Hearing Date and Time: January 6, 2011 at 10:00 a.m.
Response Deadline: January 3, 2011[1]

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UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re	Chapter 11
Quebecor World (USA) Inc., et al.,	Case No. 08-10152 (JMP) Jointly Administered
Debtors.	Honorable James M. Peck

REORGANIZED DEBTORS' RESPONSE TO RIVERSIDE CLAIMS, LLC'S MOTION TO COMPEL REORGANIZED DEBTORS TO ESTABLISH CLASS 3 DISTRIBUTION RESERVE

The above-captioned debtors and debtors in possession (collectively, the "Debtors" or the "Reorganized Debtors," as applicable), hereby respond (the "Response") to the motion of Riverside Claims, LLC ("Riverside") to compel the Reorganized Debtors to establish a class 3 distribution reserve (the "Riverside Motion") In support of this Response, the Reorganized Debtors respectfully represent as follows:

[1] Riverside and the Reorganized Debtors negotiated a consensual extension of the time to respond to the Riverside Motion.

PRELIMINARY STATEMENT

1. By the Riverside Motion, Riverside seeks to compel the Reorganized Debtors to establish a distribution reserve (the "Distribution Reserve") in connection with distributions due under the Plan (defined below) to holders of Allowed Class 3 Claims (as defined and provided for in the Plan). In fact, however, the Reorganized Debtors have already set aside a Distribution Reserve in respect of Class 3 Claims that the Reorganized Debtors believe is appropriate under the current facts and circumstances of these Chapter 11 Cases in order to ensure that all creditors ultimately determined to be holders of Allowed Class 3 Claims receive equal treatment under the Plan.[2]

2. The relief sought by Riverside -- that is, a less than full Distribution Reserve on account of unresolved Class 3 Claims, including potential section 502(h) claims[3] that could arise incident to the yet to be resolved preference actions filed by the Litigation Trust (defined below) -- could potentially enable Riverside to receive a greater recovery on account of its Allowed Class 3 Claims than other similarly situated creditors ultimately determined to be holders of Allowed Class 3 Claims might receive on account of their claims. Specifically, pursuant to the Plan, any potential preference actions held by the Debtors' bankruptcy estate were transferred to the Litigation Trust under the Plan, to be pursued, prosecuted, or settled in the sole discretion of the independent trustee selected by the Debtors' creditors. Thereafter, and prior to the expiration of the two-year statute of limitation to bring avoidance actions under the

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[2] As set forth in paragraph 32 infra, the Reorganized Debtors intend to make a distribution to each holder of an Allowed Class 3 Claim of not less than 17% of such holder's Allowed Class 3 Claim on the next Periodic Distribution Date.

[3] Section 502(h) of the Bankruptcy Code provides that "[a] claim arising from the recovery of property under section 522, 550, or 553 of this title shall be determined, and shall be allowed under subsection (a), (b), or (c) of this section, or disallowed under subsection (d) or (e) of this section, the same as if such claim had arisen before the date of the filing of the petition." See 11 U.S.C. § 502(h).

Bankruptcy Code, on January 21, 2010, the Litigation Trust commenced approximately 1,800 preference actions seeking hundreds of millions of dollars of potential recoveries from creditors of the Debtors. In this regard, as the ultimate resolution of these preference actions could potentially give rise to section 502(h) claims entitled to recovery as Allowed Class 3 Claims,[4] the Reorganized Debtors quickly determined that such potential section 502(h) claims, together with the then unresolved claims filed by potential holders of Class 3 Claims, could result in Class 3 Claims, in the aggregate, of as much as three quarters of a billion dollars. The sheer magnitude and uncertainty associated with these potential claims dictated that in initially determining the amount of any reserve to be established in connection with distributions to be made on account of Allowed Class 3 Claims, the Reorganized Debtors should take into account the full amount of all such unresolved potential Class 3 Claims, including potential section 502(h) claims incident to the outstanding preference actions.

