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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 (JMP)
Jointly Administered

Honorable James M. Peck

**APPLICATION FOR AN ORDER PURSUANT TO SECTIONS 327(a) AND 328(a) OF
THE BANKRUPTCY CODE AND BANKRUPTCY RULE 2014(a) AUTHORIZING THE
EMPLOYMENT AND RETENTION OF RICHARDS KIBBE & ORBE LLP
AS CONFLICTS COUNSEL TO THE DEBTORS**

The above-captioned Debtors (the “Debtors”) hereby file this application (the “Application”), 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 an order substantially in the form of Exhibit A hereto authorizing them to retain and

to employ Richards Kibbe & Orbe LLP (“RK&O”) as bankruptcy counsel for conflicts and such other matters as required by the Debtors. In support thereof, the Debtors respectfully represent as follows:

Jurisdiction

1. This Court has jurisdiction over this Application 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 Application is proper in this district pursuant to 28 U.S.C. §§ 1408 and 1409.

3. The statutory predicate for the relief requested in this Application is Bankruptcy Code Sections 327(a) and 328(a) and Federal Rule of Bankruptcy Procedure 2014(a).

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 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”).¹ Each of the Debtors was joined in the Canadian Proceeding in order that each Debtor may obtain the protection of a stay under the CCAA as well as under the Bankruptcy Code.

I. The Debtors’ Business

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

¹ The Canadian Court appointed Ernst & Young, Inc. to serve as Monitor for the Canadian

9. In addition to the Debtors' operations and assets in the United States, and QW'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.,² *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,

Proceeding, and UBS Investment Bank is serving as a financial advisor to the Canadian Affiliates.

² These include *Time*, *Fortune*, *Money*, *Sports Illustrated*, *People*, *Entertainment Weekly*, *Southern Living*, *Cooking Light* and *Coastal Living*.

Kohl's, and Walgreens. QW World's operations also encompass (a) catalogues for customers such as Williams-Sonoma, Oriental Trading Company, Victoria's Secret, IKEA, Cabelas and Bass Pro, (b) books for McGraw-Hill, Scholastic, Simon & Schuster, Thomas Nelson, Time-Warner and Pearson Education, (c) directories for Yellow Book USA, RH Donnelly, Windstream and Frontier in the United States, the Yellow Pages Group in Canada, as well as Telmex and Telefonica in Latin America and (d) direct mail services.

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

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

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 impact 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, 2015.³ The equipment financing facility is guaranteed and secured on a pari passu basis up to \$35 million by the same collateral as the credit facilities under the bank syndicate agreement. As of January 11, 2008, the aggregate amount outstanding under the Equipment Financing Agreement was approximately \$155 million.
- (c) Certain of the Debtors and QWI are obligors under note issuances consisting of (i) an indenture dated as of November 3, 2003 among Quebecor World Capital Corporation ("QWCC"), as issuer, QWI, as guarantor, and Wilmington Trust Company, as trustee, providing for the issuance of 4.875% senior notes due in 2008 and 6.125% senior notes due in 2013. The aggregate amounts outstanding under such notes as of September 30, 2007 were \$199.9 million and \$398.2 million, respectively; (ii) an indenture dated as of December 18, 2006 among QWI, as issuer, QWUSA, Quebecor World Capital LLC ("QWLLC") as predecessor in interest to Quebecor World Capital II LLC ("QWLLC II") and Quebecor World Capital ULC ("QWULC") as predecessor in interest to Quebecor World Capital II GP ("QWCGP"), as guarantors, and Wilmington Trust Company, as trustee, providing for the issuance of 9.75% senior notes due in 2015. The aggregate amount outstanding under such notes as of 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,

³ As of January 15, 2008, this is equivalent to approximately U.S. \$202,571,926.

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 sell, 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.

Summary of Relief Requested and Basis Therefor

25. Contemporaneously herewith, the Debtors are applying to retain Arnold & Porter LLP ("A&P") as bankruptcy counsel under a general retainer to represent them in these Chapter 11 Cases. In addition to the retention of A&P, the Debtors believe that the retention of RK&O will be necessary with respect to matters that the Debtors may encounter which are not appropriately handled by A&P because of potential conflicts of interest or, alternatively, matters which the Debtors believe are more efficient for RK&O to handle. This practice will avoid unnecessary litigation and reduce the overall expenses of administering these Chapter 11 Cases.

