

UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK

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In re: : In proceedings  
 : under Chapter 11  
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 : Case No. 08-10152 (JMP)  
QUEBECOR WORLD (USA) INC., et. al. : Jointly Administered  
 :  
Debtor. : Honorable James M. Peck  
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STATE OF IOWA )  
 )ss.:  
COUNTY OF LINN )

**AFFIDAVIT OF FACTS IN SUPPORT OF  
GREATAMERICA'S MOTION FOR AN ORDER:  
ALLOWING AN ADMINISTRATIVE EXPENSE CLAIM,  
AND WITH RESPECT TO THE SECURITY AGREEMENT  
BETWEEN THE PARTIES, EITHER MODIFYING THE  
AUTOMATIC STAY OR GRANTING ADEQUATE PROTECTION,  
AND WITH RESPECT TO THE LEASE BETWEEN THE PARTIES,  
COMPELLING THE DEBTOR TO ASSUME OR REJECT THE LEASE,  
IN THE ALTERNATIVE, VACATING THE AUTOMATIC STAY**

TO: THE HONORABLE JAMES M. PECK  
UNITED STATES BANKRUPTCY JUDGE

PEGGY UPTON, being duly sworn, deposes and says:

1. I am a Litigation Specialist and an employee of GreatAmerica Leasing Corporation (hereinafter "GreatAmerica"), and in such capacity I have access to, and am one of the custodians of GreatAmerica's books, records and files, including computer records. The facts set forth in this affidavit are based upon my review and examination of GreatAmerica's books, records and files, including computer records.

2. I am also over eighteen years of age, am fully familiar with all of the facts and proceedings heretofore had herein by reason of my review of GreatAmerica's records and files, including computer records as aforesaid.

3. I make this affidavit in support of the instant application for an order granting GreatAmerica an administrative expense claim in the amounts set forth herein, and with respect to the security agreement between the parties described below, either vacating the automatic stay or granting GreatAmerica adequate protection, and with respect to the equipment lease between the parties described below, compelling the debtor to assume or reject said lease, in the alternative, vacating the automatic stay to allow GreatAmerica to repossess its property.

#### THE FACTS

4. On or about May 24, 2007, the Debtor, as lessee, and GreatAmerica, as lessor, executed and entered into written commercial equipment security agreement (hereinafter the "Security Agreement"). A copy of the Security Agreement is annexed to GreatAmerica's proof of claim relating to the Security Agreement which is annexed hereto as Exhibit "B" and made a part hereof.

5. Pursuant to the Security Agreement GreatAmerica financed the Debtor's acquisition of a security system (hereinafter "Equipment I") for its business in exchange for the Debtor's agreement to pay to GreatAmerica the aggregate sum of \$119,820.00 in sixty (60) consecutive monthly installments, over the course of sixty (60) months

(hereinafter "Initial Term I"), each installment in the amount of \$1,997.00, exclusive of taxes thereon.

6. At the end of Initial Term I, and provided the Debtor was not in default of its obligations under the Security Agreement, the Debtor had the right to purchase Equipment I for the sum of \$1.00.

7. To secure Debtor's obligations to GreatAmerica under the Security Agreement, on May 27, 2007 GreatAmerica filed with the Delaware Secretary of State a UCC-1 financing statement. A copy of the UCC-1 financing statement is also annexed to GreatAmerica's proof of claim which is annexed hereto as Exhibit "B" and made a part hereof.

8. On or about May 29, 2007, Equipment I was delivered to the Debtor pursuant to the terms of the Security Agreement, and the Debtor commenced making payments thereunder.

9. Prior to the date of the commencement of the Debtor's Chapter 11 case on January 21, 2008 (the "Filing Date"), the Debtor made seven (7) of the required sixty (60) monthly payments under the Security Agreement.

10 Since the Filing Date, the Debtor has failed to make any payments to GreatAmerica under the Security Agreement.

11. Upon information and belief, since the Filing Date, the Debtor has been utilizing Equipment I in the conduct of its business.

12. Commencing on the Filing Date and continuing to the date of this application, the Debtor has become indebted to GreatAmerica for monthly lease payments under the Security Agreement in the sum of \$9,985.00, plus applicable taxes thereon in the sum of \$863.90.

13. Going forward, the Debtor will become further indebted to GreatAmerica for monthly lease payments under the Security Agreement in the sum of \$1,997.00 per month, plus applicable taxes thereon in the sum of \$172.78 per month.

14. Equipment I has an estimated fair market value of \$65,830.71, and the balance of the unpaid lease payments remaining under the Security Agreement (including applicable taxes) is \$114,998.34.

15. Further, on or about September 24, 2006, the Debtor, as lessee, and GreatAmerica as lessor, entered into the Lease. A copy of the Lease is annexed to GreatAmerica's proof of claim relating to the Lease which is annexed hereto as Exhibit "C" and made a part hereof.

16. Pursuant to the Lease, GreatAmerica leased to the Debtor one (1) certain Francotyp-Postalia Mailing System called the Ultimail 60 and a Francotyp-Postalia 10 lb. scale ("Equipment II"), for an aggregate rental value of \$4,592.70 payable in sixty-three (63) consecutive monthly installments, over the course of sixty-three (63) months

(hereinafter "Initial Term II"), each installment in the amount of \$72.90., exclusive of any taxes thereon.

17. At the end of Initial Term II, the Debtor had the right to purchase Equipment II from GreatAmerica for its then fair market value.

18. On or about October 5, 2006, Equipment II was delivered to the Debtor pursuant to the terms of the Lease, and the Debtor commenced making payments thereunder.

19. Prior to the Filing Date, the Debtor made sixteen (16) of the required sixty-three monthly payments under the Lease.

20. Other than the above-referenced sixteen (16) payments made under the Lease and since the Filing Date, the Debtor has failed to make any payments to GreatAmerica under the Lease.

21. Upon information and belief, since the Filing Date, the Debtor has been utilizing Equipment II in the conduct of its business.

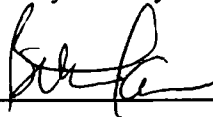
22. Commencing on the Filing Date and continuing to the date of this application, the Debtor has become indebted to GreatAmerica for monthly lease payments under the Lease in the sum of \$364.50, plus applicable taxes thereon in the sum of \$21.85.

23. Equipment II has an estimated fair market value of \$1,200.00, and the balance of the unpaid lease payments remaining under the Lease (including applicable taxes) is \$3,426.30.

WHEREFORE, GreatAmerica respectfully requests that this Court enter an order: i) granting GreatAmerica an administrative expense claim; ii) granting relief from the automatic stay so as to permit GreatAmerica to repossess Equipment I, or in the alternative, for adequate protection requiring the Debtor to make adequate protection payments with respect to the Security Agreement, and iii) requiring the Debtor to assume or reject the Lease, or in the alternative, granting relief from the automatic stay so as to permit GreatAmerica to repossess Equipment II, together with such other and further relief which this Court deems just and proper under the circumstances.

  
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PEGGY UPTON

Sworn before on this  
21st day of May, 2008

  
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