

UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK

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**In re** :  
 : **Chapter 11 Case Nos.**  
 :  
**QUEBECOR WORLD (USA) INC., et al.,** : **08-10152 (JMP)**  
 :  
**Debtors.**<sup>1</sup> : **(Jointly Administered)**  
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**FINAL ORDER (A) AUTHORIZING THE DEBTORS TO OBTAIN POSTPETITION SECURED FINANCING PURSUANT TO 11 U.S.C. §§ 105, 361, 362 364(C) AND 364(E); (B) AUTHORIZING USE OF CASH COLLATERAL AND GRANTING ADEQUATE PROTECTION TO PREPETITION SECURED LENDERS; AND (C) USING POSTPETITION FINANCING TO PURCHASE RECEIVABLES PORTFOLIO**

Upon the motion, dated January 21, 2008 (the “**Motion**”), of Quebecor World (USA) Inc. (the “**US Borrower**” or “**QWUSA**”), and all of its affiliated debtors that have commenced chapter 11 cases and are debtors in these jointly administered chapter 11 cases (such affiliates, together with any entities that subsequently commence jointly administered chapter 11 cases (the “**Cases**”) and become guarantors under the DIP Credit Agreement (as defined below),

<sup>1</sup> In addition to Quebecor World (USA) Inc., the following entities are debtors in these jointly administered cases: Quebecor Printing Holding Company, Quebecor World Capital Corporation, Quebecor World Capital II GP, Quebecor World Capital II LLC, WCZ, LLC, Quebecor World Lease GP, Quebecor World Lease LLC, QW Memphis Corp., The Webb Company, Quebecor World Printing (USA) Corp., Quebecor World Loveland Inc., Quebecor World Systems Inc., Quebecor World San Jose Inc., Quebecor World Buffalo Inc., Quebecor World Johnson & Harden Co., Quebecor World Northeast Graphics Inc., Quebecor World UP / Graphics Inc., Quebecor World Great Western Publishing Inc., Quebecor World DB Acquisition Corp., WCP-D, INC., Quebecor World Taconic Holdings Inc., Quebecor World Retail Printing Corporation, Quebecor World Arcata Corp., Quebecor World Nevada Inc., Quebecor World Atglen Inc., Quebecor World Krueger Acquisition Corp., Quebecor World Book Services LLC, Quebecor World Dubuque Inc., Quebecor World Pendell Inc., Quebecor World Fairfield Inc., QW New York Corp., Quebecor World Dallas II Inc., Quebecor World Nevada II LLC, Quebecor World Dallas, L.P., Quebecor World Mt. Morris II LLC, Quebecor World Petty Printing Inc., Quebecor World Hazleton Inc., Quebecor World Olive Branch Inc., Quebecor World Dittler Brothers Inc., Quebecor World Atlanta II LLC, Quebecor World RAI Inc., Quebecor World KRI Inc., Quebecor World Century Graphics Corporation, Quebecor World Waukee Inc., Quebecor World Logistics Inc., Quebecor World Mid-South Press Corporation, Quebecor Printing Aviation Inc., Quebecor World Eusey Press Inc., Quebecor World Infiniti Graphics Inc., Quebecor World Lincoln Inc., Quebecor World Magna Graphic Inc., Quebecor World Memphis LLC.

the “**Guarantors**”), as debtors and debtors in possession (collectively, the “**Debtors**”) under sections 105(a), 361, 362, 363, 364(c)(1), 364(c)(2), 364(c)(3), 364(e), 365, 507 and 552 of chapter 11 of title 11 of the United States Code, 11 U.S.C. §§ 101 *et seq.* (the “**Bankruptcy Code**”) and Rules 2002, 4001 and 9014 of the Federal Rules of Bankruptcy Procedure (the “**Bankruptcy Rules**”), seeking, pursuant to this final order (this “**Order**” or the “**Final Order**”):

(a) authority to execute and enter into that certain Senior Secured Superpriority Debtor-in-Possession Credit Agreement dated as of January 21, 2008 (as amended by Amendment No. 1 dated as of January 25, 2008, Amendment No. 2 dated as of February 8, 2008, Amendment No. 3 dated as of March 27, 2008 and as otherwise amended or modified from time to time in accordance with the provisions thereof and of this Order, the “**DIP Credit Agreement**”) among the US Borrower, Quebecor World Inc. (“**QWI**”), a corporation amalgamated under the laws of Canada and a debtor company under the Companies’ Creditors Arrangement Act (Canada) (the “**CCAA**”), the Guarantors party thereto, Credit Suisse, as Administrative Agent (together with any successor appointed pursuant to the terms of the DIP Credit Agreement, the “**Administrative Agent**”), General Electric Capital Corporation and GE Canada Finance Holding Company, as successor Collateral Agent (together with any further successor appointed pursuant to the terms of the DIP Credit Agreement, the “**Collateral Agent**”), Morgan Stanley Senior Funding, Inc., as Syndication Agent (together with the Administrative Agent and the Collateral Agent, the “**Agents**”), acting as Agents for themselves, Credit Suisse, as Initial Issuing Bank (the “**Initial Issuing Bank**”), and a syndicate of financial institutions (together with the Agents and the Initial Issuing Bank, the “**Lenders**”), to be arranged by Credit Suisse Securities (USA) LLC and Morgan Stanley Senior Funding, Inc., as Joint Lead Arrangers and Co-Bookrunners, substantially in the form annexed to the Motion as

Exhibit B, the Loan Documents (as defined in the DIP Credit Agreement) and all other documents, agreements or instruments in connection therewith or related thereto including, without limitation, the Secured Hedge Agreements (as defined in the DIP Credit Agreement) (collectively, with the DIP Credit Agreement, as any of the foregoing may be amended or modified from time to time in accordance with the terms of this Order, the **“DIP Loan Documents”**), which would provide the US Borrower and QWI, on a joint and several basis, with postpetition secured credit of an aggregate principal amount up to \$1,000,000,000 (the **“DIP Credit Facility”**) and to perform such other and further acts as may be contemplated by, or required in connection with, the DIP Loan Documents;

(b) authority to immediately obtain a term loan, revolving loans and letters of credit under the DIP Credit Facility up to an aggregate principal or face amount of \$1,000,000,000 to (i) allow QWUSA to purchase the Receivables Portfolio (as defined below) under the Existing Receivables Facility (as defined below) **which would constitute an “Extraordinary Provision”** (an **“Extraordinary Provision”**) as such term is used and defined in the General Order No. M-274 of the United States Bankruptcy Court for the Southern District of New York (the **“Court’s Guidelines”**), (ii) pay costs and expenses in connection with such purchase set forth in the immediately preceding clause (i), the DIP Loan Documents and the Cases, including but not limited to any and all fees to be paid upon the Effective Date (as defined in the DIP Credit Agreement) under the DIP Loan Documents and (iii) provide financing for working capital, letters of credit, capital expenditures and other general corporate purposes of the Debtors (subject to any limitations of borrowings under the DIP Loan Documents and this Order), subject, however, to the right of the statutory committee of unsecured creditors appointed in the Cases (the **“Creditors’ Committee”**) and the right, if any, of any other party-in-interest to challenge

such purchase of the Receivables Portfolio pursuant to the Reservation of Rights (as defined below);

(c) authority, pursuant to section 364(c)(2) of the Bankruptcy Code, to grant senior first priority Liens (as defined in the DIP Credit Agreement) to the Collateral Agent (for the ratable benefit of the Lenders and the other Secured DIP Creditors (as defined below)) upon all Unencumbered Property (as defined below) of the Debtors' estates (excluding the Excluded Property (as defined below) but including any proceeds of Avoidance Actions (as defined below) **which would constitute Extraordinary Provisions under the Court's Guidelines**), in each case subject to the Carve-Out (as defined below);

(d) authority, pursuant to section 364(c)(3) of the Bankruptcy Code, to grant junior Liens (as defined in the DIP Credit Agreement) to the Collateral Agent (for the ratable benefit of the Lenders and the other Secured DIP Creditors (as defined below)) upon all property of the Debtors' estates (excluding the Excluded Property (as defined below)) that is subject to valid, perfected and unavoidable liens in existence immediately prior to the Petition Date, including, without limitation, such liens, if any, securing the Prepetition Secured Indebtedness (as defined below) for the benefit of the respective agents and lenders (including their respective successors and assigns, collectively, the **"Prepetition Secured Lenders"**) under or in connection with, and as set forth in: (i) that certain Amended and Restated Credit Agreement, dated as of December 15, 2005 (as heretofore amended, supplemented or otherwise modified, the **"RBC Credit Agreement"**), among QWI, QWUSA, the Prepetition Secured Lenders party thereto (including their successors and assigns, the **"Prepetition RBC Facility Lenders"**) and Royal Bank of Canada, as administrative agent for the Prepetition RBC Facility Lenders party thereto (including any successor agent, the **"Prepetition Agent"**), and the Guaranty, dated as of October 26, 2007

(as heretofore amended, supplemented or otherwise modified, the **“RBC Subsidiary Guaranty”**), by certain subsidiaries of the US Borrower (the **“RBC Subsidiary Guarantors”** and together with the Soc Gen Subsidiary Guarantors (as defined below), the **“Prepetition Subsidiary Guarantors”**) for the benefit of the Prepetition Agent, (ii) that certain Credit Agreement, dated as of January 13, 2006 (as heretofore amended, supplemented or otherwise modified, the **“Soc Gen Credit Agreement”**), among QWI, as borrower, QWUSA, as guarantor, and Société Générale (Canada), as lender (**“Soc Gen”**), and the Guaranty dated as of October 26, 2007 (as heretofore amended, supplemented or otherwise modified, the **“Soc Gen Subsidiary Guaranty”**) by certain subsidiaries of the US Borrower (the **“Soc Gen Subsidiary Guarantors”**), for the benefit of Soc Gen and (iii) those certain security agreements, pledge agreements, hypothec, mortgages, deeds of trust and other collateral documents, each dated on or about October 26, 2007 (as heretofore amended, supplemented or otherwise modified, the **“Prepetition Security Agreements”**), by QWI and certain subsidiaries of QWI for the benefit of the respective Prepetition Secured Lenders and Computershare Trust Company of Canada, as collateral agent for the respective Prepetition Secured Lenders (the **“Prepetition Collateral Agent”**) granting security interests and liens in the personal and real property described in the Prepetition Security Agreements (as set forth in the Prepetition Security Agreements, collectively, the **“Prepetition Collateral”**) and securing a limited portion of (A) the applicable Debtors’ obligations to the respective Prepetition Secured Lenders under the RBC Subsidiary Guaranty and the Soc Gen Subsidiary Guaranty and (B) any other obligations and liabilities of the applicable Debtors to the respective Prepetition Secured Lenders secured in accordance with the provisions of the applicable Prepetition Security Agreements (clauses (A) and (B), collectively, the **“Prepetition Secured Indebtedness”**);

(e) authority, pursuant to section 364(c)(1) of the Bankruptcy Code, to grant the Superpriority Claim (as defined below) to the Administrative Agent (for the benefit of the Agents, the Lenders and the other Secured Parties (as defined in the DIP Credit Agreement) (collectively, the “**Secured DIP Creditors**”)) with priority over any and all administrative expenses, other than the Carve-Out;

