

ARNOLD & PORTER LLP
399 Park Avenue
New York, New York 10022-4690
Telephone: (212) 715-1000
Facsimile: (212) 715-1399
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

**STIPULATION AND CONSENT ORDER ESTABLISHING PRELIMINARY
SCHEDULE FOR DISCOVERY, BRIEFING AND EVIDENTIARY HEARING ON
DETERMINATION OF SALES TAX CLAIMS OF TEXAS COMPTROLLER OF
PUBLIC ACCOUNTS AND STATE OF ARIZONA EX REL. ARIZONA DEPARTMENT
OF REVENUE**

Quebecor World (USA) Inc. and 52 of its domestic direct and indirect subsidiaries, as reorganized debtors (collectively, the “Debtors” or “Reorganized Debtors,” as applicable) respectfully represent as follows:

Background

1. On November 14, 2008, the Court entered the *Amended 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* (the “Procedures Order,” Docket No. 1289).

2. The Procedures Order set forth procedures for the consensual resolution of sales tax liabilities of certain Debtors, together with the amount of the Debtors' prepetition sales tax liability to each of the taxing authorities subject to the Procedures Order.

3. The State of Arizona *ex rel.* Arizona Department of Revenue ("Arizona") and the Texas Comptroller of Public Accounts ("Texas," and together with Arizona, the "States") each objected to the proposed amount of sales tax liability set forth in the Procedures Order. In addition, the States filed proofs of claim against certain of the Debtors related to the sales tax claims that are the subject of the Procedures Order (the "Proofs of Claim").

4. The Procedures Order provided that "[i]f 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 or such Taxing Authority 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."¹

5. On October 5, 2010 Texas filed a motion requesting that the Court determine the Debtors' sales tax liabilities to Texas, and on October 15, 2010 Arizona filed a similar motion (collectively, the "Motions").² The Reorganized Debtors filed initial responses to each of the Motions on October 29, 2010, (collectively, the "Responses").³ The Court conducted a status

¹ See Procedures Order at ¶ 2.f.

² See the *Motion of the Texas Comptroller of Public Accounts to Determine the Debtors' Sales Tax Liabilities Pursuant to the Court's Procedures Order* (Docket No. 4161) and the *Motion of Arizona Department of Revenue to Determine the Debtors' Sales Tax Liabilities Pursuant to the Court's Procedures Order* (Docket No. 4208).

³ See the *Reorganized Debtors' Response and Objection to Motion of the Texas Comptroller of Public Accounts to Determine the Debtors' Sales Tax Liabilities pursuant to the Court's Procedures Order* (Docket No. 4228) and the *Reorganized Debtors' Response and Objection to*

conference on November 2, 2010 to consider certain issues raised in the Motions and the Responses.

Preliminary Schedule for Determination of Claims

6. The Debtors and the States have conferred and jointly request that this Court so-order the following agreed schedule to govern the determination of the States' claims:

- A. **Response and Objection to Proofs of Claim.** By **January 28, 2011**, the Reorganized Debtors shall file supplemental responses to the Motions and/or objections to the Proofs of Claim.
- B. **Discovery.**
 - 1. All discovery, including written discovery, expert reports (if any), and fact and expert witness depositions, shall be concluded on **May 27, 2011**.
 - 2. The Debtors and the States shall have an ongoing duty to supplement their discovery responses and respond to inquiries regarding the completeness of their respective productions.
- C. **Status Conference.** The Court shall conduct a telephonic status conference on **June 7, 2011 at 2:00 p.m.** to discuss the status of this matter.
- D. **Dispositive Motions.**
 - 1. The deadline for filing any dispositive motions shall be **June 27, 2011**.
 - 2. Objections to dispositive motions shall be filed by **July 27, 2011**, with responses to such objections to be filed by **August 10, 2011**.
- E. **Pretrial Matters.**
 - 1. The parties shall file and exchange pretrial statements, briefs, exhibits and exhibit lists, and witness lists by **August 29, 2011**.
 - 2. The court shall conduct a pretrial conference on **September 15, 2011**, at **10:00 a.m.**
- F. **Evidentiary Hearing.** Beginning on **October 18, 2011 at 10:00 a.m.**, the Court will conduct an evidentiary hearing (the "Hearing") on the Motions, with the Hearing to continue, if necessary, on such other dates as the Court's schedule permits.

Motion of the Arizona Department of Revenue to Determine the Debtors' Sales Tax Liabilities pursuant to the Court's Procedures Order(Docket No. 4229).

- G. **Modification of this Order.** Any of the dates herein may be modified with the parties' mutual consent, or by the Court, upon motion and for good cause shown.

Dated: November 23, 2010

ARNOLD & PORTER LLP
Counsel for the Reorganized Debtors

By: /s/ Michael J. Canning
Michael J. Canning

Dated: November 23, 2010

ATTORNEY GENERAL OF TEXAS
Counsel for the Texas Comptroller of Public
Accounts

By: /s/ Jay W. Hurst
Jay W. Hurst

Dated: November 23, 2010

ARIZONA ATTORNEY GENERAL
Counsel for the State of Arizona

By: /s/ April J. Theis
April J. Theis

SO ORDERED:

Dated: New York, New York
December 6, 2010

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