

Hearing Date: **October 29, 2008 at 10:00 a.m.**
Objection Deadline: **October 27, 2008 at 4:00 p.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

**MOTION OF THE DEBTORS PURSUANT TO 11 U.S.C. §§ 105(a), 502 AND 505 AND
FEDERAL RULE OF BANKRUPTCY PROCEDURE 9019 TO (A) IMPLEMENT
PROCEDURES TO DETERMINE PREPETITION AND POSTPETITION SALES TAX
LIABILITIES OF CERTAIN DEBTORS PURSUANT TO STATE AND LOCAL
VOLUNTARY DISCLOSURE PROCEDURES AND (B) DETERMINE THE AMOUNT
OF PREPETITION AND POSTPETITION SALES TAX LIABILITY OF CERTAIN
DEBTORS**

The above-captioned debtors and debtors in possession (collectively, the “Debtors”) move this Court (the “Motion”) for the entry of an order substantially in the form of Exhibit A hereto, (A) implementing procedures to determine prepetition and postpetition sales tax liabilities of certain Debtors pursuant to state and local voluntary disclosure procedures and (B) determining the amount of prepetition and postpetition sales tax liability of certain Debtors

pursuant to such procedures. In support of this Motion, the Debtors rely on the Declaration of Duyen Tran submitted herewith. In further support of the Motion, the Debtors state as follows:

Jurisdiction

1. The Court has jurisdiction over this matter pursuant to 28 U.S.C. § 1334. This matter is a core proceeding within the meaning of 28 U.S.C. § 157(b)(2).
2. Venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409.
3. The statutory predicates for the relief requested herein are sections 105(a), 502 and 505 of the United States Bankruptcy Code, 11 U.S.C. §§ 101-1532 (the “Bankruptcy Code”) and Rule 9019 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”).

Background

4. On January 21, 2008 (the “Petition Date”), the 53 Debtors filed their voluntary petitions for relief (the “Chapter 11 Cases”) under chapter 11 of the Bankruptcy Code.
5. The Debtors are operating their businesses and managing their properties as debtors-in-possession pursuant to §§ 1107(a) and 1108 of the Bankruptcy Code. No request has been made for the appointment of a trustee or examiner in these cases.
6. On January 31, 2008, an Official Committee of Unsecured Creditors (the “Creditors’ Committee”) was appointed.
7. 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”).¹ 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.

The Debtors’ Business

8. 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 and the corporate parent of the Debtors, 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”).

9. QW World’s key customers include the largest publishers, retailers and catalogers in the geographic areas in which QW World operates. In the magazine group, QW World prints magazines for publishers, including, for example, 15 magazine titles for Time, Inc.,² Cosmopolitan for Hearst Corp., *Elle* for Hachette-Filippachi Magazines US, *ESPN the Magazine* for Walt Disney Corp., *Forbes* for Forbes Inc. and *In Touch Weekly* for Bauer Publishing USA, while QW World’s retail insert group includes customers such as CVS, Sears, JC Penney, Kohl’s, and Walgreens. QW World’s operations also encompass (a) catalogs for customers such as Williams-Sonoma, Oriental Trading Company, Victoria’s Secret, IKEA, Cabelas and Bass Pro, (b) books for McGraw-Hill, Scholastic, Simon & Schuster, Thomas Nelson, Time-Warner and Pearson Education, (c) directories for Yellow Book USA, RH

¹ The Canadian Court appointed Ernst & Young, Inc. to serve as Monitor for the Canadian Proceeding, and UBS Investment Bank is serving as QWI’s financial advisor.

² These include *Time*, *Fortune*, *Money*, *Sports Illustrated*, *People*, *Entertainment Weekly*, *Southern Living*, *Cooking Light* and *Coastal Living*.

Donnelly, Windstream and Frontier in the United States, the Yellow Pages Group in Canada, as well as Telemex and Telefonica in Latin America and (d) direct mail services.

Relief Requested

10. In order to resolve the potential sales tax liabilities of various Debtor entities to certain state and local taxing authorities on account of such Debtor entities' failure to register and to collect and remit sales taxes in such jurisdictions, the Debtors hereby seek this Court's approval and implementation of certain voluntary disclosure procedures currently permitted under applicable non-bankruptcy law (as described below, the "Voluntary Tax Disclosure Procedures"), that will (a) provide notice to the applicable taxing authorities in such states and localities of such Debtors' calculation of liability for unpaid sales tax, (b) establish a process by which such taxing authorities may review the Debtors' determination of such tax liability and file a response or objection to such determination to the extent that they disagree with the Debtors' calculation of such tax liability, (c) fix the amount of the Debtors' prepetition liability on account of such sales tax, if any, owing to such taxing authority and (d) approve procedures regarding the payment of sales tax during the period following the Petition Date through the Debtors' emergence from chapter 11.³

11. As set forth in more detail below, the Debtors have now determined that the amount of their voluntary disclosure liability to the taxing authorities listed on Exhibit B hereto (the "Taxing Authorities") for unpaid sales tax is, in the aggregate, approximately \$9.2 million as of the Petition Date. To date, however, the applicable Debtors have not registered in such states and localities and, accordingly, the voluntary disclosure amount of such sales tax liability owing

³ Certain Taxing Authorities (as defined herein) may hold other claims against the Debtors arising out of taxes that are not the subject of this Motion. The relief sought in this Motion is limited to the sales taxes described in this Motion and is not intended to address or resolve any other claims of the Taxing Authorities in these Chapter 11 Cases.

to each of the Taxing Authorities has not been liquidated by agreement of such Taxing Authorities or otherwise. Accordingly, in connection with the Debtors' claims resolution process, the Debtors hereby seek this Court's approval of procedures that will permit the Debtors to resolve unpaid sales tax liabilities by granting the Taxing Authorities allowed claims for certain prior period sales tax in a manner that is substantially similar to the voluntary disclosure programs that would otherwise be available to the Debtors outside of bankruptcy, and to implement procedures regarding payment of sales tax during these Chapter 11 Cases.

Unliquidated Sales Tax Liability of Certain Debtors

12. This Motion concerns liability by certain Debtors for transaction-based sales tax obligations to states and localities in which such Debtors have not previously registered. Most U.S. state and local jurisdictions impose some form of transaction-based sales tax obligations on taxpayers that transact business within their jurisdiction. As the sales taxes that the Debtors are required to collect under applicable law are generally considered to be taxes for which the Debtors are liable to the taxing authorities, the sales tax claims that are the subject of this Motion would likely be entitled to priority status in these Chapter 11 Cases under 11 U.S.C. § 507(a)(8)(C).

13. The ability of a taxing authority to impose sales tax on a particular business depends on whether that business has a sufficient tax "nexus" to the jurisdiction of such taxing authority. Generally, "nexus" means that the business in question has sufficient contacts with the jurisdiction of the taxing authority to permit such taxing authority to impose its laws on the business. In this regard, state and local taxing authorities have generally adopted broad definitions of nexus in the sales tax context, which include factors such as maintaining a physical plant, employees or agents in the applicable jurisdiction, as well as engaging in business through

regular and periodic sales solicitations. To the extent that such nexus exists between a business and a particular taxing authority, the business entity is required to register with such taxing authority, file returns and pay applicable sales taxes incident to its business operations in such jurisdiction.

14. The Debtors are the second largest commercial printer in the United States, with plants and facilities in approximately 29 states. As with other large commercial printers, the nature and scope of the Debtors' business operations require that they transact or solicit business in almost every state, and in numerous local jurisdictions within those states. The Debtors also possess a complex corporate structure, as they are comprised of 53 legal entities, with numerous other affiliates in the United States and worldwide. Given the breadth and scope of their operations, a significant number of the 53 Debtors may have some "contacts" which constitute nexus for sales tax purposes in one or more states and local taxing jurisdictions. In this regard, the Debtors, by and large, have registered with the applicable taxing authorities and are in full compliance with their obligations to collect sales tax. Specifically, as of the date of this Motion, various Debtor entities are registered with over forty (40) jurisdictions for sales tax purposes (in many cases a single Debtor is registered with multiple jurisdictions), and file and pay taxes incident to no less than 650 returns each and every month in connection with their U.S. operations. Indeed, at a minimum, each Debtor is registered for sales tax purposes in each of those jurisdictions where such Debtor either has property or payroll. In addition, each Debtor is registered in certain additional jurisdictions where the nature of such Debtor's business contacts or historical practices suggest a sales tax nexus, even if such Debtor does not, in fact, have property or employees located within the taxing jurisdiction.

