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

In re

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

Debtors.

Chapter 11

Case No. 08-10152 ( )  
Jointly Administered

Honorable \_\_\_\_\_

**MOTION FOR ORDER PURSUANT TO SECTIONS 105(A), 327, 328 AND 330 OF THE  
BANKRUPTCY CODE AND BANKRUPTCY RULE 2014(A) AUTHORIZING THE  
DEBTORS TO RETAIN, EMPLOY AND PAY CERTAIN PROFESSIONALS IN THE  
ORDINARY COURSE OF THEIR BUSINESSES**

The above-captioned Debtors (the “Debtors”)<sup>1</sup> hereby move the Court (the “Motion”), pursuant to the applicable provisions of chapter 11 of title 11 of the United States Code (the “Bankruptcy Code”) and the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”) for entry of an order, substantially in the form of Exhibit A hereto (the “Ordinary Course Professionals Order”), authorizing the Debtors to retain, employ and pay certain professionals in the ordinary course of the Debtors’ businesses. In support of the Motion, the Debtors state as follows:

### **Jurisdiction**

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

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

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

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

3. The statutory bases for the relief sought in this Motion are sections 105(a), 327, 328 and 330 of the Bankruptcy Code.

### **Background**

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

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

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

#### **I. The Debtors’ Business**

7. The Debtors collectively operate the second largest commercial printing business in the United States, maintaining approximately 78 facilities in 29 states. QWI is a Canadian corporation and the corporate parent of the Debtors, having been incorporated on February 23,

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<sup>2</sup> 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.

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.

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

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

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

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

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

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

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

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

## **II. The Debtors' Industry**

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

16. In addition to competition from other commercial printers, technological changes continue to erode the Debtors' businesses, as increased accessibility and quality of electronic

alternatives to the traditional delivery of printed documents, through the increased use of the internet and the electronic distribution of media content, documents and data, which provide consumers with virtually instant access to information. Nevertheless, while such trends put pressure on the Debtors' operations, the Debtors believe printed media will continue to play a strong role in marketing, advertising and publishing.

### **III. Prepetition Credit Obligations and Receivables Facility**

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

- (a) A \$750 million revolving credit facility with a bank syndicate under which the Royal Bank of Canada is administrative agent, secured up to a maximum of \$135 million by (i) unlimited guaranties, dated on or about October 26, 2007 from certain of the Debtors; (ii) a pledge of the shares of Debtor QW Memphis Corp. ("QW Memphis") by Debtors QWUSA, the Webb Company and Quebecor World Memphis LLC, dated October 26, 2007; (iii) a pledge of the shares of QWUSA by QPHC, dated October 26, 2007; (iv) security on all personal and real property of QW Memphis, dated October 26, 2007, excluding accounts receivable subject to the North American receivable sale program and certain real estate located in Covington, Tennessee; and (v) security on all inventory of QWI located in Canada, dated October 26, 2007. As of January 11, 2008, the aggregate amount of indebtedness outstanding under the Bank Syndicate Agreement was approximately \$735 million.
- (b) An equipment financing agreement dated as of January 13, 2006 (as amended) among QWI, as borrower, QWUSA, as guarantor, and Société Générale (Canada) ("Soc Gen"), as lender, providing for an equipment financing credit facility in the aggregate amount of the Canadian dollar equivalent of €136,165,415 expiring on July 1, 2015.<sup>4</sup> The equipment financing facility is guaranteed and secured on a *pari passu* basis up to \$35 million by the same collateral as the credit facilities under the bank syndicate agreement. As of January 11, 2008, the aggregate amount outstanding under the Equipment Financing Agreement was approximately \$155 million.

