenders and without the prior consent of the Lenders, the DIP Credit Facility, the Final Order or the initial order in the Canadian Proceeding; (E) the entry of an order in any of the Chapter 11 cases appointing an examiner having expanded powers (beyond those set forth under Sections 1106(a)(3) and (4) of the Bankruptcy Code); and

ii. The entry of a final, non-appealable order charging any of the Collateral under section 506(c) of the Bankruptcy Code against the Lenders or the commencement of any other action adverse to the Lenders or their respective rights and remedies under the DIP Credit Facility in any of the Chapter 11 Cases.

iii. Provided, however, that under the Interim Order, the Lenders must provide five business days' notice to the Debtors, any official committee of unsecured creditors and the U.S. Trustee before exercising any rights or remedies against their Collateral.

(b) Lien on Avoidance Actions. The Interim Order provides that, upon entry of the Final Order, any proceeds of Avoidance Actions will be subject to senior first-priority liens to the Administrative Agent (for the ratable benefit of the Lenders).

However, the Avoidance Actions shall not immediately constitute Collateral; rather, the Avoidance Actions will constitute "Excluded Property" under the Interim Order until entry of the Final Order.

Basis for Relief Requested

33. The Debtors are seeking authorization to obtain postpetition credit, in the form of the DIP Credit Facility. The Debtors have satisfied the requisite standards for obtaining credit under section 364(c) of the Bankruptcy Code.

I. Approval of the DIP Financing

34. "It is a given that most successful reorganizations require the debtor-in-possession to obtain new financing simultaneously with or soon after the commencement of the Chapter 11 Case." In re Ames Dept. Stores, Inc., 115 B.R. 34, 36 (Bankr. S.D.N.Y. 1990). Congress designed 11 U.S.C. § 364 to provide incentives to creditors and lenders to extend post-petition credit. See In re Florida West Gateway, 147 B.R. 817, 819 (Bankr. S.D. Fla. 1992). The Debtors seek authority to incur postpetition credit pursuant to section 364(c). Section 364(c) provides as follows:

> (c) If the trustee is unable to obtain unsecured credit allowable under section 503 (b)(1) of this title as an administrative expense, the court, after notice and a hearing, may authorize the obtaining of credit or the incurring of debt—
>
> (1) with priority over any or all administrative expenses of the kind specified in section 503 (b) or 507 (b) of this title;
>
> (2) secured by a lien on property of the estate that is not otherwise subject to a lien; or
>
> (3) secured by a junior lien on property of the estate that is subject to a lien.

35. In order to establish the need for postpetition credit pursuant to section 364(c) of the Bankruptcy Code, a debtor must show that (1) it is unable to obtain unsecured credit under section 364(b) of the Bankruptcy Code; (2) the credit transaction is necessary to preserve the assets of the estate; and (3) the terms of the proposed transaction are fair, reasonable, and adequate given the circumstances of the debtor and the lender. See In re The Crouse Group, Inc., 71 B.R. 544, 549 (Bankr. E.D. Pa. 1987). Courts will evaluate the facts and circumstances of a particular case, and will give significant weight to the debtor's need for financing. See In re Ames Dept. Stores, Inc., 115 B.R. at 40.

A. The Debtors were Unable to Obtain Unsecured Postpetition Financing

36. With respect to the first element, section 364 of the Bankruptcy Code "imposes no duty to seek credit from every possible lender before concluding that such credit is unavailable." See Bray v. Shenandoah Fed. Sav. and Loan Assoc. (In re Snowshoe Co.), 789 F.2d 1085, 1088 (4th Cir. 1986). Rather, it imposes a duty to make a good faith effort to obtain such credit. See id.; see also In re Florida West Gateway, Inc., 147 B.R. 817, 821 (Bankr. S.D. Fla. 1992).

