

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

*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 DORON GROSMAN IN SUPPORT OF DEBTORS' MOTION FOR  
ENTRY OF AN ORDER APPROVING  
MODIFICATION TO DEBTORS' SEVERANCE PROGRAM**

I, Doron Grosman, declare as follows in support of the Debtors' motion (the "Motion") for an order authorizing the approval of modifications to Debtors' severance program:

1. I am the President of the Magazine Business Group for Quebecor World.
2. The Debtors' employees are a critical and necessary component of their printing business. Given the critical importance of the Debtors' employees to the overall operations of the Debtors' businesses, the Debtors filed a motion on January 22, 2008, seeking relief (the "Wage and Benefits Motion") with regards to (a) Authorizing the Debtor's to Continue to Pay and Honor Certain Prepetition Claims for (i) Wages, Salaries, Employee Benefits and Other

Compensation, (ii) Withholdings and Deductions and (iii) Reimbursable Expenses; (b) Authorizing the Debtors to Continue to Provide Employee Benefits in the Ordinary Course of Business; (c) Authorizing the Debtors to Pay All Related Costs and Expenses; (d) Directing Banks to Receive, Process, Honor and Pay All Checks Presented for Payment and Electronic Payment Requests Relating to the Forgoing; and (e) Setting a Final Hearing. On January 23, 2008, the Court granted an interim order authorizing the relief requested, and on March 20, 2008, the Court granted a final order authorizing the relief requested in the Wage and Benefits Motion.

3. As part of the Wage and Benefits Motion, the Debtors sought authority to maintain during the pendency of their Chapter 11 bankruptcy Cases, subject to any modifications made in the exercise of their business judgment, the Debtors' existing severance program.

4. The Debtors' severance program provides severance payments to certain employees in the event of involuntary termination (the "Severance Program") under the Debtors' Reduction in Force policy, with the severance benefits available to each employee dependant on the length of that employee's tenure with the Company. Employees are eligible for a maximum of 26 weeks of severance pay under the Severance Program.

5. As part of the ongoing evaluation of their business operations, and the possible restructuring of those operations, the Debtors have been evaluating whether their operations would benefit from the closing of certain facilities. This evaluation is part of Quebecor World's global retooling and restructuring program launched three years ago. The program, which is designed to reduce costs and improve productivity across the Company's global platform by consolidating volume in larger and more efficient facilities, has included investing in and deploying state-of-the-art presses and accompanying technology in fewer but larger facilities to better service customers and to improve performance.

6. On May 1, 2008, the Debtors announced their intention to close their Northeast Graphics (NEG) printing facility, located in North Haven, Connecticut, which contains 444,000 square feet and employs 330 individuals. In this regard, the Debtors have determined that the closure of the NEG facility will generally have a positive effect on the Debtors' business and profitability. The Debtors plan to close this facility by the end of June, 2008, with certain wind-up operations continuing for several months thereafter. In conjunction with the closure of the facility, printing operations from the facility will be relocated to other facilities so as to decrease costs and increase profitability company wide.

7. In their business judgment, the Debtors have determined that it is critical to the ultimate success and the ongoing operations of their business that they retain certain critical employees at the NEG facility during the shutdown process. To give these employees sufficient incentive to remain with the Company during this shut down period, the Debtors propose modifying their severance program (the "Modified Severance Program") as follows: (i) the Modified Severance Program will apply to a limited number of employees whom the Debtors have determined to be critical to an effective shutdown, (ii) those critical employees who are not eligible (in light of their length of tenure with the Company) to receive 26 weeks of severance, will become eligible for 26 weeks of severance, and (iii) those critical employees already entitled to 26 weeks severance will be eligible for an additional severance enhancement ranging from \$2,000 or \$10,000 per employee. In this regard, it is important to note that the severance payment will be made to a particular employee only if such employee is ultimately not relocated to another job within Quebecor World after the closure of the NEG facility.

8. The Modified Severance Program is being offered by the Debtor in order to insure that the needs of their customers continue to be met in an uninterrupted and orderly manner

while the Debtors' transition production to other facilities. Such an orderly shutdown, which is critical to the Debtors' ability to maintain these vital relationships with their customers, will only be possible by providing the financial security and incentives to selective employees to ensure that they remain with the Company during the shutdown and continue to perform at a high level.

9. None of the employees intended to be compensated by the Modified Severance Program are officers, directors or senior executives of any of the Debtors. These employees are, instead, at or below the plant general manager level, and include technical personnel (such as press binder employees, electricians, and mechanics) and customer service employees. In this regard, although the plant general manager of the NEG facility does have the title of "Vice President," he is not a corporate officer of the Debtors.

10. The local market is highly competitive for these types of employees, and without the ability to provide enhanced severance pay, and thus financial security, to these employees, the Debtors are concerned that it will be impossible to implement a non-disruptive closing of the NEG facility.

11. The total cost of the proposed enhanced severance for the NEG facility will be no more than \$222,000. If, as expected, certain of the eligible employees remain with Quebecor World at other locations after the shutdown has been completed, the costs involved will be reduced.

12. Implementing the Modified Severance Program has a sound business purpose—to motivate critical employees to remain with the Company during the shut-down period, to perform at optimum levels of productivity, and to remain focused on the successful and orderly shutdown of the facility and the uninterrupted and orderly transition of customers to alternative plants, instead of devoting time and energy searching for new employment because of a

perceived lack of job security, all in order to maximize value for the Debtors' estates. These employees are experienced and talented people who are familiar with the Debtors' businesses, and their skills and expertise are necessary to enable the Debtors to continue meeting customer obligations. Further, the cost of enhancing the severance payment is relatively modest in comparison to the overall benefits of ensuring an orderly shutdown of the facility and transition of customer accounts.

13. In anticipation of other possible plant closures during the pendency of these Chapter 11 Cases, it is important for the Debtors to have the authority to implement the Modified Severance Program, on the terms described above, in connection with such other closures, to the extent deemed necessary by the Debtors in the exercise of their business judgment in connection with a determination to close other facilities.

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

Executed on May 12, 2008.

/S/ Doron Grosman  
Doron Grosman