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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

Honorable James M. Peck

**DECLARATION OF JAMES B. MATTHEWS IN SUPPORT OF
APPLICATION OF THE DEBTORS TO RETAIN AND EMPLOY (A) PRIME
LOCATIONS, LLC, (B) GEORGE COMFORT & SONS, INC. AND (C) THE CORE
NETWORK TO PROVIDE REAL ESTATE CONSULTING SERVICES TO THE
DEBTORS PURSUANT TO SECTIONS 327(a) AND 328(a) OF THE BANKRUPTCY
CODE NUNC PRO TUNC TO MARCH 1, 2008**

I, James B. Matthews, declare as follows in support of the Application of the Debtors to Employ (A) Prime Locations, LLC, (B) George Comfort & Sons, Inc. and (C) The CORE Network to Provide Real Estate Consulting Services to the Debtors Pursuant to Sections 327(a) and 328(a) of the Bankruptcy Code:

1. I am the President of Prime Locations, LLC ("Prime") and Director of Corporate Restructurings of the CORE Network ("CORE"). I maintain offices in Dallas, Texas. I am familiar with the matters set forth herein and in the Application.

2. Prime is a national real estate consulting firm, with extensive experience in maximizing value and minimizing liabilities related to leased and owned properties. Prime has specific experience in the valuation of real estate portfolios, re-negotiation of leases, sales of assets in Chapter 11 and Chapter 7 cases, reduction of landlord claims and expert testimony.

3. CORE is a non-profit national network of approximately 40 real estate firms and approximately 1,000 individual brokers and consultants. CORE is experienced in representing clients in numerous aspects of restructuring, including chapter 11 business operations and is well qualified to represent the Debtors in these Chapter 11 Cases.

4. The Debtors have advised me that they require real estate advisory services in connection with performance of their duties as debtors and debtors in possession in these Chapter 11 Cases. The professionals of Prime and CORE have considerable experience with rendering such services to debtors, trustees and other parties in numerous chapter 11 cases. As such, Prime and CORE are both highly qualified to perform the work required in this case.

Services to be Rendered

5. The terms of Prime's and CORE's engagement with the Debtors are set forth in the Consulting Services Agreement (the "Agreement"), Work Authorization #1, and Work Authorization #2, (together, the "Retention Agreement"), a copy of which is attached as Exhibit 1 to this Declaration.

6. Under Work Authorization #1, Prime and CORE will assist in the preparation of a Real Market Valuation report setting forth the market rent and/or market value for each of the 96 sites that are listed on Schedule A to Work Authorization #1 (the "Valuation Services"). The Valuation Services will include, as appropriate:

- (a) review of all applicable leases, lease summaries, charts, deeds, title documents and related documents provided by the Debtors;
- (b) communications with real estate professionals and/or retail operators knowledgeable with respect to the locations of the Debtors' sites;
- (c) determination of the market value and market rent for each site; and
- (d) determination of the marketability, financing and disposition potential of the sites based on an analysis of the market and documents provided by the Debtors.

7. With respect to Work Authorization #2, the services to be provided by Prime and CORE will relate to lease negotiations and modifications, and, to the extent advisable, arranging for sales of certain of the Debtors' leasehold and fee interests (the "Restructuring Services").

More specifically, the Restructuring Services will include:

- (a) re-negotiating certain of Debtors' leases;
- (b) selling certain leasehold interests and fee interests; and
- (c) locating and negotiating leases for replacement locations for existing leases.

8. A more complete description of these services is set forth in the Retention Agreement.

9. Subject to this Court's approval of the Application, Prime and CORE are willing to serve as the Debtors' real estate advisors and to perform the services described above.

10. I am aware that in addition to the Debtors' request to retain CORE and Prime, the Debtors are also seeking to retain George Comfort & Sons, Inc. ("Comfort"). In light of the Debtors' large number of geographically dispersed real estate holdings, I believe that there is little risk of duplication of effort by CORE, Prime and Comfort. Nevertheless, I am aware of the Debtors' concerns with respect to duplication of efforts when multiple professionals are retained. In this regard, CORE and Prime will communicate regularly with the Debtors and Comfort and

will work closely to ensure that no such duplication occurs and, in all events, the Debtors will only be responsible for one fee in connection with each transaction contemplated by the Retention Agreement.

Disinterestedness of Professionals

11. Based upon the list of interested parties (the "Interested Party List") that was supplied by counsel for the Debtors, Prime and CORE searched their records to identify any connection or relationship with the entities listed on the Interested Party List that is attached hereto as Exhibit 2.

12. Based upon a reasonable search of Prime's systems, and inquiry with Prime's directors, Prime does not represent any other entity having an adverse interest in connection with these Chapter 11 Cases, and does not represent or hold an interest adverse to the interests of the Debtors' estates with respect to the matters on which Prime will be employed, in accordance with Section 327 of the Bankruptcy Code.

13. Similarly, based upon a reasonable search of CORE's systems, and inquiry with CORE's directors and members, CORE does not represent any other entity having an adverse interest in connection with these Chapter 11 Cases, and does not represent or hold an interest adverse to the interests of the Debtors' estates with respect to the matters on which CORE will be employed, in accordance with Section 327 of the Bankruptcy Code. While CORE does not believe there are any conflicts inherent in any of the following, we do wish to relate that:

- (a) Many of the CORE member firms have represented Quebecor in the past in various real estate transactions; however, neither CORE nor any of its member firms are currently creditors of the Debtors;
- (b) Most of the CORE members and their employees have banking relationships, business and personal, with one or more of the banks listed on the Interested Party List;

- (c) JP Morgan Chase Bank, N.A. provides construction and land loans to the CORE member in San Antonio, TX and a principal of that member firm is a member of its local advisory board;
- (d) One of CORE's San Antonio based members holds a position in ECRO, Ltd which owns units of McCullough Avenue Associates Limited Partnership, whose sole General Partner is a wholly owned subsidiary of a UBS entity (UBS Americas, Inc.). Ernst & Young, L.L.P. audits the financial statements of McCullough Avenue Associates Limited Partnership;
- (e) Employees of CORE's Chicago based member firm are also members of the Local Electrician's Union;
- (f) CORE's Atlanta based member firm has represented the local IBEW in leasing the building they own in Atlanta;
- (g) KPMG audits a real estate partnership of one of the members in Austin, TX;
- (h) Most of the CORE members have accounts with FedEx.