26. Members of RK&O have extensive experience working collaboratively with other firms, as lead, local and co-counsel and, as a result of this prior experience, the Debtors are confident that RK&O in conjunction with A&P will staff tasks efficiently and with a clear

delineation of duties in order to prevent the duplication of work. The Debtors believe that rather than resulting in any extra expense to the Debtors' estates, the efficient coordination of efforts between A&P and RK&O will greatly add to the effective administration in these Chapter 11 Cases. Thus, the Debtors also seek to engage RK&O as their counsel in these Chapter 11 Cases.

27. The members and associates of RK&O that will be employed in these Chapter 11 Cases are members in good standing of the Bar of the State of New York and are admitted to practice in the United States District Court for the Southern District of New York.

28. Members and associates of RK&O have considerable experience in matters of this nature, and have acted in a professional capacity in numerous chapter 11 cases, representing the interests of debtors, official committees of unsecured creditors and individual secured and general creditors, including representing such entities in matters pending before this Court. Most recently, RK&O attorneys have acted as special counsel in connection with the chapter 11 case of Mirant Corporation, et al., 03-46590 (DML) (Bankr. N.D. Tex.) and have represented various creditors and other parties-in-interest in numerous chapter 11 cases including (i) Tower Automotive, Inc., et al., 05-10578 (ALG) (Bankr. S.D.N.Y.), (ii) Metalforming Technologies, Inc., et al., 05-11697 (MFW) (Bankr. D. Del.), (iii) Intrepid U.S.A., Inc., et al., 04-40416 (NCD) (Bankr. D. Minn.) and (iv) Galey & Lord, Inc., et al., 04-43098 (MGD) (Bankr. N.D. Ga.).

Compensation for Services

29. The Debtors understand that RK&O hereafter intends to apply to the Court for allowances of compensation and reimbursement of expenses in accordance with the applicable provisions of the Bankruptcy Code (or as otherwise allowed by order of this Court), the Bankruptcy Rules, and the Local Bankruptcy Rules for the Southern District of New York (the "Local Rules") for all services performed and expenses incurred after the Petition Date.

30. Pursuant to Bankruptcy Code 328(a), the Debtors may retain RK&O on any reasonable terms and conditions. The Debtors submit that the most reasonable terms and conditions are those on which RK&O is retained by the Debtors and other clients on a daily basis in a competitive market for legal services. Therefore, the Debtors and RK&O have agreed that RK&O shall be paid its customary hourly rates for services rendered that are in effect from time to time, as set forth in the Hong Affidavit (as defined below), and shall be reimbursed according to RK&O's customary reimbursement policies. RK&O's hourly rates are based on, among other things, the professional's level of experience. Currently, RK&O's hourly rates range from \$525 to \$775 for partners, \$300 to \$475 for associates and \$190 to \$250 for paralegals. These hourly rates are subject to periodic firm-wide adjustment in the ordinary course of RK&O's practice which adjustment occurs effective January 1st of each year.

31. RK&O has received \$50,000.00 from the Debtors as a retainer for professional services rendered and to be rendered, and as an advance against expenses incurred and to be incurred, in connection with these Chapter 11 Cases. RK&O has applied the retainer to services rendered and expenses incurred prior to the Commencement Date and a balance remains which will be applied to such post-petition allowances of compensation and reimbursement of expenses as may be granted by the Court. A precise disclosure of the application of the pre-petition retainer and the amount held by RK&O as of the Petition Date will be supplied in RK&O's first interim fee application for its post-petition services.

32. It is RK&O's practice to charge its clients in all areas of practice for expenses incurred in connection with the client's cases. The expenses charged to client's include, among other things, international telephone and telecopier toll and other charges, U.S. mail and overnight mail charges, special or hand delivery charges, photocopying charges, travel expenses,

computerized research, transcription costs and court filing fees. RK&O believes it is more equitable to charge these expenses to the clients incurring them than to increase the hourly rates and spread the expenses among all clients. RK&O will charge the Debtors for these expenses in a manner and at rates consistent with charges made to other RK&O clients.