(f) subject to the reservation of rights set forth in Paragraphs 21, 22 and 23 of this Order, as applicable (the “**Reservation of Rights**”), authority, pursuant to sections 361 and 363 of the Bankruptcy Code, to grant the Prepetition Secured Lenders in respect of the Prepetition Secured Indebtedness (and limited to the capped amount provided for, and as set forth in, the Prepetition Security Agreements) solely for any postpetition diminution in the value of the respective Prepetition Secured Lenders’ respective interests in the QW Memphis Inventory Collateral and other Prepetition Collateral, adequate protection in the forms of: (i) continuing fully-perfected senior security interests in and liens upon the QW Memphis Petition Date Inventory (as defined below) and all proceeds thereof, including, without limitation, all accounts receivable generated from the sale or other disposition of the QW Memphis Petition Date Inventory and all payments in respect of such accounts receivable, in each case to the same extent, validity and priority as the respective Prepetition Secured Lenders’ prepetition liens on the QW Memphis Petition Date Inventory; (ii) fully perfected post-petition security interests in and liens upon the QW Memphis Cash Collateral Account (as defined below) into which all proceeds of the QW Memphis Inventory Collateral have been and shall continue to be deposited, and all funds deposited therein from time to time, and (iii) to the extent clauses (i) and (ii) are insufficient, superpriority administrative expense claims against only those Debtors who granted

security interests to the respective Prepetition Secured Lenders in the amounts and on the terms described in detail below;

(g) permission to allow the Lenders to accelerate the maturity of all Borrowings (as defined in the DIP Credit Agreement) and terminate their Commitments (as defined in the DIP Credit Agreement) upon a Change of Control (as such term is defined in the DIP Credit Agreement), **which would constitute an Extraordinary Provision under the Court's Guidelines;**

(h) subject to the Reservation of Rights, authority to purchase, free and clear of all liens, encumbrances and other interests in property, all right, title and interest in and to certain accounts receivable and other related rights (the "**Receivables Portfolio**") sold, assigned and initially transferred to Quebecor World Finance Inc. ("**QWF**") pursuant to that (i) certain Receivables Purchase Agreement, dated as of September 24, 1999 (as amended, the "**US Receivables Purchase Agreement**"), and (ii) that certain Receivables Purchase Agreement dated October 24, 2007 (the "**Canadian Receivables Purchase Agreement**"), following which a variable undivided percentage interest in the Receivables Portfolio was, in turn, sold, assigned and transferred by QWF pursuant to the Amended and Restated Receivables Sale Agreement, dated as of December 22, 1999 (as amended, the "**Receivables Sale Agreement**" and together with the US Receivables Purchase Agreement and the Canadian Receivables Purchase Agreement and all related documents, the "**Existing Receivables Facility**"), among QWF, Quebecor Printing (USA) Holdings, Inc., as collection agent, Amsterdam Funding Corporation, as a conduit purchaser, and ABN AMRO Bank N.V., as agent for the Purchasers (as defined in the Receivables Sale Agreement) (the "**Existing Receivables Facility Agent**"); and

(i) the granting of all of the relief requested in the Motion on a final basis, including (i) permitting the Debtors to waive any right to surcharge Collateral (as defined below) pursuant to section 506(c) of the Bankruptcy Code, the waiver of **which would constitute an Extraordinary Provision under the Court's Guidelines**, and (ii) authority for the US Borrower to borrow, on a joint and several basis with QWI, under the DIP Credit Facility up to an aggregate principal amount of \$1,000,000,000 to (A) pay fees, costs and expenses in connection with the DIP Loan Documents and the Cases and (B) provide financing for working capital, letters of credit, capital expenditures and other general corporate purposes of the Debtors (in each case, subject to any limitations of borrowings under the DIP Loan Documents and this Order, and to the rights afforded the Creditors' Committee and any other party-in-interest in this Order).

The interim hearing (the "**Interim Hearing**") was held by this Court on January 23, 2008, at which the Court issued and entered the interim order (including any orders of the Court on the record during the Interim Hearing, the "**Interim Order**") (a) authorizing the US Borrower to borrow up to an aggregate principal or face amount of \$750,000,000, on a joint and several basis with QWI, under the DIP Credit Facility as provided for in the Interim Order and (b) scheduling the final hearing (the "**Final Hearing**") to consider entry of an order authorizing the US Borrower to borrow up to an aggregate principal or face amount of \$1,000,000,000, on a joint and several basis with QWI, under the DIP Credit Facility and certain other relief all as set forth in the Motion, the Interim Order, this Order and the DIP Loan Documents filed with the Court.

The Final Hearing having been held by this Court on March 6, 2008 at 3:00 p.m. prevailing Eastern time, continued on March 7, 2008 and extended until April 1, 2008; and due

and appropriate notice of the Motion, the relief requested therein and the Final Hearing having been served by the Debtors on each of the Initial Notice Parties, the sixty largest unsecured creditors of the Debtors, the applicable state and local taxing authorities, parties who have filed a request for service prior to the Final Hearing, other secured parties as shown on any UCC searches conducted prepetition, the indenture trustee for the Debtors' noteholders, counsel to the Administrative Agent, counsel to the Collateral Agent, counsel to the Prepetition Agent, the Office of the United States trustee, counsel to the Creditors' Committee, counsel to the Existing Receivables Facility Agent, counsel to Soc Gen, counsel to an ad hoc group of holders of notes issued by Debtors (the "**Ad Hoc Group of Noteholders**"), counsel to QWI, and counsel to the Monitor appointed in the Debtors' cases commenced under the CCAA; and

objections to the Motion having been filed by Flint Group North America Corporation ("**Flint Group**") (Docket No. 305), Abitibi Consolidated Sales Corp., Abitibi Consolidated US Funding Corp., Bowater America Inc. and Bowater Inc. (Docket No. 306), Corporate Property Associates 9, L.P. ("**Corporate Property**") (Docket No. 307), Packaging Corporation of America (Docket No. 308), Royal Bank of Canada (Docket No. 332), the Creditors' Committee (Docket No. 333), the Ad Hoc Group of Noteholders (Docket No. 335), and Société Générale (Canada) (Docket No. 334); and

upon the record made by the Debtors at the Interim Hearing and the Final Hearing and after due deliberation and consideration and sufficient cause appearing therefor;

IT IS FOUND, DETERMINED, ORDERED AND ADJUDGED, that:

1. *Jurisdiction.* This Court has jurisdiction, pursuant to 28 U.S.C. §§ 157(b) and 1334, over the Cases, and over the persons and property affected hereby. Consideration of the Motion constitutes a core proceeding as defined in 28 U.S.C. § 157(b)(2). The statutory

predicates for the relief sought herein are sections 105, 361, 362, 363, 364 and 507 of the Bankruptcy Code and Bankruptcy Rules 2002, 4001(b), (c) and (d) and 9014. Venue of the Cases in this Court is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

2. *Notice.* Under the circumstances, the notice given by the Debtors of the Motion, the Interim Hearing and the Final Hearing constitutes due and sufficient notice thereof and complies with Bankruptcy Rules 4001(b), (c) and (d).

3. *Findings Regarding the Financing.*

(a) An immediate need exists for the Debtors to obtain funds and financial accommodations with which to continue their operations, meet their payroll and other necessary, ordinary course business expenditures, acquire goods and services, and administer and preserve the value of their estates. The ability of the Debtors to finance their operations and successfully reorganize requires the availability of additional working capital, the absence of which would immediately and irreparably harm the Debtors, their estates and their creditors.

(b) The Debtors are unable to obtain unsecured credit allowable only as an administrative expense under section 503(b)(1) of the Bankruptcy Code.

(c) The Debtors also are unable to obtain secured credit allowable under sections 364(c)(1), 364(c)(2) and 364(c)(3) of the Bankruptcy Code except under the terms and conditions provided in the Interim Order, this Order and the DIP Loan Documents. The Debtors are unable to obtain credit for borrowed money under sections 364(c)(2) and 364(c)(3) without the Debtors' granting to the Agents (for the ratable benefit of the Secured DIP Creditors) (i) Liens on various of the assets of the Debtors pursuant to sections 364(c)(2) and 364(c)(3) of the Bankruptcy Code and (ii) superpriority administrative expense claim status pursuant to

section 364(c)(1) of the Bankruptcy Code, in each case as provided by the Interim Order, this Order and the DIP Loan Documents and subject to the Carve-Out.

(d) The ability of the Debtors to finance their operations and have available sufficient working capital through the incurrence of indebtedness for borrowed money and other financial accommodations is vital to the Debtors' ability to preserve and maintain their going concern value.

(e) The relief requested in the Motion is necessary, essential and appropriate for the continued operation of the Debtors' businesses and the preservation of their estates.

(f) It is in the best interest of Debtors' estates to establish the DIP Credit Facility contemplated by the DIP Credit Agreement and the other DIP Loan Documents.

(g) The terms and conditions of the DIP Credit Facility, as described in the Motion and as set forth at the hearing on the Motion, including those which provide for the payment to the Agents and the Lenders of interest and fees related to the DIP Credit Facility at the times and in the manner provided under the DIP Credit Facility, are fair, reasonable and the best available under the circumstances, reflect the Debtors' exercise of prudent business judgment consistent with their fiduciary duties and constitute reasonably equivalent value and fair consideration.

(h) The DIP Credit Agreement and the other DIP Loan Documents were negotiated in good faith and at arm's length between the Debtors, on the one hand, and the Agents, the Lenders and the other Secured DIP Creditors, on the other hand. Credit to be extended under the DIP Credit Facility, including without limitation (i) all loans made to, and all letters of credit issued for the account of the Debtors pursuant to the DIP Credit Agreement, (ii) any Obligations and all other Secured Obligations (each as defined in the DIP Credit Agreement), including any hedging obligations of the Debtors required or permitted under the DIP Credit Agreement and

any Debt (as defined in the DIP Credit Agreement) permitted by Sections 5.02(b)(iv) and 5.02(b)(vii) thereof, in each case owing to the Administrative Agent, any Lender, any of their respective banking affiliates or any of the other Secured DIP Creditors (all of the foregoing in clauses (i) and (ii) collectively, the “**DIP Obligations**”), shall be deemed to have been extended by the Agents, the Secured DIP Creditors and their affiliates in good faith, as that term is used in section 364(e) of the Bankruptcy Code and in express reliance upon the protections offered by section 364(e) of the Bankruptcy Code, and shall be entitled to the full protection of section 364(e) of the Bankruptcy Code in the event that this Order or any provision hereof is vacated, reversed or modified, on appeal or otherwise.

(i) Good and sufficient cause has been shown for the entry of this Order. The Debtors have requested entry of this Order pursuant to Bankruptcy Rules 4001(b)(2) and 4001(c)(2). Among other things, the entry of this Order: (i) will enable the Debtors to continue the operation of their business and avoid immediate and irreparable harm to the Debtors’ estates; (ii) will permit the Debtors to meet payroll and other operating expenses; (iii) will enable the Debtors to obtain needed supplies and to pay employees; and (iv) is in the best interests of the Debtors, their creditors and their estates. The financing arrangement authorized hereunder is vital to avoid immediate and irreparable harm to the Debtors’ estates. Consummation of such financing therefore is in the best interests of the Debtors’ estates.