37. The Debtors in this case have made good faith efforts to obtain credit without granting a security interest and on an administrative priority or super-priority basis, or on some other terms more favorable than the terms offered by the Lenders. As noted above, the terms of the DIP Credit Facility are the most favorable terms available to the Debtors under the present circumstances. Moreover, where time is of the essence, that factor must be considered in determining the amount of time that a debtor can reasonably be expected to devote to obtaining unsecured credit. See Snowshoe, 789 F.2d at 1088. Here, the Debtors have had to balance the need to obtain postpetition credit on favorable terms against the severe time pressures caused by their business operations' need for cash. The Debtors were extraordinarily limited with respect

to the timeframe within which to locate postpetition lenders, conduct due diligence, negotiate the terms of the DIP Credit Agreement and prepare the documents and pleadings necessary to obtain Court approval of, and finalize, the DIP Credit Agreement.

B. The DIP Financing is Necessary to Preserve the Assets of the Debtors' Estates

38. The Debtors need the DIP Financing to fund their working capital and operational needs. The Debtors must be able to pay their employees and purchase raw materials in order to continue their operations – without paper, ink and personnel to operate machinery, the presses will stop running and the Debtors' business – and its value as a going concern – will suffer serious and potentially irreversible damage, to the detriment of the Debtors, creditors and other constituents.

39. The Debtors' current liquidity needs cannot be met without an infusion of additional cash. 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 RBC Credit Agreement. They face upcoming payroll obligations and have approximately $120 million outstanding on account of trade payables. The Debtors will not be able to meet their short term cash needs without postpetition financing. In addition, a portion of the DIP Credit Facility will be used to purchase the Receivables Portfolio under the Existing Receivables Facility, which will permit the Debtors to use their previously sold receivables to supplement their cash needs.

40. Approval of the DIP Credit Facility, in an interim amount of $750 million and a final amount of $1 billion, will enable the Debtors to maintain the confidence of their vendors, customers and employees.

C. The Terms Of The DIP Financing Are Fair And Reasonable and Were Negotiated in Good Faith

41. The terms of the proposed transaction are fair, reasonable, and adequate given the circumstances of the Debtors. The interest rate on the Revolving Credit Facility will be, at the option of the Borrowers under the DIP Credit Facility, either adjusted LIBOR plus 2.25% or ABR[7] plus 1.25% with respect to advances in U.S. dollars, and under the Term Loan the interest rate will be, at the option of the Borrowers, adjusted LIBOR plus 3.75% or ABR plus 2.75%. The fees due in connection with the DIP Credit Facility are reasonable and consist of an unused commitment fee equal to 50 basis points per annum and a per annum fee on outstanding letters of credit under the Revolving Credit Facility equal to the spread over adjusted LIBOR. The term of the loan is 18 months, the Collateral pledged under the DIP Credit Facility is proportionate to the amount of credit to be obtained and the other terms, conditions, covenants and provisions of the DIP Credit Facility are customary. The DIP Credit Facility does not contemplate the priming of any existing lien and the terms disclosed in connection with the Court's Guidelines are commercially reasonable, and were the subject of good faith, arms'-length negotiations between the Debtors and the Lenders.

42. In approving a postpetition credit agreement, courts will review such transactions to guard against prejudice to creditors or abuse of the process contemplated by the Bankruptcy Code, but in the final analysis courts generally defer to the debtor's exercise of its business judgment with respect to a proposed postpetition loan. See Resolution Trust Co. v. Official Unsecured Creditors' Committee (In re Defender Drug Stores, Inc.), 145 B.R. 312, 317 (B.A.P.

[7] ABR is the Alternate Base Rate, which is the higher of Credit Suisse's Prime Rate and the Federal Funds Effective Rate plus ½ of 1.0%.

9th Cir. 1992); In re Phase-I Molecular Toxicology, Inc., 285 B.R. 494, 495 (Bankr. D. N.M. 2002); In re Western P. Airlines, Inc., 223 B.R. 567, 572-73 (Bankr. D. Colo. 1997); In re Ames Dept. Stores, Inc., 115 B.R. 34, 37 (Bankr. S.D.N.Y. 1990); In re Crowthers McCall Pattern, Inc., 114 B.R. 877, 888 (Bankr. S.D.N.Y. 1990).