33. RK&O will maintain detailed, contemporaneous records of time and any actual and necessary expenses incurred in connection with the rendering of the legal services to the Debtors in connection with these Chapter 11 Cases by category and nature of the services rendered.

Services Rendered and to Be Rendered

34. In order to allow RK&O to act (i) effectively in these Chapter 11 Cases where A&P may not be able to act or (ii) where the Debtors determine it is more efficient to retain RK&O to perform certain duties as to which A&P is in conflict or which RK&O can perform more efficiently or effectively, in each case without unnecessary duplication of efforts by A&P and RK&O, the Debtors propose retaining RK&O to perform the following non-exhaustive functions:

- (a) take all necessary action to protect and preserve the estates of the Debtors, including the prosecution of actions on the Debtors' behalf, the defense of any actions commenced against the Debtors, the negotiation of disputes in which the Debtors are involved, and the preparation of objections to claims filed against the Debtors' estates;
- (b) prepare on behalf of the Debtors, as debtors-in-possession, all necessary motions, applications, answers, orders, reports and other papers in connection with the administration of the Debtors' estates;

- (c) negotiate on behalf of the Debtors with their creditors and other parties of interest, including lessors, financiers and regulatory authorities; and
- (d) perform all other necessary legal services in connection with the prosecution and administration of these Chapter 11 Cases.

As described above, A&P and RK&O have informed the Debtors that they will coordinate their activities with the objective of avoiding duplication of effort between the two law firms.

35. RK&O has stated its desire and willingness to act in these Chapter 11 Cases and render the necessary professional services as conflicts counsel for the Debtors. To the best of the Debtors' knowledge the members and associates of RK&O do not have any connection with or any interest adverse to the Debtors, their creditors, the United States Trustee in the Southern District of New York or any person employed in the office of the United States Trustee, or any other party in interest, or their respective attorneys and accountants, except as may be set forth in the attached affidavit of Joon P. Hong, a member of RK&O (the "Hong Affidavit") attached hereto as Exhibit B.

36. As disclosed in the Hong Affidavit, RK&O attorneys represent certain creditors of the Debtors and other possible parties in interest in these Chapter 11 Cases on matters unrelated to the Debtors. By this Application and the attached Hong Affidavit, these representations have been appropriately disclosed to all interested parties. To the best of the Debtors' knowledge, information and belief, based on and other than as set forth in the Hong Affidavit, the disclosure made by RK&O in the Hong Affidavit regarding connections with the Debtors, their creditors, the United States Trustee for the Southern District of New York or any person employed in the office of the United States Trustee, or any other party in interest, or their respective attorneys and accountants satisfies the requirements of Rule 2014 of the Bankruptcy Rules. The RK&O

attorneys to be engaged by the Debtors will not represent creditors, equity security holders or insiders of the Debtors in connection with these Chapter 11 Cases during RK&O's engagement as conflicts counsel to the Debtors.

37. Based upon all of the foregoing, the Debtors believe that the employment of RK&O as conflicts counsel to the Debtors is appropriate and in the best interest of the Debtors. The Debtors respectfully request that the Debtors' Application to retain RK&O as conflicts counsel to the Debtors be approved.

Memorandum of Law

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

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, at www.donlinrecano.com.

No Prior Request


40. No prior application for the relief requested in this Application 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,

Quebecor World (USA) Inc., on its own behalf
and on behalf of other Debtors herein

By:  _____

Jeremy Roberts
Senior Vice-President Corporate Finance
and Treasurer

EXHIBIT A

Proposed Form of Order

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

In re

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

Debtors.

