

ARNOLD & PORTER LLP  
399 Park Avenue  
New York, New York 10022-4690  
Telephone: (212) 715-1000  
Facsimile: (212) 715-1399  
Michael J. Canning (MC 8060)  
Joel M. Gross (JG 5229)

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

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

In re

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

Debtors.

Chapter 11

Case No. 08-10152 (JMP)  
Jointly Administered

Honorable James M. Peck

**DECLARATION OF JOSEPH PANNUNZIO IN SUPPORT OF MOTION OF THE  
DEBTORS PURSUANT TO 11 U.S.C. § 365 TO ASSUME AN EXECUTORY  
CONTRACT WITH IO INTEGRATION, INC. FOR  
XINET SOFTWARE LICENSES**

I, Joseph Pannunzio, declare as follows in support of the Debtors' motion (the "Motion") for an order authorizing the assumption of an executory contract with IO Integration, Inc. ("IO Integration") for the purchase of certain Xinet FullPress and Xinet WebNative software licenses (the "Licenses"):

1. I am Vice President, Information Technology of Quebecor World (USA) Inc., a corporation organized under the laws of the State of Delaware and one of the above-captioned debtors and debtors-in-possession (collectively, the "Debtors"). In this capacity, I am generally

familiar with the Debtors' day-to-day operations, information technology procurement, business and financial affairs, books and records.

2. The contract that is the subject of this Motion is an agreement between QW (USA) and IO Integration, a software distributor, for the purchase of certain software licenses (the "Licenses") for software entitled Xinet FullPress 10 User and Xinet WebNative plus Venture (together, the "Software"), along with related installation and training services. The Software is part of a web-based electronic asset management system from the software manufacturer Xinet used by the Debtors in their Premedia division to manage the digital assets of the Debtors' Premedia customers. The Software standardizes digital files and automates premedia workflow, as well as allowing the Debtors' customers to view, approve, download and repurpose images online.

3. The Software is currently used in Debtors' Premedia division for hundreds of the Debtors' customers under existing licenses. The Licenses that the Debtors seek authority to purchase under the Agreement (as defined below) are being purchased to manage the digital assets of a certain long-time customer (the "Customer") of the Debtors. The Customer accounts for millions of dollars in annual printing revenue with the Debtors and is currently accessing the Software through temporary licenses, as set forth below.

4. IO Integration has already delivered and installed the Software on the Debtors' systems, and the Debtors have implemented the Customer's online access to the Software. In order to load the Software, the Debtors must have an electronic "key" code provided by IO Integration representing the license to use the Software. Initially, IO Integration provides users with a temporary key representing a temporary license, which is programmed to allow access for a limited period of time (generally 30-90 days) and to automatically deactivate at the end of such

period. A permanent key code representing a perpetual license to use the Software is provided by IO Integration once full payment for the Software is received.

5. Following the expiration of the Debtors' initial temporary license key for the Software, IO Integration has provided the Debtors with two further temporary license keys to allow the Debtors sufficient time to seek authority to assume the Agreement and purchase the Licenses for the Software in order to secure the perpetual Licenses to use the Software. The third temporary license key automatically deactivates on May 31, and IO Integration has notified the Debtors that it will not issue any further temporary license keys.

6. The contract pursuant to which the Debtors and IO Integration agreed on the terms of the Debtors' purchase of the Licenses consists of (i) a Purchase Order from the Debtors to IO Integration for the Licenses, dated November 27, 2007; (ii) a Sales Order from IO Integration to the Debtors for the Licenses, dated November 28, 2007 and (iii) the Xinet End User Software License Agreement (together, the "Agreement").

7. The unpaid amount currently due and owing on account of the Licenses is approximately \$45,000, which represents the balance due under the Agreement.

8. The Software is necessary to the Debtors' Premedia business, as it is being purchased for, and is already in use by, a large and long-time customer of the Debtors. The Debtors currently utilize the Software for hundreds of other customers and, accordingly, purchase of these additional Licenses from the same vendor would be an efficient use of the Debtors' assets as its employees are familiar with the Software and the Software has already been successfully integrated across Debtors' technology platform. Attempting to initiate a new software regime into the Debtors' Premedia operations would be potentially disruptive to the

Debtors' Premedia business. The generally favorable terms of the Agreement, including a corporate discount from the vendor, make it a valuable asset of the Debtors' bankruptcy estates.

9. The Debtors believe that the Software is integral to their ability to be a viable competitor in the premedia and printing businesses, and represents a key element of the Debtors' efforts to provide state-of-the-art service to their customers. The Debtors have obtained a corporate discount from the vendor of the Software to purchase the Licenses. Moreover, installation and training on the Software is complete, and the Software is currently fully operational.

10. The Debtors' representatives have held discussions with IO Integration to inform IO Integration of the Debtors' intent to assume the Agreement, and have provided IO Integration with assurance of their ability to perform under the Agreement in the future. IO Integration has informed the Debtors that it consents to the assumption of the Agreement, and has demonstrated its willingness to continue to perform by extending the Debtors' ability to operate under temporary license keys while the Debtors seek authority to assume the Agreement.

11. Upon the Court's approval of this Motion, the Debtors will cure existing defaults under the Agreement. The Debtors have access to sufficient funds to support their future performance under the Agreement.

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

Executed on April 7, 2008.

/s/ Joseph Pannunzio  
Joseph Pannunzio