3. To accommodate the risks associated with these unresolved potential Class 3 Claims, including any potential section 502(h) claims, upon the defeasance and redemption of the New Unsecured Notes (defined below) in connection with their combination with Quad/Graphics, Inc., the Reorganized Debtors established a deposit account at The Bank of New York Mellon wherein the Bank, as Indenture Trustee (defined below), is currently holding approximately $90 million[5] on account of the payment of all Allowed Class 3 Claims, in order to ensure that all holders of Allowed Class 3 Claims, whenever determined, will ultimately receive

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[4] Nothing contained herein is intended or should be construed as an admission as to the validity of any section 502(h) claims against the Reorganized Debtors or to waive or prejudice the Reorganized Debtors' right to dispute any claim or demand, including, without limitation, on the grounds of whether such section 502(h) claim can be asserted as a Class 3 Claim.

[5] The approximately $90 million is on account of the maximum principal amount of the New Unsecured Notes, together with accrued interest through the redemption date of August 2, 2010, and the required 5% redemption premium.

the full amount to which they are entitled under the Plan. In doing so, the Reorganized Debtors believe that they have complied in all respects with their obligations under the Plan, and have acted in the best interests of all affected creditors in establishing an applicable Distribution Reserve.

BACKGROUND

4. On January 21, 2008 (the "Petition Date"), the 53 Debtors filed their voluntary petitions for relief (the "Chapter 11 Cases") under chapter 11 of title 11 of the United States Code (the "Bankruptcy Code").

5. On January 20, 2008 the Debtors' corporate parent, Quebecor World Inc. ("QWI"), together with each of the Debtors, commenced a proceeding before the Quebec Superior Court, Commercial Division, for the Judicial District of Montreal (the "Canadian Court") for a plan of compromise or arrangement (the "Canadian Proceeding") under the Canadian Companies' Creditors Arrangement Act ("CCAA").[6] Each of the Debtors was joined in the Canadian Proceeding in order that each Debtor could obtain the protection of a stay under the CCAA as well as under the Bankruptcy Code.

6. On January 23, 2008 Donlin, Recano & Company, Inc. was appointed as the Claims Agent in these Chapter 11 Cases (the "Claims Agent"), while an Official Committee of Unsecured Creditors (the "Creditors' Committee") was appointed on January 31, 2008, and amended on February 8, 2008.

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[6] The Canadian Court appointed Ernst & Young, Inc. to serve as Monitor for the Canadian Proceeding, and UBS Investment Bank was retained by QWI as a financial advisor in connection with the Canadian Proceeding.

7. On September 19, 2008, the Creditors' Committee filed the Private Notes Adversary Proceeding (as defined and described in the Plan), which proceeding was filed under Adversary Proceeding No. 08-01417.

8. In response to the Debtors' Application for an Order Pursuant to Federal Rules of Bankruptcy Procedure 3003(c)(3) and 2002(p) Setting Final Date to File Proofs of Claim, Establishing Procedures for Filing Proofs of Claim and Seeking Approval of Cross-Border Claims Protocol, this Court entered its Order Establishing Deadline For Filing Proofs of Claim, Approving the Form and Manner of Notice Thereof and Approving the Cross-Border Claims Protocol (the "Bar Date Order") (Docket No. 1175) on September 30, 2008, pursuant to which the Court established December 5, 2008 (the "Bar Date") as the general bar date for creditors to file proofs of claim. In response to the mailing of the notice and publication of the Bar Date, approximately 10,000 proofs of claim were filed in these Chapter 11 Cases.

9. On May 18, 2009, the Debtors filed their Third Amended Joint Plan of Reorganization (as amended and modified, the "Plan") (Docket No. 1662), and by Order of this Court entered on May 18, 2009, the Court approved the Debtors' disclosure statement in support of the Plan (Docket No 1666).

10. On July 2, 2009, the Court entered an order confirming the Debtors' Third Amended Joint Plan of Reorganization, as modified. See Findings of Fact, Conclusions of Law and Order Confirming Third Amended Joint Plan of Reorganization of Quebecor World (USA) Inc. and Certain Affiliated Debtors and Debtors-In-Possession (Docket No. 1802) (the "Confirmation Order"), which became effective on July 21, 2009 (the "Effective Date").

11. Pursuant to the Plan, on the Effective Date, a Joint Claims Oversight Committee, as defined and provided for in the Plan, was formed.

12. The Plan established several separate classes of claims and interests, including Class 3 General Unsecured Claims (as defined and provided for in the Plan). See Article IV of the Plan. Moreover, the Plan provided that each holder of an Allowed Class 3 Claim would receive a New Unsecured Note[7] in a principal amount equal to 50% of such holder's Allowed Class 3 Claim; provided, however, that if aggregate Allowed Class 3 Claims exceeded $150 million, each holder of an Allowed Class 3 Claim would receive such holder's pro rata share of $75 million in principal amount of New Unsecured Notes.