Chapter 11

Case No. 08-10152 (JMP)

Jointly Administered

Honorable James M. Peck

**INTERIM ORDER PURSUANT TO SECTIONS 327(a) AND 328(a) OF THE
BANKRUPTCY CODE AND BANKRUPTCY RULE 2014(a) AUTHORIZING THE
EMPLOYMENT AND RETENTION OF RICHARDS KIBBE & ORBE LLP AS
CONFLICTS COUNSEL FOR THE DEBTORS**

Upon the Application (the "Application") for an Order Pursuant to Sections 327(a) and 328(a) of the Bankruptcy Code and Bankruptcy Rule 2014(a) Authorizing the Employment and Retention of Richards Kibbe & Orbe LLP as Conflicts Counsel to the above-captioned debtors and debtors-in-possession (collectively, the "Debtors") as their attorneys under a general retainer, all as more fully set forth in the Application; and upon the affidavit of Joon P. Hong attached as Exhibit B to the Application; and the Court being satisfied, based on the representations made in the Application and the Hong Affidavit, that RK&O represents or holds no interest adverse to the Debtors or their estates and is disinterested under section 101(14) of the Bankruptcy Code, as modified by section 1107(b) of the Bankruptcy Code; and it appearing that no other or further notice of the Application need be provided; and the Court having determined that the relief sought in the Application is in the best interests of the Debtors, their estates and all parties in interest; and upon the Sworn Declaration of Jeremy Roberts Pursuant to Local

Bankruptcy Rule 1007-2 and in Support of the Debtors' First Day Motions dated as of the Petition Date; and all of the proceedings had before the Court; and after due deliberation and sufficient cause appearing therefor, it is

ORDERED that the Application is granted and approved on an interim basis; and it is further

ORDERED that, pursuant to sections 327(a) and 328(a) of the Bankruptcy Code, the Debtors, as debtors-in-possession, are authorized on an interim basis to employ and retain RK&O as their conflicts counsel under a general retainer in accordance with RK&O's normal hourly rates and disbursement policies as set forth in the Hong Affidavit, effective as of the commencement of these cases; and it is further

ORDERED that RK&O shall be compensated in accordance with the procedures set forth in sections 330 and 331 of the Bankruptcy Code, applicable Federal Rules of Bankruptcy Procedure, local rules and orders of the Court, guidelines established by the Office of the United States Trustee, and such other procedures as may be fixed by order of this Court; and it is further

ORDERED that within five (5) business days after entry hereof, the Debtors shall serve a copy of the Application (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) Bank of New York as trustee for the 6.50% senior notes due in 2027, (h) Shearman & Sterling LLP, counsel to the Administrative Agent, 599 Lexington Avenue, New

York, New York 10022, Attn: Douglas P. Bartner, Esq., and (i) the United States Trustee for the Southern District of New York. The Debtors submit that no other or further notice of this Application is required. A copy of the Application is also freely available on the website of the Debtors' proposed claim and noticing agent, Donlin, Recano & Company, Inc., at www.donlinrecano.com; and it is further

ORDERED that objections, if any, to the relief requested in the Application on a permanent basis shall be set forth in a writing describing the basis therefor which shall be filed with the Court electronically in accordance with General Order M-242 (N.B. General Order M-242 and the Users Manual for the Electronic Case Filing System can be found at www.nysb.uscourts.gov the official website for the United States Bankruptcy Court for the Southern District of New York) by registered users of the Court's electronic filing system and, by all other parties in interest, on a 3.5 inch disk, preferably in Portable Document Format (PDF), WordPerfect or any other Windows-based word processing format (with a hard copy delivered directly to Chambers) and served in accordance with General Order M-242 or otherwise so as to be actually received no later than 12:00 p.m. (prevailing Eastern Time) on _____ by (i) Arnold & Porter, 399 Park Avenue, New York, New York 10022-4690, Attn: Michael J. Canning, (ii) the Office of the United States Trustee, 33 Whitehall Street, New York, New York 10004, Attn: [Andy Velez-Rivera], and (iii) Richards Kibbe & Orbe LLP One World Financial Center, New York, New York 10281 Attn: Michael Friedman; and it is further

ORDERED that in the event an objection is timely served and filed in accordance with this Order, there shall be a hearing held on _____, 2008, at ___:___ to consider such objection and, pending entry of an order following the conclusion of said hearing, the relief granted herein shall remain in effect on an interim basis; and it is further

ORDERED that, in the absence of any objection(s) to the retention of RK&O, as provided for above, the Debtors shall submit an order granting on a final basis the relief requested in the Application, and such order shall be entered without further notice or hearing, effective permanently *nunc pro tunc* to the date on which the Debtors commenced their chapter 11 Cases; and it is further

ORDERED that the Debtors are authorized to enter into an engagement agreement with RK&O in a form and substance acceptable to the Debtors; and it is further

ORDERED that, pursuant to Rule 9013-1(b) of the Local Rules for the United States Bankruptcy Court for the Southern District of New York, the requirement that the Debtors file a memorandum of law in support of the Application is waived; and it is further

ORDERED that this Court shall retain jurisdiction over all matters arising from or related to the interpretation and implementation of this Order.

