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UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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| _____ |) | |
| 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

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THE DEBTORS and DEBTORS-IN-POSSESSION

By their attorneys,

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SO ORDERED:

Dated: New York, New York
May 26, 2010

s/ James M. Peck
Honorable James M. Peck
United States Bankruptcy Judge