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

In re	Chapter 11
Quebecor World (USA) Inc., <u>et al.</u> ,	Case No. 08-10152 (JMP)
Debtors.	Jointly Administered
	Honorable James M. Peck

**DECLARATION OF BRAD NATHAN IN SUPPORT OF MOTION OF THE
DEBTORS FOR ENTRY OF AN ORDER AUTHORIZING THE ASSUMPTION OF
EXECUTORY CONTRACTS WITH CERTAIN FREIGHT SHIPMENT STATIONS
AND FOR AN INTERIM EMERGENCY ORDER AUTHORIZING THE PAYMENT OF
CERTAIN PREPETITION AMOUNTS DUE TO THE FREIGHT STATIONS**

Brad Nathan declares under penalty of perjury as follows:

1. I am the President of Quebecor World Logistics Inc. (“QWLI”), one of the Debtors in these cases. My office is located at 1000 Remington Boulevard, Suite 300 Bolingbrook, IL 60440.
2. QWLI is the Quebecor World entity responsible for distribution of the products which Quebecor World prints in the United States, and as such it operates a vast distribution network. It is one of the world’s largest distributor of catalogs, publications and newspaper

inserts, handling over 6.6 billion pieces that are mailed per year; handling 4.7 billion pounds of material that are shipped per year; utilizing over 7,000 carriers; making 10,000 appointments per week to postal destinations; and delivering 25 billion newspaper inserts per year.

3. Although the QWLI distribution network was created to handle the distribution of printed products created by Quebecor World, QWLI has also developed and maintained a profitable business as a freight forwarder, whereby it makes its distribution expertise and services available to customers throughout the United States in need of shipping services. This service operates through a division of QWLI called Quebecor World Express or QW Express. QW Express is a global freight forwarder with capabilities that span air, land and sea, and which can handle freight services including ground expediting, domestic air freight, international air freight, ocean freight, truckload, less-than-truckload and international mail services.

4. A central and essential component of the operation of QW Express are the 23 QW Express stations (the “Stations”) throughout the United States. The Stations are each independent contractors of QWLI who operate exclusively for QW Express, and who provide the marketing, sales and customer interface services that are essential to the operations of QW Express. They are each responsible for marketing QW Express services in their region (and include three commissioned sales representatives that market QW Express services in the Chicago region), and are not permitted to sell services outside the QW Express network. As a result, the Stations are 100% dependant upon the commissions from QWLI to pay all their expenses, including payroll, benefits, rent, utilities, supplies, etc.

5. Each of the Stations is a small business. Most employ between seven and 10 people. The smallest Stations have only 2 employees and the largest have approximately 15.

6. The Stations receive commissions based on the profits generated to QW Express by their efforts. Pursuant to applicable contracts, QWLI is required to pay the Stations within ten days after the customers are invoiced for the shipping services that have been rendered.

7. The Stations are usually paid on Thursday or Friday of each week, and the total payments to the stations per week typically run around \$148,000. As a result of the filing of these Cases on January 21, 2008, the Stations have not been paid since that time, since the amounts presently due relate in whole or in substantial part to prepetition services. The Debtors failure to pay these overdue amounts has caused the Stations acute hardship, as the weekly payments from QWLI represent the Stations' only source of income. Indeed, many of the Stations will not be able to stay in business if they are required to go several weeks without receiving any payments from the Debtors.

8. Pursuant to the provisions of the applicable contracts with the Stations, the Stations will be entitled to an additional payment on February 15, 2008 (the "Annual Payment"), based on their performance in 2007. The aggregate payments due under such contracts for the Annual Payment will be approximately \$500,000.

9. The applicable contracts with the Stations allow either party to terminate the contract on 45 days notice. The Debtors are concerned that if they are not able to promptly pay the Stations the amounts currently owing and about to come due, one or more of them will seek to terminate their contracts.¹ Most of the Stations have other business options should they terminate the agreement with the Debtors, and many have informed the Debtors that they have

¹ Although I am informed that such termination would require relief from the automatic stay, the Debtors are concerned that the Stations would seek such relief, necessitating litigation with the Debtors' business partners.

already been contacted by one or more companies interested in retaining them as a new contractor.

10. In the Debtors' business judgment, it is in the best interest of the Debtors and their estates for the Debtors to assume the contracts with the Stations. The Stations are essential to the operations of QW Express, which generates \$40 million in annual revenues for the Debtors. Moreover, as the Stations compensation is tied to the profits they generate, they only receive payments when they generate profits. Further, because the Stations are generally small businesses, and they all exclusively deal with QW Express, early assumption of the contracts is, in Debtors' business judgment, critical for maintaining a strong Station network. On the other hand, the early assumption will not tie the Debtors hands in any way, because they will be free to terminate the contracts if circumstances, such as their restructuring plans, change, without giving rise to administrative expense claims, other than the unpaid commissions.

11. The Debtors also believe in the exercise of their business judgment that immediate and irreparable harm will occur if the Debtors are not able to pay the Stations in the ordinary course during the early weeks of these Cases. Were such payments not to be made, certain of the Stations could well go out of business, and that could threaten the entirety of the QW Express business.

I declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge, information and belief.

Dated: January 29, 2008

/s/ Brad Nathan
Brad Nathan