14. Prime and CORE are each a "disinterested person" as that term is defined in section 101(14), as modified by section 1107(b), of the Bankruptcy Code, given that, to the best of my information and belief, Prime and CORE:

- (a) are not creditors, equity security holders, or insiders of the Debtors;
- (b) are not and were not investment bankers for any outstanding security of the Debtors;
- (c) have not been within three years before the commencement of these Chapter 11 cases, investment bankers for a security of the Debtors, or an attorney for such an investment banker in connection with the offer, sale or issuance of a security of the Debtors;
- (d) are not and were not, within two years before the commencement of these Chapter 11 cases, a director, officer or employee of the Debtors or of an investment banker specified in (b) or (c) above; and
- (e) do not have an interest materially adverse to the interest of the estate or of any class of creditors or equity security holders, by reason of any direct or indirect relationship to, connection with, or interest in, the Debtors or an investment banker specified in (a), (b) or (c) above, or for any other reason.

15. To the best of my knowledge and subject to the limitations discussed herein, (a) Prime and CORE have no connections with the Debtors, creditors, and any other party-in-interest, or their respective attorneys and accountants; and (b) the Prime and CORE professionals working on this matter are not relatives of the United States Trustee of the Southern District of New York or of any known employee in the office thereof, or any United States Bankruptcy Judge of the Southern District of New York. Additionally, Prime and CORE do not have any connection with the United States Trustee or any persons employed in the office of the United States Trustee.

16. Prime has not received any payments from the Debtors and are not prepetition creditors of the Debtors. While CORE members may have received payments from the Debtors in the past, CORE and its members are not prepetition creditors of the Debtors.

17. Prime and CORE have not provided, and will not provide, any professional services to any of the creditors, other parties-in-interest, or their respective attorneys and accountants with regard to any matter related to these Chapter 11 Cases.

18. Prime and CORE's requested compensation for professional services rendered to the Debtors will be based upon the fees set forth in the Retention Agreement for the Valuation Services and the Restructuring Services.

19. The Debtors and Prime and CORE have negotiated separate compensation arrangements for each of the Valuation Services and the Restructuring Services. For the Valuation Services, Prime and CORE will charge the Debtors a fee of \$250 per location for the Real Market Valuation report, with such fee being a comprehensive fee for the Valuation Services, with the exception of any travel expenses incurred by Prime and/or CORE on account of visits to the Debtors' at their offices or elsewhere at the Debtors' request.

20. As compensation for the Restructuring Services, Prime and/or CORE will receive fees based on value realized from successful transactions as follows:

(a) five percent (5%) of the first \$200,000 in savings realized from each lease renegotiation and four percent (4%) of any savings in excess of \$200,000 realized from such lease renegotiation;¹

(b) five percent (5%) of the first \$200,000 in cash proceeds realized from the sale of a leasehold interest and four percent (4%) of any cash proceeds in excess of \$200,000 realized from the sale of such leasehold interest;

(c) five percent (5%) of the first \$200,000 of gross cash proceeds realized from the sale of a fee interest and four percent (4%) of any gross cash proceeds in excess of \$200,000 realized from the sale of such fee interest;

(d) a flat fee of \$2,500 if Prime or CORE is successful in arranging, at the express request, and to the satisfaction of, the Debtors, a transaction where the additional value is unquantifiable, such as an option to purchase, extend or terminate a lease.

21. Prime and CORE shall not be entitled to any fee in the event that the Debtors reject a leasehold interest or do not realize savings or cash proceeds as described above.

22. For the avoidance of doubt, with respect to both the Valuation Services and the Restructuring Services, the fees described herein are *aggregate* fees payable to Comfort, Prime and CORE (the "RE Consultants") collectively. In other words, for each location for which the RE Consultants provide Valuation Services they will receive a single aggregate fee of \$250, to be allocated amongst the RE Consultants at their discretion. Similarly, for each transaction for which the RE Consultants provide Restructuring Services, a single aggregate fee determined in accordance with the Retention Agreement and as set forth above will be paid to the RE Consultants collectively on account of such transaction, to be allocated among the RE

¹ By way of illustration, as set forth in Work Authorization #2, if the Debtors have a gross rental obligation of \$2,000,000 remaining under a lease, and Prime or CORE succeeds in reducing that commitment to \$1,200,000, the savings realized for that period would be \$800,000 and Prime or CORE would be entitled to 5% of the first \$200,000 in savings (\$10,000) plus 4% of the additional \$600,000 in savings (\$24,000), for a fee of \$34,000.

Consultants at their discretion. In no event will multiple fees be payable to more than one of the RE Consultants on account of a single valuation or restructuring transaction.

23. The Debtors and Prime and CORE do not presently contemplate that Prime and/or CORE's professionals will be compensated on an hourly basis, other than in the event it becomes necessary for one of their professionals to provide expert testimony in connection with the Prime and/or CORE's services to the Debtors.

24. The hourly rates included in this Affidavit are Prime and CORE's normal and customary rates for matters of this sort. In the normal course of business, Prime and CORE will revise their hourly rates. Prime and CORE request that the rates listed below be revised from time to time to the hourly rates that will be in effect at the time the relevant services are rendered. The normal and customary hourly rates for the services to be rendered by Prime and CORE are as follows:

<u>Level</u>	<u>Rate Per Hour</u>
Managing Directors	\$400-\$450
Directors	\$300-\$350
Associates	\$100-\$250

25. Prime and CORE will also seek reimbursement for necessary expenses incurred, which shall include travel, photocopying, delivery service, postage, vendor charges and other out-of-pocket expenses incurred in providing professional services.