4. *Authorization of the Financing and the DIP Loan Documents.*

(a) The Debtors are authorized to:

- (i) establish the DIP Credit Facility;
- (ii) execute and deliver to the Lenders each of the DIP Loan Documents to which any Debtor is a party;
- (iii) execute and deliver any Hedge Agreement (as defined in

the DIP Credit Agreement) required or permitted under the DIP Credit Agreement to which a Debtor is a party; and

(iv) with respect to the US Borrower, borrow up to an aggregate principal or face amount of \$1,000,000,000 inclusive of amounts authorized by the Interim Order of \$750,000,000 (plus interest, fees and other expenses provided for in the DIP Loan Documents), on a joint and several basis with QWI, under the DIP Credit Facility, and the Guarantors are authorized to guarantee such borrowings subject to the limitations of borrowings under the DIP Loan Documents and this Order, and otherwise in accordance with the terms of this Order and the DIP Loan Documents, which shall be used solely for purposes of (A) purchasing the Receivables Portfolio under the Existing Receivables Facility (which is an Extraordinary Provision under the Court's Guidelines), (B) paying costs and expenses in connection with such purchase and the Cases, including but not limited to the non-refundable payment of any and all fees to be paid under, and in accordance with the terms of, the DIP Loan Documents (including, but not limited to, the separate fee and side letters, each dated January 18, 2008, each among Credit Suisse Securities (USA) LLC, Credit Suisse, Cayman Islands Branch, Credit Suisse, Toronto Branch and Morgan Stanley Senior Funding, Inc. (the "**Arrangers**")), the US Borrower and QWI (together, the "**Fee Letters**") and the reasonable costs and expenses as may be due from time under the DIP Loan Documents, and (C) to provide financing for working capital, letters of credit, capital expenditures and other general corporate purposes of the Debtors (subject to any limitations of borrowings under the DIP Loan Documents and this Order).

(b) QWUSA is hereby authorized and empowered, without further approval of this Court to purchase all right, title and interest of the Existing Receivables Facility Agent and the Purchasers (as defined in the Receivables Sale Agreement) in and to the Receivables Portfolio sold, assigned and transferred by QWF pursuant to the Receivables Sale Agreement, *provided, however,* that such authorization is subject to the Reservation of Rights.

(c) The Debtors are hereby authorized and empowered, without further approval of this Court, to do and perform all acts and to make, execute and deliver all instruments and documents and any exhibits attached thereto (including, without limitation, the execution or recordation of security agreements, mortgages and financing statements) which may be required or necessary for the performance by the Debtors under the DIP Loan Documents and this Order, and the creation and perfection of the Liens described in and provided for by the DIP Loan Documents. In addition, the Debtors are authorized to incur overdrafts and related liabilities arising from treasury, depository and cash management services or in connection with any automated clearing house fund transfers provided to or for the benefit of the Debtors by any Lender or any of their respective affiliates, *provided, however,* that nothing herein shall require any Lender or any other party to incur overdrafts or to provide any such services or functions to the Debtors.

(d) The Debtors are further authorized and empowered, upon no less than (3) business days' (or such shorter period as counsel to the Prepetition Agent, Soc Gen, the Ad Hoc Group of Noteholders, the Creditors' Committee and the Debtors may agree) advance notice to be provided by the Debtors of all amendments (or the final material terms thereof) to counsel to the Prepetition Agent, Soc Gen, the Ad Hoc Group of Noteholders and the Creditors' Committee (except for any fees charged in connection with any such amendment, which may be disclosed

only to the Debtors and lead counsel and financial advisors to the Creditors' Committee), to execute and deliver one or more amendments to the DIP Credit Agreement. In addition, amendments to the DIP Credit Agreement that (i) shorten the maturity of the extension of credit thereunder, (ii) increase the commitments, the rate of interest payable, or letter of credit fees payable thereunder, or (iii) amend section 6.01 of the DIP Credit Agreement (or the related remedies) where such amendment would be more restrictive to the Debtors than what is set forth in such section 6.01 (or the related remedies) at the time of the entry of this Order, shall in each case require the prior written consent of counsel to the Prepetition Agent, Soc Gen, the Ad Hoc Group of Noteholders and the Creditors' Committee or, in the absence of such consent, approval by the Court.

(e) Upon execution and delivery of the DIP Loan Documents by the Debtors, the DIP Loan Documents shall constitute valid and binding obligations of the Debtors, enforceable against each Debtor party thereto in accordance with the terms of the DIP Loan Documents and this Order. No obligation, payment, transfer or grant of security under the DIP Documents or this Order shall be stayed, restrained, voidable or recoverable under the Bankruptcy Code or under any applicable law (including, without limitation, under section 502(d) of the Bankruptcy Code), or subject to any defense, reduction, setoff, recoupment or counterclaim.

#### 5. *Receivables Portfolio.*

(a) Without prejudice to the rights of any other party-in-interest, including the Reservation of Rights, certain of the Debtors sold, assigned and transferred to QWF all of their right, title and interest in their respective accounts receivable constituting, in part, the Receivables Portfolio, pursuant to the US Receivables Purchase Agreement, and the sellers under the Canadian Receivables Purchase Agreement sold, assigned and transferred to QWF all of their

right, title and interest in their respective accounts receivable constituting, in part, the Receivables Portfolio, pursuant to the Canadian Receivables Purchase Agreement. QWF, in turn, sold, assigned and transferred a variable, undivided percentage interest in the Receivables Portfolio pursuant to the Receivables Sale Agreement to the Purchasers (as defined in the Receivables Sale Agreement), with QWF retaining certain rights to collections received on account of the Receivables Portfolio in excess of the Existing Receivables Facility Agent's and Purchasers' interest therein (the "**Remainder Interest**"). As of the Petition Date, the Existing Receivables Facility Agent and the Purchasers agreed to sell all their right, title and interest in the Receivables Portfolio and certain related rights to QWUSA for approximately \$418,000,000 plus expenses, pursuant to the terms of a payoff and assignment agreement dated as of January 24, 2008 among QWF, QWUSA, QWI, the Existing Receivables Facility Agent and the Purchasers substantially in the form attached as Exhibit C to the Motion (the "**Purchase Agreement**") and QWF agreed to assign all its right, title and interest in the Remainder Interest and certain related rights to QWUSA pursuant to the Assignment Agreement dated as of January 24, 2008 between QWF and QWUSA (the "**Remainder Assignment Agreement**"). The sale of all right, title and interest of the Existing Receivables Facility Agent and the Purchasers in the Receivables Portfolio and certain related rights to QWUSA was to be effected by the assignment contained in the Purchase Agreement and the transfer of all right, title and interest of QWF in the Remainder Interest and certain related rights to QWUSA was to be effected by the assignment contained in the Remainder Assignment Agreement.

(b) Upon the entry of the Interim Order and the satisfaction of the conditions to lending under and the availability of the DIP Facility, QWUSA was directed to, and did, purchase all right, title and interest of the Existing Receivables Facility Agent and the Purchasers

in the Receivables Portfolio and certain related rights for a purchase price of approximately \$418,000,000 plus expenses pursuant to the terms of the Purchase Agreement, which sale was effected by the assignment contained in the Purchase Agreement, and QWF transferred all of its right, title and interest in the Remainder Interest to QWUSA in full satisfaction of certain revolving subordinated notes issued by QWF to QWUSA and certain other Debtors incident to the US Receivables Purchase Agreement (the “**Deferred Purchase Price Notes**”) and/or as a dividend to QWUSA as its sole equity holder, which transfer was effected by the Remainder Assignment Agreement.

(c) The Existing Receivables Facility Agent and the Purchasers shall have no further rights with respect to the Debtors, the Receivables Portfolio or any claims or liens relating thereto (all of which liens and claims shall be deemed automatically terminated without further action), whether such claims or liens arise under the Existing Receivables Facility or otherwise, and the Debtors and their estates shall have no further obligations to the Existing Receivables Facility Agent and the Purchasers in connection with the Receivables Portfolio, *provided, however*, that if, as a result of a successful challenge or claim, a final, non-appealable order is entered by the Court or other court of competent jurisdiction sustaining such challenge or claim, the Purchase Price (as defined in the Purchase Agreement), and all other payments made in connection with or under the Existing Receivables Facility or pursuant to this Order or the Interim Order, shall be subject to disgorgement, upon order of the Court; *provided, further* that any proceeds disgorged will be subject to prepayment pursuant to Section 2.06(b) of the DIP Credit Agreement. The Existing Receivables Facility Agent (1) authorizes the Debtors and the Agents to file Uniform Commercial Code termination statements and all other documents necessary to evidence the release or assignment of any liens on the Receivables Portfolio in favor

of the Existing Receivables Facility Agent and the Purchasers and (2) will take all such action and deliver all such other instruments and documents as may be reasonably requested by the Debtors or the Agents to effectuate or evidence the termination or assignment of all liens and claims of the Existing Receivables Facility Agent and the Purchasers on the Receivables Portfolio, in each case, at the sole cost and expense of the Debtors.

(d) The transfer of the Receivables Portfolio to QWUSA pursuant to the assignment contained in the Purchase Agreement, and the assignment of the Remainder Interest by QWF to QWUSA in satisfaction of the Deferred Purchase Price Notes and/or as a dividend pursuant to the Remainder Interest Assignment, shall constitute a legal, valid and effective transfer of all right, title and interest of the Existing Receivables Facility Agent and the Purchasers in the Receivables Portfolio and QWF in the Remainder Interest, respectively, and shall vest QWUSA with all right, title and interest in and to the Receivables Portfolio, including, without limitation, all right, title and interest of the Existing Receivables Facility Agent and the Purchasers in and to the Receivables Portfolio and QWF in the Remainder Interest; *provided, however*, that any such transfer or assignment shall be subject to the Reservation of Rights. Pursuant to sections 363(f) and 552(a) of the Bankruptcy Code such transfers shall be free and clear of all liens and encumbrances or any other interest in property of any entity including, without limitation, all liens and encumbrances or other interests in property of the Prepetition Secured Lenders.

6. *DIP Liens.* As security for the DIP Obligations, effective and perfected upon the date of the Interim Order and without the necessity of the execution, recordation of filings by the Debtors of mortgages, security agreements, control agreements, pledge agreements, financing statements or other similar documents, the following security interests and liens are hereby granted to the Collateral Agent for its own behalf and the benefit of the Secured

DIP Creditors (all property identified in clauses (a), (b), (c) and (d) below being collectively referred to as the “**Collateral**”), subject to the Prepetition Secured Lenders’ Adequate Protection Liens, which liens themselves are subject to the Reservation of Rights, and, only in the event of the occurrence and during the continuance of an Event of Default (as defined in the DIP Credit Agreement), to the payment of the Carve-Out (all such liens and security interests granted to the Collateral Agent, for its benefit and for the benefit of the Secured DIP Creditors, pursuant to this Order and the DIP Loan Documents, the “**DIP Liens**”):

(a) First Lien on Unencumbered Property. Pursuant to section 364(c)(2) of the Bankruptcy Code, a valid, binding, continuing, enforceable, fully-perfected first priority senior security interest in and lien upon all prepetition and post-petition property of the Debtors that is not Excluded Property (as defined below), whether existing on the Petition Date or thereafter acquired, to the extent such property is not subject to valid, perfected, non-avoidable and enforceable liens in existence as of the Petition Date or valid liens in existence as of the Petition Date that are perfected subsequent to such date to the extent permitted by section 546(b) of the Bankruptcy Code (collectively, “**Unencumbered Property**”), including without limitation, all cash and cash collateral of the Debtors and any investment of such cash and cash collateral, inventory, the Receivables Portfolio and any other accounts receivable, other rights to payment whether arising before or after the Petition Date, contracts, properties, plants, equipment, general intangibles, documents, instruments, interests in leaseholds, real properties, patents, copyrights, trademarks, trade names, other intellectual property, capital stock of subsidiaries, and the proceeds of all the foregoing. “**Excluded Property**” shall mean the Debtors’ claims and causes of action under sections 502(d), 544, 545, 547, 548, 549, 550 or 551 of the Bankruptcy Code (collectively, “**Avoidance Actions**”) but shall not include any proceeds of, or property and

interests, unencumbered or otherwise, recovered in respect of any of the foregoing claims and causes of action.

