Quebecor World

QUEBECOR WORLD (USA) INC. AND AFFILIATED DEBTORS

COMBINED FINANCIAL STATEMENTS

MONTHLY OPERATING STATEMENT FOR THE PERIOD FROM
JUNE 29, 2008 TO AUGUST 2, 2008

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re:	Chapter 11
Quebecor World (USA) Inc., et al.,	Case No. 08-10152 (JMP)
Debtors:	(Jointly Administered)

MONTHLY OPERATING STATEMENT FOR THE PERIOD
FROM JUNE 29, 2008 TO AUGUST 2, 2008

DEBTORS' ADDRESS:	150 42nd Street New York, NY 10034	
	MONTHLY DISBURSEMENTS MADE BY QUEBECOR WORLD (USA), Inc., et al., (IN THOUSANDS):	$295,370
DEBTORS' ATTORNEY:	Arnold & Porter LLP Michael J. Canning 399 Park Avenue New York, NY 10022-4690	
	MONTHLY OPERATING INCOME (LOSS) (IN THOUSANDS):	$7,100
REPORT PREPARER:	QUEBECOR WORLD (USA) Inc., et al.,	

The undersigned, having reviewed the attached report and being familiar with the Debtors' financial affairs, verifies under penalty of perjury, that the information contained therein is complete, accurate and truthful to the best of my knowledge.

/S/ ____________

JEREMY ROBERTS
CHIEF FINANCIAL OFFICER
OF QUEBECOR WORLD INC., CORPORATE PARENT
OF QUEBECOR WORLD (USA) INC.

DATE: September 5, 2008

QUEBECOR WORLD (USA) INC., *et al*

(Debtor-in-Possession)

Case No. 08-10152 (Jointly Administered)

INDEX TO COMBINED FINANCIAL STATEMENTS AND SCHEDULES

QUEBECOR WORLD (USA) INC., *et al*
(Debtor-in-Possession)
Case No. 08-10152 (Jointly Administered)
COMBINED STATEMENT OF LOSS AND COMPREHENSIVE LOSS
For the period from June 29, 2008 to August 2, 2008
(in millions)
(Unaudited)

Operating revenues		$	274.5
Operating expenses:			
Cost of sales			229.8
Selling, general and administrative			20.2
Depreciation and amortization			17.4
			267.4
Operating income			7.1
Financial expenses			23.2
Reorganization items	note 5		5.3
Income taxes			(9.8)
Net loss and comprehensive loss		$	(11.6)

See accompanying Notes to Combined Financial Statements

QUEBECOR WORLD (USA) INC., *et al*

(Debtor-in-Possession)

Case No. 08-10152 (Jointly Administered)

COMBINED STATEMENT OF CASH FLOWS

For the period from June 29, 2008 to August 2, 2008

(in millions)

(Unaudited)

Cash flows from operating activities:	
Net loss	$ (11.6)
Adjustments for:	
Depreciation of property, plant and equipment	17.4
Future income taxes	(9.8)
Amortization of other assets	0.8
Other	1.7
	(1.5)
Net changes in non-cash balances related to operations:	
Accounts receivable	9.8
Inventories	(17.5)
Trade payables and accrued liabilities	8.8
Other current assets and liabilities	7.1
Other non-current assets and liabilities	(4.1)
	4.1
Cash flows provided by (used in) operating activities	2.6
Cash flows from financing activities:	
Net change in bank indebtedness	(0.2)
Repayment of long-term debt obligations under capital lease	(3.3)
Cash flows provided by (used in) financing activities	(3.5)
Cash flows from investing activities:	
Additions to property, plant and equipment	(5.2)
Restricted cash related to Insolvency Proceedings	(2.1)
Cash flows provided by (used in) investing activities	(7.3)
Net changes in cash and cash equivalents	(8.2)
Cash and cash equivalents, beginning of period	154.7
Cash and cash equivalents, end of period	$ 146.5
Supplemental cash flow information:	
Interest payment	$ 6.1
Income tax paid (net of refund)	-

See accompanying Notes to Combined Financial Statements

Quebecor World

QUEBECOR WORLD (USA) INC., *et al*

(Debtor-in-Possession)

Case No. 08-10152 (Jointly Administered)

COMBINED BALANCE SHEET

(in millions)

(Unaudited)