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<sup>4</sup> 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 IP”) 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 Bank Syndicate Agreement and the Equipment Finance Agreement to approximately \$170 million.
- (d) QWI and certain of the Debtors are parties to an accounts receivable facility pursuant to: (i) a Canadian receivables purchase agreement dated as of October 24, 2007 between QWI, as seller, and Quebecor World Finance Inc. (“QWF”), as purchaser, whereby QWI sells, with limited recourse, its Canadian trade receivables on a revolving basis in an amount not to exceed \$135 million Canadian; (ii) a U.S. receivables purchase agreement dated as of September 24, 1999 (as amended) among certain Debtors, as sellers, and QWF, as purchaser, whereby the sellers sold, with limited recourse, all of their U.S. trade receivables on a revolving basis in an amount not to exceed \$408 million (\$459 million during peak season); and (iii) an amended and restated receivables sale agreement dated as of September 24, 1999, as amended and restated as of December 22, 1999 (as further amended the “RSA”) among, *inter alia*, QWF, as seller, the purchasers party thereto and ABN Amro Bank N.V., as agent (“ABN”). Pursuant to the RSA, ABN holds a first priority lien on all of the Debtors’ and QWI’s accounts receivable purchased by QWF under the respective Canadian and U.S. receivables purchase agreements. The Canadian receivables program was rolled into the U.S. receivable program on or

about October 24, 2007, and as of December 31, 2007 the aggregate amount outstanding on account of the Debtors' accounts receivable subject to the RSA was approximately \$428 million.

#### **IV. Developments Necessitating Restructuring**

18. QWI's financial performance has suffered in the past few years, especially with respect to its European operations, as a result of a combination of factors, including declining prices and sales volume, and a temporary disturbance caused by a major retooling of its printing operations initiated in 2002. While it has substantially completed its retooling program in North America, and achieved, and even surpassed, its cost reduction objectives, QWI has not yet met its forecasted earnings projections. Rather, the combination of significant capital investments and continued operating losses, principally as a result of its European operations, together with the write down of its European assets, including goodwill, has resulted in increased financing needs. During this period, it was also necessary for QWI to repurchase certain private notes in order to avoid breaching certain debt to equity ratios, while also facing reduction in amounts available under the Bank Syndicate Agreement. These factors have had a significant impact on all of the members of QW World's corporate family, and, accordingly, have adversely impacted the Debtors' operations and financial position.

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

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

21. Although the Debtors have to date aggressively sought to raise additional funds, they have not been successful, and the lenders under the Bank Syndicate Agreement have recently indicated that they will not provide any further advances under the bank facility beyond those currently permitted. Facing year end covenant defaults under the Bank Syndicate Agreement, the Debtors and QWI obtained a waiver from the bank syndicate lenders and from the sponsors of its North American securitization program, subject to the satisfaction of certain conditions and refinancing milestones, including obtaining \$125 million in new financing by January 15, 2008. The Debtors and QWI were not successful in satisfying the conditions and refinancing milestones set by the bank syndicate lenders.

22. Moreover, the Debtors are currently facing a severe liquidity crisis. Even if operations were conducted in the normal course of business, the Debtors' cash flow projections indicate that they will require approximately \$225 million to satisfy their obligations through the end of January 2008, with virtually no availability under the Bank Syndicate Agreement. In this regard, as of November 30, 2007 QWI had aggregate outstanding trade payables of approximately \$526.7 million, of which approximately \$120 million are attributable to the Debtors, \$135 million are attributable to QWI's other North American operations, \$211 million are attributable to the European operations and \$60.6 million are attributable to Latin American

Operations. In addition to ordinary course payments, QWI was also contractually obligated to make debt payments of approximately \$19.5 million by January 15, 2008, which were not paid and to make payments related to pension obligations of approximately \$10 million, which were only partially made.

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

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

#### **Relief Requested**

25. Pursuant to sections 105(a), 327, 328 and 330 of the Bankruptcy Code and Bankruptcy Rule 2014(a), the Debtors hereby request the entry of an order authorizing them to retain, employ and pay certain professionals (each, an "Ordinary Course Professional") in the ordinary course of the Debtors' businesses, without requiring the submission of separate

retention applications and the entry of separate retention orders for each Ordinary Course Professional.

26. The Debtors' business is large and complex, and it necessarily requires services from a wide variety of professionals, including but not limited to attorneys, accountants and financial consultants. These professionals provide critical advice and guidance to the Debtors on a day-to-day basis in dealing with issues that arise at all levels of the Debtors' business. Attached to this Motion as Exhibit B is a non-exhaustive list of the Ordinary Course Professionals that the Debtors have identified as of the Petition Date.<sup>5</sup>

27. In addition, in the ordinary course of their businesses the Debtors may employ or retain actuaries, employee benefits consultants, engineers and designers, environmental consultants and technicians, general business consultants, governmental consultants, human resources consultants, information technology consultants, programmers, systems designers, insurance brokers, marketing consultants, public relations firms and real estate brokers and/or appraisers.

