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**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

**REORGANIZED DEBTORS' (I) SUPPLEMENTAL RESPONSE AND OBJECTION TO  
MOTION OF THE ARIZONA DEPARTMENT OF REVENUE TO DETERMINE THE  
DEBTORS' SALES TAX LIABILITIES PURSUANT TO THE COURT'S PROCEDURES  
ORDER AND (II) OMNIBUS OBJECTION TO CERTAIN SALES TAX CLAIMS OF  
THE 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), hereby file their (i) Supplemental Response and Objection to Motion of the Arizona Department of Revenue to Determine the Debtors' Sales Tax Liabilities pursuant to the Court's Procedures Order and (ii) Omnibus Objection to Certain Sales Tax Claims of the Arizona Department of

Revenue (the “**Objection**”), and hereby move this Court for the entry of an order substantially in the form of Exhibit A attached hereto, granting the relief sought by this Objection.<sup>1</sup>

In support of this Objection, the Reorganized Debtors respectfully represent as follows:

### **Jurisdiction**

1. The Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334. This matter is a core proceeding within the meaning of 28 U.S.C. § 157(b)(2).
2. Venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409.
3. The statutory predicates for the relief requested herein are sections 105, 502, 503 and 505 of title 11 of the United States Code, 11 U.S.C. §§ 101-1532 (the “**Bankruptcy Code**”), and Rule 3007 of the Federal Rules of Bankruptcy Procedure (the “**Bankruptcy Rules**”).

### **Procedural 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 the Bankruptcy Code.
5. On January 23, 2008 Donlin, Recano & Company, Inc. was appointed as the Debtors’ claims agent in these Chapter 11 Cases (the “**Claims Agent**”).
6. On January 31, 2008, an Official Committee of Unsecured Creditors (the “**Creditors’ Committee**”) was appointed, and a First Amended Appointment of Official Committee of Unsecured Creditors was filed by the United States Trustee on February 8, 2008.
7. By an order entered on September 30, 2008 (Docket No. 1175) (the “**Bar Date Order**”), the Court established December 5, 2008 as the general bar date for creditors to file proofs of claim, including, among others, section 503(b)(9) claims (the “**Bar Date**”). Shortly

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<sup>1</sup> The Reorganized Debtors are filing this Objection pursuant to the 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, dated December 6, 2010 (Docket No. 4333).

after the entry of the Bar Date Order, a notice of the Bar Date (the “**Bar Date Notice**”) was served on all known creditors and potential creditors in accordance with the requirements of the Bar Date Order. Over 110,000 copies of the Bar Date Notice were mailed to such known creditors and potential creditors. Additionally, the Bar Date Notice was published on or about November 3, 2008 in the national editions of *The New York Times* and *The Wall Street Journal*.

8. In response to the mailing and publication of the Bar Date Notice, approximately 10,000 proofs of claim were filed in these Chapter 11 Cases.

9. On October 18, 2008, 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**”).

10. Pursuant to the Sales Tax Motion, the Debtors sought to resolve comprehensively their potential sales tax liabilities through a voluntary disclosure to the applicable taxing authorities that would fix the amount of the prepetition sales tax liabilities of those debtor entities identified by the Debtors as not having previously registered with certain states and localities for the purpose of collecting and remitting sales tax (the “**VDA Debtors**”). The Sales Tax Motion (together with a subsequent motion directed only at cities, counties and other local governmental units) addressed the Debtors’ liabilities with respect to 17 states and more than 400 cities, counties, municipalities and other local taxing authorities.

11. On November 14, 2008, the Court entered an 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 (Docket No. 1289) (the “**Sales Tax Order**”). Of the over 400 taxing authorities that were the subject of the sales tax procedures approved by the Sales Tax Order, only eight states objected or otherwise reserved their rights with respect to the determination of their tax claims. Ultimately, six of the eight objecting states accepted the Debtors’ calculation of prepetition liabilities, such that, pursuant to the Sales Tax Order, the claims of all taxing authorities subject to the Sales Tax Motion, other than Texas and Arizona, were resolved and allowed at the amounts proposed by the Debtors.

12. On May 18, 2009, the Debtors filed their Third Amended Joint Plan of Reorganization (Docket No. 1662), and on July 2, 2009, the Court entered an order confirming the Debtors’ Third Amended Joint Plan of Reorganization, as modified (the “**Plan**”). *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 Plan’s effective date occurred on July 21, 2009 (the “**Effective Date**”). Pursuant to the Plan, on the Effective Date, a Joint Claims Oversight Committee, as defined and provided for in the Plan, was formed.