August 2, 2008

Assets			
Current assets:			
Cash and cash equivalents		$	146.5
Accounts receivables			504.3
Receivable from related parties			51.0
Inventories			163.6
Future income taxes and tax receivable			18.7
Prepaid expenses			46.6
Total current assets			930.7
Property, plant and equipment			1,174.6
Goodwill			336.4
Restricted cash			32.3
Future income taxes			0.9
Other assets and future income taxes			280.1
Total assets		$	2,755.0
Liabilities and Shareholders' deficit			
Current liabilities:			
Bank Indebtedness		$	13.4
Trade payables and accrued liabilities			232.3
Payables to related parties			3.1
Income and other taxes payable			15.5
Current portion of long-term debt	note 6		491.8
Liabilities subject to compromise	note 8		2,848.7
Total current liabilities			3,604.8
Long-term debt	note 6		7.4
Other liabilities			134.2
Future income taxes			114.7
Shareholders' deficit:			
Capital stock			1,031.2
Contributed surplus			470.0
Deficit			(2,608.2)
Accumulated other comprehensive income			0.9
			(1,106.1)
Total Liabilities and Shareholders' deficit		$	2,755.0

See accompanying Notes to Combined Financial Statements.

1. Chapter 11 Cases and CCAA Proceedings

On January 21, 2008 (the "Petition Date"), Quebecor World (USA) Inc. and 52 of its affiliates in the United States (collectively, the "Debtors") filed voluntary petitions for relief under Chapter 11 of the Bankruptcy Code (the "U.S. Proceedings") in the U.S. Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court"). A complete list of the Debtors is set forth on Schedule III attached hereto and reference can be made to the complete list of the Debtors on the website of the Debtors' claims agent, Donlin Recano & Company, at www.donlinrecano.com.

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 Proceedings") under the Canadian Companies' Creditors Arrangement Act ("CCAA"). Each of the Debtors was joined in the Canadian Proceedings, in order that each Debtor could obtain the protection of a stay under the CCAA as well as under the Bankruptcy Code. The Initial Order under the Canadian Proceedings is dated January 21, 2008 and takes effect from immediately after midnight on January 20, 2008. The Canadian Court appointed Ernst & Young, Inc. to serve as Monitor for the Canadian Proceedings, and UBS Investment Bank is serving as a financial advisor to the Canadian Affiliates.

The Canadian Proceedings and the U.S. Proceedings are hereinafter collectively referred to as the "Bankruptcy Proceedings."

The Debtors collectively operate the second largest commercial printing business in the United States, maintaining approximately 78 facilities in 29 states. QWI is a Canadian corporation, having been incorporated on February 23, 1989 pursuant to the Canada Business Corporations Act to combine the assets constituting what was then the printing division of Quebecor Inc. (QWI, together with the Debtors and all of QWI's debtor and non-debtor subsidiaries and affiliates are referred to herein as "QW World"). QWI is a public company with shares historically listed on the Toronto Stock Exchange and the New York Stock Exchange (QWI was delisted from the New York Stock Exchange as a result of the commencement of these Chapter 11 cases), and its registered and principal office is located in the City of Montreal in the Province of Quebec, Canada.

The Debtors are operating their businesses and managing their properties as debtors-in-possession under the jurisdiction of the Bankruptcy Court and in accordance with the applicable provisions of the Bankruptcy Code, the Federal Rules of Bankruptcy Procedure, the CCAA and applicable court orders. In general, as debtors-in-possession, each of the Debtors is authorized to continue to operate as an ongoing business, but may not engage in transactions outside the ordinary course of business without the prior approval of the Bankruptcy Court.

No request has been made for the appointment of a trustee or examiner in these cases. On January 31, 2008, an Official Committee of Unsecured Creditors was appointed.

Pursuant to the Bankruptcy Code, all actions and proceedings against the Debtors and property of the Debtors' estate are stayed during the continuation of the U.S. Proceedings. In addition, pursuant to the initial order entered in the Canadian Proceedings, which has been extended through September 30, 2008 a stay is also in effect under the Canadian Proceedings.