Dated: New York, New York
_____, 2008

UNITED STATES BANKRUPTCY JUDGE

EXHIBIT B

Hong Affidavit

RICHARDS KIBBE & ORBE LLP

One World Financial Center

New York, New York 10281

Telephone: (212) 530-1800

Facsimile: (212) 530-1801

Joon P. Hong (JH 3418)

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

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

In re

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

Debtors.

Chapter 11

Case No. 08-10152 (JMP)

Jointly Administered

**AFFIDAVIT OF JOON P. HONG IN SUPPORT OF DEBTORS' APPLICATION FOR
AN ORDER PURSUANT TO SECTIONS 327(a) AND 328(a) OF THE BANKRUPTCY
CODE AND BANKRUPTCY RULE 2014(a) AUTHORIZING THE
EMPLOYMENT AND RETENTION OF RICHARDS KIBBE & ORBE LLP
AS CONFLICTS COUNSEL TO THE DEBTORS**

STATE OF NEW YORK)

) ss:

COUNTY OF NEW YORK)

I, **Joon P. Hong**, being duly sworn, according to law deposes and says as follows:

1. I am an attorney duly admitted to practice before this Court and a member in good standing of the Bar of the State of New York and the United States District Court for the Southern District of New York. I am a member of the firm of Richards Kibbe & Orbe LLP ("RK&O" or the "Firm"). RK&O's principal office is at One World Financial Center, New York, New York, 10281. RK&O maintains regional offices in Washington, D.C. and London, England. I am in all respects competent to make this Affidavit.

2. I submit this Affidavit in support of the application (the "Application") of the above-referenced debtors as debtors and debtors-in-possession (the "Debtors") for an order approving the employment and retention of RK&O as conflicts counsel to the Debtors in the above-captioned chapter 11 cases (the "Chapter 11 Cases") at RK&O's normal hourly rates in effect from time to time and in accordance with its normal reimbursement policies, pursuant to sections 327(a) and 328(a) of chapter 11 of title 11 of the United States Bankruptcy Code (the "Bankruptcy Code") and to provide the disclosure required under Rule 2014(a) of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"). Unless otherwise stated in this Affidavit, I have personal knowledge of the facts set forth herein. I will supplement this Affidavit during the pendency of these cases if additional information becomes available to the extent supplemental disclosure becomes warranted.

3. To the best of my knowledge, after due inquiry, neither I, RK&O, nor any member of, associate of, or counsel to the Firm represents any entities, including creditors or other parties in interest, other than the Debtors in connection with the Debtors' Chapter 11 Cases.

4. RK&O is a "disinterested person" as that term is used in Section 101(14) of the Bankruptcy Code, as modified by section 1107(b) of the Bankruptcy Code, in that none of RK&O, its members, counsel and associates:

- (a) are creditors, equity security holders, or insiders of the Debtors;
- (b) have been within two years before the commencement of these cases a director, officer, or employee of the Debtors; and
- (c) have represented any party in connection with matters relating to the Debtors (RK&O has certain relationships with other parties in interest and other professionals involved in the Debtors' Chapter 11 Cases in connection with matters wholly unrelated to the Debtors).

5. I am not related, and to the best of my knowledge no attorney at the Firm is related, to any United States Bankruptcy Judge in this District or to the United States Trustee for this District, or any employee thereof.

6. Pursuant to Bankruptcy Code section 327(c), RK&O is not disqualified from acting as the Debtors' counsel because it represents creditors, equity security holders, and/or other parties-in-interest in matters unrelated to the Debtors' Chapter 11 Cases.

RK&O'S PREPETITION RELATIONSHIP WITH THE DEBTORS

7. The Debtors retained RK&O to represent and advise them in connection with conflicts matters that might arise in their restructuring of their existing indebtedness in these Chapter 11 Cases. The Debtors lead bankruptcy counsel, Arnold & Porter, LLP ("A&P") is advising the Debtors on various restructuring options, including the commencement of these Chapter 11 Cases.

