

Hearing Date and Time: July 17, 2008 at 10:00 a.m.  
Objection Deadline: July 10, 2008 at 5:00 p.m.

**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

**FIRST INTERIM APPLICATION OF (1) PRIME LOCATIONS, LLC; (2) GEORGE COMFORT & SONS, INC.; AND (3) THE CORE NETWORK, SEEKING ALLOWANCE AND PAYMENT OF INTERIM COMPENSATION AND REIMBURSEMENT OF EXPENSES UNDER 11 U.S.C. §§ 330 AND 331**

Name of Applicants:	Prime Locations, LLC; George Comfort & Sons, Inc.; and the CORE Network
Authorized to Provide Professional Services to:	Quebecor World (USA) Inc., et al.
Date of Retention:	April 1, 2008, <i>nunc pro tunc</i> to March 1, 2008
Period for Which Compensation and Reimbursement Are Sought:	January 21, 2008 to April 30, 2008
Amount of Compensation Sought as Actual, Reasonable, and Necessary:	\$9,500.00
Amount of Expense Reimbursement Sought as Actual, Reasonable, and Necessary:	\$0.00
Amount of Existing Holdback Requested:	\$0.00
This is an:	Interim Application
Aggregate Amounts Paid to Date:	\$0.00

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Prime Locations, LLC, George Comfort & Sons, Inc. and The COREnetwork (“Applicants”), submit this first interim application (the “Interim Application”) seeking interim allowance and payment of compensation and reimbursement of expenses under 11 U.S.C. §§ 330 and 331 for the period from January 21, 2008 through April 30, 2008 (the “Application Period”). Applicants submit this Interim Application for allowance of compensation for professional services rendered by Applicants to the Debtors. In support of this Interim Application, Applicants represent as follows:

**I. BACKGROUND**

1. On January 21, 2008 or thereafter (the “Petition Date”), each of the 53 Debtors filed with the United States Bankruptcy Court for the Southern District of New York (the “Court”), its respective voluntary petition for relief under chapter 11 of title 11 of the United

States Bankruptcy Code (the “Bankruptcy Code”), thereby commencing the above-captioned chapter 11 Cases.

2. The Court entered an order authorizing the joint administration of these chapter 11 Cases and the Debtors continue to operate their businesses and manage their properties as debtors-in-possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

3. On January 20, 2008 the Debtors’ corporate parent, Quebecor World, Inc. (“QWI”) together with each of the Debtors commenced a proceeding before the Superior Court, Commercial Division, for the Judicial District of Montreal (the “Canadian Court”) for a plan of compromise or arrangement (the “Canadian Proceeding”) under the Canadian Companies’ Creditors Arrangement Act (“CCAA”).<sup>1</sup> Each of the Debtors was joined in the Canadian Proceeding, in order that each Debtor may obtain the protection of a stay under the CCAA as well as under the Bankruptcy Code.

4. On January 31, 2008, the Office of the United States Trustee appointed an Official Committee of Unsecured Creditors pursuant to section 1102 of the Bankruptcy Code (the “Creditors’ Committee”). No trustee or examiner has been appointed in the Debtors’ chapter 11 Cases.

5. The Debtors have not yet filed a plan of reorganization or disclosure statement.

6. This Court has jurisdiction over this Interim Application pursuant to 28 U.S.C. §§ 157 and 1334. Venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409. This matter is a core proceeding pursuant to 28 U.S.C. § 157(b)(2).

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<sup>1</sup> The Canadian Court appointed Ernst & Young, Inc. to serve as Monitor for the Canadian Proceeding, and UBS Investment Bank is serving as a financial advisor.

7. The statutory predicates for the relief requested herein are §§ 330 and 331 of the Bankruptcy Code and Rule 2016 of the Federal Rules of Bankruptcy Procedure.

## **II. RETENTION OF APPLICANTS**

8. On March 21, 2008, the Debtors filed an application with the Court for an order approving the retention of Applicants (the “Retention Application”). On April 1, 2008, the Court entered an order authorizing the Debtors to employ Applicants *nunc pro tunc* to March 1, 2008 under the terms set forth in the Retention Application (the “Retention Order”).

9. The Applicants consist of three distinct entities. The CORE Network (“CORE”) is a non-profit national network of approximately 40 real estate firms and approximately 1,000 individual brokers and consultants. CORE is experienced in representing clients in numerous aspects of chapter 11 business operations and is well qualified to represent the Debtors in these Chapter 11 Cases. CORE’s national reach enables it to provide services to clients with real estate interests across the United States.