On January 22, 2008, the Debtors sought authority to execute and enter into a $1 billion Secured Superpriority Debtor-in-Possession Credit Agreement (the "DIP Loan") dated as of January 21, 2008, among QWI and Quebecor World (USA) Inc., as Borrowers, the Guarantors party thereto, Credit Suisse, as Administrative Agent and Collateral Agent, Morgan Stanley Senior Funding, Inc., as Syndication Agent, acting as Agents for themselves, Credit Suisse, as an Initial Issuing Bank and Initial Swing Line Lender, and the Initial Lenders and the other Lenders party thereto, arranged by Credit Suisse Securities (USA) LLC and Morgan Stanley Senior Funding, Inc., as Joint Lead Arrangers and Co-Bookrunners. On January 23, 2008, the Bankruptcy Court granted interim approval of the DIP Loan, but initially limited access under the DIP Loan to $750 million. On April 1, 2008 the Bankruptcy Court entered a final order approving the DIP Loan, as amended by amendments dated January 25, 2008, February 11, 2008 and March 27, 2008 as amended, (the "DIP Facility"). The DIP Loan was further amended on August 5, 2008.

In addition, upon the commencement of these cases, the Bankruptcy Court approved the Debtors' cash management procedures in connection with its approval of the DIP Facility, which allowed the Debtors to continue their business activities in the ordinary course. The Debtors also sought and obtained Bankruptcy Court approval through certain "first day" motions and subsequent motions, for authority to continue to meet their employee obligations, maintain the cash management system, create certain case management procedures, and otherwise received authority to address various operational issues. The Debtors subsequently obtained approval from the Bankruptcy Court to bring current and to continue to make payments on account of their minimum funding obligations related to their pension plans, and approval to pay the balance owing under certain incentive plans that accrued pre-petition.

On July 18, 2008, the Debtors filed their schedules of assets and liabilities and their statements of financial affairs in the U.S. Proceedings. The Debtors intend to file a requisite motion establishing bar dates by which all creditors must file proofs of their respective claims and interests against the Debtors. The Debtors have not fully analyzed the validity and enforceability of any submitted proofs of claim filed against the Debtors' estates to date, and expect that additional proofs of claim will be filed after the bar date has been established. At this time, it is not possible to determine the extent of the claims that may be filed, whether or not such claims will be disputed, or whether or not such claims will be subject to discharge in the Bankruptcy Proceedings. It is also not possible at this time to determine whether to establish any additional claims reserves. Once all applicable bar dates are established and all claims against the Debtors have been filed, the Debtors will review all claims filed and begin the claims reconciliation process. In connection with such review and reconciliation process, the Debtors will also determine the additional reserves, if any, that should appropriately be established in respect of such claims.

Under the Bankruptcy Code, the Debtors have the right to assume, assume and assign, or reject certain executory contracts and unexpired leases, subject to the approval of the Bankruptcy Court and certain other conditions. Parties to executory contracts or unexpired leases rejected by a Debtor may file proofs of claim against that Debtor's estate for damages. Due to ongoing evaluation of contracts for assumption or rejection and the uncertain nature of many of the potential claims for damages, the Debtors' cannot project the magnitude of these potential claims at this time.

On April 7, 2008, the Debtors filed a motion with the Bankruptcy Court seeking an extension of the period during which the Debtors have the exclusive right to file a plan or plans of reorganization from May 20, 2008 to September 30, 2008, and an extension of the deadline by which the Debtors have the exclusive right to solicit acceptances to November 28, 2008. Although the Bankruptcy Court approved the motion on April 17, 2008, the Bankruptcy Court has the power to terminate these periods prior to September 30, 2008 and November 28, 2008 respectively, and the Debtors can make no assurance that the Bankruptcy Court will not do so.

During the early stages of the U.S. Proceedings, the Debtors have continued to manage their affairs in the ordinary course and have been actively working with their customers, suppliers and other vendors in order to stabilize the ongoing operations of their respective businesses. Consistent therewith, the Debtors have entered into significant new customer contracts, such as a new agreement with Simon & Schuster, Inc., a long term contract extension of a printing agreement with R.D. Manufacturing Corporation, a subsidiary of Readers Digest, and an extended and expanded agreement with Dex Media Inc. The Debtors have also taken steps to enhance their business operations, including entry into a significant new lease to consolidate and expand their Logistics and Co-Mailing operations in New Jersey, and the Debtors have sought to realize value from assets no longer deemed necessary to their going forward operations. To that end, the Debtors sold a Challenger 604 aircraft for an amount significantly in excess of the cost of such aircraft. Finally, the Debtors have also taken steps to consolidate certain operations to more efficiently service the needs of their customers, including the closure of their operations in North Haven, Connecticut, which will realize significant savings to the Debtors over time, although there will be short-term extraordinary severance costs associated with the closure. Most significantly, during the month of June 2008, the Debtors and QWI also successfully negotiated and closed on the sale of their European operations, which was approved at a joint hearing in both the U.S. Proceedings and Canadian Proceedings on June 17, 2008.