15. Despite the Debtors' diligent efforts, several factors have resulted in certain Debtors not being registered in several jurisdictions for purposes of sales tax, although those Debtors may have a sales tax nexus with such jurisdictions. In the first instance, many of the Debtors' sales representatives solicit sales on behalf of multiple Debtor entities, and in doing so enter jurisdictions throughout the country to solicit customer orders, potentially creating sales tax nexus with such jurisdictions. As a result of the geographically diverse nature of the Debtors' operations, the Debtors have not, in all instances, been able to readily connect the activity of a particular sales representative with each Debtor entity that may have a resulting sales tax nexus based on such sales representative's activities. Moreover, as a result of the breadth of the Debtors' operations, and the fact that the Debtors' current corporate structure arose as the result of a series of mergers and acquisitions, the Debtors' sales tax registrations have not always kept pace with the rapid expansion of the Debtors' businesses, particularly where new entities were acquired and merged into the then-existing group of affiliated companies – a situation that is not unusual for large companies in expanding industries such as commercial printing.

16. In recognition of the importance of maintaining compliance with its sales tax obligations, the Debtors had been working diligently for some time prior to the commencement of these Chapter 11 Cases to bring each of the Debtor entities into full compliance with all applicable taxing authorities, and had been making substantial progress in this regard. During 2006, for example, the Debtors came into compliance in 22 states by registering previously non-registered entities in such states pursuant to an amnesty program implemented in such states under the Streamlined Sales Tax Agreement ("SSTA"), a program adopted by such states under which taxpayers not previously registered with a state for tax purposes could voluntarily agree to collect sales tax going forward in exchange for complete amnesty for taxes, interest and penalties

attributable to prior periods. Further, with the assistance of their tax advisors, the Debtors negotiated similar amnesty agreements prior to the Petition Date with three additional states that were not at the time participants in the SSTA. Thus, the Debtors' sales tax liabilities to these jurisdictions have now been finally resolved in accordance with the SSTA and the other applicable amnesty agreements, and are not the subject of this Motion.

17. In addition to completing the amnesty agreements and undertaking the remedial measures described above, the Debtors identified an additional 17 states (and certain self-assessing local jurisdictions within those states) where certain Debtor entities were engaged in activities giving rise to potential nexus with such states and localities, but where such Debtor entities were not yet registered for purposes of collecting and paying sales taxes. The Debtors thereafter undertook a process in each of such states to assess the potential tax liability of such unregistered Debtor entities in order to bring them into compliance in each jurisdiction where sales tax nexus may exist. In this regard, it was the Debtors' intention to utilize the voluntary disclosure processes available in these remaining states and localities to bring all of the Debtor entities into full compliance with their respective sales tax obligations as quickly as possible in all of the states and localities in which the Debtors conduct their business. Unfortunately, the Debtors were not able to implement and complete this process prior to the commencement of these Chapter 11 Cases. Accordingly, the Debtors now seek to implement Voluntary Tax Disclosure Procedures (defined below) consistent with the voluntary disclosure processes available to the Taxing Authorities in connection with the Debtors' claims resolution process in these Chapter 11 Cases.

Taxing Authorities Subject to the Motion

18. The 17 states (the “States”) that the Debtors have identified as having potential tax claims (the “Tax Claims”) based on the existence of sales tax nexus by unregistered Debtors are:

Alabama (and certain self-assessing localities therein)
Arizona (and certain self-assessing localities therein)
California
Colorado
District of Columbia
Idaho
Louisiana (and certain self-assessing localities therein)
Maine
Mississippi
Missouri
New Mexico
New York
Pennsylvania
South Carolina
Texas
Virginia
Wisconsin

19. In most instances, the States collect sales tax not only due and owing to the respective state itself, but also on behalf of local jurisdictions, and allocate a portion of the sales tax collected directly to such local jurisdictions. As indicated in the foregoing table, however, in certain of the States, local governmental units within such States (the “Localities,” together with the States, the “Taxing Authorities”), are legally entitled to self-assess sales tax against entities with nexus to their jurisdiction, rather than receiving a portion of the sales tax otherwise payable to the States. Pursuant to this Motion, the Debtors are also seeking to resolve open tax liabilities with respect to such Localities.

20. Each of the States, and certain of the Localities, have established, either by statute or in practice, a voluntary disclosure agreement (“VDA”) program pursuant to which taxpayers

not currently in compliance with the applicable sales tax laws can come forward voluntarily, satisfy certain past tax obligations and thereby bring themselves into compliance on a going forward basis. VDA programs typically limit exposure to sales tax payable for a limited, fixed period, typically three years, arising prior to the date on which the taxpayer voluntarily submits to the applicable VDA (the “VDA Period”) and may also waive interest and penalties as an inducement to voluntary disclosure. The Debtors have reviewed the VDA provisions for each of the States and, to the extent applicable, for the Localities, and have now calculated what the Debtors believe are their sales tax liabilities for each of the States and, where applicable, the Localities, in accordance with the VDA program applicable for such State and/or Locality. For those Localities that have not formally adopted a VDA program, the Debtors have utilized the VDA program applicable in the State where such Locality is situated.

21. The Debtors now wish to reach agreement with the Taxing Authorities on the Debtors’ sales tax liability to each of the States and Localities and to have such claims, as finally determined, allowed by the Court for purposes of these Chapter 11 Cases. To that end, the Debtors hereby seek to implement the Voluntary Tax Disclosure Procedures described below. Upon approval of the Voluntary Tax Disclosure Procedures by this Court, the Debtors will, on a confidential basis, provide each of the Taxing Authorities with detailed information regarding the methodology and data used by the Debtors and their advisors to calculate the VDA Amount owing each Taxing Authority as of the Petition Date, accompanied by a Notice substantially in the form of Exhibit C hereto (the “VDA Notice”) and a copy of the Order.

Determination of Sales Tax Collection Liabilities

22. To determine the amount of prepetition sales tax liabilities owing to each of the Taxing Authorities, the Debtors utilized computer software known as “Taxware Enterprise.”

Specifically, in connection with their participation in the amnesty programs implemented in connection with the SSTA now in place in the 22 states where the Debtors previously registered, as set forth above, the Debtors were required to purchase and implement “Taxware” or similar software to track sales tax data on a going forward basis. Taxware determines the amount of sales tax due and owing incident to a business’s operations in each jurisdiction by gathering information on individual transactions, including the destination of the goods sold, the product type and whether any tax exemptions exist for a particular sale. Taxware also generates sales tax returns to be remitted to taxing authorities. As a result of the recent implementation of the Taxware system, the Debtors have vastly improved their ability to accurately track taxable transactions in each jurisdiction where the Debtors may have a sales tax nexus.

23. To determine the amount of prepetition sales tax liabilities owing to each of the Taxing Authorities, the Debtors used the Taxware program to analyze taxable transactions within each of the States and Localities for the three-month period from February 2008 to April 2008. Based on this information, the Debtors extrapolated this data over the VDA Period applicable to each of the Taxing Authorities, added any applicable interest or penalties required under such applicable VDA, and arrived at the tax amounts owing to such Taxing Authorities as of the Petition Date (the “VDA Amounts”), all as set forth on Exhibit B to this Motion.

24. With respect to the Localities that are the subject of this Motion, the VDA Amount calculated by the Debtors, as set forth on Exhibit B to this Motion is based on (a) the highest prevailing tax rate among all of the Localities within the applicable state, (b) the VDA procedure that is applicable to each Locality (if none, the VDA for a Locality was deemed to be the same as the VDA in the State where the Locality is situated) and (c) taxable sales volume, as determined for the applicable State, allocated among the Localities in that State based on the

volume of sales into each Locality in such State. Given the substantial numbers of Localities that are subject to this Motion, and the fact that the VDA Amounts allocated to all but a few of the Localities are small or *de minimis* (as set forth in Exhibit B), the Debtors have determined that any potential for overpayment of sales tax to the Localities resulting from the use of the highest prevailing tax rate among the Localities in a given State will be outweighed by the administrative burden that would result from calculating the actual tax rate for each Locality.