13. In connection with the implementation of the Plan, all potential avoidance actions (as defined and provided for as "Contributed Claims" in the Plan) were transferred to that certain Litigation Trust (as defined and provided for in the Plan) established incident to the Plan and that certain Litigation Trust Agreement (as defined and provided for in the Plan). Pursuant to section 6.11 of the Plan, the Litigation Trust was to be administered by a Litigation Trustee (as defined and provided for in the Plan), selected by the Creditors' Committee, the Ad Hoc Committee of Noteholders and the Syndicate Agreement Agent (each as defined and provided for in the Plan). In this regard, Eugene I. Davis ("Davis") was appointed as the Litigation Trustee.

14. The Plan and the Litigation Trust Agreement established the Litigation Trust for the pursuit of the Contributed Claims for the benefit of the Litigation Trust Beneficiaries (as defined and provided for in the Plan). See Section 6.11 of the Plan. The Contributed Claims include both (a) potential avoidance actions (the "Contributed Avoidance Actions," as defined and provided for in the Plan) and (b) the claims being asserted in the Private Notes Adversary

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[7] New Unsecured Notes are defined in the Plan to mean the "unsecured notes to be issued by Reorganized QWCC and guaranteed by Reorganized QWI substantially on the terms set forth on Exhibit 1.B.122 [attached to the Plan], which shall be in form and substance reasonably acceptable to the Creditors' Committee, the Ad Hoc Group of Noteholders and the Syndicate Agreement Agent." See Article 1 of the Plan, Def. 122.

Proceeding. The Litigation Trust Beneficiaries include holders of (a) Allowed Syndicate Claims, (b) Allowed SocGen Claims, (c) Allowed Class 4 Claims and (d) the Litigation Trust Beneficiaries set forth in the Canadian Plan, all as defined and described in the Plan.

15. In connection with the Debtors' emergence from these Chapter 11 Cases, Quebecor World (USA) Inc. changed its name to World Color (USA) Corp., and each of its affiliated Debtors changed its name to adopt the "World Color" name instead of the "Quebecor" or "Quebecor World" name. Similarly, Quebecor World Inc. changed its name to World Color Press Inc. Further, on July 2, 2010, World Color Press Inc. was acquired by Quad/Graphics, Inc., although pursuant to section 6.4(c) of the Plan, the Reorganized Debtors retained their "Quebecor" names for purposes of these Chapter 11 Cases in all respects.

16. On November 5, 2009, the Court entered an Order Authorizing the (a) Establishment of Claims Allowance, Objection, Claims Resolution and Settlement Procedures and (b) Extension of the 503(b)(9)/Reclamation Claims Objection Deadline (Docket No. 1978) (the "Claims Procedures Order"), which Order approved detailed procedures for the allowance of claims, and for the filing and prosecution of objections to claims filed or scheduled in these Chapter 11 Cases, all as more fully set forth in Appendix 1 to the Claims Procedures Order (the "Claims Procedures").

17. Prior to the expiration of the applicable two-year statute of limitations provided for under section 546 of the Bankruptcy Code by which preference and fraudulent transfer actions could be commenced in the Chapter 11 Cases, ASK Financial was retained on behalf of the Litigation Trust, and commenced almost 1,800 avoidance actions (the "Avoidance Actions") on behalf of Davis, as the Litigation Trustee, which, upon information and belief, sought to avoid almost $384 million dollars, in the aggregate, in transfers made by the Debtors prior to the Petition Date.

18. From and after the Reorganized Debtors' emergence from these Chapter 11 Cases, the Reorganized Debtors have been working diligently to resolve all of the claims filed in the Chapter 11 Cases. To that end, and consistent with the Claims Procedures Order, the Reorganized Debtors have now filed approximately 70 objections, motions and applications in these Chapter 11 Cases seeking to object, allow and/or resolve filed claims. In respect of such filings and other Orders of this Court, the Reorganized Debtors have now expunged, reduced, modified, reclassified and/or allowed over 7,000 of the claims filed in these Chapter 11 Cases.