In July 2008, the Debtors received the approval of the Bankruptcy Court to implement an enhanced management incentive compensation plan that will be effective through June 2009.

In anticipation of formulating a plan or plans of reorganization, the Debtors, together with QWI, and with the advice of their financial advisors, are in the process of developing comprehensive business and financial plans, which will serve as a basis for discussions with their creditor constituencies. At this time, it is not possible to accurately predict the effects of the reorganization process on the business of the Debtors, or if and when, some or all of the Debtors may emerge from bankruptcy. The prospects for future results depend on the timely and successful development, confirmation and implementation of a plan or plans of reorganization. There can be no assurance that a successful plan or plans of reorganization will be proposed by the Debtors, supported by the Debtors' creditors or confirmed by the

Bankruptcy Court, or that any such plan or plans will be consummated. The ultimate recovery, if any, that creditors and equity security holders receive will not be determined until confirmation of a plan or plans of reorganization.

No assurance can be given as to what values, if any, will be ascribed in these bankruptcy cases to the interests of each of the various creditor and equity or other security holder constituencies.

As a result of the Debtors' bankruptcy filings and the other matters described herein, including the uncertainties related to the fact that the Debtors have not yet had time to complete and have approved a plan or plans of reorganization, there is no certainty about the Debtors' ability to continue as a going concern. The Debtors' ability to continue as a going concern, including their ability to meet their ongoing operational obligations, is dependent upon, among other things: (i) the Debtors' ability to maintain adequate cash on hand; (ii) the Debtors' ability to generate cash from operations; (iii) the cost, duration and outcome of the restructuring process; (iv) the Debtors' ability to comply with the DIP Facility agreement; and (v) the Debtors' ability to achieve profitability following a restructuring. These challenges are in addition to those operational and competitive challenges faced by the Debtors in connection with their business. In conjunction with the Debtors' advisors, the Debtors are working to design and implement strategies to ensure that the Debtors maintain adequate liquidity sufficient to continue as a going concern. However, there can be no assurance as to the success of such efforts.

2. Basis of Presentation

These unaudited combined financial statements are limited in scope, cover a limited time period, and have been prepared solely for the purpose of complying with the Debtors' monthly reporting requirements. The unaudited combined financial statements include financial information of the Debtors, together with their U.S. subsidiaries that have not filed for bankruptcy relief under Chapter 11 of the U.S. Bankruptcy Code. The Debtors believe that the inclusion of their non-debtor subsidiaries in their financial statements is not material to the results reported. Inter-company balances between these entities have been eliminated in these unaudited combined financial statements.

The financial information in these unaudited combined financial statements is preliminary and has been derived from the books and records of the Debtors. This information, however, has not been subjected to procedures that would typically be applied to financial information presented in accordance with Canadian Generally Accepted Accounting Principles ("GAAP"), and therefore may exclude items required by GAAP, such as certain reclassifications, eliminations, accruals, restructuring charges, reorganization items, impairment of asset and disclosure items. Upon the application of such procedures, the Debtors believe that the financial information could be subject to changes, and these changes could be material. The information furnished in these unaudited combined financial statements includes primarily normal, recurring and certain information and footnote disclosures normally included in financial statements have been omitted. Undue reliance should not be placed upon these unaudited combined financial statements, as there can be no assurance that such information is complete, and these unaudited combined financial statements may be subject to revision. These unaudited combined financial statements are in a format intended to be in compliance with the requirements of the Office of the U.S. Trustee and should not be used for investment purposes.