(b) Liens Junior to Prepetition Secured Lenders' Liens. Pursuant to section 364(c)(3) of the Bankruptcy Code, a valid, binding, continuing, enforceable, fully-perfected security interest in and lien upon all prepetition and post-petition property of the Debtors (not including Excluded Property), whether now existing or hereafter acquired, that is subject to the Prepetition Secured Lenders' Adequate Protection Liens and which is further subject to the Reservation of Rights and to valid, perfected non-avoidable and enforceable liens, if any, in existence as of the Petition Date securing the Prepetition Secured Indebtedness or to valid and unavoidable liens in existence immediately prior to the Petition Date that are perfected subsequent to the Petition Date as permitted by section 546(b) of the Bankruptcy Code, which security interests and liens in favor of the Collateral Agent and the Secured DIP Creditors are immediately junior to such valid, perfected and unavoidable liens, if any, in favor of the Prepetition Agent, Soc Gen, the Prepetition Collateral Agent and/or the Prepetition Secured Lenders, including without limitation, all cash and cash collateral of the Debtors and any investment of such cash and cash collateral, inventory, the Receivables Portfolio and any other accounts receivable, other rights to payment whether arising before or after the Petition Date, contracts, properties, plants, equipment, general intangibles, documents, instruments, interests in leaseholds, real properties, patents, copyrights, trademarks, trade names, other intellectual property, capital stock of subsidiaries, and the proceeds of all the foregoing.

(c) Liens Junior to Certain Other Liens. Pursuant to section 364(c)(3) of the Bankruptcy Code, valid, binding, continuing, enforceable, fully-perfected security interests in and liens upon all prepetition and post-petition property of the Debtors (other than Excluded

Property and the property described in clauses (a) and (b) of this Paragraph 6 and the liens described in clause (d) of this Paragraph 6, as to which liens and security interests in favor of the Collateral Agent and the Secured DIP Creditors will be as described in such clauses), whether now existing or hereafter acquired, that is subject to valid, perfected and unavoidable liens in existence immediately prior to the Petition Date, or to valid and unavoidable liens in existence immediately prior to the Petition Date that are perfected subsequent to the Petition Date as permitted by section 546(b) of the Bankruptcy Code, which security interests and liens in favor of the Collateral Agent and the Secured DIP Creditors are immediately junior to such valid, perfected and unavoidable liens, including without limitation, all cash and cash collateral of the Debtors and any investment of such cash and cash collateral, inventory, the Receivables Portfolio and any other accounts receivable, other rights to payment whether arising before or after the Petition Date, contracts, properties, plants, equipment, general intangibles, documents, instruments, interests in leaseholds, real properties, patents, copyrights, trademarks, trade names, other intellectual property, capital stock of subsidiaries, and the proceeds of all the foregoing.

(d) Liens Senior to Certain Other Liens. The DIP Liens shall not be subject or subordinate to (i) any lien or security interest that is avoided and preserved for the benefit of the Debtors and their estates under section 551 of the Bankruptcy Code or (ii) any liens arising after the Petition Date except, subject to the Reservation of Rights, the Prepetition Secured Lenders' Adequate Protection Liens and any other liens provided by this Order or permitted under the DIP Credit Agreement that are expressly senior to the DIP Liens.

7. *Superpriority Claim.* In addition to the DIP Liens granted herein, all of the DIP Obligations shall be an allowed administrative expense claim with priority, subject only to the Carve-Out to the extent specifically provided for herein, under section 364(c)(1) of the

Bankruptcy Code and otherwise, over all administrative expense claims, unsecured claims and all other claims against the Debtors, now existing or hereafter arising, of any kind or nature whatsoever, including, without limitation, administrative expenses or other claims of the kinds specified in or ordered pursuant to sections 105, 326, 328, 330, 331, 503(a), 503(b), 506(c), 507(a), 507(b), 546(c), 726, 1113 and 1114 of the Bankruptcy Code (the “**Superpriority Claim**”), whether or not such expenses or claims may become secured by a judgment lien or other non-consensual lien, levy or attachment, which allowed claims shall be payable from and have recourse to all prepetition and post-petition property of the Debtors and all proceeds thereof (including proceeds of Avoidance Actions).

8. All amounts applied to the payment of the DIP Obligations shall be applied thereto in the manner set forth in the DIP Loan Documents.

9. The Debtors hereby are authorized and directed to (i) promptly make payment to the Agents and the Arrangers for the costs and expenses provided for in section 10.05(a) of the DIP Credit Agreement, (ii) pay to the Agents and the Arrangers all amounts due under the Fee Letters (on a non-refundable basis) and (iii) pay all reasonable costs, fees and out of pocket expenses of the Agents and the Arrangers, including reasonable costs, fees and expenses incurred in connection with the negotiation, documentation and administration of the DIP Credit Facility and the matters set forth in this Order and all other matters arising in or in connection with the Cases, and all attorneys’ fees and expenses and financial advisors’ fees and expenses incurred by the Agents and the Arrangers in connection therewith. None of such costs and expenses shall be subject to the approval of the Court, and no recipient of any such payment shall be required to file with respect thereto any interim or final fee application with this Court, *provided, however*, that QWUSA shall provide to the Creditors’ Committee within fifteen (15)

days of receipt thereof from the relevant professional copies of monthly invoices of such professional (which monthly invoices of the Agents' primary counsel submitted after the date of this Order shall include a list of attorneys and paraprofessionals who worked on the matter, their respective hourly rates, the number of hours that each such professional or paraprofessional worked on the matter during the applicable time period, and a general narrative summary of the services rendered collectively by such professionals and paraprofessionals). The Bankruptcy Court shall retain jurisdiction to resolve disputes about the reasonableness of fees paid pursuant to section 10.05(a) of the DIP Credit Agreement.

10. Each officer of a Debtor as may be so authorized by the Board of Directors or Board of Managers, as the case may be, of such Debtor, acting singly, is hereby authorized to execute and deliver each of the DIP Loan Documents, such execution and delivery to be conclusive of their respective authority to act in the name of and on behalf of the Debtors.

11. The DIP Credit Agreement and each of the DIP Loan Documents, respectively, shall constitute and evidence the valid and binding obligations of each of the Debtors, which obligations shall be enforceable against each of the Debtors in accordance with their terms and the terms of this Order.

12. Interest on the DIP Obligations under the DIP Credit Facility shall accrue at the rates (including applicable default rates) and shall be paid at the times as provided in the DIP Loan Documents. All DIP Obligations under the DIP Credit Facility shall become due and payable, without notice or demand, on the Termination Date (as defined in the DIP Credit Agreement) in accordance with the terms of the DIP Credit Agreement.

13. Without limiting the foregoing, except for the Carve-Out, no costs or expenses of administration, including, without limitation, professional fees allowed and payable

under sections 330 and 331 of the Bankruptcy Code that have been or may be incurred in these Cases, and no priority claims to the Collateral (except as provided in Paragraphs 6(b) and (c) and subject to the Reservation of Rights) are, or will be, prior to or on a parity with the DIP Obligations or the Superpriority Claim.

14. *Lien & Collateral Protections.*

(a) The automatic stay imposed under section 362(a)(4) of the Bankruptcy Code is hereby lifted, as necessary, to permit (i) the Debtors to grant the DIP Liens and to perform the Debtors' liabilities and obligations to the Agents and the other Secured DIP Creditors under the DIP Credit Facility, and (ii) the delivery by the Administrative Agent of an Enforcement Notice (as defined below) and the exercise of remedies by the Agents following an Event of Default in accordance with Paragraph 15 below.

(b) Except as otherwise agreed in writing between the Debtors and the Administrative Agent, the Debtors shall use Advances (as defined in the DIP Credit Agreement), or proceeds of any Collateral only as provided in the DIP Loan Documents and this Order, including, without limitation, to purchase the accounts receivable that were previously sold pursuant to the Existing Receivables Facility and constitute the Receivables Portfolio. For purposes of this Order, "proceeds" of any Collateral shall mean proceeds (as defined in the Uniform Commercial Code) of such Collateral as well as (i) any and all proceeds of any insurance, indemnity, warranty or guaranty payable to the Debtors from time to time with respect to any of such Collateral, (ii) any and all payments (in any form whatsoever) made or due and payable to the Debtors in connection with any requisition, confiscation, condemnation, seizure or forfeiture of all or any part of such Collateral by any governmental body, authority, bureau or agency (or any person under color of governmental authority) and (iii) any other payments, dividends, interest, transfer (whether

resulting from avoidance or otherwise) or other distributions on or in respect of any of such Collateral. Notwithstanding anything in this Order, the DIP Credit Agreement or any other DIP Loan Document to the contrary, no proceeds of any sale, lease, transfer or other disposition of any Prepetition Collateral on which any Prepetition Secured Lender holds valid, perfected and unavoidable security interests, if any, pursuant to this Order or any Prepetition Security Agreement shall be remitted to any Secured DIP Creditor for application to the DIP Obligations or otherwise unless and until the Prepetition Secured Indebtedness secured by such security interest of such Prepetition Secured Lender has either been paid in full or cash collateralized in full with cash from such proceeds.

(c) The Debtors shall not be permitted to make any payments on any prepetition debt or obligation prior to the effective date of a plan of reorganization, except (i) with respect to the prepetition obligations as set forth in this Order, (ii) upon further order of the Court (with the rights of the Secured DIP Creditors, the Creditors' Committee, the Ad Hoc Group of Noteholders, the Prepetition Secured Lenders and Soc Gen to seek or oppose entry of such further order fully reserved), from the proceeds of the QW Memphis Inventory Collateral or other Prepetition Collateral in respect of a lien or security interest senior to the DIP Liens, if any, (iii) as otherwise provided in the First Day Orders (as defined in the DIP Credit Agreement) or any other Order entered by the Court in the Cases, (iv) as otherwise provided in the DIP Credit Agreement, or (v) the payment of fees and expenses of counsel and advisors to the Ad Hoc Group of Noteholders and to the Prepetition Agent by QWI.

