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

In re

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

Debtors.

Chapter 11

Case No. 08-10152 (JMP)
Jointly Administered

Honorable James M. Peck

**DECLARATION OF JOSEPH F. FRIDDLE IN SUPPORT OF MOTION OF THE
DEBTORS PURSUANT TO 11 U.S.C. § 365 TO ASSUME AN UNEXPIRED MASTER
RENTAL AGREEMENT AND ASSOCIATED RENTAL SCHEDULES WITH YALE
MATERIALS HANDLING CORPORATION**

I, Joseph F. Friddle, declare as follows in support of the Debtors' motion (the "Motion") for an order authorizing the assumption of an unexpired Master Rental Agreement and associated rental schedules (the "Rental Agreement") with Yale Materials Handling Corporation ("YMHC"):

1. I am the Director of Material Handling of Quebecor World (USA) Inc. ("QWUSA"), 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 matters set forth in this Declaration.

2. The Rental Agreement governs the terms and conditions under which the Debtor Affiliates, QWI and the other Affiliated Companies (each as defined in the Motion) may lease forklift trucks and other materials handling equipment from YMHC (the “Leased Equipment”). In particular, the Leased Equipment consists of mobile lift trucks with forks or other attachments. The lift trucks are used for a number of tasks, including (a) unloading inbound materials including ink, paper and all other materials and supplies that are necessary for the Debtors’ operations, (b) moving raw materials to presses and production lines within the Debtors’ plants and facilities, (c) moving work in process from presses to storage or finishing areas and (d) loading finished product onto outbound tractor trailers for shipment.

3. Approximately 50% of the Leased Equipment consists of general use fork lifts used for lifting palletized products. The remainder of the Leased Equipment consists of (a) specialized application lift trucks adapted to space and size restrictions – such as narrow aisles – existing at the Debtors’ plants and (b) paper roll clamp trucks, which are lift trucks that have been modified to include specialized paper roll attachments and are designed to handle and move large paper rolls without damaging the paper. Because of the unique nature of the specialized application lift trucks and paper roll clamp trucks, the Debtors are limited in their ability to enter into short term rentals for this equipment or to obtain it on short notice.

4. Pursuant to Section 2 of the Rental Agreement, when a Debtor Affiliate (or other Customer) determines that it needs to rent a particular piece of equipment from YMHC, such Customer and YMHC execute a Rental Schedule (in the form of Exhibit B1 to the Rental Agreement) for a given piece of Leased Equipment. Each Rental Schedule sets forth the (a)

quantity and description of the Leased Equipment, (b) the term of rental for each piece of Leased Equipment, (c) the location to be invoiced for the rental of the Leased Equipment and the minimum monthly rent, (d) the hourly overtime charge for the Leased Equipment, if applicable and (e) the scope of maintenance to be provided by YMHC for the Leased Equipment.

5. In addition to setting forth the basic terms and conditions for rental of the Leased Equipment, the Rental Agreement also provides for YMHC to provide maintenance services related to the Leased Equipment. The Rental Agreement provides that the Debtor Affiliates and YMHC will enter into a Yale Program Management Guide (“Program Guide”) for each piece of Leased Equipment, with the respective maintenance obligations of the Debtor Affiliates and YMHC set forth in such Program Guide. Among other things, the Program Guides provide for a nationwide network of Yale-affiliated dealers to provide maintenance services for the Leased Equipment, in most cases on a same-day or next day basis. It is essential that the Debtor Affiliates have ready access to maintenance services for the Leased Equipment. Because of the time-sensitive production requirements inherent in the Debtors’ business, the Debtors strive to minimize any downtime related to damaged or inoperable equipment. In addition, properly maintained and functional equipment is important in maintaining a safe operating environment at the Debtors’ facilities.

6. As of the Petition Date, the Debtor Affiliates and YMHC were parties to 99 Rental Schedules covering 331 individual lift trucks in use at the Debtors’ facilities. The remaining term of each Rental Schedule varies according to the date on which a particular Debtor Affiliate entered into such Rental Schedule, with expiration dates falling between July 1, 2008 and December 31, 2012.

7. Under Section 5 of the Rental Agreement, the Debtor Affiliates are obligated to make monthly rental payments and any applicable hourly charges as set forth in each applicable Rental Schedule. All payments of rent due under the Rental Agreement and the applicable Rental Schedules are to be paid to YMHC.