Except for as otherwise noted, these unaudited combined financial statements have been prepared using the same GAAP as applied to the Debtors prior to the Bankruptcy Proceedings of QWI and the Debtors. These unaudited combined financial statements have been prepared in accordance with the accounting policies and methods used in QWI's consolidated financial statements for the year ended December 31, 2007. However, these combined financial statements do not include all disclosures required under GAAP and accordingly should be read in conjunction with QWI's consolidated financial statements, and the notes thereto, for the year ended December 31, 2007 that were filed with the Canadian Securities Commissions on April 29, 2008, in addition to the quarterly statements for the period ended March 31, 2008 and June 30, 2008 respectively filed with the Canadian Securities Commissions on May 15, 2008 and August 13, 2008.

While the Debtors have filed for and been granted bankruptcy protection under the Bankruptcy Proceedings, these unaudited combined financial statements continue to be prepared assuming that the Debtors continue as a going concern, and assume that the Debtors will be able to realize assets and discharge liabilities in the normal course of business for the foreseeable future. The U.S. Proceedings provide the Debtors with a period of time to stabilize their operations and financial condition and develop a plan or plans of reorganization. The fact that the DIP Facility has been approved in both the Canadian Proceeding and U.S. Proceeding, and is currently available to the Debtors, subject to borrowing conditions, as described in Note 6, supports the preparation of these unaudited combined financial statements on a going concern basis. However, it is not possible to predict the outcome of these Bankruptcy Proceedings and, as such, the realization of assets and discharge of liabilities is subject to significant uncertainty. Accordingly, substantial doubt exists as to whether the Debtors will be able to continue as a going concern. Further, it is not possible to predict whether the actions taken in any restructuring will result in improvements to the financial condition of the Debtors sufficient to allow them to continue as a going concern. If the going concern basis is not appropriate, adjustments will be necessary to the carrying amounts and/or classification of assets and liabilities, and expenses in these combined financial statements.

Accounting Policies Applicable to an Entity under Creditor Protection

As a result of the Bankruptcy Proceedings, the Debtors will follow accounting policies, including disclosure items, applicable to entities that are under creditor protection. In addition to GAAP, the Debtors are applying the guidance in the American Institute of Certified Public Accountants Statement of Position 90-7, "Financial Reporting by Entities in Reorganization under the Bankruptcy Code" (SOP 90-7) where it does not conflict with Canadian GAAP.

Consistent with GAAP, SOP 90-7 does not change the manner in which financial statements are prepared. However, SOP 90-7 does require that the financial statements for periods subsequent to the filing distinguish transactions and events that are directly associated with the reorganization from the ongoing operations of the business. Revenues, expenses, gains and losses, and provisions for losses that can be directly associated with the reorganization and restructuring of the business will be reported separately as reorganization items. The timing of the recognition of reorganization items is consistent with GAAP. Cash flows related to reorganization items are disclosed separately on a quarterly basis.

While payments may not be made on liabilities subject to compromise, including long-term debt, interest on debt obligations will continue to be recognized under GAAP. Interest is not a reorganization item. The unaudited combined balance sheet distinguishes pre-filing liabilities subject to compromise from both those pre-filing liabilities that are not subject to compromise and from post-filing liabilities (see Note 8). Liabilities that may be affected by the plan or plans of reorganization may be settled for lesser amounts.

Financial statements that include one or more entities in reorganization proceedings and one or more entities not in reorganization proceedings are required to include disclosure of entities in reorganization proceedings, including disclosure of the amount of inter-company receivables and payables therein. The Debtors' U.S. subsidiaries that have not filed for bankruptcy relief under Chapter 11 of the U.S. Bankruptcy Code are immaterial. In accordance with the agreement among the Debtors and the Office of the U.S. Trustee, this financial information has not been shown separately in the unaudited combined financial statements.

SOP 90-7 has been applied effective January 21, 2008, and for subsequent reporting periods while the Debtors continue to operate under creditor protection.

Seasonality

The operations of the Debtors' businesses are seasonal, with the majority of historical operating income recognized in the second half of the fiscal year, primarily as a result of the higher number of magazine pages, new product launches and back-to-school, retail and holiday catalogue promotions. Within any year, the seasonality could adversely affect the Debtors' cash flow and results of operations on a quarterly basis.

3. Changes in Accounting Standards

Effective January 1, 2008, QWI adopted the following Canadian Institute of Chartered Accountants ("CICA") Handbook sections:

- Section 1535, Capital Disclosures, which requires the disclosure of both qualitative and quantitative information that enables users of financial statements to evaluate the entity's objectives, policies and processes for managing capital.