28. In order to ensure that the Debtors' businesses can continue to operate without interruption following the commencement of the Chapter 11 Cases, the Debtors seek authority to continue to employ the Ordinary Course Professionals in the same manner and for the same purposes as they were retained prior to the Petition Date. Most or all of the Ordinary Course Professionals are familiar with the Debtors businesses and affairs and with the particular matters with respect to which such Ordinary Course Professionals have been retained. Continuity with

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<sup>5</sup> The parties listed on Exhibit B represent those professionals currently retained by the Debtors. Exhibit B does not constitute a representation by the Debtors that such professionals will continue to be retained, nor should it be construed to prevent the Debtors from retaining additional professionals in the ordinary course of their businesses and subject to the Ordinary Course Professionals Order. The Debtors reserve the right to supplement or otherwise amend Exhibit B by filing an amended list with the Court and serving it on parties in interest.

respect to the Ordinary Course Professionals is essential to the Debtors' ability to continue their business operations and reorganize effectively. Given the breadth of the Debtors' operations and the large number of Ordinary Course Professionals that are, or may need to be, retained as issues arise, it would be costly and burdensome on the Debtors to require that each Ordinary Course Professional submit an application for approval of its employment and compensation. Requiring separate retention applications would distract the Debtors from more pressing issues and might have the effect of depriving the Debtors of the ability to rely on professionals with whom they have longstanding relationships.

29. Accordingly, the Debtors request authority to retain, employ and pay the Ordinary Course Professionals on the terms set forth in this Motion without further order of the Court. The Debtors submit that the proposed employment of the Ordinary Course Professionals and the payment of monthly compensation as described below are in the best interests of the Debtors' estates and their creditors. Moreover, the requested relief will save the Debtors from substantial administrative burdens and the costs associated with preparing a retention application for each of the Ordinary Course Professionals. Finally, the procedures requested herein will relieve the Court, the Office of the United States Trustee (the "U.S. Trustee"), any official committee of unsecured creditors and any other party in interest from the burden of reviewing numerous fee applications involving relatively small amounts of fees and expenses.

30. Courts addressing whether an entity is a "professional" for purposes of section 327, look to whether the entity (a) plays a central role in the administration of the bankruptcy estate or (b) is permitted to exercise discretion and autonomy in addressing the administration of the bankruptcy estate. See First Merch. Acceptance Corp., 1997 WL 873551, at \*2 (D. Del. Dec.

15, 1997). The First Merchants case sets forth a non-exclusive list of factors to be considered in determining whether an entity constitutes a “professional” under section 327(a), including:

- (a) Whether the entity controls, manages, administers, invests, purchases or sells assets that are significant to the debtor’s reorganization;
- (b) Whether the entity is involved in negotiating the terms of a plan of reorganization;
- (c) Whether the entity’s employment is directly related to the type of work carried out by the debtor or to the routine maintenance of the debtor’s business operations;
- (d) Whether the entity is given discretion or autonomy to exercise its own professional judgment in some part of the administration of the debtor’s estate;
- (e) The extent of the entity’s involvement in the administration of the debtor’s estate; and
- (f) Whether the entity’s services involve some degree of special knowledge or skill, such that the entity can be considered a professional within the ordinary meaning of the term.

See id. at \*3.

31. The First Merchants factors should be considered in their totality and none is dispositive. Id. As a general rule, professionals that are assisting in the routine operation of a debtor’s business, rather than in the administration of its bankruptcy estate, are not professionals that must be retained pursuant to section 327 of the Bankruptcy Code. Id. at \*4.

32. In light of these factors, the Debtors submit that the Ordinary Course Professionals are not section 327 “professionals.” The Ordinary Course Professionals generally will not be involved in the administration of the Chapter 11 Cases; rather, they will provide services necessary to the ongoing management of the Debtors’ daily affairs and operations. Any services provided by one of the Ordinary Course Professionals that relate to the administration of the Chapter 11 Cases will be limited and discrete. Accordingly, the Debtors do not believe that

the retention and payment of the Ordinary Course Professionals requires Court approval. Nevertheless, out of an abundance of caution and in the interest of complete disclosure, the Debtors seek the relief requested in this Motion.