8. RK&O is not a creditor of the Debtors. RK&O received \$50,000.00 from the Debtors as a retainer for professional services rendered and to be rendered, and as an advance against expenses incurred and to be incurred, in connection with the Debtors' Chapter 11 Cases. RK&O has applied the retainer to services rendered and expenses incurred prior to the date of the

filing of the Debtors' chapter 11 petitions (the "Petition Date") and a balance remains which will be applied to such post-petition allowances of compensation and reimbursement of expenses as may be granted by the Court. A precise disclosure of the application of the pre-petition retainer and the amount held by RK&O as of the Petition Date will be supplied in RK&O's first interim fee application for its post-petition services. Neither I nor RK&O will render any services nor accept any fee from any other party in interest in the Debtors' bankruptcy cases relating to the Debtors' Chapter 11 Cases.

CONNECTIONS WITH CREDITORS OF THE DEBTORS

9. In preparing this affidavit, I have examined the list provided to me of the Debtors' creditors (the "Creditors") and parties in interest to these Chapter 11 Cases for any connection RK&O may have to those parties in order to comply with the requirements of the Bankruptcy Code, the Bankruptcy Rules and the local rules of this Court (the "Local Rules") regarding a debtor's retention of professionals under the Bankruptcy Code.

10. To the best of my knowledge and information after my review of the Firm's records, RK&O has no connections with the Debtors' Creditors or parties in interest with respect to the Debtors. However, RK&O does have connections with certain Creditors and parties in interest in these Chapter 11 Cases in matters unrelated to these Chapter 11 Cases as described below. In the event any new facts or relationships are subsequently discovered during the pendency of the Debtors' Chapter 11 Cases, RK&O will supplement this Affidavit and file the same with the Court.

RK&O'S CONNECTIONS WITH PARTIES IN INTEREST
IN MATTERS UNRELATED TO THESE CHAPTER 11 CASES

11. RK&O has identified several current and former clients that are parties in interest in these Chapter 11 Cases. As demonstrated below, with respect to each connection between RK&O and such relevant party named herein, RK&O does not hold or represent an interest that is adverse to the Debtors' estates.

Current Clients

12. RK&O currently renders services, and may in the future render services, to the current clients or their affiliates ("Current Clients") in matters unrelated to the Debtors as described in Exhibit "A" hereto.

13. RK&O has not, does not, and will not represent any of the Current Clients or their respective affiliates or subsidiaries in the Debtors' Chapter 11 Cases or in other matters adverse to the Debtors during the pendency of the Debtors' Chapter 11 Cases.

14. With respect to the Current Clients listed in Exhibit A hereto, no client represents more than 1% of RK&O's annual revenues subject to the following two exceptions. First, as to Morgan Stanley (including Morgan Stanley Senior Funding, Inc. (the co-arranger of the proposed Debtor-in-possession financing) and certain other affiliates and subsidiaries of Morgan Stanley "Morgan Stanley"), which is not a pre-petition creditor in these Chapter 11 Cases, accounted for not significantly more than approximately 5% of RK&O's revenues in 2007. Second, Citibank, N.A.(including certain of its affiliates and subsidiaries) accounted for not significantly more than approximately 2% of RK&O's revenues in 2007.

Former Clients

15. RK&O has rendered services to certain former clients as described in Exhibit "B" hereto ("Former Clients") within the prior three (3) years and RK&O's engagement was formally concluded within such period. RK&O may, however, in the future, render services to the Former Clients or their affiliates, in matters totally unrelated to the Debtors. If any Former Client becomes a Current Client during the pendency of these Chapter 11 Cases, RK&O will make the appropriate supplemental disclosures to the Court.

Distressed Debt Trading Practice and Confidentiality Practice

16. RK&O regularly represents buyers and sellers of par and distressed bank loans and claims against troubled or insolvent companies. To the best of my knowledge, RK&O has not represented any buyers or sellers of bank loans or claims against any of the Debtors and will not represent any buyer or seller of bank loans or claims against any of the Debtors during the pendency of RK&O's representation of the Debtors. RK&O may, however, in the future render services to clients that hold bank loans or claims against the Debtors in matters unrelated to the Debtors and these Chapter 11 Cases. If RK&O becomes aware of any client holding bank loans or claims against the Debtors, RK&O will promptly make appropriate supplemental disclosures to the Court.