- Section 3862, Financial Instruments – Disclosures, and Section 3863, Financial Instruments – Presentation, which require additional disclosures relating to financial instruments.

- Section 3031, Inventories, which provides more extensive guidance on the recognition and measurement of inventories, and related disclosures. Accordingly, the following adjustments were recorded in QWI's consolidated financial statements as of January 1, 2008:
    - Decrease of inventory by $16.3 million
    - Increase of property, plant and equipment by $4.0 million
    - Decrease of future income taxes liabilities by $4.7 million
    - Increase of deficit by $7.6 million

4. Future Changes in Accounting Standards and Accounting Policies

QWI intends to change the September 30th annual measurement date of plan assets and accrued benefit obligations to December 31st with respect to its pension and post-retirement benefits. QWI is currently evaluating the effect of this standard on its consolidated financial statements.

In February 2008, the CICA issued Section 3064, "Goodwill and Intangible Assets", replacing Section 3062, "Goodwill and Other Intangible Assets". The new section clarifies the requirements for recognizing intangible assets on costs that may only be deferred when they relate to an item that meets the definition of an asset. Section 3064 effectively converges Canadian GAAP for intangible assets with International Financial Reporting Standards ("IFRS").

This standard is effective for QWI for the first quarter of 2009. QWI is currently assessing the impact of the adoption of this new section on its financial statements.

5. Reorganization Items

Reorganization items represent post-filing revenue, expenses, gains and losses, and provisions for losses that can be directly associated with the reorganization and restructuring of the Debtors. The following table outlines amounts that have been included in the Combined Statement of Loss and Comprehensive Loss for the period:

	(in millions)
Professional fees and other expenses	$ 5.2
	$ 5.2

6. Long-term Debt

The following table summarizes long-term debt:

	(in millions)
DIP Term Loan	$ 491.8
Other long-term debt	7.4
	$ 499.2
Current portion of long-term debt	491.8
Long-term debt	$ 7.4

As part of the Bankruptcy Proceedings, the Bankruptcy Court and the Canadian Court approved the DIP Facility. The DIP Facility is comprised of both a revolving credit facility with sub-facilities for Canadian dollar borrowings, swing line loans and issuance of letters of credit for an aggregate maximum commitment of the lenders of $400 million (the "Revolving DIP Facility") bearing interest at variable rates based on Base rate or Eurodollar, as defined, plus applicable margin and a $600 million term loan ("DIP Term Loan") bearing interest at variable rates based on Base rate, Eurodollar, Canadian Bankers' Acceptance rate or Canadian prime rate plus applicable margin, which was fully drawn following the interim order approving the DIP Facility of the Bankruptcy Court, dated January 23, 2008 (the "Interim DIP Order"). The effective interest rate on the DIP Credit Agreement as of August 2, 2008 was 8.25%. On June 30, 2008 QWI repaid $74.5 million of the Canadian borrowings under the DIP Term Loan, and accordingly, the maximum commitment under this facility was reduced to $525.5 million.

The DIP Facility contains certain restrictive financial and operating covenants.

Amounts borrowed under the DIP Term Loan and repaid or prepaid may not be borrowed again. Under the Revolving DIP Facility, the availability of funds is determined by a formula based on a percentage of eligible assets available as security. From the date of the Interim DIP Order up to the date of the final order of the Bankruptcy Court dated April 1, 2008 (the "Final DIP Order"), the maximum availability under the Revolving DIP Facility was $150 million. As at August 2, 2008, the Debtors had not drawn on the Revolving DIP Facility. The unused portion of the DIP Facility is subject to a commitment fee of 0.50% per annum on the unused portion.

The DIP Facility is secured by a perfected lien on, and security interest in, all present and after-acquired property of QWI and the Debtors. The liens securing the DIP Facility are junior to the liens securing the syndicated revolving bank facility with Royal Bank of Canada as administrative agent and its equipment financing credit facility with Société Générale (Canada) as lender up to an aggregate amount of $170 million, which were granted prior to the Petition Date, to the extent such liens are valid, perfected and not voidable. The DIP Facility is also guaranteed by substantially all of QWI's direct and indirect subsidiaries.