Voluntary Tax Disclosure Procedures

25. The Debtors are seeking approval of the following Voluntary Tax Disclosure Procedures, which provide for the distribution of certain information to the Taxing Authorities, with sufficient time to permit the Taxing Authorities to review such information and, if necessary, engage in further discussions with the Debtors with respect to the Tax Claims.

1. Initial Review and Response Period

26. Within five (5) days of the entry of an order approving this Motion (the “Order”) the Debtors will mail to each of the Taxing Authorities by overnight mail an individualized package of materials setting forth the methodology and support for the Debtors’ calculation of the VDA Amount applicable to each Taxing Authority (the “VDA Information”), together with a copy of the VDA Notice.

27. Beginning on the date that the Court enters the Order, each of the Taxing Authorities will have until December 5, 2008 (the “Objection Deadline”), which is the general bar date for filing proofs of claim in these Chapter 11 Cases, to review this Motion and the VDA Information and determine whether or not to respond or object to the VDA Amount applicable to each Taxing Authority. Any Taxing Authority that, having reviewed this Motion and the VDA Information applicable to such Taxing Authority, does not agree with the VDA Amount set forth

on Exhibit B to this Motion must file a response or objection to the VDA Amount by the Objection Deadline.

28. Following the expiration of the Objection Deadline, any Taxing Authority that has not timely filed a response or objection to the VDA Amount applicable to such Taxing Authority will be deemed, without further order of the Court, to have an allowed prepetition unsecured claim equal to the VDA Amount for such Taxing Authority (the “VDA Claim”), with such VDA Claim entitled to priority pursuant to 11 U.S.C. § 507(a)(8)(C), in full release and discharge of any prepetition claims of such Taxing Authority against the Debtors on account of sales tax liabilities owed by any Debtor not previously registered with such Taxing Authority for purposes of sales tax remittance.

2. Objections to the VDA Amounts

29. If a Taxing Authority objects to its VDA Amount, the Debtors and the objecting Taxing Authority will have 45 days from the date of the Taxing Authority’s objection (the “Review Period”) to attempt to reach a consensual resolution of the Taxing Authority’s objection. If the Debtors and the objecting Taxing Authority are able to resolve the Taxing Authority’s objection by the end of the Review Period, then the Debtors will submit an appropriate stipulation providing such Taxing Authority with a VDA Claim in such agreed-upon amount, with such VDA Claim entitled to priority pursuant to 11 U.S.C. § 507(a)(8)(C), in full release and discharge of any other prepetition claims of such Taxing Authority against the Debtors on account of sales tax liabilities owed by any Debtor not previously registered with such Taxing Authority for purposes of sales tax remittance.

30. If the Debtors and the objecting Taxing Authority are unable to resolve the Taxing Authority’s objection by the end of the Review Period, then the Debtors and the Taxing

Authority may either extend the Review Period by mutual agreement for a further definite period of time in order to continue negotiations, or, alternatively, the Debtors will notify the Court that the parties have not been able to resolve the Taxing Authority's objection and will request an evidentiary hearing to determine the amount of the Taxing Authority's claim.

Determination of Postpetition Sales Tax Liabilities

31. In addition to, and in connection with, fixing the amount of prepetition sales tax liability to the Taxing Authorities pursuant to section 505(a) of the Bankruptcy Code, the Debtors also seek confirmation that the Debtors will be, and will remain, in compliance with the registration and requirements for each of the Taxing Authorities and will be in compliance with their sales tax payment obligations to such Taxing Authorities during the pendency of these Chapter 11 Cases, and until such time as the Debtors emerge from bankruptcy, to the extent that the Debtors continue to pay sales taxes to such Taxing Authorities, in each case at a monthly rate calculated based on the VDA Amount applicable for each Taxing Authority divided by the number of months constituting the VDA Period for such Taxing Authority, as determined in accordance with the Voluntary Tax Disclosure Procedures.

32. Specifically, a taxpayer resolving previously unpaid sales tax liabilities pursuant to a VDA process would be required to register with the applicable taxing authority and begin to pay such taxes in the ordinary course. In light of the Debtors' ongoing Chapter 11 Cases and the possibility that the restructuring of the Debtors' operations and businesses may ultimately involve some form of entity rationalization, such as merger or dissolution of some legal entities, the Debtors do not believe that it would be efficient to undertake the administratively burdensome and costly process of registering multiple legal entities with each of the Taxing

Authorities for a period of time that, for certain Debtor entities, may be limited to the duration of these Chapter 11 Cases.⁴

33. Instead, in connection with the determination and allowance of the Taxing Authorities' prepetition sales tax claims, the Debtors shall be deemed to be in compliance with their postpetition registration and payment obligations to the Taxing Authorities during the pendency of these Chapter 11 Cases through their emergence from bankruptcy, to the extent that the Debtors continue to pay postpetition sales taxes to the applicable Taxing Authorities, in each case at a monthly rate calculated based on the VDA Amount applicable for each Taxing Authority divided by the number of months constituting the VDA Period for such Taxing Authority, as determined in accordance with the Voluntary Tax Disclosure Procedures.

Basis for Relief Requested

34. The relief requested in this Motion is based on sections 105(a), 363, 502 and 505(a) of the Bankruptcy Code. The Debtors are requesting that the Court exercise its discretion to determine the Tax Claims pursuant to section 505(a) and, in addition, the Debtors are seeking approval of the Voluntary Tax Disclosure Procedures to liquidate and allow the Tax Claims pursuant to sections 105(a) and 502 and Bankruptcy Rule 9019, as applicable.

Relief Pursuant to Section 505(a)

35. Section 505(a) of the Bankruptcy Code states that:

Except as provided in paragraph (2) of this subsection, the court may determine the amount or legality of any tax, any fine or penalty relating to a tax, or any addition to tax, whether or not previously assessed, whether or not paid, and whether or not contested before and adjudicated by a judicial or administrative tribunal of competent jurisdiction.

11 U.S.C. § 505(a).⁵

⁴ If all of the currently unregistered Debtor entities were forced to register with each of the Taxing Authorities, the Debtors would be required to submit in excess of 5,500 registrations to the various States and Localities solely for purposes of registration during the pendency of these Chapter 11 Cases.

36. Section 505(a) applies to “any tax,” and courts have held that the provision is applicable to determinations of sales tax liability. See In re Galvano, 116 B.R. 367, 372 (Bankr. E.D.N.Y. 1990); In re Tapp, 16 B.R. 315 (Bankr. D. Alaska 1981). The language of section 505(a) is straightforward, and courts have confirmed that a court’s authority to determine taxes under section 505(a) extends to taxes that come due both before and after a petition is filed. See In re Kreidle, 143 B.R. 941, 944 (D. Colo. 1992) (“The bankruptcy court has jurisdiction in a Title Eleven case over both pre-petition taxes and taxes incurred *after* the filing of a petition under Title Eleven.”). Section 505 grants a court jurisdiction to adjudicate unpaid taxes, even if the debtor has failed to previously contest the taxes under applicable state law procedures. See In re New Haven Projects Ltd. Liab. Co., 225 F.3d 283, Cumberland Farms, Inc. v. Town of Barnstable (In re Cumberland Farms, Inc.), 175 B.R. 138, 142-43 (Bankr. D. Mass. 1994).

37. In considering whether to determine the amount of a tax under section 505(a), courts also consider the purpose of section 505, which is to protect the interests of creditors where there are unresolved or open tax claims in light of the fact that, to the extent that such tax claims may be entitled to priority status, they may have a significant impact on the economic interests of all creditors. See In re New Haven Projects Ltd. Liab. Co., 225 F.3d at 287 (citing Ledgemere Land Corp. v. Ashland (In re Ledgemere Land Corp.), 135 B.R. 193, 196-97 (Bankr. D. Mass. 1991).