15. *Protection of Lenders' Rights.*

(a) So long as there are any borrowings or letters of credit or other amounts (other than contingent indemnity obligations as to which no claim has been asserted when all other

amounts have been paid and no letters of credit are outstanding) outstanding, the Lenders have any Commitment (as defined in the DIP Credit Agreement) under the DIP Credit Agreement or any other DIP Obligations (other than the above-referenced contingent indemnity obligations) are outstanding, the Prepetition Agent, Soc Gen, the Prepetition Collateral Agent and the Prepetition Secured Lenders shall, during the pendency of these Cases, (i) not take any action to foreclose upon or enforce in connection with the liens granted thereto pursuant to the Prepetition Security Agreements, other agreements, or operation of law or this Order, or otherwise exercise default remedies against any Collateral, except to the extent authorized by an order of this Court and (ii) not file any further financing statements (except for continuation statements), trademark filings, copyright filings, mortgages, notices of lien or similar instruments, or otherwise take any action to perfect their security interests in the Collateral as to which it lacked a perfected, non-avoidable and enforceable security interest as of the Petition Date, except to the extent permitted by section 546 of the Bankruptcy Code, in each case without limiting the rights of the Secured DIP Creditors under the DIP Credit Agreement and the other DIP Loan Documents. Nothing herein shall be read to permit the Prepetition Agent, Soc Gen, the Prepetition Collateral Agent or the Prepetition Secured Lenders to take any action in violation of, or restrict the exercise of any rights that they may have under, the Bankruptcy Code or other applicable law. Nothing herein constitutes an admission or a finding with respect to the prepetition Liens of the Prepetition Agent, Soc Gen, the Prepetition Collateral Agent or the Prepetition Secured Lenders.

(b) Upon the occurrence of an Event of Default and at any time thereafter during the continuance thereof, the automatic stay provisions of section 362 of the Bankruptcy Code are vacated and modified to the extent necessary to permit the Agents and the other Secured DIP Creditors to exercise, (i) immediately upon such occurrence, all rights and remedies under the

DIP Loan Documents other than those rights and remedies against the Collateral as provided in clause (ii) below, and (ii) with five (5) business days' prior written notice (an "**Enforcement Notice**") of any such occurrence, in each case given to the US Borrower, the Debtors' counsel, counsel to the Creditors' Committee, counsel for the Prepetition Agent, counsel to the Ad Hoc Group of Noteholders, counsel for Soc Gen and the United States Trustee for the Southern District of New York, all rights and remedies against the Collateral provided for in the DIP Loan Documents (including, without limitation, the right to setoff monies of the Debtors in accounts maintained with the Agents or any Secured DIP Creditors). Such Enforcement Notice shall also be filed with the Court. In any hearing after the giving of the Enforcement Notice, the only issues that may be raised by any party in opposition to the giving of the Enforcement Notice shall be whether, in fact, an Event of Default has occurred and is continuing; *provided, further*, that, subject to the foregoing provisions of this subparagraph (b), the Debtors hereby waive their rights to seek relief including, without limitation, under section 105 of the Bankruptcy Code, to the extent such relief would in any way impair or restrict the rights and remedies of the Agents and the other Secured DIP Creditors set forth in this Order or the DIP Loan Documents. In no event shall the Agents or the other Secured DIP Creditors be subject to the equitable doctrine of "marshaling" or any similar doctrine with respect to the Collateral.

16. The term "**Carve-Out**" means (i) unpaid fees and expenses of professionals retained by the Debtors or any Creditors' Committee that are (A) incurred prior to the occurrence of an Event of Default and (B) allowed by the Bankruptcy Court at any time under Sections 105(a), 330 and 331 of the Bankruptcy Code or otherwise, (ii) unpaid fees and expenses of professionals retained by the Debtors or any Committee up to an amount not to exceed \$20,000,000 that (A) are incurred following the occurrence of an Event of Default and (B)

allowed by the Bankruptcy Court at any time under Sections 105(a), 330 and 331 of the Bankruptcy Code or otherwise, (iii) in the event of a conversion of the Cases, the reasonable fees and expenses of a chapter 7 trustee under section 726(b) of the Bankruptcy Code in an amount not exceeding \$250,000, and (iv) fees required to be paid to the clerk of the Bankruptcy Court and to the office of the United States Trustee under 28 U.S.C. §1930(a); *provided, however*, that each Debtor shall be permitted to pay compensation and reimbursement of expenses allowed and payable under Sections 105(a), 330 and 331 of the Bankruptcy Code, such dollar limitation of \$20,000,000 on fees and disbursements shall not be reduced by the amount of any compensation and reimbursement of expenses paid or incurred (to the extent ultimately allowed by the Bankruptcy Court) prior to the occurrence of an Event of Default in respect of which the Carve-Out is invoked or any fees, expenses, indemnities or other amounts paid to the Agents or the other Secured DIP Creditors and their respective attorneys and agents under this Agreement or otherwise; and *provided, further*, that (x) nothing herein shall be construed to impair the ability of any party-in-interest to object to any of the fees, expenses, reimbursement or compensation described in clauses (i) and (ii) above and (y) following the Termination Date, cash or other amounts on deposit in the L/C Cash Collateral Account (as defined in the DIP Credit Agreement), shall not be subject to the Carve-Out. Subject to the preceding sentence, the Debtors shall be permitted to pay compensation and reimbursement of fees and expenses allowed and payable under 11 U.S.C. §§ 105(a), 330 and 331, as the same may be due and payable, subject to the rights of any party to object to any of the fees, expenses, reimbursement or compensation described in clauses (i) and (ii) above.

17. Except to the extent of the Carve-Out, no expenses of administration of the Cases or any future proceeding that may result therefrom, shall be charged against or recovered from

the Collateral pursuant to section 506(c) of the Bankruptcy Code or any similar principle of law, without the prior written consent of the Administrative Agent.

18. Without limiting the provisions and protections of Paragraph 17 above, if at any time prior to (i) the indefeasible repayment in full in cash of all DIP Obligations, and (ii) the termination of the Commitments, any Debtor or any trustee subsequently appointed shall obtain credit or incur debt pursuant to section 364(b), 364(c) or 364(d) of the Bankruptcy Code, then, except as permitted or contemplated by the DIP Credit Agreement, all of the proceeds of such credit or debt shall immediately be applied to the indefeasible payment in full in cash of the DIP Obligations (including cash collateralization of outstanding letters of credit issued under the DIP Credit Agreement) in accordance with the DIP Loan Documents and this Order.

19. *Perfection of DIP Liens.*

(a) This Order shall be sufficient and conclusive evidence of the validity, perfection, and priority of (i) the DIP Liens (for the ratable benefit of the Secured DIP Creditors) upon the Collateral to secure all DIP Obligations, (ii) subject to the Reservation of Rights, the Prepetition Secured Lenders' Adequate Protections (as defined below) and (iii) the Adequately Protected Debtor Intercompany Liens, in each case without the necessity of filing or recording any financing statement, mortgage or other instrument or document that may otherwise be required under the law of any jurisdiction or the taking of any other action to validate or perfect such Liens or to entitle such Liens to the priority granted herein (including, in respect of cash, any requirement that the applicable Lien holder(s) have possession of or dominion and control over, any such cash in order to perfect an interest therein); *provided* that, upon the request of the Collateral Agent in accordance with the terms of this Order, the Debtors may execute and the Collateral Agent may file or record financing statements or other instruments to evidence and to

perfect the Liens authorized hereby; and *provided further* that no such filing or recordation shall be necessary or required in order to create or perfect any such Lien.

(b) In the discretion of the Collateral Agent, a certified copy of this Order may be filed with or recorded in, in addition to or in lieu of a mortgage, financing statement or similar perfection document, any recording officer designated to file financing statements or with any registry of deeds or similar office in any jurisdiction in which the Debtors have real or personal property.

(c) Any provision of any lease or other license, contract or other agreement that requires (i) the consent or approval of one or more lessors or other parties or (ii) the payment of any fees or obligations to any governmental entity, in order for any Debtor to pledge, grant, sell, assign or otherwise transfer any such leasehold interest, or the proceeds thereof, or other post-petition collateral related thereto, is hereby deemed to be inconsistent with the applicable provisions of the Bankruptcy Code. Any such provision shall have no force and effect with respect to the transactions granting post-petition liens, in such leasehold interest or the proceeds of any assignment and/or sale thereof by any Debtor, in favor of the Secured DIP Creditors in accordance with the terms of the DIP Credit Agreement or this Order.

20. *Adequate Protection for Prepetition Secured Lenders.* Subject to the Reservation of Rights, the respective Prepetition Secured Lenders are hereby provided the following forms of adequate protection, solely for any diminution in the value of such Prepetition Secured Lenders' respective interests in the Prepetition Collateral arising from any of (i) the sale, lease or use by the Debtors of such Prepetition Collateral or (ii) the imposition of the automatic stay under section 362 of the Bankruptcy Code (clauses (i) and (ii), collectively, the "**Diminution in Value**"):

(a) Retention of Liens on QW Memphis Inventory Collateral. The Prepetition Secured Lenders shall retain their respective prepetition security interests in and liens upon (the “**QW Memphis Petition Date Inventory Liens**”) (a) the inventory of QW Memphis that existed as of the Petition Date (the “**QW Memphis Petition Date Inventory**”), and (b) all proceeds of the QW Memphis Petition Date Inventory, including, without limitation, all accounts receivable generated from the sale or other disposition of the QW Memphis Petition Date Inventory and all payments in respect of such accounts receivable (together with the QW Memphis Petition Date Inventory, the “**QW Memphis Inventory Collateral**”), which QW Memphis Petition Date Inventory Liens shall have the same validity and priority as, and shall be subject to avoidance to the same extent as, the respective Prepetition Secured Lenders’ prepetition liens on the QW Memphis Petition Date Inventory.

(b) Post-Petition Liens on QW Memphis Cash Collateral Account. In accordance with the Interim Order, QWUSA has previously established an interest-bearing cash collateral account with a depository bank reasonably acceptable to the Prepetition Agent and Soc Gen (the “**QW Memphis Cash Collateral Account**”). The Debtors shall deposit into the QW Memphis Cash Collateral Account any and all proceeds of QW Memphis Inventory Collateral (which, for purposes of depositing such proceeds into the QW Memphis Cash Collateral Account in accordance with this Order shall equal the cost of such QW Memphis Petition Date Inventory Collateral; *provided* that the rights of the Creditors’ Committee or any other party-in-interest, including the Ad Hoc Group of Noteholders, whose rights are expressly reserved, to challenge the value of the QW Memphis Inventory Collateral shall be fully preserved) promptly upon the receipt thereof and at all times thereafter maintain all such funds in the QW Memphis Cash Collateral Account pending further order of this Court. With respect to the QW Memphis Cash

Collateral Account, the following security interests and liens on the QW Memphis Cash Collateral Account and all funds deposited therein from time to time are hereby granted: (a) to the respective Prepetition Secured Lenders, valid, binding, continuing, enforceable, fully-perfected first priority senior security interests in and liens upon the QW Memphis Cash Collateral Account and all funds deposited therein, securing any Prepetition Secured Indebtedness that is secured by valid, perfected, non-avoidable and enforceable prepetition liens on the QW Memphis Petition Date Inventory as of the Petition Date (the “**Prepetition Secured Lenders QW Memphis Cash Collateral Account Liens**,” and together with the QW Memphis Petition Date Inventory Liens, the “**Prepetition Secured Lenders’ Adequate Protection Liens**”); provided, that (x) the Prepetition Secured Lenders’ Adequate Protection Liens shall be included in the aggregate cap on the Prepetition Secured Indebtedness set forth in the Prepetition Security Agreements and (y) subject to the limitations of clause (x) above, the Prepetition Secured Lenders’ Adequate Protection Liens cannot be enforced in an aggregate amount exceeding the value of the QW Memphis Petition Date Inventory plus the interest accrued on funds deposited into the QW Memphis Cash Collateral Account resulting solely from such deposit into such account, and (b) to the Collateral Agent for its own benefit and the benefit of the Secured DIP Creditors, as security for the DIP Obligations, a valid, binding, continuing, enforceable, fully perfected security interest in and lien upon the QW Memphis Cash Collateral Account and the funds deposited therein (the “**Junior DIP QW Memphis Cash Collateral Account Lien**”), which security interest and lien shall be immediately junior to the Prepetition Secured Lenders’ Adequate Protection Liens. As of March 7, 2008, the Debtors acknowledge and agree that not less than \$20,000,000 of cash proceeds have been deposited into the QW Memphis Cash Collateral Account.