26. Prime and CORE intend to apply to the Court for the allowance of compensation for professional services rendered and reimbursement of expenses incurred in accordance with the applicable provisions of the Bankruptcy Code, the Bankruptcy Rules, and the Local Bankruptcy Rules. Prime and CORE have agreed to accept as compensation such sums as may

be allowed by the Court. Prime and CORE understands that interim and final fee awards are subject to approval by this Court.

27. In accordance with section 504 of the Bankruptcy Code, I hereby state that there is no agreement or understanding between (i) Prime or CORE and (ii) any other entity, other than with Comfort pursuant to the terms of the Retention Agreement, for the sharing of compensation received or to be received for services rendered in connection with these Chapter 11 Cases.

28. This affidavit is provided in accordance with section 327(a) of the Bankruptcy Code and Bankruptcy Rule 2014.

29. I have read the Application, and, to the best of my knowledge, information and belief, the contents of said Application are true and correct.

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

Executed on March 21, 2008.

/s/ James B. Matthews

James B. Matthews

President, Prime Locations LLC

-and-

Director of Corporate Restructurings, The CORE
Network

Exhibit 1

PRIME LOCATIONS LLC

- Parties:** Quebecor World (USA) Inc. and Subsidiaries ("Client")
Prime Locations, LLC,
George Comfort & Sons Inc. and
The CORE Network (collectively "RE Team")
- Effective Date and Term:** This Agreement shall commence as of March 1, 2008 and terminate on the later of December 31, 2008 and the termination of all work to be performed in accordance with all Authorizations then in effect.
- Scope of Work:** Client shall call upon RE TEAM to provide adequate qualified personnel to perform services for Client. This document is a Master Agreement providing for the terms and conditions under which those services are to be performed. This Agreement for Consulting Services ("Agreement") is not an authorization to execute any work or to incur any fees billable to the Client. Such authorization must come directly from the Client in written form ("Work/Project Authorization" or "Authorization"). In the event of conflict or inconsistency between the terms and conditions of an Authorization and of this Agreement, the terms and conditions of the Authorization shall prevail and govern with respect to the services covered by said Authorization. All Authorizations must be accepted by RE TEAM to be binding on RE TEAM. References to RE TEAM, as used herein shall mean RE TEAM, and its employees, agents and representatives. RE TEAM shall advise its personnel rendering services to the Client of the terms of this agreement and any applicable Authorization and secure such personnel's agreement to the terms herein and therein. RE TEAM will be liable for all failures of such personnel to comply with the following terms and conditions and of any applicable Authorization.

4. **Compensation:** For each project undertaken on behalf of Client for which there is an agreed-upon project price, the price will be payable to Prime Locations, LLC in accordance with the terms detailed in the Authorization. Otherwise, subject to Client's written pre-approval, RE TEAM will invoice weekly for services performed hereunder and payment shall be due upon presentation of the invoice. The Client will be billed only for the actual time RE TEAM is involved doing work pursuant to the terms of the applicable Authorizations. Acceptance of billable time will be indicated by the signature of an authorized representative of the Client on the RE TEAM time sheet and RE TEAM will provide the Client with a weekly status report summarizing the accomplishments for the week and any outstanding issues, if applicable. Client shall retain RE TEAM at the following rates:

Hourly rates:

Managing Directors:	\$400 to \$450/hr
Directors	\$300 to \$350/hr
Associates	\$200 to \$250/hr

Transaction rates: - See the attached (or future) Work Authorization

Success Fees: - See the attached (or future) Work Authorization

RE TEAM will be responsible for all withholding and deductions for taxes, unemployment and social security. RE TEAM hereby agrees to indemnify and hold harmless the Client with respect to any withholding or deductions of payment of such amounts, and with respect to any costs, expenses or penalties that may be assessed in the event of RE TEAM's failure to comply with applicable law, regulations and governing agreements in making such deductions and corresponding payments.

- Reimbursement of Expenses:** Client agrees to reimburse RE TEAM for all expenses, which have been pre-approved in writing by Client, incurred directly relating to any work undertaken under any Authorization. Such expenses include but are not limited to: travel, lodging, meals, equipment and vehicle

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rental, clerical supplies and services, and telephone, fax and photocopying charges. No local travel expenses shall be reimbursed by Client. Client shall reimburse RE TEAM for all, such expenses upon presentation of the invoice for the same supported by appropriate documentation. If the total compensation for the particular assignment for which the expenses are attributable is in excess of \$10,000, Client expense reimbursement shall be waived for that particular assignment.

6. **Support Services:** Client agrees to provide RE TEAM with duplicating, secretarial and other support services at the location of the work provided they are reasonably necessary to complete the work. Should such services be unavailable at the location of the work or if it is agreed that RE TEAM shall provide such services, RE TEAM will charge Client for such services at its regular hourly administrative fee. Such fee will be due and payable upon presentation of the invoice for the same.

7. **Rights to Work Output:** All work output hereunder, including reports issued pursuant to any Authorization, all physical property and all working papers, notes, memoranda, files, specifications, records, writings and documents and other materials of any nature, written or electronic, tangible or intangible form, which RE TEAM prepares, uses or comes into contact with during the performance of its services hereunder are and will remain the sole and exclusive property of the Client. RE TEAM will not remove from the Client's premises any such physical property, the original or reproduction or any such materials nor the information contained therein, except for the purposes of carrying out its duties for the Client, and all such property, materials and information in RE TEAM's possession or under its custody and control upon the termination of its services hereunder will be immediately turned over to the Client. Notwithstanding the foregoing, all of RE TEAM's proprietary data and programs shall remain the sole property of the RE TEAM.