The DIP Facility matures on the earliest to occur of (a) July 21, 2009 and (b) the substantial consummation of a plan or plans of reorganization. The DIP Facility may be prepaid or accelerated upon the occurrence of an event of default and contains mandatory prepayments including, among other things, the net proceeds of certain asset sales, issuance of debt securities and certain extraordinary receipts.

Should the Canadian Court refuse to grant further extensions of the stay period in the Canadian Proceedings, this would constitute an event of default under the DIP Facility and the debt would became due and payable immediately, which would, in all likelihood, lead to the liquidation of all the Debtors' assets.

7. Pension and Other Postretirement Benefits

The following table presents the Debtors' pension and other postretirement benefit costs:

	(in millions)
Pension benefits	$ 3.1
Post retirement benefits	0.2
Total benefit cost	$ 3.3

8. Liabilities Subject to Compromise

Liabilities subject to compromise refers to liabilities incurred prior to the Petition Date that may be dealt with as affected claims under a plan or plans of reorganization in the Chapter 11 proceedings, as well as claims arising out of any repudiated leases, contracts, and other arrangements. It is possible that unaudited combined financial statement items not currently included below as liabilities subject to compromise will be added or reclassified to this category of liabilities at a later date. The amounts below are the liabilities subject to compromise as of August 2, 2008 and are subject to future adjustment as a result of negotiations, Court orders, proofs of claim, and other events. Any additions to this category of liabilities and any adjustments may be material and, depending on their nature, may be recorded as a reorganization adjustment. The plan or plans of reorganization will determine how a particular class of affected claims will be settled, including payment terms, if applicable.

These combined financial statements do not include the inter-company liabilities between the U.S. subsidiaries and affiliates as these are eliminated in the preparation of the unaudited combined financial statements. However, depending on the ultimate determination and approval of the plan or plans of reorganization, certain of these liabilities, including amounts between entities that have not filed for bankruptcy relief under Chapter 11 and those that have filed, may be subject to compromise and these amounts may be material.

The Debtors continue to accrue for interest on unsecured debt that is subject to compromise. No interest has been paid on unsecured debt of the Debtors subsequent to January 21, 2008, the date of commencement of the Bankruptcy Proceedings.

	(in millions)
Accounts payable and accrued liabilities	$ 191.5
Long-term debt	1,650.5
Payables to related parties	901.1
Post-filing interest	105.6
Liabilities subject to compromise	**$ 2,848.7**

Schedule I

QUEBECOR WORLD (USA) INC., *et al*

(Debtor-in-Possession)

Case No. 08-10152 (Jointly Administered)

SCHEDULE OF PAYROLL AND PAYROLL TAXES

(in thousands)

For the period from June 29, 2008 to August 2, 2008

Gross Wages Incurred* $	Employee Payroll Taxes Withheld** $	Employer Payroll Taxes Remitted** $
77,299.0	17,908.9	5,447.4

* Gross Wages were paid by the Debtors throughout the month.

** Employee Payroll Taxes are withheld each pay period and remitted by the Debtors, together with the Employer Payroll Taxes, to the appropriate tax authorities.

Schedule II

QUEBECOR WORLD (USA) INC., *et al*

(Debtor-in-Possession)

Case No. 08-10152 (Jointly Administered)

SCHEDULE OF FEDERAL, STATE AND LOCAL TAXES

COLLECTED, RECEIVED, DUE OR WITHHELD

(in thousands)

For the period from June 29, 2008 to August 2, 2008

	Amount Withheld/Accrued $	Amount Paid (Received) $
Federal and state income taxes	125	(29)
State and local taxes:		
Property	1,769	459
Sales and use	815	1,005
Franchise	167	-
Other	-	-
Total state and local	2,751	1,464
Total taxes	**2,876**	**1,435**

Schedule III

QUEBECOR WORLD (USA) INC., *et al*

(Debtor-in-Possession)

Case No. 08-10152 (Jointly Administered)

TOTAL DISBURSEMENTS BY DEBTOR *

(in thousands)