### **Proposed Procedures**

33. With respect to each Ordinary Course Professional, the Debtors do not believe that any single Ordinary Course Professional will have either (1) monthly fees in excess of \$50,000 per month, such amount being the “OCP Fee Limit,”<sup>6</sup> or (2) total fees over the course of the Chapter 11 cases in excess of \$500,000. In the event that monthly fees for any of the Ordinary Course Professionals exceed the monthly OCP Fee Limit, such fees will be subject to further review and approval as set forth below. In the event that the Debtors anticipate that any Ordinary Course Professional will become materially involved in the administration of these Chapter 11 Cases, even if its fees fall below the OCP Fee Limit, the Debtors will promptly seek to retain such professional pursuant to section 327 of the Bankruptcy Code.

34. The Debtors’ proposed procedures for the payment of Ordinary Course Professionals (the “Ordinary Course Procedures”) are as follows:

- (a) The Debtors may pay 100% of the fees and disbursements incurred by an Ordinary Course Professional upon the submission to, and approval by, the Debtors of a monthly invoice setting forth in reasonable detail the nature of the services rendered and disbursements actually incurred during the month; provided, however, that all monthly payments to Ordinary Course Professionals shall be subject to the OCP Fee Limit.
- (b) To the extent that fees payable to any Ordinary Course Professional either (i) exceed \$50,000 for any month, or (ii) exceed in the aggregate \$500,000 over the course of these Chapter 11 cases, then on or before the final business day of the month following the month for which compensation is sought (the “Statement Deadline”), such Ordinary Course Professional

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<sup>6</sup> The OCP Fee Limit is intended to apply only to fees and not to requests for reimbursement of out-of-pocket expenses.

shall submit a statement of the fees incurred during the applicable month (a "Compensation Statement") to the following parties (collectively, the "Interested Parties"): (i) Debtors, 299 State Street, North Haven Connecticut 06473 (Attn. Laura Norden, Assistant General Counsel); (ii) counsel to the Debtors, Arnold & Porter LLP, at 399 Park Avenue, New York, New York 10022 (Attn: Michael Canning) and at 555 Twelfth Street, N.W., Washington, D.C. 20004 (Attn: Joel Gross); (iii) Shearman & Sterling LLP, counsel to the postpetition lender, 599 Lexington Avenue, New York, New York 10022, Attn: Douglas P. Bartner, Esq.; (iv) counsel to any committee appointed in these Chapter 11 Cases; and (v) the U.S. Trustee, 33 Whitehall St., Suite 2100, New York, New York 10044. Pending review of the Compensation Statement by the Interested Parties, the Debtors are authorized, but not required, to pay the Ordinary Course Professional's fees up to the OCP Fee Limit and reimburse any expenses of the Ordinary Course Professional.

- (c) The Interested Parties will have 30 days from the Statement Deadline (the "Review Period") to review the Compensation Statement and object to the additional fees requested by such Ordinary Course Professional. If any of the Interested Parties objects to the payment of the additional fees sought in a Compensation Statement, it shall serve a written statement of its objection to the Ordinary Course Professional and the other Interested Parties so that it is received by such parties before the end of the Review Period. If the Debtors, the applicable Ordinary Course Professional and the objecting party or parties cannot resolve the objection(s) within 15 days following the end of the Review Period, then the Ordinary Course Professional will be required to submit a formal application to this Court for the additional compensation or waive its right to any monthly fees in excess of the OCP Fee Limit. If no Interested Party timely objects to the payment of fees sought in a Compensation Statement, then the Debtors shall be deemed authorized, but not required, to pay the additional compensation sought.