8. **Cancellation:** Either party hereto may terminate this Agreement prior to the completion of any project or work authorized hereunder by giving notice to the other party. Upon such termination of this Agreement, Client will pay RE TEAM for all man-hours worked in accordance with paragraph 2 hereof up to the time of any such termination plus all earned or outstanding success fees, un-reimbursed expenses, and administrative fees. This paragraph is subject to further amplification on the Work Authorization.

9. **Personnel:** Each party hereto agrees that it will not employ personnel or representatives of the other party hereto during the period of work provided for hereunder and for a period of one (1) year thereafter without the written agreement of the other party.

10. **Independent Contractor:** Neither RE TEAM nor any of its personnel performing work or services hereunder shall be deemed to be an agent or employee of Client but shall be deemed to be an independent contractor for Client. RE TEAM will maintain at all times during the course of its relationship with the Client, at RE TEAM's sole cost and expenses, workers' compensation and occupational disease insurance as required by law and liability insurance against damage and/or injury to person and property in an amount not less than \$1,000,000, covering its personnel and its obligations to the Client, and the Client shall have no obligation with respect thereto. RE TEAM's personnel will abide by the rules of the Client and will at all times conduct themselves in an ethical manner and comply with applicable federal, state and local laws and regulations, including, without limitation, compliance with the Foreign Corrupt Practices Act, when performing the services contemplated hereunder

11. **Confidentiality:** RE TEAM will maintain in strict confidence any and all information of a non-public nature relating to Client or its business that it may gain or develop in the course of its engagement by Client (including, without limitation, its own work product and advice to client), and will not disclose any such information to any person during or after its engagement by Client except with the written consent of Client, as permitted by law, or as required by court order. RE TEAM acknowledges that in the course of performing services hereunder RE TEAM and its personnel may receive confidential or proprietary information of the Client, including, without limitation, customer data, specifications and pricing, technical information, product information, know-how and source code or other software information (collectively, "confidential information"). During and after the term hereof, RE TEAM will not, and shall direct its personnel not to, directly or indirectly, use, publish or disclose any confidential information of the Client. RE TEAM will take all diligent precautions to protect the

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integrity of the Client's confidential information and will return all documents containing confidential information, if any, upon termination of the work completed pursuant to each Authorization. Further, any information received or provided to RE TEAM by the Client is to be used solely in connection with its services contemplated hereunder. RE TEAM acknowledges that money damages would be an insufficient remedy for any breach of this agreement by RE TEAM and that any such breach would cause the Client irreparable harm. Accordingly, RE TEAM also agrees that in the event of any breach of this Section and Section 7 of this Agreement, the Client, in addition to any other remedies at law or in equity it may have, shall be entitled to injunctive relief and specific performance.

RE TEAM acknowledges that the Client expects it to respect and safeguard the trade secrets and confidential information of RE TEAM's other relationships and clients, consultees, whether past or present. RE TEAM agrees not to disclose to the Client, use in the Client's business, or cause the Client to use, any information or material that is confidential to any former employer, unless such information is no longer confidential or the Client or RE TEAM has obtained the written consent of such other party to do so.

12. **Liability:** Client shall hold RE TEAM, its shareholders, directors, officers, employees and agents harmless from and against any and all claims, liability, loss, cost, damage or expense asserted against, or incurred by RE TEAM or any such shareholder, director, officer, employee or agent by reason of, or arising out of this Agreement, except to the extent that such claims, liability, loss, cost, damage or expense results from the willful misconduct, dishonesty, fault, negligence, fraudulent act or omission of RE TEAM or any such shareholder, director, officer, employee or agent. This hold harmless provision includes, but is not limited to, the right to be paid or reimbursed by Client for the reasonable expenses incurred by a person of the type entitled to be held harmless under this section who was, is or is threatened to be made a named defendant or respondent in a proceeding in advance of the final disposition of the proceeding and without any determination as to the person's ultimate entitlement to being held harmless. In no event shall Client be ever liable for any special, incidental, indirect, punitive or consequential damages, including, without limitation, lost profits, lost business, business interruption, however proximate or foreseeable, arising out of this Agreement, any Authorization or the Work to be performed hereunder.

RE TEAM shall hold Client, its shareholders, directors, officers, employees and agents harmless from and against any and all claims, liability, loss, cost, damage or expense asserted against, or incurred by Client or any such shareholder, director, officer, employee or agent by reason of, or arising out of this Agreement, except to the extent that such claims, liability, loss, cost, damage or expense results from the willful misconduct, dishonesty, fault, negligence, fraudulent act or omission of Client or any such shareholder, director, officer, employee or agent. This hold harmless provision includes, but is not limited to, the right to be paid or reimbursed by RE TEAM for the reasonable expenses incurred by a person of the type entitled to be held harmless under this section who was, is or is threatened to be made a named defendant or respondent in a proceeding in advance of the final disposition of the proceeding and without any determination as to the person's ultimate entitlement to being held harmless. In no event shall RE TEAM be ever liable for any special, incidental, indirect, punitive or consequential damages, including, without limitation, lost profits, lost business, business interruption, however proximate or foreseeable, arising out of this Agreement, any Authorization or the Work to be performed hereunder.

13. **Governing Law:** This Agreement shall be governed by and construed in accordance with the laws of the State of Texas.

14. **Bankruptcy Court Approval:** This Agreement is subject to and contingent upon the entry of the appropriate Bankruptcy Court Order approving the terms hereof. Client agrees to use its best efforts to obtain said Order and the Agreement shall thereafter be binding upon and shall inure to the benefit of the parties hereto. Client further acknowledges that this Agreement in its entirety will be attached to and made a part of Client's application to the Court, and will be referenced in the Order authorizing RE TEAM's retention.