(c) Automatic Perfection of Prepetition Secured Lenders Adequate Protection

Liens; Priority Thereof. The Prepetition Secured Lenders shall not be required to file financing statements, mortgages, deeds of trust, security deeds, notices of lien, or similar instruments in any jurisdiction or effect any other action to attach or perfect the Prepetition Secured Lenders' Adequate Protection Liens. The Prepetition Secured Lenders' Adequate Protection Liens on the QW Memphis Inventory Collateral, the QW Memphis Cash Collateral Account and all funds deposited therein shall be senior to the DIP Liens, the Junior DIP QW Memphis Cash Collateral Account Lien, the Carve-Out, and shall be subject and subordinate only to any other prepetition lien or security interest in respect of the QW Memphis Inventory Collateral, if any, that was senior to the Prepetition Secured Lenders' lien or security interest in the QW Memphis Inventory Collateral immediately prior to the Petition Date.

(d) Section 507(b) Claims. Subject to the Reservation of Rights, in the event that the respective Prepetition Secured Lenders' Adequate Protection Liens are insufficient to cover any Diminution in Value of such Prepetition Secured Lenders' respective interests in the Prepetition Collateral, the respective Prepetition Secured Lenders are hereby granted administrative claims pursuant to section 507(b) of the Bankruptcy Code (collectively, the **"Prepetition Secured Lenders Administrative Claims"**) against the estate of any Debtor which owns Prepetition Collateral in an amount equal solely to any deficiency. The Prepetition Secured Lenders Administrative Claims shall have priority over all administrative expense claims, unsecured claims and all other claims against the Debtors who own Prepetition Collateral, now existing or hereafter arising, of any kind or nature whatsoever, including, without limitation, the Adequately Protected Debtor Reimbursement Claims and all administrative expenses or other claims of the kinds specified in or ordered pursuant to sections 105, 326, 328,

330, 331, 503(a), 503(b), 506(c), 507(a), 507(b), 546(c), 726, 1113 and 1114 of the Bankruptcy Code; *provided, however*, that the Prepetition Secured Lenders Administrative Claims shall be junior and subordinate to the Superpriority Claim, the DIP Liens, the Carve-Out and the Adequately Protected Debtor Reimbursement Claim.

(e) Access to Information. The Debtors shall provide each of the Prepetition Agent, Soc Gen, the Creditors' Committee and the Ad Hoc Group of Noteholders with copies of all reports, budgets, information and other materials delivered to the Agents and/or the Lenders and such other reports, information and materials as are reasonably requested from time to time by any of Prepetition Agent, Soc Gen, the Creditors' Committee and the Ad Hoc Group of Noteholders. Without limiting the foregoing, the Debtors shall also provide to the Prepetition Agent, Soc Gen, the Creditors' Committee and the Ad Hoc Group of Noteholders (i) copies of bank statements or other documents reflecting deposits into and the balance of the QW Memphis Cash Collateral Account and any other information reasonably requested from time to time by the Prepetition Agent or Soc Gen with respect to such QW Memphis Cash Collateral Account, (ii) reports and other documents reflecting the cost of the QW Memphis Petition Date Inventory as of the Petition Date, and (iii) an accounting on a weekly basis of all collections of Accounts of QW Memphis in respect of the QW Memphis Inventory Collateral and any other information reasonably requested by the Prepetition Agent, Soc Gen, the Creditors' Committee and the Ad Hoc Group of Noteholders with respect to such accounts and collections thereof. In addition, the Debtors shall cooperate with and permit representatives of the Prepetition Agent, Soc Gen, the Creditors' Committee and the Ad Hoc Group of Noteholders to have reasonable access to their premises and non-privileged records during normal business hours (without unreasonable interference with the proper operation of the Debtors' businesses).

(f) Prepetition Secured Lenders Treated Separately for Purposes of this Order.

Notwithstanding anything in this Order to the contrary, (i) all liens, claims and other protections granted to, or preserved for the benefit of, the respective Prepetition Secured Lenders (or the Prepetition Collateral Agent(s) holding the applicable liens for the benefit of such Prepetition Secured Lenders) pursuant to this Order (including, without limitation, the Prepetition Secured Lenders' Adequate Protections), and (ii) the extent, enforceability, validity, perfection, priority, non-avoidability and all other legal effect of any such liens, claims and other protections, shall in all cases be determined separately for each Prepetition Secured Lender (or the Prepetition Collateral Agent(s) holding the applicable liens for the benefit of such Prepetition Secured Lenders) and each Debtor without regard to the extent, enforceability, validity, perfection, priority, non-avoidability or any other legal effect of the liens, claims and other protections afforded any other Prepetition Secured Lender pursuant to this Order.

21. *Reservation of Rights with Regard to the Prepetition Secured Lenders' Adequate Protections.* Notwithstanding anything to the contrary provided in this Order, the Creditors' Committee shall have the right to (without prejudice to any other party-in-interest's right, including the Ad Hoc Group of Noteholders, which rights, if any, are expressly reserved hereunder, to seek to do so): (a) examine and challenge the validity, extent, priority, avoidability, or enforceability of any of the Prepetition Secured Indebtedness owing to the respective Prepetition Secured Lenders by any Debtor or the prepetition liens on and security interests in the Prepetition Collateral granted to the respective Prepetition Secured Lenders by any Debtor, (b) otherwise assert or prosecute any action for preferences, fraudulent conveyances, other avoidance power claims or any other claims, counterclaims or causes of action, objections, contests or defenses against the Prepetition Agent, Soc Gen, the Prepetition Collateral Agent or

the Prepetition Secured Lenders, in each case to the extent such Prepetition Claims and Defenses are asserted or prosecuted on behalf of the estate of any Debtor (the “**Prepetition Claims and Defenses**”) or (c) seek any remedies with respect thereto, including but not limited to, the disgorgement of payments made by any Debtor to or for the benefit of the respective holders of the Prepetition Secured Indebtedness to the extent such payments were made on account of unsecured prepetition indebtedness owing by any Debtor, and the Court shall retain the power to unwind any of the Prepetition Secured Lenders’ Adequate Protections provided hereunder to the extent necessary to grant full relief with respect to any of the Prepetition Claims and Defenses hereunder. The Creditors’ Committee shall be deemed to have standing to file such objection or complaint with respect to any matter referenced in the immediately preceding sentence; provided that nothing in this sentence shall be construed as a waiver of any right of any party-in-interest, including the Ad Hoc Group of Noteholders, to seek to prosecute such cause of action, which rights are expressly preserved hereunder. Notwithstanding any provision contained in the prepetition credit documents, the Interim Order, or otherwise, to the extent that the liens upon and security interests in any of the assets and property of any Debtor and its estates granted to the respective Prepetition Secured Lenders on account of the Prepetition Secured Indebtedness are invalidated, subordinated, impaired or successfully challenged in any way, in each case pursuant to a final and non-appealable order of this Court or other court of competent jurisdiction, the Prepetition Secured Lenders’ respective Prepetition Secured Lenders’ Adequate Protections with respect to such Debtor shall be deemed invalidated, subordinated, impaired or otherwise successfully challenged in the same manner, and to the same extent, as provided in such final, non-appealable order with respect to the respective Prepetition Secured Lenders’ prepetition liens on the Prepetition Collateral. If the Prepetition Agent, Soc Gen or the Prepetition Secured

Lenders are required to disgorge any payments, the Prepetition Agent, Soc Gen or the Prepetition Secured Lenders, as applicable, shall retain their right to assert that they have allowed unsecured claims against the Debtors to the extent of such disgorgement. Subject to and without any limitation on the rights of the Secured DIP Creditors, nothing herein (i) authorizes the respective Prepetition Secured Lenders to be paid any proceeds of any Collateral or Prepetition Collateral from the Debtors or their estates without further order of the Court, (ii) prohibits the respective Prepetition Secured Lenders from seeking any such further order of the Court or (iii) prejudices any party in interest's rights to object to the entry of any such further order of the Court.

22. *Preservation of Rights Granted Under the Order.*

(a) Except for (i) the Carve-Out, (ii) any, valid, perfected and unavoidable liens in existence immediately prior to the Petition Date, (iii) any liens otherwise permitted under the DIP Credit Agreement to have a priority senior or *pari passu* with the DIP Liens and (iv) subject to the Reservation of Rights, the Prepetition Secured Lenders' Adequate Protection Liens, (A) no claim or lien having a priority senior to or *pari passu* with those granted by this Order to the Agents or the Secured DIP Creditors, respectively, shall be granted or allowed while any portion of the DIP Credit Facility (or any refinancing thereof) or the Commitments thereunder or the DIP Obligations remain outstanding, and (B) the DIP Liens shall not be (i) subject or junior to any lien or security interest that is avoided and preserved for the benefit of the Debtors' estates under section 551 of the Bankruptcy Code or (ii) subordinated to or made *pari passu* with any other lien or security interest, whether under section 364(d) of the Bankruptcy Code or otherwise, except as expressly permitted under the DIP Credit Agreement.

(b) Unless all DIP Obligations shall have been paid in full (and, with respect to outstanding letters of credit issued pursuant to the DIP Credit Agreement, cash collateralized in

accordance with the provisions of the DIP Credit Agreement), the Debtors agree not to seek, and it shall be deemed to be an Event of Default, if any of the Debtors seek, or if there is entered, (i) any modifications or extensions of this Order without the prior written consent of the Administrative Agent, and no such consent shall be implied by any other action, inaction or acquiescence by the Administrative Agent, (ii) an order converting any of the Cases to a case under chapter 7 of the Bankruptcy Code or (iii) an order dismissing any of the Cases. If an order dismissing any of the Cases under section 1112 of the Bankruptcy Code or otherwise is at any time entered, such order shall provide (in accordance with sections 105 and 349 of the Bankruptcy Code), to the fullest extent permitted by law, that (i) the DIP Liens, the other security interests, and the Superpriority Claim granted to the Agents pursuant to this Order shall continue in full force and effect and shall maintain their priorities as provided in this Order until all DIP Obligations shall have been paid and satisfied in full (and that such DIP Liens, other security interests and Superpriority Claim shall, notwithstanding such dismissal, remain binding on all parties in interest), (ii) (A) subject to the Reservation of Rights, the Prepetition Secured Lenders' Adequate Protection Liens and Prepetition Secured Lenders Administrative Claims (collectively, the "**Prepetition Secured Lenders' Adequate Protections**"), and (B) the Adequately Protected Debtor Reimbursement Claims and Adequately Protected Debtor Intercompany Liens (collectively, the "**Debtor Intercompany Protections**") granted pursuant to this Order shall continue in full force and effect and shall maintain their priorities as provided in this Order until such Prepetition Secured Lenders' Adequate Protections, if any, and Debtor Intercompany Protections are satisfied in full (and that such Prepetition Secured Lenders' Adequate Protections, if any, and Debtor Intercompany Protections each shall, notwithstanding such dismissal, remain binding on all parties in interest); and (iii) this Court shall retain

jurisdiction, notwithstanding such dismissal, for the purposes of enforcing the claims, liens and security interests referred to in clauses (i) and (ii) above.