35. Although certain Ordinary Course Professionals may hold unsecured claims against the Debtors for prepetition services rendered to the Debtors, the Debtors do not believe that any Ordinary Course Professionals have an interest adverse to the Debtors, their creditors or other parties-in-interest on the matters for which they would be employed, and thus all of the Ordinary Course Professionals that the Debtors propose to retain meet the special counsel retention requirement set forth in section 327(e) of the Bankruptcy Code. The Debtors therefore propose that the Ordinary Course Professionals be excused from filing an affidavit of

disinterestedness pursuant to Bankruptcy Rule 2014, except that each Ordinary Course Professional that is an attorney located in the United States be required to file with this Court and serve upon the Interested Parties a Declaration of Disinterestedness (the "OCP Declaration") by the latest of (i) 60 days after the entry of an order granting this Motion, (ii) 30 days after an Ordinary Course Professional is added to the OCP List and (iii) 30 days after that date that the Ordinary Course Professional first performs postpetition services for the Debtors. A form of the OCP Declaration is attached to this Motion as Exhibit C. The Debtors propose that the U.S. Trustee, any committee and the Debtors' postpetition lenders shall have 20 days after the receipt of each OCP Declaration (the "Declaration Objection Deadline") to object to the retention of such Ordinary Course Professional. An objecting party shall file its objection with the Court and serve the objection on the Interested Parties and the applicable Ordinary Course Professional so that it is received on or before the Declaration Objection Deadline.

36. If any such objection cannot be resolved within 20 days after the Declaration Objection Deadline, the matter shall be scheduled for a hearing before the Court at the next omnibus hearing date or at such time as may be agreed upon by the Ordinary Course Professional, the Debtors and the objecting party. If no objection is filed and served prior to the Declaration Objection Deadline, the Debtors shall be authorized to retain such Ordinary Course Professional without further action by the Court.

37. All professionals employed by the Debtors to assist in the administration of these Chapter 11 Cases shall be retained by the Debtors pursuant to separate retention applications. These professionals shall be compensated in accordance with the applicable provisions of the Bankruptcy Code, the Bankruptcy Rules, the Local Bankruptcy Rules and other orders of this Court.

### Memorandum of Law

38. 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(b) 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

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

**No Prior Request**

40. 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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Michael J. Canning (MC 8060)

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

**Exhibit A**

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

In re

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

Debtors.

Chapter 11

Case No. 08-10152 ( )

Jointly Administered

Honorable \_\_\_\_\_

**ORDER PURSUANT TO SECTIONS 105(a), 327, 328 AND 330 OF THE BANKRUPTCY  
CODE AND BANKRUPTCY RULE 2014(a) AUTHORIZING THE DEBTORS TO  
RETAIN, EMPLOY AND PAY CERTAIN PROFESSIONALS  
IN THE ORDINARY COURSE OF THEIR BUSINESSES**

This matter coming before the court on the motion (the "Motion") by the above-captioned Debtors seeking authorization pursuant to sections 105(a), 327, 328 and 330 of the Bankruptcy Code to retain, employ and pay certain professionals in the ordinary course of business; the Court having reviewed the Motion and having heard the statements of counsel in support thereof at a hearing (the "Hearing") before the Court; the Court finding that (i) it has jurisdiction over this Motion under 28 U.S.C. §§ 157 and 1334, (ii) this matter is a core proceeding within the meaning of 28 U.S.C. § 157(b)(2), (iii) venue of this proceeding and this Motion is proper in this district pursuant to 28 U.S.C. §§ 1408 and 1409, (iv) notice of the Motion and the Hearing was sufficient under the circumstances, and (v) good cause exists for the relief requested in the Motion;

IT IS HEREBY ORDERED THAT:

1. The Motion is GRANTED as set forth herein.
2. Pursuant to sections 105(a), 327, 328 and 330 of the Bankruptcy Code and Bankruptcy Rule 2014(a), to the extent deemed necessary or appropriate by the Debtors, the

Debtors are authorized to retain and employ Ordinary Course Professionals in the ordinary course of the Debtors' business, effective as of the Petition Date, on the terms set forth in this Order.

3. The Debtors' proposed "OCP Fee Limit" of \$50,000.00 per month is reasonable under the circumstances, including the scope of the Debtors' operations.