38. More specifically, courts have identified several factors to consider when deciding to undertake a review of tax liability under section 505. These factors include: (a) the complexity of the tax issues to be decided, (b) the need to administer the bankruptcy cases in an orderly and efficient manner, (c) the burden on the court’s docket, (d) the length of time required

⁵ The limitations in subsection to of section 505(a) do not apply to the sales taxes that are the subject of this Motion. These taxes have not been previously assessed or paid, and the Debtors’ liability to the

for trial and decision, (e) the debtor's financial structure and assets and liabilities and (f) the prejudice to the debtor and the potential prejudice to the taxing authority. See In re Cody, Inc., 281 B.R. 182, 192-93 (Bankr. S.D.N.Y. 2002); D'Alessio v. IRS (In re D'Alessio), 181 B.R. 756, 759-60 (Bankr. S.D.N.Y. 1995); In re 499 W. Warren St. Assocs. Ltd. P'ship, 143 B.R. 326, 329 (Bankr. N.D.N.Y. 1992); In re Galvano, 116 B.R. at 372.

39. The relief requested in this Motion meets each of the relevant factors related to the exercise of the Court's jurisdiction under section 505. As a general matter, the relief requested is in the best interests of all of the Debtors' creditors. To the extent that the Debtors may have significant unresolved and presently unliquidated tax liabilities for prepetition sales taxes that would be entitled to priority under section 507(a)(8) of the Bankruptcy Code, it is in the interests of the Debtors and all of their creditors to fix and determine the amount of those claims during the course of these Chapter 11 Cases so that such claims can be properly accounted for in connection with the formulation of a restructuring plan.

40. Moreover, each of the factors enumerated in the case law supports the Court's exercise of its discretion to determine the amount of the Debtors' sales tax obligations. First, the tax issues to be decided are not too complicated to be resolved in the setting of these Chapter 11 Cases. The Debtors have calculated the VDA Amount applicable to each Taxing Authority and have set forth the basis for that calculation on Exhibit B to this Motion. To the extent that there is any dispute with a Taxing Authority regarding the amount of its claim, the Debtors have proposed procedures that would first permit the Debtors and the relevant Taxing Authority to resolve their differences without the necessity for a hearing. Only if the parties are unable to reach agreement will the Debtors seek the Court's assistance in adjudicating the merits of a

Taxing Authorities for such taxes has never been contested or adjudicated in any forum.

particular Tax Claim, at which point the Debtors will present evidence sufficient to allow the Court to make a decision as to the appropriate amount of such Tax Claim.

41. Second, the Debtors believe that addressing their liabilities to the Taxing Authorities pursuant to this Motion will be a far more orderly and efficient process than requiring each Taxing Authority to file a proof of claim and/or attempting to resolve the claim of each Taxing Authority by proceeding in state and local forums. The Voluntary Tax Disclosure Procedures contemplated by this Motion comport with the general purposes of bankruptcy by providing a single forum in which the Taxing Authorities' claims can be resolved fairly and efficiently. Similarly, the Voluntary Tax Disclosure Procedures have been crafted to avoid burdening the Court's docket with disputes over tax claims by instead seeking to implement a process focused on providing full disclosure to the Taxing Authorities with the goal of allowance of the Taxing Authorities' claims on a consensual basis. Furthermore, the factor focusing on the length of time required for trial and decision with respect to the Tax Claims is not an immediate concern because the Debtors are not, in the first instance, seeking to litigate the amount of the Taxing Authorities' claims before the Court. To the contrary, the Debtors' desire is to resolve all of the Tax Claims consensually.

42. The fifth factor, the Debtors' asset and liability structure, also favors the Court's exercise of its discretion to address the Tax Claims. As claims that are potentially entitled to priority under section 507(a)(8) of the Bankruptcy Code, the Tax Claims are a significant liability that the Debtors will need to quantify in order to adequately provide for the Tax Claims in the overall context of their restructuring efforts.

43. Finally, if the Voluntary Tax Disclosure Procedures are not approved, the Debtors will be prejudiced because the Debtors will be required to resolve the Tax Claims on a piecemeal

basis with each of the Taxing Authorities, which will take additional time and distract the Debtors and their legal and financial advisors from other matters. Importantly, there is no prejudice to the Taxing Authorities in approving the Voluntary Tax Disclosure Procedures. The Taxing Authorities are being provided with adequate notice of the relief requested, detailed information regarding the calculation of the VDA Amounts, and the opportunity to review the VDA Information and confer with the Debtors. Indeed, the Voluntary Tax Disclosure Procedures by and large simply implement the procedures that are already available to taxpayers under the VDA programs currently in place in each of the Taxing Authorities. Finally, as the Objection Deadline grants the Taxing Authorities until the December 5, 2008 general claims bar date to determine whether they agree with allowance of their Tax Claim at the VDA Amount, the Taxing Authorities will have as much time as any other creditor to assert a claim against the Debtors.

44. For all of the foregoing reasons, the application of section 505(a) to the Tax Claims is fair, equitable, appropriate and in the best interests of the Debtors, their bankruptcy estates and their creditors.

Settlement and Allowance of Prepetition and Postpetition Sales Tax Claims

45. In addition to the relief requested pursuant to section 505(a) of the Bankruptcy Code, the Debtors also seek authorization pursuant to Bankruptcy Rule 9019 to settle the Tax Claims, to resolve their obligations for postpetition, pre-emergence sales tax, and to grant the Taxing Authorities allowed claims pursuant to section 502 of the Bankruptcy Code, all pursuant to the Voluntary Tax Disclosure Procedures.

46. The process for resolving the Tax Claims contemplates reaching agreement with each of the Taxing Authorities on allowance of their Tax Claim at the VDA Amount set forth on

Exhibit B hereto. Because this process calls for the compromise or settlement of the Tax Claims, the Debtors seek authorization to implement this process pursuant to Bankruptcy Rule 9019.

47. Bankruptcy Rule 9019(a) provides, in relevant part, that “[o]n motion by the trustee and after notice and a hearing, the court may approve a compromise and settlement.” Fed. R. Bankr. P. 9019(a). Settlements and compromises are “a normal part of the process of reorganization.” Protective Comm. for Indep. Stockholders of TMT Trailer Ferry, Inc. v. Anderson, 390 U.S. 414, 428 (1968) (citing Case v. Los Angeles Lumber Prods. Co., 308 U.S. 106, 130 (1939)).

48. To approve a compromise and settlement under Bankruptcy Rule 9019(a), a bankruptcy court should find that the compromise and settlement is fair and equitable, reasonable, and in the best interests of the debtor’s estate. See, e.g., In re Ionosphere Clubs, Inc., 156 B.R. 414, 426 (S.D.N.Y. 1993), *aff’d*, 17 F.3d 600 (2d Cir. 1994). The decision to approve a particular settlement lies within the sound discretion of the bankruptcy court. Nellis v. Shugrue, 165 B.R. 115, 123 (S.D.N.Y. 1994). In exercising its discretion, the bankruptcy court must make an independent determination that the settlement is fair and reasonable. Id. at 122. The court may consider the opinions of the trustee or debtor in possession that the settlement is fair and reasonable. Id.; In re Purofied Down Prods. Corp., 150 B.R. 519, 522 (S.D.N.Y. 1993). In addition, the bankruptcy court may exercise its discretion “in light of the general public policy favoring settlements.” In re Hibbard Brown & Co., Inc., 217 B.R. 41 (Bankr. S.D.N.Y. 1998); see also Shugrue, 165 B.R. at 123 (“the general rule [is] that settlements are favored and, in fact, encouraged by the approval process outlined above”).

49. In determining whether to approve a proposed settlement, a bankruptcy court need not decide the numerous issues of law and fact raised by the settlement, but rather should

“canvass the issues and see whether the settlement ‘fall[s] below the lowest point in the range of reasonableness.” In re WT. Grant Co., 699 F.2d 599, 608 (2d Cir. 1983); see also Purofied Down Prods., 150 B.R. at 522 (“the court need not conduct a ‘mini-trial’ to determine the merits of the underlying litigation”). In deciding whether a particular settlement falls within the “range of reasonableness,” courts consider the following factors:

- the probability of success in the litigation;
- the difficulties associated with collection;
- the complexity of the litigation, and the attendant expense, inconvenience and delay;

and

- the paramount interests of creditors.