43. The DIP Credit Facility is the product of intensive, good faith, arms' length negotiations between the Debtors the Lenders and their respective financial advisors, accountants and attorneys. It is a reasonable exercise of the Debtors' business judgment, will enable the Debtors to continue to meet their credit needs and will set the stage for the reorganization of the Debtors' business. Most importantly, absent approval of the DIP Credit Facility, the Debtors will run out of cash before the end of January 2008, resulting in severe disruptions to the Debtors' businesses, harm to the Debtors' reputation with vendors and customers and damage to the interests of all creditors.

44. As noted above, prior to agreeing upon the terms of the DIP Credit Facility, the Debtors engaged in extensive efforts to obtain alternative forms of financing and pursued strategic alternatives to obtaining postpetition credit. The Debtors negotiated with lenders under the RBC Credit Agreement and seriously considered a "rescue" proposal made by Quebecor, Inc., the largest equity holder of QWI, together with a private investment firm. The Debtors also considered postpetition financing proposals from sources other than the Lenders. At the end of this process and following extensive efforts to find other sources of funding, the Debtors determined that it was in their best interests to continue to conduct negotiations with the Lenders in order to obtain up to $1 billion in postpetition financing, on the terms and subject to the conditions set forth in the DIP Credit Agreement. In negotiating the DIP Credit Agreement, both the Lenders and the Debtors acted in good faith and with honesty in fact in the conduct of the

contemplated transaction and, accordingly, the Lenders are entitled to the protections of section 364(e) of the Bankruptcy Code. See White Rose Food v. General Trading Co. (In re Clinton Street Food Corp.), 170 B.R. 216, 220 (S.D.N.Y. 1994) ("The purpose of [section 364(e)] is to overcome parties' reluctance to lend to a bankruptcy firm by assuring them that, so long as they are relying in good faith on a bankruptcy judge's approval of the transaction, they need not worry about their priority merely because some creditor is objecting to the transaction and is trying to get the district court or the court of appeals to reverse the bankruptcy judge."); Evergreen Int'l Airlines, Inc. v. Pan Am Corp. (In re Pan Am Corp.), 1992 WL 154200 at *2 (S.D.N.Y. June 18, 1992).

II. Adequate Protection of Prepetition Secured Lenders

45. The Debtors also seek interim and final authority to use certain collateral pledged to the Prepetition Secured Lenders. The Debtors intend to use the Prepetition Collateral to, among other things, continue the operation of their business and fund working capital requirements. Accordingly, the Debtors request authority to use certain of the Prepetition Collateral on and after the Petition Date.

46. As described above, the Prepetition Secured Lenders hold (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 Existing Receivables Facility and certain real estate located in Covington, Tennessee (the "QW

Memphis Collateral"); and (v) security on all inventory of QWI located in Canada, dated October 26, 2007.

47. The QW Memphis Collateral includes inventory that the Debtors need to use in connection with the continued operation of their business. Under section 363(c)(2) of the Bankruptcy Code, a debtor in possession may not use a secured creditor's cash collateral unless the secured party consents to such use or the court authorizes use of the cash collateral. A party with an interest in cash collateral may request that the court condition or prohibit the use of cash collateral "as necessary to provide adequate protection" of the party's interest. 11 U.S.C. § 363(e).

48. "Adequate protection" is determined on a case-by-case basis. See In re Mosello, 195 B.R. 277, 289 (Bankr. S.D.N.Y. 1996); In re Realty Southwest Assocs., 140 B.R. 360, 366 (Bankr. S.D.N.Y. 1992); In re Beker Indus. Corp., 58 B.R. 725, 736 (Bankr. S.D.N.Y. 1986). The purpose of adequate protection is to guard against the diminution of a secured creditor's collateral during the period when such collateral is being used by the debtor-in-possession. See In re 495 Central Park Ave. Corp., 136 B.R. 626, 631 (Bankr. S.D.N.Y. 1992); In re Beker Indus. Corp., 58 B.R. at 736.