19. In connection with Quad/Graphics, Inc.'s acquisition of World Color Press Inc. and all of its affiliated entities, the Reorganized Debtors defeased the New Unsecured Notes pursuant to the terms and conditions of the applicable unsecured notes indenture (the "Unsecured Notes Indenture"), with Quad/Graphics, Inc. thereupon redeeming the New Unsecured Notes upon the expiration of the one-year lock-out period provided for under the terms of the Unsecured Notes Indenture. At such time, the Reorganized Debtors deposited approximately $ 90 million on account of the principal amount of the New Unsecured Notes, together with accrued interest through the redemption date of August 2, 2010, and the required 5% redemption premium, with The Bank of New York Mellon, as the Indenture Trustee for the New Unsecured Notes. Accordingly, as of October 2, 2010, the Reorganized Debtors had established a reserve with The Bank of New York Mellon in an aggregate amount representing the maximum amount potentially payable to all holders of Allowed Class 3 Claims under the Plan.

ARGUMENT

20. Riverside argues that the Court should compel the Reorganized Debtors to establish a Distribution Reserve pursuant to the Plan, alleging that the Reorganized Debtors have defaulted on their obligations under the Plan by failing to establish such a reserve. The

Reorganized Debtors submit, however, that, as required by the Plan, and consistent with their obligation to act in the best interests of creditors to ensure equal treatment to all similarly situated creditors, they have established and continued to maintain an appropriate Distribution Reserve on account of Class 3 Claims, which is currently being hold by The Bank of New York Mellon.

21. As discussed above, all Contributed Claims were transferred to the Litigation Trust, subject to the control of Davis, as the independent Litigation Trustee, for the benefit of the Litigation Trust Beneficiaries. In this regard, the Reorganized Debtors are not parties to any of the Avoidance Actions, nor do they share in any recoveries realized by the Litigation Trust on account of such actions. Frankly, other than indirectly in respect of the Funding Loan (defined below), the Reorganized Debtors have no economic interest whatsoever in the Litigation Trust or any of the Avoidance Actions commenced by the Litigation Trust. Indeed, the Reorganized Debtors were not involved in the determination of what Avoidance Actions were appropriate to file, the potential recoveries that might be realized from the Avoidance Actions, or the likely distributions ultimately anticipated to made by the Litigation Trust. Once again, the beneficiaries of the Litigation Trust are not the Reorganized Debtors, but, instead, are the Litigation Trust Beneficiaries. Moreover, the Reorganized Debtors relationship in respect of the Litigation Trust and the Contributed Claims, is limited to two discreet areas.

22. First, as required by the Plan, the Reorganized Debtors have provided the Litigation Trust with the Funding Loan. Specifically, as set forth in Section 6.11(e) of the Plan, the Litigation Trust has been funded by a loan from Reorganized QWI in an aggregate amount not to exceed $ 5 million (the "Funding Loan"), which amount is available to the Litigation Trust for pursuit of the Private Notes Adversary Proceeding and the Avoidance Actions. In this regard, the Funding Loan is secured by recoveries from the Private Notes Adversary Proceeding

and the Avoidance Actions. Thus, the Reorganized Debtors have an interest in the success of the Private Notes Adversary Proceeding and/or the Avoidance Actions only to the extent that the Funding Loan must be repaid in full by the Litigation Trust from the proceeds of any such recoveries before any funds may be distributed to the Litigation Trust Beneficiaries.

23. Second, pursuant to the Litigation Trust Agreement and the Plan, the Reorganized Debtors have a general obligation to cooperate with the Litigation Trust in connection with its pursuit of recoveries on account of the Contributed Claims. To that end, the Reorganized Debtors have engaged in significant document review, and responded to considerable discovery related requests for information and documentation, in respect of the Private Notes Adversary Proceeding and the Avoidance Actions.

24. Other than in respect of the Funding Loan and its covenant of cooperation, the Reorganized Debtors have not, nor has the Monitor or the Reorganized Debtors' advisors, been involved in any way with respect to the determination of whether to bring any Avoidance Actions, nor have they been involved in the prosecution, arbitration, settlement or judicial proceedings in connection with the resolution of any of the Avoidance Actions. Indeed, other than making invoices or other related documents requested by the Litigation Trustee available to the Litigation Trust, or responding to formal or informal document requests, discovery or subpoenas, neither the Reorganized Debtors, the Monitor nor any of the advisors to the Reorganized Debtors, have any knowledge of or familiarity with any of the specifics of any of the Contributed Claims. Thus, the Reorganized Debtors' ability to analyze or evaluate the merits of any of the Contributed Claims, or the likely resolution of such actions, as well as any potential section 502(h) claims that may result therefrom is simply nonexistent.