See, e.g., In re Drexel Burnham Lambert Group, Inc., 960 F.2d 285, 292 (2d Cir. 1992). “The ‘reasonableness’ of a settlement depends upon all factors, including probability of success, the length and cost of the litigation, and the extent to which the settlement is truly the product of ‘arms-length’ bargaining, and not of fraud or collusions [sic].” Ionosphere Clubs, 156 B.R. at 428.

50. In the event that a Taxing Authority objects to the allowance of its Tax Claim at the VDA Amount, as and when the Debtors subsequently reach agreement with such Taxing Authority on the amount of its Tax Claim, the Debtors will submit appropriate stipulations reflecting the terms of their agreement and will seek Court approval of such settlement pursuant to Bankruptcy Rule 9019. The Debtors believe that this method of determining the Tax Claims is fair and equitable and represents a reasonable approach to resolving potential tax liabilities to the 17 States and numerous Localities. Likewise, to the extent that Taxing Authorities do not object to the allowance of their Tax Claims within the Objection Period, the Debtors submit that

allowance of the Tax Claims in the amounts set forth on Exhibit B and that payment of postpetition sales tax obligations on the terms described herein is a fair and reasonable resolution of the Tax Claims and the Debtors' postpetition sales tax obligations. As noted above, the amounts set forth on Exhibit B are validated by the fact that they represent the amount that would be due if the Debtors were to submit to the applicable Taxing Authorities' VDA processes outside of bankruptcy.

51. Settlement of the Tax Claims pursuant to the Voluntary Tax Disclosure Procedures is preferable to the alternative of resolving the Tax Claims through piecemeal litigation and the claims adjudication process. There would be substantial additional expenses and delays involved if the Debtors either waited for the Taxing Authorities to submit claims on account of sales tax or, alternatively, pursued resolution of the Tax Claims on a case-by-case basis by submitting to the VDA process in each of the Taxing Authorities' own jurisdiction or by commencing separate actions in these Chapter 11 Cases. For all of these reasons, a global resolution of the Tax Claims on the terms set forth in this Motion is in the best interests of the Debtors and their creditors.

Notice

Notice of this Motion has been provided to the Taxing Authorities and to all parties on the Notice List as set forth in the Case Management Order. A copy of the Motion is also freely available on the website of the Debtors' claim and noticing agent, Donlin, Recano & Company, Inc. at www.donlinrecano.com.

No Prior Request

No prior motion for the relief requested has been made to this or any other court.

WHEREFORE, the Debtors respectfully request an entry of an order, substantially in the form attached hereto as Exhibit A, approving the Voluntary Tax Disclosure Procedures, and granting such other and further relief as the Court deems just and appropriate.

Dated: October 17, 2008
New York, New York

Respectfully submitted,

*/s/ Michael J. Canning*_____

Michael J. Canning
ARNOLD & PORTER LLP
399 Park Avenue
New York, New York 10022-4690
Telephone: (212) 715-1000
Facsimile:(212) 715-1399
*Counsel for the Debtors
and Debtors In Possession*

EXHIBIT A – PROPOSED FORM OF ORDER

**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

**ORDER PURSUANT TO 11 U.S.C. §§ 105(a), 502 AND 505 AND FEDERAL RULE OF
BANKRUPTCY PROCEDURE 9019 AUTHORIZING THE DEBTORS TO (A)
IMPLEMENT PROCEDURES TO DETERMINE PREPETITION AND POSTPETITION
SALES TAX LIABILITIES OF CERTAIN DEBTORS PURSUANT TO STATE AND
LOCAL VOLUNTARY DISCLOSURE PROCEDURES AND (B) DETERMINE THE
AMOUNT OF PREPETITION AND POSTPETITION SALES TAX LIABILITY OF
CERTAIN DEBTORS**

Upon the motion (the “Motion”)* of the above-captioned debtors (collectively, the “Debtors”) for entry of an Order authorizing them to (a) implement procedures to determine prepetition and postpetition sales tax liabilities of certain Debtors pursuant to state and local voluntary disclosure procedures and (b) determine the amount of prepetition and postpetition sales tax liability of certain Debtors; the Court having reviewed the Motion and considered the statements of counsel at a hearing before the Court (the “Hearing”); the Court having found that (a) it has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334, (b) this proceeding is a core proceeding pursuant to 28 U.S.C. § 157(b)(2), (c) venue of this proceeding and the Motion in this District is proper pursuant to 28 U.S.C. §§ 1408 and 1409, (d) notice of the Motion was appropriate under the circumstances; and the Court having reviewed the Declaration of Duyen Tran and having determined that the legal and factual bases set forth in the Motion and at the Hearing establish grounds for the relief granted herein;

IT IS HEREBY ORDERED THAT:

1. The Motion is GRANTED as set forth herein.
2. The Taxing Authorities that are subject to the Motion shall comply with the following Voluntary Tax Disclosure Procedures, which are hereby approved in their entirety pursuant to 11 U.S.C. §§ 105(a), 502 and 505(a) and Bankruptcy Rule 9019:

a.) Within five (5) business days of the entry of this Order, the Debtors shall mail to each of the Taxing Authorities by overnight mail the VDA Information together with the VDA Notice.

b.) Each of the Taxing Authorities shall have until December 5, 2008, the general bar date for filing proofs of claim in these Chapter 11 Cases (the "Objection Deadline"), to review the Motion, the VDA Information and the VDA Notice and determine whether or not to respond or object to the VDA Amount applicable to each Taxing Authority. Any Taxing Authority that does not agree with the VDA Amount set forth on Schedule 1 to this Order must file a response or objection to the VDA Amount by the Objection Deadline.

c.) Objections must be filed with the Office of the Clerk of the United States Bankruptcy Court for the Southern District of New York, Alexander Hamilton Customs House, One Bowling Green, New York, New York 10004-4108 or electronically through the Bankruptcy Court's electronic filing system, accessible at <http://www.nysb.uscourts.gov/>. In addition to filing an objection with the Bankruptcy Court, objections must also be served upon: (i) counsel to the Debtors, Arnold & Porter LLP, 399 Park Avenue, New York, New York, 10004-4690 (Attn: Michael J. Canning); (ii) counsel to the Official Committee of Unsecured Creditors, Akin, Gump, Strauss, Hauer & Feld LLP, 590 Madison Avenue, New York, New York 10022-2524 (Attn: David H. Botter) and (iii) the Office of the United States Trustee, 33 Whitehall Street, 21st Floor, New York, New York 10004 (Attn: Andy Velez-Rivera).

d.) Following the expiration of the Objection Deadline, any Taxing Authority that has not timely filed a response or objection to the VDA Amount applicable to such Taxing Authority will be deemed, without further order of this Court, to have an allowed prepetition unsecured claim equal to the VDA Amount for such Taxing Authority (the "VDA Claim") as set forth on Schedule 1 hereto, with such VDA Claim entitled to priority pursuant to 11 U.S.C. § 507(a)(8)(C), in full release and discharge of any prepetition claims of such Taxing Authority against the Debtors on account of sales tax liabilities owed by any Debtor not previously registered with such Taxing Authority for purposes of sales tax remittance.

e.) If a Taxing Authority objects to the VDA Amount, the Debtors and the objecting Taxing Authority shall have 45 days from the date of the Taxing Authority's

* Capitalized terms not defined in this Order shall have the meaning ascribed to them in the Motion.

objection (the “Review Period”) to attempt to reach a consensual resolution of the Taxing Authority’s objection. If the Debtors and the objecting Taxing Authority are able to resolve the Taxing Authority’s objection by the end of the Review Period, then the Debtors shall submit an appropriate stipulation providing such Taxing Authority with a VDA Claim in an agreed-upon amount, with such VDA Claim entitled to priority pursuant to 11 U.S.C. § 507(a)(8)(C), in full release and discharge of any other prepetition claims of such Taxing Authority against the Debtors on account of sales tax liabilities owed by any Debtor not previously registered with such Taxing Authority for purposes of sales tax remittance.

f.) If the Debtors and the objecting Taxing Authority are unable to resolve the Taxing Authority’s objection by the end of the Review Period, then the Debtors and the Taxing Authority may either extend the Review Period by mutual agreement for a further definite period of time in order to continue negotiations, or, alternatively, the Debtors shall notify the Court that the parties have not been able to resolve the Taxing Authority’s objection and request an evidentiary hearing to determine the amount of the Taxing Authority’s claim.