49. As adequate protection, (a) to protect the interest of the Prepetition Secured Lenders in the QW Memphis Collateral pursuant to sections 361 and 363(e) of the Bankruptcy Code, (b) for any diminution in value from the use of the QW Memphis Collateral and (c) for the imposition of the automatic stay pursuant to section 362 of the Bankruptcy Code, the Prepetition Secured Lenders, the Lenders and the Debtors propose the following (the "Adequate Protection"):

(a) Without prejudice to the rights of any other party, the Debtors, for themselves and not for their estates, admit, stipulate and agree that the approximate value (the "QW Memphis Petition Date Inventory Amount") of the Inventory (as defined in the DIP Credit Agreement) owned by QW Memphis Corp. ("QW Memphis") as of the Petition Date (the "QW Memphis Petition Date Inventory") is [Cost Value of the Inventory on the Petition Date];

(b) Immediately upon the entry of the Interim Order, any Liens of the Prepetition Secured Lenders in Accounts of QW Memphis are hereby released;

(c) Within two business days of the entry of the Interim Order, QWUSA shall establish a cash collateral account with [ ] (the "Memphis Cash Collateral Account"). Effective and perfected upon the date of the establishment of the Memphis Cash Collateral Account and without the necessity of the execution, recordation of filings by the Debtors of security agreements, control agreements or other similar documents, the following security interests and liens are hereby granted;

i. to the Prepetition Secured Lenders, a valid, binding, continuing, enforceable, fully-perfected first priority senior security interest in and lien upon the Memphis Cash Collateral Account, securing any Prepetition Secured Indebtedness that is secured by valid, perfected non-avoidable and enforceable liens in existence as of the Petition Date; provided that the security interest granted in this clause shall be included in the cap on the Prepetition Secured Indebtedness set forth in the Prepetition Security Agreements;

ii. to the Administrative Agent for its own behalf and the benefit of the Secured DIP Lenders, a valid, binding, continuing, enforceable, fully-perfected security interest

in and lien upon the Memphis Cash Collateral Account immediately junior to the Lien granted in clause (i) above, securing the DIP Obligations.

(d) Commencing on the second business day after entry of the Interim Order, QWUSA agrees to deposit in the Memphis Cash Collateral Account (whether from collections of Accounts relating to QW Memphis Petition Date Inventory, the exercise of any remedies or otherwise), an amount equal to the QW Memphis Petition Date Inventory Amount divided by 46 each day until the date (the "Memphis Inventory Release Date") on which the balance on deposit in the Memphis Cash Collateral Account is equal to the QW Memphis Petition Date Inventory Amount.

(e) Immediately upon the Memphis Inventory Release Date any Liens of the Prepetition Secured Lenders in the QW Memphis Petition Date Inventory are hereby released.

III. Request For Interim Approval

50. The Debtors request that the Court conduct an expedited preliminary hearing on the Motion and authorize the Debtors, from and after the entry of the Interim Order until the Final Hearing, to obtain financing under the DIP Credit Faciltiy in the amount of not more than $750 million, which shall be used to, among other things, (1) purchase the Receivables Portfolio under the Existing Receivables Facility in the amount of approximately $416.8 million, (2) provide working capital for the Debtors and pay such interest, fees and expenses as are authorized by the Interim Order and in accordance with the DIP Credit Facility and (3) for general corporate purposes.

51. Absent the Court's approval of the emergency interim relief sought in this Motion, the Debtors face a severe disruption of their business operations and irreparable damage to their relationships with vendors, customers, employees and other constituencies. Without the

interim relief requested in this Motion, the Debtors will run out of cash, will not be able to meet their ongoing obligations and may face a temporary or permanent halt of their business operations.

52. Bankruptcy Rule 4001(c) permits a court to approve a debtor's request to obtain credit during the 15-day period following a motion to authorize postpetition financing "only to the extent necessary to avoid immediate and irreparable harm to the estate pending a final hearing." In examining requests for emergency interim financing, courts apply the same business judgment standard that governs other business decisions. See In re Ames, 115 B.R. at 38. As set forth above, the Debtors need to immediately obtain up to $750 million in postpetition credit in order to void immediate and irreparable harm to their business. The decision to obtain credit in order to avoid such harm represents an exercise of prudent business judgment and an attempt by the Debtors to preserve the value of their business as a going concern.