10. Prime Locations, LLC (“Prime”) is affiliated with CORE’s network of real estate firms and is a nationally recognized real estate consulting firm with extensive and specific experience in valuing portfolios, negotiating leases, effecting sales of assets in chapter 11 and chapter 7 cases, reduction of landlord claims and expert testimony.

11. George Comfort & Sons, Inc. is a national real estate firm, with extensive knowledge of the Debtors’ real estate portfolio and vast experience in maximizing value and minimizing liabilities related to leased and owned properties.

12. The terms of the Applicants’ engagement with the Debtors are set forth in a Consulting Services Agreement (the “Agreement”), Work Authorization #1, and Work Authorization #2, (together, the “Retention Agreement”), copies of which were attached as

Exhibit 1 to the Declaration of James B. Matthews and the Declaration of Dana Pike, both of which were filed in support of the Retention Application.

13. Under Work Authorization #1, the Applicants were retained to prepare a Real Market Valuation report setting forth the market rent and/or market value for each of the 96 sites that are listed on Schedule A to Work Authorization #1 (the “Valuation Services”). The Valuation Services included, as appropriate:

- review of all applicable leases, lease summaries, charts, deeds, title documents and related documents provided by the Debtors;
- communications with real estate professionals and/or retail operators knowledgeable with respect to the locations of the Debtors’ sites;
- determination of the market value and market rent for each site; and
- determination of the marketability, financing and disposition potential of the sites based on an analysis of the market and documents provided by the Debtors.

14. For the Valuation Services, the Applicants charged the Debtors a fee of \$250 each for 38 of the 96 locations to be the subject of the Real Market Valuation report, for a total fee of \$9,500. This fee is a comprehensive fee for the Valuation Services performed through April 30, 2008.

15. With respect to Work Authorization #2, the services to be provided by the Applicants relate to lease negotiations and modifications, and, to the extent advisable, arranging for sales of certain of the Debtors’ leasehold and fee interests (the “Restructuring Services”). More specifically, the Restructuring Services will include re-negotiating certain of Debtors’ leases; selling certain leasehold interests and fee interests; and locating and negotiating leases for

replacement locations for existing leases. No Restructuring Services were completed within the First Interim Period.

16. This Interim Application was prepared in accordance with the Amended Guidelines for Fees and Disbursements for Professionals in Southern District of New York Bankruptcy Cases adopted by the Court on April 19, 1995 (the “Local Guidelines”), the United States Trustee Guidelines for Reviewing Applications for Compensation and Reimbursement of Expenses Filed Under 11 U.S.C. § 330 adopted on January 30, 1996 (the “UST Guidelines”), the Interim Compensation Procedures Order (collectively, the “Guidelines”). Pursuant to the Local Guidelines, a certification regarding compliance with same is attached hereto as Exhibit A.

17. Applicants have submitted to Debtors an invoice which Debtors have approved subject to the entry of an order approving this Application.

### **III. RELIEF REQUESTED**

18. With respect to the First Work Authorization which was partially complete during the First Application Period, the Applicants request approval of the payment for the Real market Valuation Report<sup>tm</sup> totaling \$9,500 (38 sites times \$250).<sup>2</sup>

### **IV. SUMMARY OF SERVICES RENDERED AND FEES INCURRED BY APPLICANTS DURING THE APPLICATION PERIOD**

19. Applicants have not previously submitted any fee applications for this Court’s consideration in the above styled cause. Applicants provided Debtors Real Market valuation Reports for 38 of the 96 sites listed on the exhibit to the First Work Authorization.

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<sup>2</sup> To the extent that there were time or disbursement charges for services rendered or disbursements incurred related to the Application Period, but were not processed prior to the preparation of this Interim Application, Applicants reserve the right to request additional compensation for such services, and reimbursement of such expenses in a future application.

**V. REASONABLENESS AND NECESSITY OF FEES, CHARGES AND EXPENSES**

20. Pursuant to § 330 of the Bankruptcy Code, the Court may award to a professional employed by the estates “reasonable compensation for actual, necessary services rendered by . . . [a] professional person, or attorney and by any paraprofessional person employed by any such person; and reimbursement for actual, necessary expenses.” 11 U.S.C. § 330(a).

21. Section 330 also sets forth specific factors for a court to consider when determining the reasonableness of compensation:

In determining the amount of reasonable compensation to be awarded, the court shall consider the nature, the extent, and the value of such services, taking into account all relevant factors, including –

- (A) the time spent on such services;
- (B) the rates charged for such services;
- (C) whether the services were necessary to the administration of, or beneficial at the time at which the service was rendered toward the completion of, a case under this title;
- (D) whether the services were performed within a reasonable amount of time commensurate with the complexity, importance, and nature of the problem, issue, or task addressed; and
- (E) whether the compensation is reasonable based on the customary compensation charged by comparably skilled practitioners in cases other than cases under this title.