15. **Independent Contractor:** The relationship between RE TEAM and Client is and shall, for all purposes, remain that of independent contractors. Unless otherwise specifically stated in this Agreement,

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neither RE TEAM nor Client shall have any authority express or implied, to act on behalf of or as agent for the other for any purpose; nothing in this Agreement shall be construed for any purpose whatsoever to create any relationship between RE TEAM and Client of partnership, joint venture or of any kind whatsoever other than that of independent contractors. In any event, RE TEAM is not authorized to enter into any agreement, make any representation or warranty or incur any liability on behalf of the Client without the Client's prior written consent. RE TEAM may not bind the Company in any manner whatsoever. Nothing in this Agreement or otherwise shall be deemed to constitute RE TEAM personnel as employees of the Client, entitle them to any of the benefits of the Client, or authorize them to obligate the Client in any manner or to any extent not expressly provided by the terms hereof. RE TEAM shall have control over the personnel provided hereunder, and such persons shall be acting at RE TEAM's direction. Nothing in this Agreement or the course of dealing of the parties will be construed to constitute the parties hereto as partners, joint venturers, or as agents or distributors for one another, or as authorizing either party to obligate the other in any manner.

16. **Severability:** If any provision of this Agreement is held to be illegal, invalid, or unenforceable under any present or future laws effective during the term of this Agreement, such provision shall be fully severable, and this Agreement shall be construed and enforced as if such illegal, invalid, or unenforceable provision had never comprised a part of this Agreement, and the remaining provisions of this Agreement shall remain in full force and effect and shall not be affected by the illegal, invalid, or unenforceable provision or by its severance from this Agreement.

17. **Disclaimer:** Client acknowledges that RE Team has not guaranteed any particular results from the performance of the services described herein, and that the sole obligation of RE Team hereunder shall be to perform the services described herein and in any Authorization in accordance with the highest quality and competence standards of the industry.

18. **Assignment:** This Agreement and all rights and obligations hereunder may not be assigned, subcontracted or transferred by either party without the prior written consent of the other party.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement this ___ day February, 2008.

Quebecor World (USA) Inc.

Prime Locations, LLC

By: _____
Name
Title

By: _____
James B. Matthews
President

		George Comfort & Sons, Inc
		By: _____
		Name
		Title
		The CORE Network
		By: _____
		James B. Matthews
		Dir. of Corp. Restructurings

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Work Authorization 1

In accordance with our Agreement for Consulting Services dated as of February 1, 2008, the undersigned Client authorizes RE TEAM to undertake the following work for specific assignments granted by Client in writing.

Leasehold and fee valuations:

I. RE Team shall provide client a Real Market Valuationsm report setting forth the market rent and/or market value for each of the sites listed on Schedule A (attached hereto).

A. RE Team's services shall include those generally described below, as appropriate:

1. Review of all applicable leases, lease summaries, charts, deeds, title documents and related documents provided by Client.
2. Contact with real estate professionals and/or retail operators knowledgeable with respect to the sites where the sites are located.
3. Determination of the market rent and market value for each site.
4. Determination of marketability, financing and disposition potential of the sites based on an analysis of the market and the documents provided by Client.

II. RE Team is hereby retained by Client for the purpose of performing the services outlined above, upon the following terms and conditions:

A. Client shall pay to RE TEAM a fee of \$250 per assigned location for the Real Market Valuationsm report. Notwithstanding paragraphs 5 and 6 of the Agreement for Consulting Services, this fee is comprehensive unless and to the extent travel (except local travel) is requested to visit Client in person at its offices or elsewhere or further express arrangements are made. Notwithstanding paragraph 4 of the Agreement for Consulting Services, said fee shall be payable 10 days after delivery of the report to Client. Notwithstanding paragraph 8 of the Agreement for Consulting Services, if this Work Authorization 1 is terminated by RE TEAM before delivery of RE TEAM's report to Client, no payment will be due. If this Work Authorization 1 is terminated by Client before delivery of RE TEAM's report to Client, Client shall pay RE TEAM in accordance with Section 8 of the Agreement up to a maximum amount per assigned location of \$250.

B. RE TEAM's report will be delivered to Client within twenty-one (21) days of Client's providing the documents listed in paragraph I.A.1.

C. All legal expenses incurred by Client in connection with its retention of RE TEAM shall be borne solely by Client.

IN WITNESS WHEREOF, the parties hereto have executed this Work Authorization as of February 1, 2008.

Quebecor World (USA) Inc.

Prime Locations, LLC

By: _____
Name
Title

By: _____
James B. Matthews
President

		George Comfort & Sons, Inc
		By: _____
		Name
		Title
		The CORE Network
		By: _____
		James B. Matthews
		Dir. of Corp. Restructurings