III. Request For Final Hearing

53. Pursuant to Bankruptcy Rule 4001(b) and (c), the Debtors respectfully request that the Court schedule a Final DIP Hearing for no later than forty-five (45) days from the date that the Court enters the Interim Order. The Debtors' request for interim approval of the DIP Credit Facility is intended to provide an amount of cash sufficient to permit the Debtors to continue to operate during the near term and maintain the confidence of vendors, customers and employees. Accordingly, in order to maintain their operations and the confidence of their vendors, customers and employees, the Debtors will need prompt final approval of the DIP Credit Facility.

54. The Debtors request that they be permitted to serve notice of the Motion, the Interim Order and the Final Hearing by telecopy, overnight delivery service, hand delivery or U.S. mail to all parties receiving notice of the Motion, in addition to (i) if practicable, the applicable state and local taxing authorities, (ii) parties who have filed a request for service prior to such date, and (iii) other secured parties as shown on any UCC searches conducted prepetition. Such notice shall constitute good and sufficient notice of the Final Hearing.

55. The Debtors also request that such notice of approval of the Interim Order shall state that any party in interest objecting to the DIP Credit Facility or the terms of the Final Order shall file written objections with the United States Bankruptcy Court Clerk for the Southern District of New York no later than ten calendar days prior to the Final Hearing, which objections shall be served so that same are received by no later than 4:00 p.m. (prevailing Eastern time) on such date by: (a) Arnold & Porter LLP, counsel to the Debtors, 399 Park Avenue, New York, NY 10022, Attn: Michael Canning, Esq., (b) Shearman & Sterling LLP, counsel to the Administrative Agent, 599 Lexington Avenue, New York, New York 10022, Attn: Douglas P. Bartner, Esq., (c) Latham & Watkins, LLP, counsel to the Prepetition Agent, Sears Tower, Suite 5800, 233 South Wacker Drive, Chicago, Illinois 60606, Attn: Richard A. Levy, Esq.; and (d) the Office of the United States trustee, (e) attorneys for the Creditors' Committee once appointed; (f) Mayer Brown, counsel to the Existing Receivables Facility Agent 1675 Broadway, New York, New York, 10019-5820, Attn: Andrew R. Taggart, Esq.; (g) Luskin, Stern & Eisler LLP, counsel to Soc Gen, 330 Madison Avenue, Suite 3400, New York, New York, 10017, Attn: Michael Luskin; Esq.; (h) Ogilvy Renault LLP, counsel to QWI, Suite 3800, Royal Bank Plaza, South Tower, 200 Bay Street, Toronto, Ontario, M5J 2Z4, Attn: Derrick Tay; (i) Allen and Overy LLP, counsel to the Monitor, 1221 Avenue of the Americas, New York, New York 10020, Attn: Ken

Coleman. The Debtors request that the Court determine such notice to be sufficient notice of the Final DIP Hearing and the Final Cash Collateral Hearing under Bankruptcy Rule 4001.

Memorandum Of Law

56. This Motion sets forth citations to the applicable authority and a discussion of their application to the requests set forth in this Motion. Accordingly, the Debtors respectfully submit that such citations and discussion satisfy the requirement under Local Bankruptcy Rule 9013-1 that the Debtors submit a separate memorandum of law in support of the Motion, and request that the Court waive such requirement with respect to this Motion.

Notice

57. 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 RBC Credit 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

58. No prior application for the relief requested in this Motion has been made to this or any other Court.

WHEREFORE, the Debtors respectfully request the entry of an order, substantially in the form of Exhibit A, granting the relief requested herein and such other and further relief as the Court deems just and proper.

Dated: January 22, 2008

Respectfully submitted,

/s/ Michael J. Canning

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