(c) If any or all of the provisions of this Order are hereafter reversed, modified, vacated or stayed, such reversal, stay, modification or vacation shall not affect (i) the validity of any DIP Obligations incurred prior to the actual receipt of written notice by the Administrative Agent, as applicable, on the effective date of such reversal, stay, modification or vacation or (ii) the extent, validity, enforceability or priority of any lien or claim authorized or created by any of the Interim Order, this Order, or pursuant to the DIP Credit Agreement with respect to any DIP Obligations. Notwithstanding any such reversal, stay, modification or vacation, any DIP Obligations incurred by the Debtors to the Agents or the Secured DIP Creditors prior to the actual receipt of written notice by the Administrative Agent of the effective date of such reversal, stay, modification or vacation shall be governed in all respects by the original provisions of this Order, and the Agents and the Secured DIP Creditors shall be entitled to all the rights, remedies, privileges and benefits granted in section 364(e) of the Bankruptcy Code, this Order and pursuant to the DIP Loan Documents with respect to all uses of DIP Obligations.

(d) Except as expressly provided in this Order or in the DIP Loan Documents, (i) the DIP Liens, the Superpriority Claim and all other rights and remedies of the Agents and the Secured DIP Creditors granted by the provisions of this Order and the DIP Loan Documents, (ii) subject to the Reservation of Rights, the Prepetition Secured Lender Adequate Protections and (iii) the Debtor Intercompany Protections, shall each survive, and shall not be modified, impaired or discharged by (i) the entry of an order converting any of the Cases to a case under chapter 7, dismissing any of the Cases, terminating the joint administration of these Cases or by any other act or omission, or (ii) the entry of an order confirming a plan of reorganization in any of the

Cases and, pursuant to section 1141(d)(4) of the Bankruptcy Code, the Debtors have waived any discharge as to any remaining DIP Obligations and such waiver is hereby approved. The terms and provisions of this Order and the DIP Loan Documents shall continue in these Cases, in any successor cases if these Cases cease to be jointly administered, or in any superseding chapter 7 cases under the Bankruptcy Code, and (i) the DIP Liens, the Superpriority Claim, and all other rights and remedies of the Agents and the Secured DIP Creditors under the DIP Loan Documents, (ii) subject to the Reservation of Rights, the Prepetition Secured Lenders' Adequate Protections and (iii) Debtor Intercompany Protections granted by the provisions of this Order, shall continue in full force and effect until the DIP Obligations are indefeasibly paid in full or the Prepetition Secured Lenders' Adequate Protections or the Debtor Intercompany Protections are indefeasibly satisfied in full, as applicable.

23. *Effect of Stipulations on Third Parties.* Subject to the reservation of rights set forth in Paragraphs 21 and 22 above and this Paragraph 23, as applicable, the stipulations and admissions contained in this Order, including, without limitation, in Paragraph 5 of this Order, shall be binding upon the Debtors in all circumstances. The stipulations and admissions contained in this Order, including, without limitation, in Paragraph 5 of this Order, shall be binding upon each other party-in-interest, including, without limitation, any Creditors' Committee, unless (a) a party-in-interest has timely filed an adversary proceeding or contested matter (subject to the limitations contained herein) by no later than the date that is 120 days after the entry of this Order, without prejudice to the rights of the Creditors' Committee or any other party-in-interest to request an extension of such date, (or such later date (x) as has been agreed to, in writing, by the Existing Receivables Facility Agent, as applicable, in its sole discretion or (y) as has been ordered by the Court) (i) challenging the validity, enforceability, priority or

extent of the Existing Receivables Facility or (ii) otherwise asserting or prosecuting any avoidance actions or any other claims, counterclaims or causes of action, objections, contests or defenses (collectively, “**Claims and Defenses**”) against the Existing Receivables Facility Agents or any other party to the Existing Receivables Facility or their respective affiliates, subsidiaries, directors, officers, representatives, attorneys or advisors in connection with matters related to the Existing Receivables Facility, and (b) there is a final order in favor of the plaintiff sustaining any such challenge or claim in any such timely filed adversary proceeding or contested matter, *provided* that as to the Debtors, for themselves and not their estates, all such Claims and Defenses are hereby irrevocably waived and relinquished as of the Petition Date. If no such adversary proceeding or contested matter is timely filed, (x) all payments made in connection with or under the Existing Receivables Facility or pursuant to this Order, including the purchase of the Receivables Portfolio, shall not be subject to counterclaim, set-off, subordination, recharacterization, defense or avoidance for all purposes in the Cases and any subsequent chapter 7 or 11 cases of the Debtors, (y) the sale of the Receivables Portfolio and related transactions in connection with the Existing Receivables Facility shall be deemed, as applicable, to have been, as of the Petition Date, legal, valid, binding and perfected, not subject to recharacterization, subordination or avoidance, and (z) the sale of the Receivables Portfolio and related transactions in connection with the Existing Receivables Facility, shall not be subject to any other or further challenge by any party-in-interest, and any such party-in-interest shall be enjoined from, seeking to exercise the rights of the Debtors’ estates, including, without limitation, any estate representative or any successor thereto (including, without limitation, any estate representative or a chapter 7 or 11 trustee appointed or elected for any of the Debtors). If any such adversary proceeding or contested matter is timely filed, the stipulations and admissions contained in

Paragraph 5 of this Order shall nonetheless remain binding (as provided in the second sentence of this paragraph) on any official committee (including the Creditors' Committee) and on any other person or entity, except to the extent that such findings and admissions were expressly challenged in such adversary proceeding or contested matter. The Creditors' Committee shall be deemed to have standing and authority to prosecute any cause of action belonging to the Debtors or their estates, including, without limitation, Claims and Defenses with respect to the Existing Receivables Facility in respect of this Paragraph 23; provided further that nothing herein shall be construed as a waiver of any right of any party-in-interest, including the Ad Hoc Group of Noteholders, to seek to prosecute such cause of action, which rights are expressly reserved hereunder.

24. *Limitation on Use of Financing Proceeds and Collateral.*

Notwithstanding anything herein or in any other order by this Court to the contrary, no Advances or Letters of Credit (each as defined in the DIP Credit Agreement), Collateral or the Carve-Out may be used by the Debtors to (a) object, contest or raise any defense to the validity, perfection, priority, extent or enforceability of any amount due under the DIP Loan Documents or the liens or claims granted under this Order or the DIP Loan Documents, (b) assert any Claims and Defenses or other causes of action against the Agents or the Secured DIP Creditors, (c) prevent, hinder or otherwise delay, the Collateral Agent's assertion, enforcement or realization on the Collateral in accordance with the DIP Loan Documents or this Order, (d) seek to modify any of the rights granted to the Agents or the Secured DIP Creditors hereunder or under the DIP Loan Documents, in each of the foregoing cases without such parties' prior written consent, (e) pay any professional fees and disbursements incurred in connection with any of the actions described in the foregoing clauses (a) through (d), or (f) pay any amount on account of any claims arising

prior to the Petition Date unless such payments are (i) approved by an Order of this Court and (ii) in accordance with the DIP Credit Agreement or otherwise approved by the Administrative Agent in its reasonable discretion.

25. *After-Acquired Property*. Except as otherwise provided in the Interim Order or this Order, pursuant to section 552(a) of the Bankruptcy Code, all property acquired by the Debtors after the Bankruptcy Petition Date, including, without limitation, the Receivables Portfolio and all Collateral pledged or otherwise granted to the Agents, on behalf of themselves and the Lenders, pursuant to the DIP Loan Documents and this Order, is not and shall not be subject to any lien of any person or entity resulting from any security agreement entered into by the Debtors prior to the Bankruptcy Petition Date including, without limitation, the Prepetition Security Agreements, except to the extent that such property constitutes proceeds of property of the Debtors that is subject to a valid, enforceable, perfected, and unavoidable lien as of the Bankruptcy Petition Date which is not subject to subordination under section 510(c) of the Bankruptcy Code or other provision or principles of applicable law.

26. *Intercompany Claims*. Without limiting the joint and several liability of each of the Debtors and QWI for the DIP Obligations, the Debtors shall use their reasonable best efforts to ensure that Debtors and their Non-Debtor Affiliates (as defined below) that receive the benefit of funds advanced under the DIP Credit Facility repay their share thereof on a dollar for dollar basis.

(a) Intercompany Claims Among Debtors and QWI.

(i) To the extent a Debtor or QWI, as applicable, (A) incurs any of the DIP Obligations (including as a result of intercompany balances incurred after the Petition Date to the extent such balances arise from the incurrence of DIP Obligations) or (B)

receives a postpetition intercompany loan or other transfer (including as a result of the Debtors' or QWI's cash management system or otherwise) (each such Debtor and/or QWI, as applicable, a "**Beneficiary Debtor**"), and such DIP Obligations were repaid or such postpetition intercompany loan or other transfer is made (including from cash collateral) (each an "**Advance**") by any other Debtor or QWI (each, an "**Adequately Protected Debtor**"), then the Adequately Protected Debtor shall have, subject to the limitations set forth in this Paragraph 26: (A) subject to Paragraph 26(a)(ii), an allowed superpriority claim under sections 364(c)(1) and 507(b) of the Bankruptcy Code against such Beneficiary Debtor for the amount of such Advance, having priority over any and all administrative expenses of the kind specified in sections 503(b) and 507(b) of the Bankruptcy Code (each an "**Adequately Protected Debtor Reimbursement Claim**"), which Adequately Protected Debtor Reimbursement Claims shall bear interest at a rate agreed between the applicable Beneficiary Debtor and Adequately Protected Debtor from time to time for the period accruing from and after the date such claim arises until repayment thereof, and (B) a lien on all Collateral owned by such Beneficiary Debtor under section 364(c)(3) of the Bankruptcy Code to secure such Adequately Protected Debtor Reimbursement Claim (each an "**Adequately Protected Debtor Intercompany Lien**").

(ii) All Adequately Protected Debtor Reimbursement Claims and Adequately Protected Debtor Intercompany Liens shall be junior, subject and subordinate to and only to the Superpriority Claim, the DIP Liens, the Prepetition Secured Lenders' Adequate Protection Liens solely with respect to their respective Prepetition Collateral and to any claims against such Beneficiary Debtor that are expressly senior to, and on a parity with,

or carved out from the Superpriority Claim, the DIP Liens and the Prepetition Secured Lenders' Adequate Protection Liens.

(iii) Each of the Creditors' Committee, the Ad Hoc Group of Noteholders and Soc Gen reserves its, and the Secured DIP Creditors and Prepetition Secured Lenders reserve their, respective rights to seek from the Court any remedy and other relief for any failure or inability of the Debtors to satisfy the liens or claims set forth in subparagraph (a)(i) above.