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Schedule A

USA LEASES SUMMARY

QW #	VENDOR #	ADDRESS	CITY	ST	ZIP
QW 019	V# 40035	2011 North Soto Street	Los Angeles	CA	90024
QW 050	V# 47110	1850 East Watkins	Phoenix	AZ	
QW 053	V# 148336	2601 Commerce Drive	Jonesboro	AR	
QW 055	V# 91873	5757 Wilshire Blvd, Suite 200	Los Angeles	CA	90036
QW 056	wire	2002 North Soto	Los Angeles	CA	
QW 057	V# 112811	19600 & 19700 Fairchild Road	Irvine	CA	92612
QW 057	V# 160741	19600 & 19700 Fairchild Road	Irvine	CA	92612
QW 058	V# 140905	2100 Atlas Road	Richmond	CA	
QW 059		5909 Sea Otter Place	Carlsbad	CA	
QW 060	V# 140115	6688 Box Spring Blvd.	Riverside	CA	
QW 061		800 Airport Blvd	Burlingame	CA	
QW 062	V# 107995	380 West 37th Street	Loveland	CO	
QW 063	V# 107995	10 Glenville, 3rd Floor	Greenwich	CT	
QW 063	V# 107995	340 Pemberwick (1,2,3rd floors)	Greenwich	CT	
QW 063	V# 11074	10 Glenville(3rd Floor)	Greenwich	CT	
QW 063	V# 11074	328 Pemberwick (LOFT)	Greenwich	CT	
QW 063	V# 11074	340 Pemberwick (1,2,3rd floors)	Greenwich	CT	
QW 067	V# 154792	337 S North Lake Blvd	Altamonte Springs	FL	32701
QW 067	V# 157698	337 S North Lake Blvd	Altamonte Springs	FL	32701
QW 068	V# 152162	6300 Hazeltine National Drive	Orlando	FL	
QW 068	V# 79588	6300 Hazeltine National Drive	Orlando	FL	
QW 069	V# 18656	4560 LB McLeod Road	Orlando	FL	
QW 070	wire	2300 Glades Road, #300E	Boca Raton	FL	33431
QW 071	V# 89676	3101 McCall Drive	Atlanta	GA	
QW 072	wire	Two Sun Court, Suite 400	Norcross	GA	
QW 073	V# 137208	5148 Kennedy Road	Forest Park	GA	
QW 076	V# 77257	5407 Trillium Blvd	Hoffman Estates	IL	
QW 078	V# 158628	1010 Foster Avenue	Bensenville	IL	
QW 081	V# 150996	2701 S Banker	Effingham	IL	
QW 085	V#	9450 Sergo Drive	McCook	IL	
QW 086	V# 146686	145 East Algonquin Road	Arlington Heights	IL	
QW 088	V# 161011	1201 Wiley Street East, #100	Schaumburg	IL	60173
QW 089	V# 153659	1130 Thorndale Avenue	Bensenville	IL	
QW 089	V# 43682 *5	1130 Thorndale Avenue	Bensenville	IL	
QW 092	V# 77092	2460 Kerper Blvd	Dubuque	IA	52001
QW 094	V# 145281	7300 West 110th Street	Overland Park	KS	
QW 100	V# 94372	20127 South Street	Franklin	KY	
QW 101	V# 153659 *1	4414 Lottsford Vista Road	Lanham	MD	
QW 101	V# 87341	4414 Lottsford Vista Road	Lanham	MD	
QW 102	V# 80672	27 Nashua Street	Leominster	MA	01453
QW 103	V# 80699	25 Mohawk Drive	Leominster	MA	01453
QW 104	V# 128827	50 John Hancock Road	Taunton	MA	
QW 105	V# 152660	75 University Avenue	Westwood	MA	

PRIME LOCATIONS

L L C

QW 106	wire	30 Industrial Way	Wilmington	MA	
QW 109	V# 18148	39520 N. Woodward Avenue	Bloomfield Hills	MI	
QW 110	wire	1300 Rankin	Troy	MI	
QW 111	V# 142913	802 E Grand River, 3rd Floor	Brighton	MI	48116
QW 113	V# 102324	34 McLeland Road	St-Cloud	MN	
QW 114	V# 42710	5270 West 84th Street	Bloomington		
QW 117	V# 140400	8649 Hacks Cross Road	Olive Branch	MS	
QW 118	V# 80179*2	11522 Rock Island Court	Maryland Heights		
QW 119	V# 89521	121 Compass Point Drive	St-Charles	MO	63301
QW 120	V# 80027	4515 E 75th Street	Kansas City	MO	
QW 122	V# 14720	1580 Lincoln Air Park	West Lincoln	NE	
QW 123	V# 150210	1601 Pioneers Blvd	Lincoln	NE	
QW 125	V# 113590	399 Mill Road	Edison	NJ	
QW 126	V# 76741	570 Lexington Avenue	New York	NY	
QW 128	V# 152913	8700 Red Oak Blvd, Suite J	Charlotte	NC	
QW 128	V# 133062	8700 Red Oak Blvd, Ste J	Charlotte	NC	
QW 129	V# 137484	8601 Six Forks Road	Raleigh	NC	
QW 135	V#152742	6204 N Marine Drive	Portland	OR	
QW 140		2030 Sylvan Road	Dyersburg	TN	
QW 143	V#128600	Lot 21 Block A, Robin Hood Estates	Hewlett	TN	
QW 148		828 East Holmes Road	Memphis	TN	
QW 149	V# 42518	931 Thun Road	Clarksville	TN	
QW 150	V# 113293	381 Riverside Drive	Franklin	TN	
QW 151	V# 127882	410 Brick Church Park Drive	Nashville	TN	
QW 152	v# 159727	4219 Air Trans Drive	Memphis	TN	
QW 153	V# 42906	1009 East Coast Street	Dyersburg	TN	
QW 154	V# 33232	1226 Manufacturer's Road	Trenton	TN	
QW 155	V#129856	2947 Brick Church Pike	Nashville	TN	
QW 157	V# 127882	2616 Brick Church Pike	Nashville	TN	
QW 161	V#104082	7420 Ranco Road	Richmond	VA	
QW 163	V# internal	12821 West Bluemond Road	Brookfield	WI	
QW 172	V# 151786	1221-1225 California Avenue	Pittsburg	CA	
QW 172	V# 155306	1221-1225 California Avenue	Pittsburg	CA	
QW 173	V# 152379	1290 Remington Blvd	Bolingbrook	IL	60440
QW 173	V#158709	1290 Remington Blvd	Bolingbrook	IL	60440
QW 174	V# 108174	102 W 4th Street, Suite 3	Loveland	CO	
QW 178	V# 160936	75 Folsom Street	San Francisco	CA	
QW 179	V# 104488	3860 Virginia	Cincinnati	OH	
QW 182	V# 127882	2618 Brick Church Pike	Nashville	TN	
QW 183	V# 153964	1500-1510 Fashion Blvd	San Mateo	CA	
QW 183	V# 159973	1500-1510 Fashion Blvd	San Mateo	CA	
QW 211	V# 133513	6420 Wilshire Blvd, 5th Floor	Los Angeles	CA	
QW 217	V# 155775	225 Tyson Drive, Unit 4	Winchester	VA	
QW 229	V# 158626	12915 Agency	San Antonio	TX	
QW 230	V# 94393	2305 Bowling Green	Franklin	KY	
QW 231	V# 160149	9300 W 110th Street	Overland Park	KS	
QW 233	V# 86639	150 E 42nd Street, 11th Floor	New York	NY	
QW 234	V# 161733	1000 Remington Blvd	Bolingbrook	IL	
QW 236	V# 160937	1255 Battery Street	San Francisco	CA	

PRIME LOCATIONS

L L C

QW 237	V# 160938	1100 Corporate Center Drive	Monterey Park	CA
QW 238	V# 160876	4444 Delp Street	Memphis	TN
QW 239	V# 161683	13766 Beta Road	Dallas	TX
QW 241	V# 161771	4333 Bethany Road	Mason	OH

PRIME LOCATIONS L L C

Work Authorization 2

In accordance with our Agreement for Consulting Services dated February __, 2008, the undersigned Client authorizes RE TEAM to undertake the following work.