3. The Debtors shall be deemed to be in compliance with their postpetition sales tax registration and payment obligations to the Taxing Authorities during the pendency of these Chapter 11 Cases through their emergence from bankruptcy, to the extent that the Debtors continue to pay postpetition sales taxes to the applicable Taxing Authorities, in each case at a monthly rate calculated based on the VDA Amount applicable for each Taxing Authority divided by the number of months constituting the VDA Period for such Taxing Authority, as determined in accordance with the Voluntary Tax Disclosure Procedures.

4. The form of Notice to be transmitted with the VDA Information to the Taxing Authorities is hereby approved.

5. The Debtors are authorized to take all such actions as are necessary or appropriate to implement the terms of this Order.

6. The Court retains jurisdiction with respect to all matters arising from or related to the implementation of this Order.

Dated: _____, 2008

United States Bankruptcy Judge

Schedule 1 to Order – VDA Amounts for each Taxing Authority

[See Exhibit B to Motion]

EXHIBIT B—Schedule of VDA Amounts and List of Taxing Authorities

TOTAL SALES TAX COLLECTION LIABILITIES BY STATE	
Jurisdiction	VDA Amount
ALABAMA	767,562.18
ALABAMA -- Local	1,151,343.27
ARIZONA	310,003.79
ARIZONA -- Local	295,015.35
CALIFORNIA	200,377.69
COLORADO	158,646.97
DISTRICT OF COLUMBIA	5,419.10
IDAHO	5,253.99
LOUISIANA	248,128.39
LOUISIANA -- Local	248,128.39
MAINE	92,192.90
MISSISSIPPI	165,822.74
MISSOURI	75,672.63
NEW MEXICO	80,506.45
NEW YORK	1,160,926.18
PENNSYLVANIA	1,220,222.54
SOUTH CAROLINA	611,857.97
TEXAS	2,079,624.86
VIRGINIA	16,121.16
WISCONSIN	354,253.58
Total	9,247,080.17
ARIZONA LOCALITIES	
Jurisdiction	VDA Amount
APACHE	262.40
COCHISE	1,614.03
COCONINO	2,188.57
GILA	119.20
GRAHAM	56.99
GREENLEE	2.89
LA PAZ	40.36

MARICOPA	245,496.98
MOHAVE	3,015.06
NAVAJO	180.00
PIMA	28,940.57
PINAL	1,869.04
SANTA CRUZ	120.73
YAVAPAI	3,583.02
YUMA	7,525.50
Total	295,015.35
ALABAMA LOCALITIES	
Jurisdiction	VDA Amount
AUTAUGA	1,224.88
BALDWIN	4,786.52
BARBOUR	22.51
BIBB	444.17
BLOUNT	219.96
BULLOCK	57.96
BUTLER	132.77
CALHOUN	14,868.38
CHAMBERS	1,278.87
CHEROKEE	760.82
CHILTON	4,899.65
CHOCTAW	198.45
CLARKE	1,337.01
CLAY	740.75
CLEBURNE	562.33
COFFEE	50.53
COLBERT	369.61
CONECUH	194.46
COOSA	32.96
COVINGTON	1,106.45
CRENSHAW	128.01
CULLMAN	13,522.76
DALE	19,918.79

DALLAS	4,745.54
DE KALB	11,624.14
ELMORE	6,592.31
ESCAMBIA	7,396.27
ETOWAH	7,304.46
FAYETTE	81.62
FRANKLIN	1,506.49
GENEVA	101.51
GREENE	23.57
HALE	51.09
HENRY	79.04
HOUSTON	1,223.08
JACKSON	6,714.65
JEFFERSON	585,377.64
LAMAR	630.48
LAUDERDALE	30,311.71
LAWRENCE	125.19
LEE	8,887.76
LIMESTONE	66,267.61
LOWNDES	29.18
MACON	104.58
MADISON	63,300.30
MARENGO	104.28
MARION	1,827.37
MARSHALL	3,314.25
MOBILE	96,958.95
MONROE	768.83
MONTGOMERY	70,225.77
MORGAN	10,685.01
PERRY	54.14
PICKENS	89.89
PIKE	1,275.63
RANDOLPH	479.46
RUSSELL	712.48
SAINT CLAIR	2,393.56
SHELBY	57,995.64

SUMTER	84.65
TALLADEGA	3,303.04
TALLAPOOSA	3,471.45
TUSCALOOSA	23,711.62
WALKER	2,322.94
WILCOX	117.93
WINSTON	2,109.58
Total	1,151,343.27
LOUISIANA LOCALITIES	
Jurisdiction	VDA Amount
ACADIA	951.66
ALLEN	366.01
ASCENSION	289.95
ASSUMPTION	1,215.83
AVOUELLES	326.46
BEAUREGARD	45.04
BIENVILLE	3.92
BOSSIER	11,051.83
CADDO	16,547.13
CALCASIEU	2,037.63
CALDWELL	8.81
CATAHOULA	1.01
CLAIBORNE	17.24
CONCORDIA	32.42
DE SOTO	16.71
EAST BATON ROUGE	28,167.48
EAST CARROLL	8.60
EAST FELICIANA	7.16
EVANGELINE	96.16
FRANKLIN	28.73
GRANT	595.89
IBERIA	2,685.65
IBERVILLE	609.66
JACKSON	12.87
JEFFERSON	14,730.50

JEFFERSON DAVIS	162.94
LAFAYETTE	15,242.56
LAFOURCHE	964.43
LASALLE	2.74
LINCOLN	547.97
LIVINGSTON	1,948.26
MADISON	27.15
MOREHOUSE	262.37
NATCHITOCES	377.33
ORLEANS	21,317.39
OUACHITA	14,749.26
PLAQUEMINES	34.19
POINTE COUPEE	10.95
RAPIDES	6,580.33
RED RIVER	5.03
RICHLAND	38.41
SABINE	40.34
SAINT BERNARD	79.67
SAINT CHARLES	98.48
SAINT HELENA	23.52
SAINT JAMES	3.52
SAINT JOHN THE BAPTIST	20.35
SAINT LANDRY	124.84
SAINT MARTIN	170.09
SAINT MARY	89.64
SAINT TAMMANY	26,221.58
TANGIPAHOA	1,359.44
TENSAS	9.67
TERREBONNE	11,398.82
UNION	14.20
VERMILION	896.91
VERNON	71.51
WASHINGTON	1,597.89
WEBSTER	428.16
WEST BATON ROUGE	63,335.19

WEST CARROLL	4.09
WEST FELICIANA	4.38
WINN	10.46
Total	248,128.39

EXHIBIT C – PROPOSED FORM OF NOTICE

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

**NOTICE OF PROCEDURES TO DETERMINE PREPETITION AND POSTPETITION
SALES TAX LIABILITIES OF QUEBECOR WORLD (USA) INC. AND ITS DEBTOR
AFFILIATES**

TO:[INSERT NAME OF TAXING AUTHORITY] (the “**Taxing Authority**”)

PLEASE TAKE NOTICE THAT:

1. On January 21, 2008, Quebecor World (USA) Inc. and the 52 affiliated entities listed on Exhibit A to this Notice (the “**Debtors**”) filed chapter 11 bankruptcy cases (the “**Bankruptcy Cases**”) in the United States Bankruptcy Court for the Southern District of New York (the “**Bankruptcy Court**”).