11 U.S.C. § 330(a)(3).

22. Applicants submit that their requested professional compensation during the First Application Period is fair and reasonable under the circumstances of this case and its representation of the Debtors therein.

23. Applicants have not incurred any reimbursable out-of-pocket expenses during the First Application Period.

## **NOTICE**

24. The Interim Application and notice thereof was served on the Debtors and notice of this Interim Application has been provided to all parties on the Notice List as set forth in the Case Management Order. A copy of the Interim Application is also freely available on the website of the Debtors' claims and noticing agent, Donlin, Recano & Company, Inc. at [www.donlinrecano.com](http://www.donlinrecano.com). The Applicant submits that no other or further notices need be given.

## **WAIVER OF MEMORANDUM OF LAW**

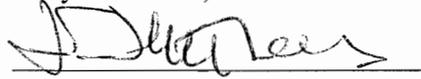
25. This Interim Application does not raise any novel issues of law. Accordingly, Applicants respectfully request that the Court waive the requirement contained in Rule 9013-1(b) of the Local Bankruptcy Rules for the Southern District of New York that a separate memorandum of law be submitted.

## **CONCLUSION**

WHEREFORE, Applicants respectfully request that the Court (i) enter an order allowing interim compensation of \$9,500.00 to Applicants for professional services rendered for the Debtors during the Application Period; (ii) provide the allowance of such compensation for professional services rendered and reimbursement of actual and necessary expenses incurred be without prejudice to Applicants' right to seek additional compensation for services performed and expenses incurred during the Application Period which were not processed at the time of this Interim Application; and (iii) grant such other and further relief as is just and equitable under the circumstances.

Dated: New York, New York  
June 19, 2008

Respectfully submitted,

A handwritten signature in black ink, appearing to read "J. Matthews", written over a horizontal line.

PRIME LOCATIONS, LLC  
James B. Matthews, President  
E-mail: [jmatthews@primelocationsllc.com](mailto:jmatthews@primelocationsllc.com)  
100 Crescent Court, 7<sup>th</sup> Floor  
Dallas, Texas 75201  
Telephone (972) 991-7000  
Facsimile (866) 826-9369  
Real Estate Consultant for  
Quebecor World and affiliates, Debtors

**EXHIBIT A**

**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

**CERTIFICATION OF JAMES B. MATTHEWS IN SUPPORT OF THE FIRST  
INTERIM APPLICATION OF (1) PRIME LOCATIONS, LLC; (2) GEORGE  
COMFORT & SONS, INC.; AND (3) THE CORE NETWORK, (“APPLICANTS”)  
SEEKING ALLOWANCE AND PAYMENT OF INTERIM COMPENSATION AND  
REIMBURSEMENT OF EXPENSES UNDER 11 U.S.C. §§ 330 AND 331**

I, James B. Matthews, hereby certify that:

(1) I am President with the applicant firm, PRIME LOCATIONS, LLC, and Director of Corporate Restructurings with the applicant firm, THE CORENETWORK with responsibility for the chapter 11 Cases of Quebecor World (USA) Inc. and certain of its direct and indirect subsidiaries, as debtors and debtors in possession (collectively, the “Debtors”), and with responsibility for compliance with the Amended Guidelines for Fees and Disbursements for Professionals in Southern District of New York Bankruptcy Cases adopted by the Court on April 19, 1995 (the “Local Guidelines”), the United States Trustee Guidelines for Reviewing Applications for Compensation and Reimbursement of Expenses Filed Under 11 U.S.C. § 330, adopted on January 30, 1996 (the “UST Guidelines”), and the Order Pursuant to Sections 105(a) and 331 of the Bankruptcy Code Establishing Procedures Governing Interim Monthly

Compensation of Professionals (the “Interim Compensation Procedures Order,” collectively with the Local Guidelines and UST Guidelines, the “Guidelines”).

(2) This certification is made with respect to Applicants’ interim application, dated June 19, 2008 (the “Interim Application”), for compensation and reimbursement of expenses for the period commencing January 21, 2008, through and including April 30, 2008 (the “Application Period”) in accordance with the Guidelines.

(3) In respect of section B.1 of the Local Guidelines, I certify that:

- I have read the Interim Application;
- to the best of my knowledge, information, and belief formed after reasonable inquiry, the fees and disbursements sought fall within the Local Guidelines and the UST Guidelines;
- the fees and disbursements sought are billed at rates in accordance with practices customarily employed by Applicants and generally accepted by Applicants’ clients; and
- in providing a reimbursable service, Applicants do not make a profit on that service, whether the service is performed by Applicants in-house or through a third party.

