

PRESENTMENT DATE AND TIME: July 26, 2010 at 12:00 noon
OBJECTION DEADLINE: July 26, 2010 at 12:00 noon

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Michael J. Canning

Counsel for the Reorganized Debtors

**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
COMMONWEALTH OF PENNSYLVANIA REGARDING DEBTORS'
PREPETITION 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 Commonwealth of Pennsylvania Regarding Debtors' Prepetition Sales Tax Liability and Resolution of Claims Pursuant to Amended Order Authorizing the Debtors to (a) Implement Procedures to Determine Prepetition 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 July 26, 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 12:00 noon on July 26, 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
July 15, 2010

Respectfully submitted,

/s/ Michael J. Canning
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To: All Parties Included in the Service List

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Counsel to the Commonwealth of Pennsylvania

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
COMMONWEALTH OF PENNSYLVANIA REGARDING DEBTORS' PREPETITION
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 21st day of June, 2010, by and between Quebecor World (USA) Inc. and its affiliated debtors and debtors-in-possession (collectively, the "**Reorganized Debtors**") and the Commonwealth of Pennsylvania, Department

of Revenue (“**Pennsylvania**”) in order to establish the liquidated and allowed amount of Pennsylvania’s prepetition 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 identified in and subject to the Sales Tax Motion.

E. On December 18, 2008, Pennsylvania filed an *Objection of Commonwealth of Pennsylvania, Department of Revenue to Debtors’ Proposed Procedures Regarding Pre-Petition and Post-Petition Sales Tax Obligations and Motion to Compel Filing of Tax Returns and Payment of Post-Petition Taxes* (Docket No. 1435) (the “**Pennsylvania Objection**”), pursuant to

which Pennsylvania objected to certain relief requested in the Sales Tax Motion and sought the payment of postpetition sales taxes.

F. On March 26, 2009 the Court approved the *Stipulation between Debtors and the Commonwealth of Pennsylvania Regarding Debtors' Postpetition Sales Tax Compliance in Connection with 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. 1573) (the "**Postpetition Tax Stipulation**"). The Postpetition Tax Stipulation resolved the Pennsylvania Objection with respect to the Debtors' postpetition sales tax compliance and provided, among other things, for the Debtors to register certain unregistered entities with Pennsylvania for the purposes of collecting and remitting postpetition sales taxes, pay accrued postpetition sales taxes, and remit postpetition sales taxes in the ordinary course of business.

G. Pursuant to the procedures approved in the Sales Tax Order, Pennsylvania and the Debtors exchanged information and engaged in discussions with respect to the amount of Pennsylvania's prepetition sales tax claims, and continued such discussions regarding the final determination of the amount of Pennsylvania's prepetition sales tax claims pursuant to the Sales Tax Order (the "**Pennsylvania Prepetition Sales Tax Claims**").

H. 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.

I. The Reorganized Debtors and Pennsylvania have agreed to resolve the amount of the Pennsylvania Prepetition Sales Tax Claims on the terms and conditions provided for herein.

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

1. Pennsylvania is granted an allowed, unsecured claim, as set forth in the Sales Tax Order, in the amount of \$1,220,222.54 (the “**Allowed Claim**”). The Allowed Claim shall be entitled to treatment as a priority tax claim under section 507(a)(8) of the Bankruptcy Code, and paid in full as a single cash payment within ten days of Bankruptcy Court approval of this Stipulation, in accordance with the Sales Tax Order and in full and final satisfaction of all of the Pennsylvania Prepetition Sales Tax Claims, including but not limited to any claims for interest, penalties, costs, fees or expenses.

2. Pennsylvania will withdraw all proofs of claim that were filed by Pennsylvania in the Debtors’ Chapter 11 Cases and which relate to the Pennsylvania Prepetition Sales Tax Claims.

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

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

5. 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.

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

Dated: June 21, 2010.

COMMONWEALTH OF PENNSYLVANIA
OFFICE OF ATTORNEY GENERAL

BY: /s/ Christopher R. Momjian

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THE REORGANIZED DEBTORS

By their attorneys,

/s/ Michael J. Canning

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SO ORDERED.

New York, New York
____, 2010

United States Bankruptcy Judge