8. With respect to hourly charges, for certain types of equipment it is common for lessors such as YMHC to charge an hourly overtime rate for use in excess of a certain hours threshold. In connection with the Debtors' assumption of the Rental Agreement, YMHC has agreed to waive such hourly overtime use charges for all current Leased Equipment incurred through April 7, 2008, the date of this Motion. In addition, YMHC has agreed that for the Debtors' facilities in Olive Branch, Mississippi; Fernley, Nevada; Jonesboro, Arkansas; and Merced, California, YMHC will make available additional rental equipment that will reduce the Debtors' utilization of the existing equipment at those facilities to a level that ensures that the Debtors will not exceed the allowable hours for each piece of equipment by the end of the terms of the applicable Rental Schedules. The Debtors have agreed to add such equipment and pay the associated rental costs so that the total allowed hours on the current Leased Equipment will be within the total hourly utilization allowed under the Rental Agreement and applicable Rental Schedule at the end of the rental term.

9. In addition, YMHC has agreed, in connection with the Debtors' assumption of the Rental Agreement, to waive certain administrative priority claims as follows (the "Administrative Claim Waiver"): In the event that, following assumption of the Rental Agreement pursuant to an order granting the Motion, the Rental Agreement is subsequently rejected by the Debtors (or any trustee or examiner appointed in these Chapter 11 Cases) pursuant to section 365 of the Bankruptcy Code or otherwise, YMHC and the Debtors have

agreed that any claim arising from such rejection will constitute a general unsecured claim as to any Leased Equipment that was subject to the Rental Agreement as of the Petition Date (the “Prepetition Leased Equipment”), and YMHC will waive its right to assert an administrative priority claim on account of rejection damages relating to such Prepetition Leased Equipment; provided, however, that such waiver will not apply to any rent claims on account of equipment that becomes subject to the Rental Agreement following the Petition Date. As of the date of this Declaration, substantially all of the Leased Equipment is Prepetition Leased Equipment.

10. The Debtors owe unpaid prepetition obligations to YMHC on account of the Leased Equipment in the aggregate amount of \$1,001,425 and unpaid postpetition obligations to YMHC in the amount of \$330,114, for a total of \$1,331,539 (the “Cure Amount”). The prepetition portion of the Cure Amount consists of approximately \$535,289 for fixed lease costs, \$460,564 for maintenance and service and \$5,572 for property taxes. The postpetition portion of the Cure Amount consists of approximately \$198,287 on account of fixed lease costs and rent and \$131,827 on account of maintenance and service. While a few payments comprising the prepetition portion of the Cure Amount date back to May, 2007, the majority of the prepetition Cure Amount consists of payments due since November, 2007.

11. In light of the Debtors’ future equipment needs and their current arrangement with YMHC, the Debtors have determined that it is in their best interests to continue to lease equipment from YMHC. In connection with reviewing their equipment leasing needs, the Debtors contacted five large equipment leasing companies other than YMHC, as well as several smaller equipment lessors. A number of these lessors stated that they would not enter into new rental agreements with the Debtors in light of the pending Chapter 11 Cases. The remainder of the potential lessors indicated that, while they might be willing to lease equipment to the Debtors

on a going forward basis, any rental agreement would include substantial up-front payments and/or provide for high interest charges. In contrast, YMHC offered to continue under the existing terms of the Rental Agreement, subject to the Debtors' cure of existing monetary defaults.

12. Based on a review of the market and the terms of the Rental Agreement, the Debtors believe that the rates charged by YMHC for equipment rental, the quality of the equipment offered by YMHC and the level of maintenance and other services proved by YMHC in connection with the Leased Equipment are competitive with other potential equipment lessors.

13. The Leased Equipment, including forklift trucks and related equipment, is critical to the Debtors' day-to-day business operations. The Debtors' printing operations typically involve moving large quantities of paper and other materials, and well-maintained equipment is essential to the safe operation of the Debtors' facilities. In certain cases YMHC has indicated that it will not deliver new equipment to the Debtors absent assumption of the Rental Agreement, and any delay in obtaining new equipment for use in the Debtors' facilities can result in potential safety concerns and operational inefficiencies. Finally, the generally favorable terms of the Rental Agreement and the Debtors' existing relationship with YMHC make the Rental Agreement a valuable asset of the Debtors' bankruptcy estates.

14. The Debtors have determined, after reviewing other available sources of materials handling equipment, that the quality and price of the Leased Equipment offered by YMHC under the Rental Agreement compare favorably with equipment available from any other provider. The Debtors believe that it is in their best interests to maintain their existing relationship with YMHC in light of their anticipated future needs, in particular because YMHC provides competitive prices for paper roll handling lift trucks and is able to make them to the Debtors'