(iv) Until the DIP Obligations are indefeasibly paid in full in cash and thereafter pending further order of the Court, all Adequately Protected Debtor Intercompany Liens shall be "silent" liens and the Adequately Protected Debtor shall forbear from exercising, and shall not be entitled to exercise, any right or remedy relating to any Adequately Protected Debtor Reimbursement Claim held by such party, including, without limitation, as to seeking relief from the automatic stay, or seeking any sale, foreclosure, realization upon repossession or liquidation of any property of another Debtor or QWI, or taking any position with respect to any disposition of the property, the business operations, or the reorganization of another Debtor or QWI. The Adequately Protected Debtor Intercompany Liens automatically, and without further action of any person or entity of any kind, shall be released or otherwise terminated to the extent that property subject to such Adequately Protected Debtor Intercompany Liens is sold or otherwise disposed of by or on behalf of the Administrative Agent or any other Debtor in accordance with the terms of this Order or further order of the Court after notice and a hearing. With respect to the effect of Adequately Protected Debtor Intercompany Liens on any sale of property by any Beneficiary Debtor, (a) the Beneficiary Debtors may sell

their property, in accordance with section 363 or any other applicable provision of the Bankruptcy Code, in each case free and clear of any Adequately Protected Debtor Intercompany Lien, with such lien attaching to the proceeds of sale in the same priority and subject to the same limitations and restrictions as existed in respect of the property sold and (b) the provisions of section 363(k) or other applicable provision of the Bankruptcy Code shall not apply.

(v) By not later than the earlier to occur of the expiration date of the current stay in effect under the Canadian proceedings and May 12, 2008, the Debtors shall move the Canadian court presiding over the related CCAA proceedings for a further amendment to the CCAA Initial Order (as such term is defined in the DIP Credit Agreement) which incorporates substantially similar terms to those set forth in this Paragraph 26.

(b) Intercompany Claims Among Debtors and Non-Debtor Affiliates.

Notwithstanding any provision of this Order and without limiting in any way the rights of the Secured DIP Creditors set forth in the DIP Credit Agreement or any other DIP Loan Agreement to the contrary, postpetition intercompany loans or other transfers (including as a result of the Debtors' cash management system or otherwise) may be made by Debtors to non-Debtor affiliates of the Debtors (collectively, the "**Non-Debtor Affiliates**," and such postpetition intercompany loans or other transfers, collectively, the "**Non-Debtor Intercompany Transfers**") to pay (directly or indirectly) prepetition or postpetition liabilities owing by any Non-Debtor Affiliate (collectively, the "**Non-Debtor Liabilities**"), subject to the following limitations:

(i) The Debtors are authorized to make Non-Debtor Intercompany Transfers to Non-Debtor Affiliates up to a maximum of €25,000,000 (Euros) in the aggregate from and after the Petition Date to pay, directly or indirectly, Non-Debtor Liabilities that relate to the Non-Debtor Affiliates' European operations;

(ii) The Debtors are authorized to make Non-Debtor Intercompany Transfers to Non-Debtor Affiliates up to a maximum of \$10,000,000 (USD) in the aggregate from and after the Petition Date to pay, directly or indirectly, Non-Debtor Liabilities that relate to the Non-Debtor Affiliates' Latin American operations;

(iii) The Debtors are authorized to make Non-Debtor Intercompany Transfers to Non-Debtor Affiliates up to a maximum of \$5,000,000 (USD) in the aggregate from and after the Petition Date to pay, directly or indirectly, Non-Debtor Liabilities that relates to the Non-Debtor Affiliates' operations other than their European operations; and

(iv) Except as (A) expressly permitted under clauses (i), (ii) or (iii) above or (B) expressly permitted under the DIP Credit Agreement and either an order of this Court or with the consent of the Creditors' Committee, the Ad Hoc Group of Noteholders, the Prepetition Agent, and Soc Gen, the Debtors are prohibited from and after the Petition Date from making any Non-Debtor Intercompany Transfers to pay, directly or indirectly, any Non-Debtor Liabilities.

Each Debtor making Non-Debtor Intercompany Transfers to a Non-Debtor Affiliate shall have claims for contribution, indemnification, reimbursement and/or subrogation against such Non-Debtor Affiliate to which such Non-Debtor Intercompany Transfers were made to the fullest extent permitted under applicable law. Any of the dollar/Euro limits set forth in clauses (i) through (iii) above may be modified by agreement of the Debtors and the Administrative Agent

without further order of this Court, subject in each case to the prior written consent of each of the Prepetition Agent, Soc Gen, the Creditors' Committee and the Ad Hoc Group of Noteholders.

(c) Tracking of Intercompany Claims. The Debtors shall track and otherwise account for all postpetition intercompany transactions, which shall all be treated and accounted for as loans and/or debt, subject to applicable law, between and among the Debtors, QWI and the Non-Debtor Affiliates. Without limiting the foregoing, the Debtors shall track and otherwise account for each Debtor's, QWI's and Non-Debtor Affiliate's borrowings under the DIP Credit Facility and its use of any proceeds thereof.

27. *Hedge Agreements.*

(a) Pursuant to section 105 and 362(d)(1) of the Bankruptcy Code, the automatic stay is modified to the extent necessary to permit Secured DIP Creditors that are parties to Secured Hedge Agreements (as defined in the DIP Credit Agreement) to exercise their rights and remedies under their respective Secured Hedge Agreements, in accordance with such Secured Hedge Agreements and to the extent provided by applicable non-bankruptcy law to:

(i) take certain actions immediately if a default or event of default (as applicable) under a Secured Hedge Agreement with respect to any Debtor has occurred and is continuing, including early termination and liquidation of such Secured Hedge Agreement and any ancillary transactions;

(ii) exercise the right to net or setoff certain mutual obligations between any Debtor and the counterparty upon the termination and liquidation of any outstanding transactions under a Secured Hedge Agreement and to apply any margin or collateral held by such counterparty to any amounts owed to by any Debtor; and

(iii) collect from the Debtor amounts that may be owed to such counterparty following such netting and setoff.

(b) The rights of Secured DIP Creditors that are parties to Secured Hedge Agreements (as defined in the DIP Credit Agreement), including the rights set forth in clause (a)(i) above, may not be modified, stayed, avoided or otherwise limited by further order of the Bankruptcy Court or any court in any proceeding under the Bankruptcy Code.

28. If any provision of this Order is hereafter modified, vacated or stayed by subsequent order of this or any other Court for any reason, such modification, vacation, or stay shall not affect the validity of any liability incurred pursuant to this Order and prior to the later of (a) the effective date of such modification, vacation, or stay, or (b) the entry of the order pursuant to which such modification, vacation, or stay was established, nor the validity, priority, or enforceability of any Lien granted by the Debtors to the Collateral Agent.

29. Notwithstanding the other provisions of this Order, (i) the right of Corporate Property to argue that any post-petition transfer of its lease by the Secured DIP Creditors is subject to Section 365 of the Bankruptcy Code is reserved, (ii) the DIP Liens are junior to setoff claims allowed under Section 553 of the Bankruptcy Code in favor of Abitibi Consolidated Sales Corp., Abitibi-Consolidated US Funding Corp., Bowater America Inc. and Bowater Inc. and Packaging Corporation of America and neither the DIP Liens nor this Order affect any valid recoupment rights any of the foregoing parties have or may have, (iii) the Collateral does not include any ink, equipment, or other property of Flint Group on bailment to the Debtors under the terms of the Ink Supply Agreement between Quebecor World S.A. and Flint Group dated April 1, 1997, as amended, and (iv) the Collateral does not include property held by the Debtors on a bailment to the extent such property is not property of the Debtors' estates.

30. Abitibi Consolidated Sales Corp., Abitibi-Consolidated US Funding Corp., Bowater America Inc., Bowater Inc. and Packaging Corporation of America (collectively, the "Objecting Trade Creditors") filed a limited objection to the Motion (the "Limited Objection"), objecting to the Motion to the extent it sought to eliminate, prime or otherwise impair any set off, recoupment or reclamation rights of the Objecting Trade Creditors. Pursuant to Section 29 above, the Debtors and the Objecting Trade Creditors have resolved the Limited Objection in respect of set off and recoupment rights. The Debtors and the Objecting Trade Creditors, however, have agreed to defer resolution of the Limited Objection as it relates to reclamation rights to a later date. Accordingly, notwithstanding entry of this order, resolution of the Limited Objection as it relates to reclamation rights (including the issue of whether the DIP Liens and/or the Prepetition Secured Lenders' Adequate Protection Liens, if any, shall extend to any goods subject to the Objecting Trade Creditors reclamation demands or the proceeds thereof) shall be deferred to a later date, and each of the Objecting Trade Creditors, each of the Debtors, the Creditors' Committee and the Prepetition Agent hereby retain and reserve all rights they have with respect to the Objecting Trade Creditors reclamation rights. Further, when and if this Court is called upon to resolve the Limited Objection as it relates to reclamation rights, it shall do so based on the facts that exist immediately prior to entry of this order.

31. The DIP Loan Documents and the provisions of this Order, including all findings herein, shall be binding to the fullest extent permitted by applicable law upon all parties in interest in these Cases including without limitation the Agents, the Secured DIP Creditors, the Prepetition Agent, Soc Gen, the Prepetition Secured Lenders, the Existing Receivables Facility Agents, any party to the Existing Receivables Facility, the Creditors' Committee and the Debtors and their respective successors and assigns (including any estate representative or any chapter 7

or chapter 11 trustee hereinafter appointed or elected for the estate of any of the Debtors) and shall inure to the benefit of the Agents, the Secured DIP Creditors, the Existing Receivables Facility Agents, any party to the Existing Receivables Facility, the Prepetition Secured Lenders, the Debtors and the respective successors and assigns of each of the foregoing parties; *provided, however,* that the Agents and the Secured DIP Creditors shall have no obligation to extend any financing to any chapter 7 trustee or similar responsible person appointed for the estates of the Debtors (except to the extent included in the Carve-Out with respect to a chapter 7 trustee).

32. The DIP Liens, Superpriority Claims, the other rights, benefits and privileges of the Agents, the Arrangers and the Lenders, and the Debtor Intercompany Protections, in each case granted pursuant to this Order and as more fully set forth herein, shall attach and be enforceable against the bankruptcy estate of any such Debtor's direct and indirect subsidiary which hereafter becomes a debtor in these procedurally consolidated cases automatically without further court order on a final basis. Except as may be provided in this Order, such subsidiary shall be deemed a "Debtor" hereunder effective as of the date such subsidiary files a petition and becomes a debtor in these Cases.

33. Any Agent's or any other Secured DIP Creditor's failure to seek relief or otherwise exercise its rights and remedies under the DIP Credit Facility or this Order shall not constitute a waiver of any of the Agents' or any other Secured DIP Creditor's rights hereunder, thereunder, or otherwise.

34. In the event of any inconsistency between the terms and conditions of any DIP Loan Document and of this Order, the provisions of this Order shall govern and control.

35. This Order shall constitute findings of fact and conclusions of law and shall take effect and be fully enforceable immediately upon execution hereof.

36. Any objection which has not been withdrawn or resolved is, to the extent not resolved, hereby overruled.

SO ORDERED by the Court this 1<sup>st</sup> day of April, 2008.

*s/ James M. Peck*  
\_\_\_\_\_  
HONORABLE JAMES M. PECK  
UNITED STATES BANKRUPTCY JUDGE