2. On _____, 2008, pursuant to a motion (the “**Motion**”) filed by the Debtors, the Bankruptcy Court entered the order attached to this Notice as Exhibit B (the “**Order**”) approving certain Voluntary Tax Disclosure Procedures regarding the determination of certain sales tax claims against the Debtors. This Notice contains a summary of certain provisions of the Order and is qualified in its entirety by reference to the Order and the Motion. Parties receiving this Notice should review the Motion and the Order to obtain a full understanding of the Voluntary Tax Disclosure Procedures described therein.

3. This Notice and the enclosed materials have been sent to the Taxing Authority listed above because the Debtors have determined that such Taxing Authority may hold a claim for unpaid prior period sales tax liabilities against one or more of the Debtors that have not previously registered for purposes of remitting sales taxes to such Taxing Authority.

4. The enclosed materials set forth the Debtors' calculation of their liability pursuant to the voluntary disclosure program that the Taxing Authority makes generally available to taxpayers on account of unpaid prior period taxes. If you agree to allowance of your claim as a priority unsecured claim pursuant to 11 U.S.C. § 507(a)(8) in the amount set forth in the enclosed materials (the "VDA Amount") you do not need to respond to this Notice and your claim will be allowed at the amount set forth in the enclosed materials.

5. If you do not agree with the Debtors' calculation of the VDA Amount, you must respond by filing an objection with the Bankruptcy Court by **December 5, 2008**. Objections must be filed with the Office of the Clerk of the United States Bankruptcy Court for the Southern District of New York, Alexander Hamilton Customs House, One Bowling Green, New York, New York 10004-4108 or electronically through the Bankruptcy Court's electronic filing system, accessible at <http://www.nysb.uscourts.gov>. In addition to filing an objection with the Bankruptcy Court, objections must also be served upon:(i) counsel to the Debtors, Arnold & Porter LLP, 399 Park Avenue, New York, New York, 10004-4690 (Attn: Michael J. Canning); (ii) counsel to the Official Committee of Unsecured Creditors, Akin, Gump, Strauss, Hauer & Feld LLP, 590 Madison Avenue, New York, New York 10022-2524 (Attn: David H. Botter) and (iii) the Office of the United States Trustee, 33 Whitehall Street, 21st Floor, New York, New York 10004 (Attn: Andy Velez-Rivera).

6. Additional information about the Debtors and the Bankruptcy Cases is freely available at a website maintained by the Debtors' claims and noticing agent, Donlin Recano, at www.donlinrecano.com, or from the Debtors' counsel, Arnold & Porter LLP, at the address set forth above.

ARNOLD & PORTER LLP
399 Park Avenue
New York, New York 10022-4690
Telephone: (212) 715-1000
Facsimile:(212) 715-1399
*Counsel for the Debtors
and Debtors-in-Possession*

EXHIBIT A TO NOTICE—LIST OF DEBTORS

EXHIBIT A

Debtor Name	Address	Case Number	EID Number
Quebecor World USA Inc., f/k/a World Color Press, Inc.	150 42 nd Street, New York, NY 10034	08-10152	37-1167902
Quebecor World Capital II LLC	291 State Street, North Haven, CT 06473	08-10153	26-1568685
Quebecor World Capital Corporation, f/k/a Quebecor Printing Capital Corporation	291 State Street, North Haven, CT 06473	08-10154	52-2009152
Quebecor World Capital II GP	291 State Street, North Haven, CT 06473	08-10155	20-4339686
Quebecor Printing Holding Company	291 State Street, NorthHaven, CT 06473	08-10156	74-2513918
Quebecor World Johnson & Hardin Co., f/k/a The Johnson & Hardin Co.	3600 Red Bank Road, Cincinnati, OH 3860 Virginia Ave., Cincinnati, OH 760 Fujitec Drive, Lebanon, OH 4333 Bethany Road, Mason, OH	08-10157	31-0942059
Quebecor World Buffalo Inc., f/k/a Quebecor Printing Buffalo Inc.	2475 George Urban Blvd., Depew, NY 14043	08-10158	16-0385310
Quebecor World San Jose Inc., f/k/a Quebecor Printing San Jose Inc.	2100 Reston Parkway Ave., Reston, VA 7400 Impala Drive, Richmond, VA 7420 Ranco Road, Richmond, VA	08-10159	95-1427324
Quebecor World Northeast Graphics Inc., f/k/a Northeast Graphics Inc.	291 State Street, North Haven, CT 06473 Ste 1500, 3500 Lenox Rd., Atlanta, GA 7910 Woodmont Ave., Bethesda, MD	08-10160	06-1225892
Quebecor World UP/Graphics Inc., f/k/a UP/Graphics Inc.	10 Park Lane, Providence, RI 02907	08-10161	52-1968294
Quebecor World Great Western Publishing Inc., f/k/a Great Western Publishing Inc.	1850 East Watkins, Phoenix, AZ 6688 Box Springs Blvd, Riverside, CA 787 S. Wanamaker Ave., Ontario, CA	08-10162	86-0627645
Quebecor World DB Acquisition Corp., f/k/a DB Acquisition Corp.	3101 McCall Dr., Atlanta GA 3915 Old Mundy Mill Road, Oakwood, GA	08-10163	58-2194548
Quebecor World Loveland Inc., f/k/a Quebecor Printing Loveland Inc.	102 W, 4 th St., Ste C, Loveland, CO 380 West 37 th St., Loveland, CO	08-10164	26-0114071
QW Memphis Corp., f/k/a QP Memphis Corp. *Assumed name on file in Tennessee-Quebecor Printing Memphis Corp.	1201 Wiley St. East, Schaumburg, IL 404 N. Wesley Avenue, Mt. Morris, IL 34 McLeland Rd., St Cloud, MN 660 Mayhew Lake Road N.E., St-Cloud, MN 1009 East Coast St., Dyersburg, TN 1665 Old Columbia Highway, Dickson, TN 2030 Sylvan Road, Dyersburg, TN 1009 East Court St, Dyersburg, TN 4000 Highway 51 North, Covington, TN 451 International Blvd (Arcata Blvd), Clarksville, TN 828 East Holmes Road, Memphis, TN 931 Thun Rd., Clarksville, TN	08-10165	62-1784291
Quebecor World Arcata Corp., f/k/a Arcata Corporation	2475 George Urban Blvd., Depew, NY 14043	08-10166	94-2819499
Quebecor World Systems Inc., f/k/a World Color Systems Inc.	1010 Foster Avenue, Bensenville, IL 120 N. Frontage Rd., Altamont, IL 145 East Algonquin Rd., Arlington Hights, IL 2000 Arthur Avenue, Elk Grove, IL	08-10167	52-2134859
Quebecor World Retail Printing Corp., f/k/a Retail Printing Corporation	50 John Hancock Rd., Taunton, MA	08-10168	04-2686705
Quebecor World Printing (USA) Corp., f/k/a Quebecor Printing (USA) Corp.	990 Washington St., Dedham, MA	08-10169	06-1247571
The Webb Company	1200 Niccum Avenue, Effingham, IL 1201 Wiley St. East, Schaumburg, IL 404 N. Wesley Avenue, Mt. Morris, IL 34 McLeland Rd., St Cloud, MN 660 Mayhew Lake Road N.E., St-Cloud, MN 1009 East Coast St., Dyersburg, TN 1665 Old Columbia Highway, Dickson, TN 2030 Sylvan Road, Dyersburg, TN 1009 East Court St., Dyersburg, TN 4000 Highway 51 North, Covington, TN	08-10170	41-0602400