4. The Debtors are hereby authorized to pay each Ordinary Course Professional, including those identified on the OCP List attached to the Motion as Exhibit B, without prior application to the Court, subject to the following OCP Payment Procedures:

- a. The Debtors may pay 100% of the fees and disbursements incurred by an Ordinary Course Professional upon the submission to, and approval by, the Debtors of a monthly invoice setting forth in reasonable detail the nature of the services rendered and disbursements actually incurred during the month; provided, however, that all payments to Ordinary Course Professionals shall be subject to the OCP Fee Limit.
- b. To the extent that fees payable to any Ordinary Course Professional (i) for a month exceed the OCP Fee Limit of \$50,000.00, or (ii) the aggregate exceed \$500,000 over the course of these Chapter 11 cases, then on or before the final business day of the month following the month for which compensation is sought (the "Statement Deadline"), such Ordinary Course Professional shall submit a statement of the fees incurred during the applicable month (a "Compensation Statement") to the following parties (collectively, the "Interested Parties"): (i) the Debtors, 299 State Street, North Haven Connecticut 06473 (Attn. Laura Norden, Assistant General Counsel); (ii) counsel to the Debtors, Arnold & Porter LLP, at 399 Park Avenue, New York, New York 10022 (Attn: Michael Canning) and at 555 Twelfth Street, N.W., Washington, D.C. 20004 (Attn: Joel Gross); (iii) Shearman & Sterling LLP, counsel to the Administrative Agent, 599 Lexington Avenue, New York, New York 10022, Attn: Douglas P. Bartner, Esq.; (iv) counsel to any committee appointed in these Chapter 11 Cases; and (v) the U.S.

Trustee, 33 Whitehall St., Suite 2100, New York, New York 10044. Pending review of the Compensation Statement by the Interested Parties, the Debtors are authorized, but not required, to pay the Ordinary Course Professional's fees up to the OCP Fee Limit and reimburse any expenses of the Ordinary Course Professional.

- c. The Interested Parties will have 30 days from the Statement Deadline (the "Review Period") to review the Compensation Statement and object to the additional fees requested by such Ordinary Course Professional. If any of the Interested Parties objects to the payment of the additional fees sought in a Compensation Statement, it shall serve a written statement of its objection to the Ordinary Course Professional and the other Interested Parties so that it is received by such parties before the end of the Review Period. If the Debtors, the applicable Ordinary Course Professional and the objecting party or parties cannot resolve the objection(s) within 15 days following the end of the Review Period, then the Ordinary Course Professional will be required to submit a formal application to this Court for the additional compensation or waive its right to any monthly fees in excess of the OCP Fee Limit. If no Interested Party timely objects to the payment of fees sought in a Compensation Statement, then the Debtors shall be deemed authorized, but not required, to pay the additional compensation sought.
5. The Ordinary Course Professionals are hereby excused from filing an affidavit of disinterestedness pursuant to Bankruptcy Rule 2014, except that each Ordinary Course Professional that is an attorney located in the United States shall be required to file with this Court and serve upon the Interested Parties a Declaration of Disinterestedness (the "OCP Declaration"), substantially in the form of Exhibit C to the Motion, by the latest of (i) 60 days after the entry of an order granting this Motion, (ii) 30 days after an Ordinary Course Professional is added to the OCP List and (iii) 30 days after that date that the Ordinary Course Professional first performs postpetition services for the Debtors.

6. The U.S. Trustee, any committee and the Debtors' postpetition lenders shall have 20 days after the receipt of each OCP Declaration (the "Declaration Objection Deadline") to object to the retention of such Ordinary Course Professional. An objecting party shall file its objection with the Court and serve the objection on the Interested Parties and the applicable Ordinary Course Professional so that it is received on or before the Declaration Objection Deadline. If any such objection cannot be resolved within 20 days after the Declaration Objection Deadline, the matter shall be scheduled for a hearing before the Court at the next omnibus hearing date or at such time as may be agreed upon by the Ordinary Course Professional, the Debtors and the objecting party. If no objection is filed and served prior to the Declaration Objection Deadline, the Debtors shall be authorized to retain such Ordinary Course Professional without further action by the Court.

7. Notwithstanding any other provision of this Order, the Debtors shall separately retain any Ordinary Course Professional that becomes materially involved in the administration of the Chapter 11 Cases pursuant to section 327 of the Bankruptcy Code.

8. To the extent that any affiliate of the Debtors subsequently commences a chapter 11 case that is jointly administered with these Chapter 11 Cases, the relief granted pursuant to this Order shall apply to such debtor and its bankruptcy estate.

9. Pursuant to Rule 9013-1 of the Local Bankruptcy Rules, because there are no novel issues of law presented, the requirement that the Debtors file a separate memorandum of law is waived.