(4) In respect of section B.2 of the Local Guidelines, and as required by the Administrative Order, based on the nature of the fees sought, the provisions requiring Applicants to provide the Debtors, counsel for the statutory committee of unsecured creditors appointed in these cases (the “Creditors’ Committee”) and the United States Trustee for the Southern District of New York (the “United States Trustee”) with, on a monthly basis, a statement of Applicants’ fees and disbursements accrued during the previous month are not applicable with respect to the fees sought by this Interim Application.

(5) An invoice for the Real Market Valuation™ Report has been submitted to and approved by the Debtors for the valuations on 38 leases.

(6) In respect of section B.3 of the Local Guidelines, I certify that the Debtors, counsel for the Committee and the United States Trustee are each being provided with a copy of the Interim Application.

I declare under penalty of perjury that the foregoing is true and correct to the best of knowledge, information and belief.

Dated: New York, New York  
June 19, 2008

/s/  \_\_\_\_\_

PRIME LOCATIONS, LLC  
James B. Matthews, President  
E-mail: [jmatthews@primelocationsllc.com](mailto:jmatthews@primelocationsllc.com)  
100 Crescent Court, 7<sup>th</sup> Floor  
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Facsimile (866) 826-9369  
Real Estate Consultant for  
Quebecor World and affiliates, Debtors

**EXHIBIT B**

**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

**CERTIFICATION OF DANA PIKE IN SUPPORT OF THE FIRST INTERIM  
APPLICATION OF (1) PRIME LOCATIONS, LLC; (2) GEORGE COMFORT & SONS,  
INC.; AND (3) THE CORE NETWORK, (“APPLICANTS”) SEEKING ALLOWANCE  
AND PAYMENT OF INTERIM COMPENSATION AND REIMBURSEMENT OF  
EXPENSES UNDER 11 U.S.C. §§ 330 AND 331**

I, Dana Pike, hereby certify that:

(1) I am Senior Vice President with the applicant firm, GEORGE COMFORT & SONS, INC. (“Comfort”) with responsibility for the chapter 11 Cases of Quebecor World (USA) Inc. and certain of its direct and indirect subsidiaries, as debtors and debtors in possession (collectively, the “Debtors”), and with responsibility for compliance with the Amended Guidelines for Fees and Disbursements for Professionals in Southern District of New York Bankruptcy Cases adopted by the Court on April 19, 1995 (the “Local Guidelines”), the United States Trustee Guidelines for Reviewing Applications for Compensation and Reimbursement of Expenses Filed Under 11 U.S.C. § 330, adopted on January 30, 1996 (the “UST Guidelines”), and the Order Pursuant to Sections 105(a) and 331 of the Bankruptcy Code Establishing Procedures Governing Interim Monthly Compensation of Professionals (the “Interim

Compensation Procedures Order,” collectively with the Local Guidelines and UST Guidelines, the “Guidelines”).

(2) This certification is made with respect to Applicants’ interim application, dated June 19, 2008 (the “Interim Application”), for compensation and reimbursement of expenses for the period commencing January 21, 2008, through and including April 30, 2008 (the “Application Period”) in accordance with the Guidelines.

(3) In respect of section B.1 of the Local Guidelines, I certify that:

- I have read the Interim Application;
- to the best of my knowledge, information, and belief formed after reasonable inquiry, the fees and disbursements sought fall within the Local Guidelines and the UST Guidelines;
- the fees and disbursements sought are billed at rates in accordance with practices customarily employed by Applicants and generally accepted by Applicants’ clients; and
- in providing a reimbursable service, Applicants do not make a profit on that service, whether the service is performed by Applicants in-house or through a third party.

(4) In respect of section B.2 of the Local Guidelines, and as required by the Administrative Order, based on the nature of the fees sought, the provisions requiring Applicants to provide the Debtors, counsel for the statutory committee of unsecured creditors appointed in these cases (the “Creditors’ Committee”) and the United States Trustee for the Southern District of New York (the “United States Trustee”) with, on a monthly basis, a statement of Applicants’ fees and disbursements accrued during the previous month are not applicable with respect to the fees sought by this Interim Application.

(5) An invoice for the Real Market Valuation™ Report has been submitted to and approved by the Debtors for the valuations on 38 leases.

(6) In respect of section B.3 of the Local Guidelines, I certify that the Debtors, counsel for the Committee and the United States Trustee are each being provided with a copy of the Interim Application.

I declare under penalty of perjury that the foregoing is true and correct to the best of knowledge, information and belief.

Dated: New York, New York  
June 19, 2008

/s/   
\_\_\_\_\_

GEORGE COMFORT & SONS. INC.  
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