25. The Reorganized Debtors do not dispute that the Litigation Trust has settled hundreds of Avoidance Actions. Indeed, upon information and belief, the Reorganized Debtors

understand that approximately 940 Avoidance Actions have now been settled, dismissed or otherwise resolved (the "Dismissed Actions"). Even with the progress made to-date by the Litigation Trust in respect of the Dismissed Actions, almost 50% of the Avoidance Actions remain pending, with virtually all of the more significant Avoidance Actions yet to be resolved. Specifically, although slightly in excess of half of the initially filed Avoidance Actions have been resolved, these Dismissed Actions generally addressed the smaller, less contentious preference claims, resolving less than 25% of the aggregate dollar amount of the recoveries sought by the Avoidance Actions.

26. More importantly, the fact that the Litigation Trust resolved almost 1,000 Avoidance Actions in less than 1-year without giving rise to any section 502(h) claims is not necessarily indicative of whether the remaining Avoidance Actions will give rise to any such claims. Indeed, while the Reorganized Debtors acknowledge that at or around the time that Riverside inquired as to the Distribution Reserve no section 502(h) claims had yet been filed in respect of the Avoidance Actions, more recently the Reorganized Debtors have been advised that a section 502(h) claim has been filed with the Claims Agent, and have just received a separate inquiry from a party to a significant Avoidance Action indicating that they are in settlement negotiations with counsel to the Litigation Trust that may include a section 502(h) claim in the multi-million dollar range. Thus, it is reasonable to postulate that as the Litigation Trust proceeds to address the more significant, complex Avoidance Actions it becomes increasingly more likely that possible resulting section 502(h) claims will be at issue. Indeed, in the last few weeks, the Reorganized Debtors have received formal discovery requests in respect of two significant Avoidance Actions where the preferential amounts sought to be recovered are in the $15-$20 million range, further confirming that the remaining Avoidance Actions are likely to be quite contentious and could potentially give rise to section 502(h) claim issues.

27. Moreover, it was in this context that the Reorganized Debtors first addressed the issue of a proper Distribution Reserve incident to the issuance of the New Unsecured Notes to holders of Allowed Class 3 Claims. In this regard, after consulting with their advisors and the Monitor, the Reorganized Debtors initially determined that until further clarity existed with respect to the resolution of the Avoidance Actions and the possibility of resulting section 502(h) claims, it was only prudent to reserve on account of Allowed Class 3 Claims based on the possibility that all unresolved Class 3 Claims, including potential section 502(h) claims incident to the Avoidance Actions, could give rise to valid, Allowed Class 3 Claims. Only with such a reserve could the Reorganized Debtors ensure that all similarly situated holders of Class 3 Claims would ultimately receive equal treatment under the Plan.

28. Since this initial determination, the Reorganized Debtors have continuously and diligently monitored the status of the Avoidance Actions, duly noting whenever any action has been resolved or withdrawn, and, to that end, they have engaged in frequent discussions with counsel to the Litigation Trust regarding the status of the Avoidance Actions. Once again, however, the Reorganized Debtors are not a party to any of these Avoidance Actions, and are not privy to the analysis, discovery, settlement discussions or judicial proceedings being undertaken in connection with the hundreds of Avoidance Actions yet to be resolved. Hence, there is simply no way for the Reorganized Debtors or its advisors, or the Monitor, to make an independent determination as to whether any particular Avoidance Action could give rise to a section 502(h) claim issue. Further, the time and expense that would be involved in order to allow the Reorganized Debtors to gather and analyze the information and documentation necessary to make even an educated guess as to the likelihood and amount of any potential section 502(h) claim incident to each currently pending Avoidance Action would be prohibitive, and likely of

no value, as even then the Reorganized Debtors may not be in a position to put at risk the ultimate recovery to holders of unresolved Class 3 Claims.