For the period from June 29, 2008 to August 2, 2008

Legal Entity	Case Number	Disbursements
QUEBECOR WORLD (USA) INC.	08-10152	36,907
QUEBECOR WORLD CAPITAL II LLC	08-10153	1
QUEBECOR WORLD CAPITAL CORPORATION	08-10154	0
QUEBECOR WORLD CAPITAL II GP	08-10155	82
QUEBECOR PRINTING HOLDING COMPANY	08-10156	370
QUEBECOR WORLD JOHNSON & HARDIN CO.	08-10157	6,639
QUEBECOR WORLD BUFFALO INC.	08-10158	0
QUEBECOR WORLD SAN JOSE INC.	08-10159	7,596
QUEBECOR WORLD NORTHEAST GRAPHICS INC.	08-10160	0
QUEBECOR WORLD UP/GRAPHICS INC.	08-10161	0
QUEBECOR WORLD GREAT WESTERN PUBLISHING INC.	08-10162	7,989
QUEBECOR WORLD DB ACQUISITION CORP.	08-10163	0
QUEBECOR WORLD LOVELAND INC.	08-10164	3,178
QW MEMPHIS CORP.	08-10165	38,723
QUEBECOR WORLD ARCATA CORPORATION	08-10166	0
QUEBECOR WORLD SYSTEMS INC.	08-10167	0
QUEBECOR WORLD RETAIL PRINTING CORP.	08-10168	7,416
QUEBECOR WORLD PRINTING (USA) CORP.	08-10169	2,537
THE WEBB COMPANY	08-10170	0
QUEBECOR WORLD TACONIC HOLDINGS INC.	08-10171	0
WCZ, LLC	08-10172	0
QUEBECOR WORLD NEVADA INC.	08-10173	4,978
QUEBECOR WORLD LEASE GP	08-10174	0
WCP-D, INC.	08-10175	1,833
QUEBECOR WORLD KRUEGER ACQUISITION CORP.	08-10176	0
QUEBECOR WORLD BOOK SERVICES LLC	08-10177	12,553
QUEBECOR WORLD DUBUQUE INC.	08-10178	5,371
QUEBECOR WORLD PENDELL INC.	08-10179	6,559
QUEBECOR WORLD FAIRFIELD INC.	08-10180	7,685
QUEBECOR WORLD NEVADA II LLC	08-10181	0
QW NEW YORK CORP.	08-10182	5,332
QUEBECOR WORLD MT. MORRIS II LLC	08-10183	9,570
QUEBECOR WORLD ATGLEN INC.	08-10184	19,689
QUEBECOR WORLD HAZLETON INC.	08-10185	4,724
QUEBECOR WORLD ATLANTA II LLC	08-10186	3,141
QUEBECOR WORLD MEMPHIS LLC	08-10187	0
QUEBECOR WORLD MAGNA GRAPHIC INC.	08-10188	542
QUEBECOR WORLD DALLAS, L.P.	08-10189	4,190
QUEBECOR WORLD LINCOLN INC.	08-10190	0
QUEBECOR WORLD OLIVE BRANCH INC.	08-10191	2,834
QUEBECOR WORLD PETTY PRINTING INC.	08-10192	12,331
QUEBECOR WORLD RAI INC.	08-10193	6,317
QUEBECOR WORLD WAUKEE INC.	08-10194	4,268
QUEBECOR WORLD EUSEY PRESS INC.	08-10195	4,695
QUEBECOR PRINTING AVIATION INC.	08-10196	4
QUEBECOR WORLD CENTURY GRAPHICS CORPORATION	08-10197	7,275
QUEBECOR WORLD DALLAS II INC.	08-10198	0
QUEBECOR WORLD DITTLER BROTHERS INC.	08-10199	1
QUEBECOR WORLD INFINITI GRAPHICS INC.	08-10200	1,663
QUEBECOR WORLD KRI INC.	08-10201	18,622
QUEBECOR WORLD LOGISTICS INC.	08-10202	31,884
QUEBECOR WORLD MID-SOUTH PRESS CORPORATION	08-10203	7,866
QUEBECOR WORLD LEASE LLC	08-10204	4
		295,370

* As agreed to with the Office of the U.S. Trustee, the above disbursements by Debtor have been established based on an allocation of the total Debtors' disbursement on a prorata of the respective operating expenses.

Schedule IV

QUEBECOR WORLD (USA) INC., *et al*

(Debtor-in-Possession)

Case No. 08-10152 (Jointly Administered)

For the period from June 29, 2008 to August 2, 2008

All insurance policies are fully paid for the current period, including amounts owed for workers' compensation and disability insurance.