Lease negotiations and leasehold and fee sales:

- I. The scope of work for the RE Team includes:
 - A. As specifically requested and directed by Client RE Team shall re-negotiate the leases for each of the sites listed on Schedule B (attached hereto).
 - B. As specifically requested and directed by Client RE Team shall sell Client's leasehold interests for each of the sites listed on Schedule C (attached hereto).
 - C. As specifically requested and directed by Client RE Team shall sell Client's fee interests for each of the sites listed on Schedule D (attached hereto).
 - D. A list of specific assignments that are currently in progress by Client and shall not be included in this agreement are listed on Schedule E (attached hereto).
 - E. As specifically requested and directed by Client RE Team shall locate and negotiate leases for replacement locations for existing leases.

- II. RE Team is hereby retained by Client for the purpose of performing the services outlined above, upon the following terms and conditions:
 - A. Client shall pay to RE TEAM a fee of five (5%) of the first \$200,000 savings realized and four (4%) percent of the additional savings above \$200,000 realized per assigned lease for the lease re-negotiations and/or terminations. As an example, if Client shall have a \$2,000,000 gross rental obligation for a remaining five year lease commitment and RE TEAM is successful in renegotiating a gross rental structure of \$1,200,000 for that same period, the savings realized would be \$800,000 and the fee would be 5% of the first \$200,000 and 4% of the remaining \$600,000 for a total fee of \$34,000.00.
 - B. Client shall pay to RE TEAM a fee of five (5%) of the first \$200,000 value realized and four (4%) percent of the additional value above \$200,000 realized from the sale of an assigned lease.
 - C. Client shall pay to RE TEAM a fee five (5%) of the first \$200,000 of the value realized and four (4%) percent of the additional value above \$200,000 realized from the sale of a fee owned location.
 - D. Client shall pay to RE Team a fee of \$2,500 if it is successful in arranging, at the express request, and to the satisfaction of, Client, a transaction where the additional value is unquantifiable i.e. an option to purchase, extend or terminate.
 - E. Notwithstanding paragraphs 5 and 6 of the Agreement for Consulting Services, these fees are comprehensive unless and to the extent travel (except local travel) is requested to visit Client in person at its offices or elsewhere or further express arrangements are made. Notwithstanding paragraph 4 of the Agreement for Consulting Services, said fee shall be payable 10 days after delivery of the report to Client. Notwithstanding paragraph 8 of the Agreement for Consulting Services, if this Work Authorization 2 is terminated by RE TEAM before delivery of RE TEAM's report to Client, no payment will be due. Notwithstanding any provision of this Authorization or the Agreement, no fee whatsoever shall be payable by Client with respect to any site of the Client sold, or *** prior to the occurrence of any of the above events triggering the right of RE TEAM to a fee. In such a case, the provisions of Section 8 of the Agreement shall apply.
 - F. All legal expenses incurred by Client in connection with its retention of RE TEAM shall be borne solely by Client.
 - G. For its efforts in locating and negotiating leases for replacement sites the parties anticipate that the RE Team will be compensated by the landlord in which case whatever fees are paid to RE Team by the landlord shall be credited to whatever fees are payable by client for the savings realized for that location.

PRIME LOCATIONS L L C

IN WITNESS WHEREOF, the parties hereto have executed this Work Authorization this ___ day of February, 2008.

Quebecor World (USA) Inc.

Prime Locations, LLC

By: _____
Name
Title

By: _____
James B. Matthews
President

		George Comfort & Sons, Inc
		By: _____
		Name
		Title
		The CORE Network
		By: _____
		James B. Matthews
		Director of Corporate Restructurings

PRIME LOCATIONS L L C

Schedule B

TBD

PRIME LOCATIONS L L C

Schedule C

TBD

PRIME LOCATIONS L L C

Schedule D

TBD

PRIME LOCATIONS L L C

SCHEDULE E

3101 McCall Drive, Atlanta Georgia

399 Mill Road, Edison, NJ

50 John Hancock, Tauton, MA

Brick Church Pike, Nashville, TN

380 West 37th Street, Loveland, CO

337 S. Northlake Blvd, Altamonte Springs, FL

Exhibit 2

Debtor and Affiliated Debtors

Quebecor World (USA) Inc.
Quebecor Printing Aviation Inc.
Quebecor Printing Holding Company
Quebecor World Arcata Corp.
Quebecor World Atglen Inc.
Quebecor World Atlanta II LLC
Quebecor World Book Services LLC
Quebecor World Buffalo Inc.
Quebecor World Capital Corporation
Quebecor World Capital II GP
Quebecor World Capital II LLC
Quebecor World Century Graphics Corporation
Quebecor World Dallas II Inc.
Quebecor World Dallas, L.P.
Quebecor World DB Acquisition Corp.
Quebecor World Dittler Brothers Inc.
Quebecor World Dubuque Inc.
Quebecor World Eusey Press Inc.
Quebecor World Fairfield Inc.
Quebecor World Great Western Publishing Inc.
Quebecor World Hazleton Inc.
Quebecor World Infiniti Graphics Inc.
Quebecor World Johnson & Hardin Co.
Quebecor World KRI Inc.
Quebecor World Krueger Acquisition Corp.
Quebecor World Lease GP
Quebecor World Lease LLC
Quebecor World Lincoln Inc.
Quebecor World Logistics Inc.
Quebecor World Loveland Inc.
Quebecor World Magna Graphic Inc.
Quebecor World Memphis LLC
Quebecor World Mid-South Press Corporation
Quebecor World Mt. Morris II LLC
Quebecor World Nevada II LLC
Quebecor World Nevada Inc.
Quebecor World Northeast Graphics Inc.
Quebecor World Olive Branch Inc.
Quebecor World Pendell Inc.
Quebecor World Petty Printing Inc.
Quebecor World Printing (USA) Corp.
Quebecor World RAI Inc.
Quebecor World Retail Printing Corporation