29. Moreover, it is the Reorganized Debtors judgment that failure to take into account the full amount of all unresolved potential Class 3 Claims, including potential section 502(h) claim risks associated with the Avoidance Actions, in determining the appropriate Distribution Reserve may cause creditors who are parties to the Avoidance Actions, and other creditors with unresolved potential Class 3 Claims, to ultimately recover less than what they are entitled to under the Plan -- their pro rata share of the Class 3 treatment. Accordingly, the Reorganized Debtors believe that it is in the best interest of all potential Class 3 claimants to maintain a full reserve in order to ensure the full recovery to which each of such claimants is entitled to under the Plan until distributions can be made without prejudicing the holders of potential Class 3 Claims yet unresolved.

30. Riverside suggests that the Reorganized Debtors should not be concerned regarding the ultimate adequacy of the Distribution Reserve, however, because the "[t]he Plan further contains a provision to insulate the Debtors from liability in case the Disputed Claims Reserve ultimately proves insufficient to make required distributions to Disputed Claims that later become Allowed." Riverside Motion ¶ 10. Frankly, although the Reorganized Debtors are well aware of the protections afforded by Section 8.10(d) of the Plan, in that no recourse arises against the Reorganized Debtors if they distribute in error, the Reorganized Debtors believe that their primary obligation is to ensure that any distributions made under the Plan provide for equal treatment of similarly situated creditors, and that making premature decisions that could lead to unequal treatment is inopposite of their obligation to creditors under the Plan and otherwise.

31. Notwithstanding the uncertainty surrounding the Avoidance Actions, the Reorganized Debtors have been working diligently to resolve all of the filed claims in the

Chapter 11 Cases. As this Court is well aware, the Reorganized Debtors have filed approximately 70 omnibus claim objections, motions and applications addressing the objection, resolution and/or allowance of claims, and have made significant progress with respect to the almost 10,000 claims filed in the Chapter 11 Cases. In fact, with recent approval of the global settlement reached among the Reorganized Debtors and the debtors in the Abitibi-Bowater cases currently pending in the United States Bankruptcy Court for the District of Delaware by both this Court and the Delaware Bankruptcy Court, the aggregate amount of unresolved potential Class 3 Claims, other than potential section 502(h) claims that could arise incident to the Avoidance Actions, are now less than the $150 million threshold, ensuring a 50% recovery to all holders of Allowed Class 3 Claims, subject, again, to the ultimate resolution of the remaining Avoidance Actions and any possible resulting section 502(h) claim issues.

32. Accordingly, in light of the Reorganized Debtors significant progress in resolving the claims filed in the Chapter 11 Cases, the Reorganized Debtors will be in a position to make a significant distribution to the holders of Allowed Class 3 Claims on the next regularly scheduled Periodic Distribution Date (as defined and provided for in the Plan), which is scheduled to occur on or about February 16, 2011, without regard to the currently pending Avoidance Actions (regarding which a full reservation has been made on account of potential section 502(h) claims). In this regard, the Reorganized Debtors currently anticipate that such distribution will provide a recovery to holders of Allowed Class 3 Creditors of not less than 17% of the allowed amount of each holder's Class 3 Claim, together with each such holder's pro rata share of accrued interest and redemption premium, with such distribution being potentially greater to the extent additional significant Avoidance Actions are resolved without giving rise to section 502(h) claims prior to such Periodic Distribution Date. See Declaration of Christopher Mediratta in support of this Response attached hereto as Exhibit 1.

33. Although the Reorganized Debtors recognize that Riverside would prefer that a distribution constituting a higher recovery on their Allowed Class 3 Claims be made at this time, the Reorganized Debtors continue to believe that failing to properly maintain a reserve on account of potential section 502(h) claims could ultimately give rise to unequal treatment among all known and potential holders of Allowed Class 3 Claims, and the Reorganized Debtors submit that such a result would be inconsistent with the Plan and not in the best interests of creditors.

34. The Reorganized Debtors assert, therefore, that in determining the appropriate reserve that should be maintained in respect of distributions to holders of Allowed Class 3 Claims they have acted consistent with and in accordance with their obligations under the Plan, and in a manner that will protect the best interests of all holders and potential holders of Allowed Class 3 Claims. Moreover, the Reorganized Debtors have used their best judgment in determining the proper amount of the Distribution Reserve, and believe that the current Distribution Reserve will ensure fair and equal treatment to all similarly situated creditors. The Reorganized Debtors have and will continue to use their best efforts to work expeditiously to resolve all claims filed in the Chapter 11 Cases, and will continue to regularly monitor the Avoidance Actions in order to ensure that prompt, fair, and proper treatment, distributions and recovery will be accorded to all holders of Allowed Class 3 Claims, consistent with the Plan.