17. RK&O also regularly represents parties in negotiating confidentiality agreements involving various entities with respect to specific transactions. RK&O has within the prior three (3) years represented a client in negotiating a confidentiality agreement with Quebecor World Inc., but that engagement was formally concluded within such period. RK&O's role in that representation was strictly limited to negotiating the confidentiality agreement and no member or attorney of RK&O ever became privy to any information or material that may have been

provided under such agreement. RK&O will not represent any party during the pendency of RK&O's representation of the Debtors seeking to enter into a confidentiality agreement with the Debtors or relating to these Chapter 11 Cases. RK&O may, however, in the future render services to clients seeking to enter into confidentially agreements with parties unrelated to the Debtors and matters unrelated to these Chapter 11 Cases.

CONNECTION WITH DEBTORS

18. To the best of my knowledge, neither I, RK&O, nor any member or associate of RK&O, insofar as I have been able to ascertain, has in the past represented the Creditors, equity security holders or any other party in interest in these Chapter 11 Cases in any matter which would conflict with RK&O's duties in these Chapter 11 Cases or create any interest adverse to the interests of the Debtors in respect of the matters on which RK&O is to be employed.

**CONNECTION WITH THE UNITED STATES TRUSTEE OR OTHER
PROFESSIONALS**

19. In addition, insofar as I have been able to ascertain, RK&O has no connection with (a) the United States Trustee in this Judicial Circuit or any person known to be employed by the Office of the United States Trustee in this Judicial Circuit or (b) any attorneys, accountants, financial consultants and investment bankers who represent or may represent the Debtors, claimants or other parties in interest in these cases, except as set forth in this Affidavit. However, as part of its practice, RK&O appears in cases, proceedings, and transactions involving many different professionals some of which now or may in the future represent the Debtors, claimants and parties in interest in these cases. In certain instances, such professionals may be clients of RK&O. In addition, RK&O has in the past represented and currently appears in matters in which RK&O represents the same entity, a related entity, or an adverse entity to those represented by other professionals in these cases. RK&O has not and will not represent any such entities in relation to the Debtors in these Chapter 11 Cases and RK&O does not have any relationship with such entities that would be adverse to the Debtors or their estates in the matters upon which RK&O is to be employed in the Debtors' Chapter 11 Cases.

RK&O RATES AND BILLING PRACTICES

20. All compensation for services rendered by RK&O and reimbursement of expenses incurred by RK&O in these cases shall be subject to the approval of the Bankruptcy Court, and RK&O shall seek Bankruptcy Court approval for the payment of such compensation pursuant to the applicable provisions of the Bankruptcy Code, the Bankruptcy Rules, the Local Rules and Orders of this Court. The Debtors will file a motion (the "Compensation Motion") with this Court seeking authority to pay monthly compensation and reimbursement of expenses to

professionals retained pursuant to this Court's Order as provided by the General Order of the United States Bankruptcy Court for the Southern District of New York signed on January 24, 2000 and section 105 and 331 of the Bankruptcy Code. If this Court approves the relief requested in the Compensation Motion, RK&O will seek payment of its fees and reimbursement of its expenses on a monthly basis in accordance with the procedures set forth in the Compensation Motion and this Court's Order entered in connection therewith.

21. Subject to such provisions and Court Orders, compensation will be payable to RK&O on an hourly basis at its customary hourly rates for professional services rendered that are in effect from time to time, plus reimbursement of actual, necessary expenses incurred by RK&O. RK&O's hourly rates are \$525 - \$775 for partners and counsel, \$300 - \$475 for associates and \$190 - \$250 for paralegals. These hourly rates are subject to periodic firm-wide adjustment in the ordinary course of RK&O's practice effective January 1 of each year.

22. In connection with the reimbursement of actual, necessary expenses, it is RK&O's policy to charge its clients in all areas of practice for expenses incurred in connection with the clients' cases. The expenses charged to RK&O's clients include, among other things, international telephone and telecopier toll and other charges, U.S. mail and overnight mail charges, special or hand delivery charges, photocopying charges, travel expenses, computerized research, transcription costs and court filing fees.

