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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  
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THE REORGANIZED DEBTORS

By their attorneys,

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**SO ORDERED:**

Dated: New York, New York  
August 5, 2010

    s/ James M. Peck    

Honorable James M. Peck  
United States Bankruptcy Judge