

PRESENTMENT DATE AND TIME: May 21, 2010 at 12:00 Noon
OBJECTION DEADLINE: May 21, 2010 at 11:30 a.m.

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 PRESENTMENT OF STIPULATION
AND CONSENT ORDER BETWEEN DEBTORS AND THE
VIRGINIA DEPARTMENT OF TAXATION REGARDING DEBTORS'
PREPETITION AND POSTPETITION SALES TAX LIABILITY AND
RESOLUTION OF CLAIMS PURSUANT TO AMENDED ORDER 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**

PLEASE TAKE NOTICE that Debtors will present the attached Stipulation and Consent Order Between Debtors and the Virginia Department of Taxation Regarding Debtors' Prepetition and Postpetition Sales Tax Liability and Resolution of Claims Pursuant to Amended Order 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 to the Honorable James M. Peck for signature on May 21, 2010, at 12:00 Noon.

PLEASE TAKE FURTHER NOTICE that objections, if any, to the Proposed Stipulation and Consent Order must be made in writing and received in the chambers of the Honorable James M. Peck, United States Bankruptcy Judge and by the undersigned not later than 11:30 a.m. on May 21, 2010. Unless objections are received by that time, the Stipulation and Consent Order may be signed.

PLEASE TAKE FURTHER NOTICE that if a written objection is timely filed and the Court determines that a hearing is necessary, a hearing will be held at the United States Bankruptcy Court for the Southern District of New York on a date to be determined by the Court. The moving and objecting parties are required to attend the hearing, and failure to appear may result in relief being granted or denied upon default.

Dated: New York, New York
May 7, 2010

Respectfully submitted,

/s/ Michael J. Canning
Michael J. Canning
Joel M. Gross
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*

To: All Parties Included in the Service List

ARNOLD & PORTER LLP
399 Park Avenue
New York, NY 10022-4690
Telephone: (212) 715-1000
Michael J. Canning

Counsel to the Debtors and Debtors-In-Possession

Jeffrey A. Scharf
Taxing Authority Consulting Services, P.C.
2812 Emerywood Parkway, Suite 220
Richmond, Virginia 23294
Telephone: (703) 425-7751

Counsel to the Virginia Department of Taxation

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

_____)	
In re:)	Chapter 11
_____)	
QUEBECOR WORLD (USA) INC., <i>et al.</i> ,)	Case No. 08-10152 (JMP)
_____)	(Jointly Administered)
Debtors.)	
_____)	Hon. James M. Peck

STIPULATION AND CONSENT ORDER BETWEEN DEBTORS AND THE VIRGINIA DEPARTMENT OF TAXATION REGARDING DEBTORS' PREPETITION AND POSTPETITION SALES TAX LIABILITY AND RESOLUTION OF CLAIMS PURSUANT TO AMENDED ORDER 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

This stipulation (the "**Stipulation**") is made on the 15th day of March, 2010, by and between Quebecor World (USA) Inc. and its affiliated debtors and debtors-in-possession (collectively, the "**Reorganized Debtors**") and the Virginia Department of Taxation ("**Virginia**") in order to establish the liquidated and allowed amount of Virginia's prepetition and postpetition claims for certain taxes, as set forth herein.

A. On January 21, 2008 (the “**Petition Date**”), each of the Debtors filed a petition under chapter 11 of the United States Bankruptcy Code.

B. On October 17, 2009 the Debtors filed a *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* (Docket No. 1219) (the “**Sales Tax Motion**”).

C. The Court granted the Sales Tax Motion on October 30, 2008, and on November 14, 2008 entered an *Amended Order 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* (Docket No. 1289) (the “**Sales Tax Order**”).

D. Pursuant to the Sales Tax Order, the Court approved certain Voluntary Tax Disclosure Procedures (as defined in the Sales Tax Motion) for the determination of the Debtors’ prepetition and postpetition sales tax obligations to Taxing Authorities that were subject to the Sales Tax Motion.

E. On December 11, 2008, Virginia filed the Virginia Department of Taxation’s Objection to Debtors’ Motion to Determine Sales Tax Liability (Docket No. 1412) (the “**Virginia Objection**”), pursuant to which Virginia objected to certain relief requested in the Sales Tax Motion.

F. Pursuant to the procedures approved in the Sales Tax Order, Virginia and the Debtors exchanged information and engaged in discussions with respect to the amount of

Virginia's prepetition and postpetition sales tax claims, and have continued such discussions regarding the final determination of the amount of Virginia's sales tax claims pursuant to the Sales Tax Order (the "**Virginia VDA Sales Tax Claims**").

G. The Debtors' Third Amended Joint Plan of Reorganization of Quebecor World (USA) Inc. and Certain Affiliated Debtors and Debtors-in-Possession (the "**Plan**") was confirmed by order dated July 2, 2009 and became effective on July 21, 2009.

H. The Debtors and Virginia have agreed to resolve the amount of the Virginia VDA Sales Tax Claims on the terms and conditions provided for herein.

NOW, THEREFORE, subject to approval by this Court, the Debtors and Virginia agree as follows:

1. Virginia is granted an allowed, unsecured claim in the amount of \$49,542.64, which claim shall be entitled to treatment as a priority tax claim under section 507(a)(8) of the Bankruptcy Code and paid in a single payment, in accordance with the Sales Tax Order and in full satisfaction of all of the Debtors' obligations with respect to the prepetition Virginia VDA Sales Tax Claims.

2. Virginia is granted an allowed administrative priority claim in the amount of \$24,771, payable in accordance with the terms of the Plan, in accordance with the Sales Tax Order and in full satisfaction of all of the Debtors' obligations with respect to the postpetition Virginia VDA Sales Tax Claims.

3. Virginia will withdraw all proofs of claim that were filed by Virginia in the Debtors' Chapter 11 Cases and which relate to the Virginia VDA Sales Tax Claims.

4. This Stipulation shall be binding upon the representatives, successors and assigns of the parties hereto.

5. This Stipulation may only be amended or otherwise modified by a signed writing executed by the parties.

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

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

Dated: March 15, 2010.

VIRGINIA DEPARTMENT OF TAXATION

By: /s/ Jeffrey A. Scharf
Jeffrey A. Scharf
Taxing Authority Consulting Services, P.C.
2812 Emerywood Parkway, Suite 220
Richmond, Virginia 23294
Telephone: (703) 425-7751

Counsel to the Virginia Department of Taxation

THE DEBTORS and DEBTORS-IN-POSSESSION

By their attorneys,

/s/ Michael J. Canning
Michael J. Canning
ARNOLD & PORTER LLP
399 Park Avenue
New York, NY 10022-4690
Telephone: (212) 715-1000
Facsimile: (212) 715-1399

SO ORDERED.

New York, New York
____, 2010

United States Bankruptcy Judge