23. RK&O believes it is fairer to charge these expenses to the clients incurring them than to increase the hourly rates and spread the expenses among all clients. RK&O will charge the Debtors for these expenses in a manner and at rates consistent with charges made to RK&O's other clients and as allowed by the Bankruptcy Code, the Bankruptcy Rules, the Local Rules and by General Orders of this Court.

24. No agreement exists between RK&O or any other person (other than among members of RK&O) for the sharing of compensation to be received by RK&O in connection with services rendered in these cases.

RK&O IS DISINTERESTED

25. Because RK&O, for the reasons stated above, does not hold any interest adverse to the Debtors, their estates or the Debtors' creditors, I know of no reason why RK&O cannot act as counsel to the Debtors as set forth in the Application.

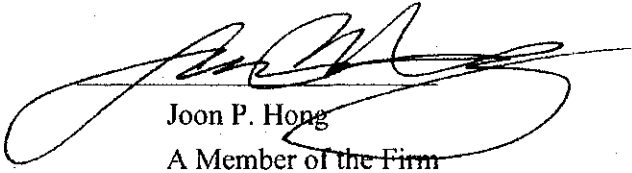
26. Contemporaneously herewith, the Debtors are applying to retain A&P as their lead bankruptcy counsel under a general retainer in these Chapter 11 Cases. Nonetheless, the Debtors believe conflicts counsel is required because the Debtors may encounter matters which are not appropriately handled by A&P or which can be more effectively handled by RK&O. This will avoid unnecessary litigation and reduce the overall expenses of administering these cases. Thus, the Debtors seek to engage RK&O as conflicts counsel.

27. RK&O and A&P have and will continue to coordinate carefully their efforts and clearly delineate their duties to prevent any duplication of effort. RK&O will carefully work with A&P to continue such coordination of efforts. Deponent agrees with the Debtors' belief that rather than resulting in any extra expense to the Debtors' estates, the efficient coordination of efforts of counsel will greatly add to the progress and effective and efficient administration of these Chapter 11 Cases and will result in overall lower costs to the Debtors' estates.

28. Deponent (i) is the member of RK&O who will be primarily responsible for the representation of the Debtors in these cases, and (ii) has read and is generally familiar with the Bankruptcy Code and the current amendments thereto, the Federal Rules of Bankruptcy Procedure and the Local Rules of this Court.

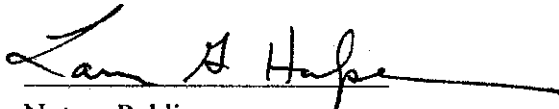
29. The foregoing constitutes the statement of RK&O pursuant to sections 327(a), 328(a) and 504 of the Bankruptcy Code and Bankruptcy Rules 2014(a) and 2016(b).

I certify that the foregoing statements are true and correct to the best of my knowledge,
information and belief.



Joon P. Hong
A Member of the Firm

Sworn to before me this
1st day of January 2008



Notary Public

LARRY G. HALPERIN
Notary Public, State of New York
No. 02HA4936586
Qualified in New York County
Commission Expires ~~June 13, 10~~
July 15, 2010

**EXHIBIT A
TO HONG AFFIDAVIT**

CURRENT CLIENTS OF RK&O

Entity	Relationship to Debtors
Citibank, N.A.	Creditor, Trustee, Agent or Lender
Citibank, N.A. Canadian Branch	Creditor, Trustee, Agent or Lender
J.P. Morgan Chase Bank, N.A	Creditor, Trustee, Agent or Lender
J.P. Morgan Chase Bank Toronto Branch	Creditor, Trustee, Agent or Lender
Morgan Stanley	Proposed Co-arranger of debtor-in-possession financing
Deloitte & Touche LLP	Creditor

**EXHIBIT B
TO HONG AFFIDAVIT**

FORMER CLIENTS OF RK&O

Entity	Relationship to Debtors
ABN Amro Bank N.V.	Creditor
KPMG LLP	Professional
Ernst & Young	Professional
Office Depot	Creditor
Newpage Corp.	Creditor