Quebecor World San Jose Inc.
Quebecor World Systems Inc.
Quebecor World Taconic Holdings Inc.
Quebecor World UP / Graphics Inc.
Quebecor World Waukee Inc.
QW Memphis Corp.
QW New York Corp.
The Webb Company
WCP-D, Inc.
WCZ, LLC

Shareholder

Quebecor World, Inc.

Officers and Directors

Michèle Bolduc
Kevin J. Clarke
Philippe Cloutier
Marie-É. Chlumecky
Gregg Gavin
Doron D. Grosman
Gregory Harrison
Brian Freschi
Francis B. Jacobs II
Sandra Luby
Jacques Mallette
David McCarthy
Brad Nathan
Laura Norden
Jeremy Roberts
John Ross
Mario Saucier
Robert Stepusin
Joan Yori

Professionals

Arnold & Porter LLP
Ernst & Young
Ogilvy Renault
UBS Financial Advisors
KPMG LLP
Morgan Stanley

Donlin, Recano & Company

Financing Providers

Royal Bank of Canada
ABN AMRO Bank N.V.
Bank of America, N.A., Canada Branch
Bank of America, N.A.
BNP Paribas (Canada)
BNP Paribas, Dublin Branch
Citibank, N.A. Canadian Branch
Citibank, N.A.
The Bank of Nova Scotia (Canada)
The Bank of Nova Scotia (New York)
The Toronto-Dominion Bank
Toronto Dominion (Texas) LLC
Bank of Montreal (Canada)
Bank of Montreal (USA)
Congress Financial Corporation (Canada)
Wachovia Bank, National Association
Canadian Imperial Bank of Commerce
CIBC Inc. (USA)
National Bank of Canada
Nordea Bank Finland PLC, New York Branch
Bank of Tokyo-Mitsubishi (Canada)
The Bank of Tokyo-Mitsubishi, Ltd. New York Branch
JP Morgan Chase Bank, N.A. Toronto Branch
JP Morgan Chase Bank, N.A.
Societe Generale (Canada)
Societe Generale (New York)
Sampo Bank PLC
Credit Suisse

Indenture Trustee

Wilmington Trust
The Bank of New York

Other General Unsecured Creditors on the Top 60 Consolidated Creditor List

Abitibi Consolidated Sales
Cellmark Paper Inc
Midland Paper
Bowater Inc

AIG Credit Corp of Canada
Catalyst Paper Inc
Graphic Communications
Norske Skog USA Inc
Stora Enso North America
Packaging Corp of America
UPM Kymmeme Inc
Myllykoski North America
Aaron Direct
Day International Inc
NewPage Corporation
At Clayton Corp
Roosevelt Paper Company
Horizon Paper Co
Quebecor World Baird-Ward Inc. Retirement Plan
Quebecor World Buffalo Inc. Retirement Plan for Hourly Employees
Quebecor World Kingsport Inc. Pension Plan for Hourly Bargaining Unit Employees of
Kingsport, Hawkins, Sherwood and Distribution
Quebecor World Mt. Morris II Inc. Employees' Pension Plan
The Pension Plan for Hourly Employees of the Salem Gravure Division of Quebecor World
(USA) Inc.
Quebecor World Pension Plan
Millwood Inc
Nippon Paper Industries USA Co
Atmos Energy Marketing LLC
AEP Industries
Blue Heron Paper Company
HB Fuller Company
Xpedx
Clifford Paper
Tembec Enterprises Inc
Verso Paper
Oji Paper Canada Ltd
Federal Express
Rock Tenn Company
Stadacona Inc
Preprint Logistics Management
Caraustar
Forbo Adhesives
Gould Paper Corporation
Goss International Americas
MEGTEC Systems Inc
Georgia Power Co
MSC Industrial Supply Co Inc
Randstad Staffing Services
Applied Industrial

Merced Irrigation District
Motion Industries Inc
Hess Corporation
Sempra Energy Solutions
Suez Energy Resources NA

United States Bankruptcy Judges in the Southern District of New York

Judge Stuart M. Bernstein
Judge Prudence C. Beatty
Judge Robert D. Drain
Judge Robert G. Gerber
Judge Martin Glenn
Judge Arthur J. Gonzalez
Judge Allen L. Gropper
Judge Adlai S. Hardin
Judge Burton R. Lifland
Judge Cecelia G. Morris
Judge James M. Peck

United States Trustee

Diana G. Adams, United States Trustee
Linda A. Riffkin (Assistant US Trustee)
Tracy Hope Davis (Assistant US Trustee)
Susan Golden (Trial Attorney)
Nazar Khodorosvsky (Trial Attorney)
Alicia M. Leonhard (Trial Attorney)
Brian S. Masumoto (Trial Attorney)
Serene Nakano (Trial Attorney)
Marylou Martin (Trial Attorney)
Richard C. Morrissey (Trial Attorney)
Paul K. Schwartzberg (Trial Attorney)
Andy Velez-Rivera (Trial Attorney)
Greg M. Zipes (Trial Attorney)

Major Unions

International Brotherhood of Electrical Workers
International Brotherhood of Teamsters
International Association of Machinists