Conclusion

For the foregoing reasons, the Court should (i) deny the Riverside Motion and (ii) grant such other and further relief as the Court may deem proper.

Respectfully submitted,

New York, New York
Dated: January 3, 2011

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EXHIBIT 1

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UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re	Chapter 11
Quebecor World (USA) Inc., et al.,	Case No. 08-10152 (JMP) Jointly Administered
Debtors.	Honorable James M. Peck

DECLARATION OF CHRISTOPHER MEDIRATTA IN SUPPORT OF THE REORGANIZED DEBTORS' RESPONSE TO RIVERSIDE CLAIMS, LLC'S MOTION TO COMPEL REORGANIZED DEBTORS TO ESTABLISH CLASS 3 DISTRIBUTION RESERVE

I, Christopher Mediratta, declare as follows in support of the Reorganized Debtors' response (the "Response")[1] to the Riverside Motion:

1. I am a Vice President at Ernst &Young Inc. ("E&Y"), which was appointed by the Canadian Court to serve as Monitor for the Canadian Proceeding. In this capacity, I am generally familiar with the Reorganized Debtors' claim review process and mechanism

1 Any capitalized terms not defined herein shall have the meaning ascribed to them in the Response.

for the establishment of reserves for distributions in respect of allowed claims and potential claims.

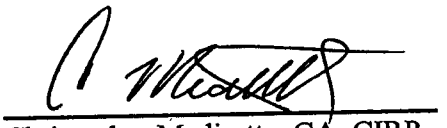
2. The Reorganized Debtors, as the Disbursement Agent pursuant to the Plan, have consulted with the Monitor regarding the Reorganized Debtors' establishment of the Distribution Reserve for Class 3 Claims. As set forth on Appendix 1 attached hereto, the Monitor understands that based on information maintained and provided by the Claims Agent, which has not been audited or otherwise verified by E&Y, that the aggregate amount of allowed and potential Class 3 Claims in the Chapter 11 Cases, other than potential section 502(h) claims that could arise as a result of the Avoidance Actions, are now less than the $150 million threshold.

3. Upon information and belief, the Litigation Trustee sought to avoid almost $384 million dollars, in the aggregate, in transfers made by the Debtors prior to the Petition Date. Upon further information and belief, after taking into account the Dismissed Actions, as provided by counsel, the remaining Avoidance Actions seek to avoid almost $294 million dollars in transfers.

4. Accordingly, as reflected on Appendix 1 attached hereto, after taking into account a full reserve for potential section 502(h) claims, being the full amount of the unresolved Avoidance Actions, and the other as yet unresolved potential Class 3 Claims, the Reorganized Debtors will be in a position to make a cash distribution on account of the redeemed New Unsecured Notes of approximately 17% of the amount of each holder's Allowed Class 3 Claim, together with such holder's pro rata share of accrued interest and redemption premium on the next Periodic Distribution Date.

5. I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

Executed on January 3, 2011.



Christopher Mediratta, CA, CIRP

APPENDIX 1

Unaudited

Quebecor World
Preliminary Class 3 Distribution Analysis
January 3, 2011

	Accepted Claims	Unresolved Claims	Total Accepted & Unresolved Claims	
Class 3 (Unsecured)				
Potential unsecured claims filed against Class 3 Debtors	29,724,098	72,502,657	102,226,755	
Estimate of other potential Class 3 claims, including claims that may be transferred to Class 3	-	34,290,361	34,290,361	
Less Claims to be transferred to Class 4 Debtors	-	unknown	unknown	
Total Class 3 (before pending Avoidance Actions)	29,724,098	106,793,018	136,517,116	
Class 3 Distribution - Cash distribution on account of the redeemed New Unsecured Notes subject to reservation for section 502(h) claims			50.0%	(Maximum as per the Plan)
Pending Avoidance Actions as provided by counsel on December 23, 2010	-	294,277,256	294,277,256	
Total Class 3 (after full reservation for pending Avoidance Actions)	29,724,098	401,070,274	430,794,372	A
Class 3 Distribution - Cash distribution on account of the redeemed New Unsecured Notes after full reservation for section 502(h) claims			17.4%	(75,000,000/A)