Debtor Name	Address	Case Number	EID Number
	451 International Blvd (Arcata Blvd), Clarksville, TN 828 East Holmes Road, Memphis, TN 931 Thun Rd., Clarksville, TN		
Quebecor World Taconic Holdings Inc., f/k/a Taconic Holdings Inc.	31 Edwin Road, South Windsor, CT John Fitch Blvd., South Windsor, CT 160 Century Lane, Winchester, VA 255 Tyson Drive, Winchester, VA	08-10171	54-1720875
WCZ, LLC	197 North State Street, North Haven, CT	08-10172	52-2134843
Quebecor World Nevada Inc., f/k/a Quebecor Printing Nevada Inc.	2200 East Newlands Drive, Fernley, NV	08-10173	75-1387472
Quebecor World Lease GP	291 State Street, North Haven, CT	08-10174	20-5721244
WCP-D, Inc.	217 Griffith Road, Carroll, IA	08-10175	06-1547496
Quebecor World Krueger Acquisition Corp., f/k/a Krueger Acquisition Corp.	2601 Commerce Drive, Jonesboro, AR 4708 Krueger Drive, Jonesboro, AR 6555 Hwy. 1 South, Jonesboro, AR 12821 West Bluemond Rd., Brookfield, WI N. Parkway, Brookfield, WI	08-10176	51-0320682
Quebecor World Book Services LLC, f/k/a World Color Book Services, Inc.	119 Crossfield Dr., Versailles, KY 1558 Old Frankfort Pike, Lexington, KY 440 Greendale Rd., Lexington, KY 100 US Bypass 60, Versailles, KY 1133 County Street, Taunton, MA	08-10177	10-0006753
Quebecor World Dubuque Inc., f/k/a Quebecor Printing Dubuque Inc.	2460 Kerper Blvd., Dubuque, IA 2530 Kerper Blvd., Dubuque, IA	08-10178	36-4067254
Quebecor World Pendell Inc., f/k/a Quebecor Printing Pendell Inc.	1700 James Savage Road, Midland, MI	08-10179	38-1432749
Quebecor World Fairfield Inc., f/k/a Quebecor Printing Fairfield Inc.	100 North Miller Street, Fairfield, PA 871 Baker Rd., Martinsburg, WV	08-10180	62-0947197
Quebecor World Nevada II LLC	2200 Newlands Dr. E., Fernley, NV 89408	08-10181	06-1617622
QW New York Corp., f/k/a Q.P. New York Corp.	124 Taylor Rd., Depew, NY 2475 George Urban Blvd., Depew, NY	08-10182	16-1507534
Quebecor World Mt. Morris II LLC, f/k/a Quebecor Printing Mt. Morris II Inc.	404 N. Wesley Ave., Mount Morris, IL 61054	08-10183	01-0548472
Quebecor World Atglen Inc., f/k/a Quebecor Printing Atglen Inc.	20127 South St., Franklin, KY 300 Brown Road, Franklin, KY 765 Industrial No., Franklin, KY 2305 Bowling Green Rd., Franklin, KY 4581 Lower Valley Road, Route 372, Atglen, PA	08-10184	23-2463532
Quebecor World Hazleton Inc., f/k/a Quebecor Printing Hazleton Inc.	1103 Country Club Drive, Hazleton, PA RR#1, Box 4092, Route 924 S., Hazleton, PA 2100 Manchester Rd., Wheaton, IL	08-10185	04-2978117
Quebecor World Atlanta II LLC	3101 Mccall Dr., Atlanta, GA 30340	08-10186	01-0562796
Quebecor World Memphis LLC, f/k/a Quebecor Printing Memphis Inc.	1201 Wiley St. East, Schaumburg, IL 404 N. Wesley Avenue, Mt. Morris, IL 34 McLeland Rd., St Cloud, MN 660 Mayhew Lake Road N.E., St-Cloud, MN 1009 East Coast St., Dyersburg, TN 1665 Old Columbia Highway, Dickson, TN 2030 Sylvan Road, Dyersburg, TN 1009 East Court St., Dyersburg, TN 4000 Highway 51 North, Covington, TN 451 International Blvd (Arcata Blvd), Clarksville, TN 828 East Holmes Road, Memphis, TN 931 Thun Rd., Clarksville, TN	08-10187	22-2347131
Quebecor World Magna Graphic Inc., f/k/a Magna Graphic Inc.	2512 Palumbo Dr., Lexington, KY 2528 Palumbo Dr., Lexington, KY 100 US Bypass 60, Versailles, KY	08-10188	61-0524785
Quebecor World Dallas, L.P., f/k/a Quebecor Printing Dallas, L.P.	4800 Spring Valley Road, Dallas, TX 13766 Bethany Road, Dallas, TX	08-10189	75-2679248
Quebecor World Lincoln Inc., f/k/a Quebecor Printing Lincoln Inc.	1000 W Commerce Way, Lincoln, NE 1580 Lincoln Air Park, West Lincoln, NE 1601 Pioneers Blvd., Lincoln, NE 3700 N.W. 12 th Street, Lincoln, NE	08-10190	91-1751756
Quebecor World Olive Branch Inc., f/k/a Quebecor Printing Olive Branch Inc.	8649 Hacks Cross Rd., Olive Branch, MS	08-10191	72-1343195
Quebecor World Petty Printing Inc., f/k/a	1200 Niccum Avenue, Effingham, IL	08-10192	37-0746135

Debtor Name	Address	Case Number	EID Number
Quebecor Petty Printing Inc.			
Quebecor World RAI Inc., f/k/a RAI, Inc.	2601 Commerce Drive, Jonesboro, AR 4708 Krueger Drive, Jonesboro, AR 6555 Hwy. 1 South, Jonesboro, AR 12821 West Bluemond Rd., Brookfield, WI N. Parkway, Brookfield, WI	08-10193	39-0410530
Quebecor World Waukee Inc., f/k/a Downey Printing/Waukee, Inc.	400 Deming Avenue, Waukee, IA	08-10194	42-1338348
Quebecor World Eusey Press Inc., f/k/a Quebecor Printing Eusey Press	25 Mohawk Dr., Leominster, MA 27 Nashua St., Leominster, MA 90 Pleasant Street, West Bridgewater, MA Pleasant Street, West Bridgewater, MA	08-10195	04-2306481
Quebecor Printing Aviation Inc.	291 State Street, North Haven, CT	08-10196	04-3453521
Quebecor World Century Graphics Corporation, f/k/a Century Graphics Corporation	31 Edwin Road, South Windsor, CT John Fitch Blvd., South Windsor, CT 160 Century Lane, Winchester, VA 255 Tyson Drive, Winchester, VA	08-10197	72-0570364
Quebecor World Dallas II Inc., f/k/a Quebecor Printing Dallas II Inc.	4800 Spring Valley Rd., Dallas, TX 75244 13766 Bethany Road, Dallas, TX	08-10198	75-2679247
Quebecor World Dittler Brothers Inc., f/k/a Dittler Brothers, Incorporated	3101 McCall Dr., Atlanta, GA 3915 Old Mundy Mill Road, Oakwood, GA	08-10199	58-0525668
Quebecor World Infiniti Graphics Inc., f/k/a Infiniti Graphics, Inc.	96 Phoenix Avenue, Enfield, CT	08-10200	06-0887276
Quebecor World KRI Inc., f/k/a KRI, Inc.	4301 Evans Lock Road, Evans, GA 2787 South Harper Road, Corinth, MI 8700 Red Oak Blvd., Ste., Charlotte, NC	08-10201	51-0288571
Quebecor World Logistics Inc., f/k/a World Color Logistics, Inc.	2100 Atlas Road, Richmond, CA 5148 Kennedy Rd., Ste., Forest Park, GA 1130 Thorndale Ave., Bensenville, IL 1000 Remington Blvd, Suite 300, Bolingbrook, IL 1201 Kirk St., Elk Grove, IL 1290 Remington Blvd (from 9450 Srgo Drive), Bolingbrook, IL 9450 Srgo Dr., McCook, IL 802 E. Grand River, Brighton, MI 3918 Olympic Ct., Columbia, MO 399 Mill Rd., Edison, NJ 6204 N. Marine Dr., Portland, OR 4219 Air Trans Dr., Memphis, TN 12915 Agency, San Antonio, TX	08-10202	06-1576329
Quebecor World Mid-South Press Corporation, f/k/a Mid-South Press Corporation	2616 Brick Church Pike, Nashville, TN 2618 Brick Church Pike, Nashville, TN 2947 Brick Church Pike, Nashville, TN 410 Brick Church Park Dr., Nashville, TN	08-10203	62-0883392
Quebecor World Lease LLC	291 State Street, North Haven, CT	08-10204	87-0785367

EXHIBIT B TO NOTICE – ORDER