

Presentment Date: **August 7 2008 at 12:00 p.m.**
Objection Deadline: **August 7, 2008 at 11:30 a.m.**

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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

**STIPULATION AND ORDER APPROVING SETTLEMENT
BETWEEN QUEBECOR WORLD (USA) INC. AND TSIC, INC.**

Quebecor World (USA) Inc., as debtor and debtor in possession (“QWUSA”), and TSIC, Inc. f/k/a Sharper Image Corporation (“TSIC,” and together with QWUSA, the “Parties”) do hereby stipulate and agree as follows:

RECITALS:

A. On January 21, 2008, QWUSA and certain of its affiliates filed petitions under chapter 11 of the United States Bankruptcy Code (the “Bankruptcy Code”) in the United States Bankruptcy Court for the Southern District of New York (the “New York Bankruptcy Court”), Case Nos. 08-10152, *et al.* (the “QWUSA Bankruptcy Case”).

B. On February 19, 2008, TSIC filed a petition under chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the District of Delaware (the “Delaware Bankruptcy Court”), Case No. 08-10322 (the “TSIC Bankruptcy Case”).

C. QWUSA asserts a claim against TSIC in the approximate amount of \$3.8 million (the “QWUSA Claim”) on account of certain printing services provided by QWUSA to TSIC pursuant to a certain Amended and Restated Printing Agreement, dated January 5, 2007 (the “Agreement”), between the Parties.

D. QWUSA asserts that the QWUSA Claim is secured by a valid, binding, enforceable and duly perfected lien on, and security interest in (the “QWUSA Lien”) certain paper that is currently in QWUSA’s possession (the “Paper”) under the Agreement.

E. TSIC disputes that the QWUSA Lien is valid, perfected and enforceable and asserts, among other things, that the QWUSA Lien may be a voidable transfer under the Bankruptcy Code and that TSIC has a priority security interest in the Paper.

F. TSIC wishes to sell the Paper to a third-party (the “Third-Party Purchaser”) for a purchase price of approximately \$460,000.00 (the “Purchase Price”) and has requested QWUSA’s consent to such sale (the “Sale”) of the Paper free and clear of any liens, claims, encumbrances or other rights of QWUSA in the Paper.

G. To effectuate the Sale of the Paper in an expeditious manner and resolve the disputes relating to the Parties’ rights, claims and interests in the Paper on a consensual basis, the Parties have agreed to, among other things, divide the proceeds of the Sale (the “Proceeds”) as provided for herein.

NOW THEREFORE, subject only to approval by the New York Bankruptcy Court and the Delaware Bankruptcy Court as provided for herein, the Parties agree as follows:

AGREEMENTS:

1. The Recitals form an integral part of this stipulation (the “Stipulation”) and are incorporated fully herein.
2. QWUSA consents to the Sale of the Paper by Sharper Image free and clear of any liens, claims, encumbrances or other rights to or claims against the Paper that QWUSA asserts now or may assert in the future.
3. Upon consummation of the Sale of the Paper, the gross Proceeds of such Sale shall be divided between the Parties, with QWUSA to receive 80% of the gross Proceeds (“QWUSA’s Share”) and TSIC to receive 20% of the gross Proceeds (“TSIC’s Share”).
4. Upon consummation of the Sale of the Paper and QWUSA’s receipt of QWUSA’s Share, QWUSA shall satisfy a brokerage commission of 3% of the Purchase Price in the amount of \$13,802.14 (the “Commission”) due to Go2Paper, the auctioneer used by TSIC in connection with the Sale, with the Commission payable from QWUSA’s Share.
5. Following receipt by TSIC and QWUSA of their respective shares of the Proceeds, QWUSA shall make the Paper available to the Third-Party Purchaser to pick up at QWUSA’s facilities where the Paper is held.
6. QWUSA agrees not to charge any fee to either TSIC or the Third-Party Purchaser for QWUSA’s handling of the Paper.
7. The amount of the QWUSA Claim will be reduced by the amount of QWUSA’s Share net payment of the Commission.
8. This Stipulation shall be subject to (i) approval by the New York Bankruptcy Court in the QWUSA Bankruptcy Case and (ii) approval of an identical stipulation by the Delaware Bankruptcy Court in the TSIC Bankruptcy Case.

9. This Stipulation shall be (i) immediately effective and enforceable upon its approval by the New York Bankruptcy Court and approval of an identical stipulation by the Delaware Bankruptcy Court and (ii) binding on and inure to the benefit of QWUSA, TSIC and their respective successors, heirs and assigns.

10. This Stipulation may not be modified other than by a signed writing executed by the Parties hereto, or their authorized representatives, or by further order of the New York Bankruptcy Court.

11. Each person who executes this Stipulation represents that he or she has the authority to execute this document on behalf of his or her respective client(s).

12. This Stipulation may be executed in counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument, and it shall constitute sufficient proof of this Stipulation to present any copy, copies or facsimiles signed by the party hereto to be charged.

13. The New York Bankruptcy Court retains jurisdiction with respect to all matters arising from or related to the implementation of this Stipulation.

Dated: New York, New York
August 4, 2008

QUEBECOR WORLD (USA) INC.

_____/s/_____
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TSIC, INC F/K/A
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Attorneys for TSIC, Inc.

SO ORDERED ___ DAY OF _____, 2008.

HONORABLE JAMES M. PECK
UNITED STATES BANKRUPTCY JUDGE