

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 BEN SCHWARTZ IN SUPPORT OF THE MOTION OF THE
DEBTORS FOR ENTRY OF AN ORDER AUTHORIZING THE PAYMENT OF
CERTAIN PREPETITION EMPLOYEE BONUSES**

I, Ben Schwartz, declare under penalty of perjury as follows:

1. I am a Senior Vice President of Quebecor World Inc., and am responsible for all human resource activities for QW World.

2. In this capacity, I am generally familiar with the Debtors' day-to-day operations as it relates to employees, employee compensation, and employee benefits. I submit this declaration in support of the Debtors' Motion for Entry of an Order Authorizing the Payment of Certain Prepetition Employee Bonuses.

3. The Debtors employ, as of the Petition Date, approximately 19,531 employees, of whom approximately 17,359 are full-time employees and approximately 1,947 are part-time or contract employees. A total of approximately 15,473 employees are paid on an hourly basis and approximately 3,170 are paid on a salary basis. In addition, certain sales force employees are paid principally through commissions on the sales they generate.

4. The Debtors have a highly skilled and dedicated labor force. The employees perform a wide range of critical functions. These tasks can be divided into three general categories: (1) press room workers, (2) bindery workers, and (3) sales and general support staff. The following describes some of the main tasks of these employees: (1) press room workers ensure that the customers' printed product is produced, and these employees are tasked with operating and maintaining large web offset and gravure presses; (2) bindery workers operate a variety of equipment that involves the binding together of printed pages into magazines, catalogs, books and directories; and (3) sales and general support staff provide services related to sales and marketing, staffing for customer service, scheduling, quality control, shipping and receiving, accounts payable, and accounts receivable.

5. The Debtors' employees are necessary for all elements of the Debtors' businesses, including such tasks as paper handling, press maintenance, machinists, stockroom maintenance, shipping and receiving, and sales. The employees' skills, knowledge and understanding of the Debtors' infrastructure, operations and customer relations are essential to effect a successful reorganization and to maintain the value of the Debtors' assets and businesses.

6. As stated above, the Debtors' employees are a critical and necessary component of their printing business. Given the necessity of the Debtors' employees to the overall operation of the Debtors' businesses, on January 22, 2008, the Debtors filed a motion (the "Wage and Benefits Motion") for entry of an order (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 (the “Interim Order”), and on March 20, 2008, the Court entered a final order (the “Final Order”), granting the relief requested in the Wage and Benefits Motion.

7. As part of the Wage and Benefits Motion, the Debtors were granted authority to pay their employees for wages and salaries the employees earned prepetition, and to honor certain other prepetition employee-related obligations (such as, profit sharing, employee benefits, insurance, and other similar benefits).

8. In the Wage and Benefits Motion, the Debtors were authorized to pay each employee his or her accrued prepetition wages, salary and benefits, so long as the total compensation to such employee was less than \$10,950. To the extent any such payment exceeded \$10,950, the Debtors stated in the Wage and Benefits Motion that they would seek further authority to make such payments.

9. Since the filing of the Wage and Benefits Motion on the first day of these Chapter 11 Cases, the Debtors have on a few occasions sought further authority to pay prepetition accrued compensation, which, for some employees, exceeded the \$10,950 threshold. For instance, the Debtors have previously filed two motions seeking authority to pay and honor commissions that accrued prepetition (the “Sales Commission Motions”), and also filed, on

March 10, 2008, a motion for authority to pay and honor certain management incentive awards that accrued prepetition (the "Incentive Compensation Motion").

10. The Debtors now seek authority to pay additional compensation to approximately twenty-three employees in the form of bonuses earned prepetition, with certain of such bonus amounts exceeding \$10,950.

11. Unlike the prepetition incentive compensation payments previously approved by the Court pursuant to an order granting the relief requested in the Incentive Compensation Motion, the bonus awards sought herein are not part of a company wide incentive plan, but are provided for under specific employment contracts entered into prepetition by the Debtors with certain employees.

12. Specifically, the Debtors have now determined that they owe approximately twenty-three employees bonuses in the aggregate amount of approximately \$203,403 pursuant to the terms and conditions of such employees' respective prepetition employment contracts. These payments are owed to such employees as prepetition signing bonuses offered to certain new hires, and/or to employees asked to relocate. Moreover, these bonuses were offered to incentivize the respective employees to either accept the Debtors' offer of employment, or a transfer of employment to a different location, as applicable, by offering such employees additional compensation in the form of a bonus at the end of an agreed upon period of employment.

13. While the bonuses were intended to induce the affected employees to enter into employment with the Debtors, or to remain with the Debtors after the requested relocation, the amounts payable were included as part of each employee's total annual compensation. The employees are both salaried and hourly employees, and for some of the employees the bonus owed, or owing, equates to two months of such employees' annual compensation.

14. The bonuses owed, or owing, to these twenty-three employees range from approximately \$1,500 to \$27,675. For twelve of these employees, the payments currently due, or expected to become due, on account of prepetition services do not exceed the \$10,950 threshold of prepetition compensation, even when wages and benefits previously paid to such employees under the Wage and Benefits Motion are included in the determination.

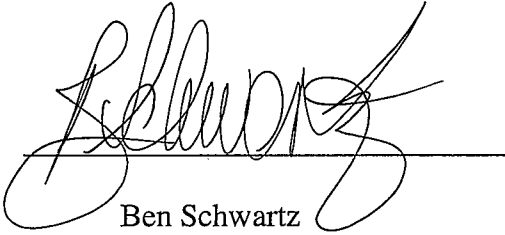
15. With respect to four of the remaining employees, the proposed bonuses are now due and payable, and when added to their previously paid prepetition compensation, will result in such employees receiving total prepetition compensation in excess of the \$10,950 threshold. The bonus amounts due to these four employees range from \$9,105 to \$27,675, and total \$69,403.

16. Of the final seven employees, two of such employees are each scheduled to receive \$10,000 in August 2008 and another \$10,000 in August 2009, under their prepetition employment contracts. The other five employees are owed payments during 2008 and 2009 under their prepetition agreements aggregating between \$10,000 and \$15,000 per employee.

17. The Debtors seek authority to make the requested payments due under prepetition employment contracts in order to minimize the personal hardship that the affected employees will suffer if they are not paid when due, and to maintain the morale of their workforce during this critical time, by adhering to the payment terms provided for under employment contracts entered into prepetition with the affected employees.

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

Dated: July 7th 2008



Ben Schwartz