Dated: January \_\_, 2008

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UNITED STATES BANKRUPTCY JUDGE

**Exhibit B**

## Ordinary Course Professionals As of the Petition Date

### Legal

Baker, Donelson, Bearman, Caldwell & Berkowitz

Bass, Berry & Sims PLC

Bowles Rice McDavid Graff & Love LLP

Brunini, Grantham, Grower & Hewes, PLLC

Clark & Ward

Day Pitney

Feeney Murray

Fenton, Fenton, Smith, Reneau & Moon

Fuchs

Fulbright & Jaworski

Hannes Snellman

Hodge Dwyer Zeman

Holme Roberts & Owen

Jackson Lewis LLP

Jaekle Fleishmann & Mugel, LLP

Kilpatrick Stockton LLP

K & L Gates

Larkin Hoffman

Lewis Roca

Linklaters

Littler Mendelson

Manning Curtis Bradshaw & Bednar

Maupin, Cox & Legoy

Montstream & May

Morgan Lewis

Murtha Cullina

Nutter, McClennen & Fish, LLP

ReedSmith

Saxinger Chalupsky Weber & Partner

Schonherr

Seyfarth Shaw LLP

Thomas & Locicero

Vedder, Price, Kaufman & Kammholz, P.C.

Wactor & Wick LLP

### Non-Legal

American Business Solution

AR Fees

Boylston Group

Day Pitney

Deloitte & Touche LLP

Dynatech Systems Inc

Ernest Masse

Errin Pace

Fush Destephanis

Global Credit Services

Grant Thornton

GreenBerg Grant & Ric

Gryphom Financial Group

Harvest Group LLC

Jaeckle Fleischmann

Janice Cacciatore

K+ Technologie Solution

Lantern Associates

Logimethods

Mckinnon & Howard

Price Waterhouse Coopers

Sentinel Technologies

SOS International

Solving IT International

Summit Energy Services

Up the Creek Solution

VTL

Dynatech Systems Inc

Ernest Masse

**Exhibit C**

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

In re

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

Debtors.

Chapter 11

Case No. 08-10152 ( )  
Jointly Administered

Honorable \_\_\_\_\_

**DECLARATION OF ORDINARY COURSE PROFESSIONAL**

The undersigned hereby declares, under penalty of perjury, as follows:

1. I am a member, partner or similar representative of the following firm (the “Firm”), which maintains offices at the address and phone number listed below:

Firm:

2. This Declaration is submitted in connection with an order of the United States Bankruptcy Court for the Southern District of New York authorizing the debtors and debtors-in-possession in the above-captioned chapter 11 case (the “Debtors”) to retain, employ and pay certain professionals in the ordinary course of business during the pendency of the Debtors’ chapter 11 cases (the “OCP Order”).

3. Since the date that the Debtors’ Chapter 11 cases were commenced (the “Petition Date”), the Debtors have requested that the Firm provide services (or continue to provide services) to the Debtors, and the Firm has agreed to provide such services. Accordingly, the Firm is filing this Declaration pursuant to the OCP Order.

4. The Firm, through me, and other members, partners, associates or employees of the Firm, has provided, or plans to provide, the following services to the Debtors from and after the Petition Date: [\_\_\_\_\_].

5. To the best of my knowledge, information and belief, formed after due inquiry, (a) the Firm does not currently provide services to any party in any matter related to the Debtors and (b) the Firm does not represent or hold an interest adverse to the Debtors.

6. The Firm may provide services to certain creditors of the Debtors or other parties in matters unrelated to the Debtors, but the Firm's work for these clients will not include the provision of services on any matters relating to the Debtors' Chapter 11 cases.

7. The Firm is owed approximately \$[\_\_\_\_\_] on account of services rendered and expenses incurred prior to the Petition Date in connection with the Firm's employment by the Debtors.

8. The Firm further states that it has not shared, has not agreed to share, nor will it agree to share any compensation received in connection with these Chapter 11 cases with any party or person, although such compensation may be shared with any member or partner of, or any person employed by, the Firm.

9. If at any time during its employment by the Debtors the Firm discovers any facts bearing on the matters described herein, the Firm will supplement the information set forth in this Declaration.

I declare under penalty of perjury that the foregoing is true and correct. Executed on

\_\_\_\_\_.

\_\_\_\_\_