13. 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 the affiliated Debtors changed its name to adopt the “World Color” name instead of the “Quebecor” or “Quebecor World” name, and, similarly, Quebecor World Inc., the Debtors’ Canadian corporate parent, changed its name to World Color Press Inc. Further, on July 2, 2010, World

Color Press Inc. was acquired by Quad/Graphics, Inc. Nevertheless, 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.

14. On November 5, 2009, this 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 approved certain 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, as more fully set forth in Appendix 1 to the Claims Procedures Order (the “**Claims Procedures**”).

#### **Relief Requested**

15. The Arizona Department of Revenue (“**Arizona**”) filed a proof of claim in the amount of \$5,552,030.35, and an administrative expense claim in the amount of \$1,800,000.00, each of which is listed on Exhibit B to this Objection (collectively, the “**Arizona Sales Tax Claims**”), on account of claims for sales tax alleged by Arizona to be owed by VDA Debtors that had not previously registered with Arizona for purposes of collecting and remitting sales tax (the “**Arizona VDA Debtors**”). As set forth in the Reorganized Debtors’ Response and Objection to Motion of the Arizona Department of Revenue to Determine the Debtors’ Sales Tax Liabilities pursuant to the Court’s Procedures Order (Docket No. 4229) (the “**Initial Objection**”), a consensual resolution of the Arizona Sales Tax Claims pursuant to the Sales Tax Order has failed, and, accordingly, the Reorganized Debtors hereby object to the Arizona Sales Tax Claims in accordance with the Claims Procedures on the grounds set forth herein, and seek entry of an order disallowing and expunging the Arizona Sales Tax Claims.

### **Basis For Objections**

16. The amounts proposed in the Sales Tax Motion by the Debtors on account of the Arizona Sales Tax Claims -- \$605,019.14 -- represented part of a comprehensive effort by the Debtors to resolve potential sales tax liabilities to 17 states and more than 400 cities, counties and other local taxing authorities during the pendency of the Chapter 11 Cases. In the aggregate, the Debtors allocated approximately \$10.4 million to the resolution of such claims. Such a comprehensive approach was reasonable and necessary to facilitate the Debtors' reorganization.

17. Specifically, to the extent that any liability for prepetition sales tax was entitled to be accorded priority status under section 507(a)(8) of the Bankruptcy Code, the Debtors believed that their ability to formulate and confirm a plan of reorganization might be compromised unless they resolved with certainty their aggregate potential sales tax liability to these taxing authorities. The Debtors, after consultation with, and the consent of, the Creditors' Committee, determined that in the overall context of the Chapter 11 Cases, it was in the best interests of the Debtors and their estates to implement the procedures set forth in the Sales Tax Motion and approved by this Court so as to promptly fix their sales tax liability at acceptable levels, in order to permit the Debtors to move forward expeditiously with the formulation and confirmation of a plan of reorganization on the timetable dictated by their DIP financing. Thus, in order to resolve these potentially significant liabilities in a timeframe that would permit and facilitate their timely emergence from chapter 11, the Debtors calculated their potential sales tax liability to these taxing authorities without regard to the fact that the Debtors may have had substantial defenses to any liability to the applicable taxing authorities, by reason of a lack of requisite nexus for purposes of establishing sales tax liability, or for other reasons, including customer self-assessments, re-sale and other exemptions and defenses available to the Debtors.

18. Ultimately, the Debtors successfully resolved sales tax liabilities to 15 of the 17 states and to all of the over 400 cities, counties and other taxing jurisdictions subject to the Sales Tax Motion. The Plan was confirmed and became effective, and the Debtors emerged from chapter 11.

19. Arizona, however, did not accept the amounts proposed in the Sales Tax Motion in resolution of the Arizona Sales Tax Claims, and has instead moved for a judicial determination of the amount of its prepetition and postpetition sales tax claims against the Arizona VDA Debtors.<sup>2</sup> In response, the Reorganized Debtors have reviewed the Arizona Sales Tax Claims, their books and records and applicable law, and have determined that, by reason of the numerous defenses available to the Reorganized Debtors, they have no sales tax liability to Arizona on account of the prepetition and postpetition periods in these Chapter 11 Cases. Accordingly, the Reorganized Debtors object to the Arizona Sales Tax Claims for the reasons set forth in the Initial Objection and this Objection, and seek to have such claims disallowed and expunged.

**1. The Arizona VDA Debtors do not have nexus sufficient to permit Arizona to impose sales tax collection obligations.**

20. A state cannot impose a sales tax or a use tax collection obligation on an entity unless it can show that the entity has “nexus” with that state. The United States Constitution provides two separate thresholds for nexus, one under the Due Process Clause and one under the Commerce Clause, both of which must be met before a state can impose tax on an entity.

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<sup>2</sup> See Motion of Arizona Department of Revenue to Determine the Debtors’ Sales Tax Liabilities pursuant to the Court’s Procedures Order (Docket No. 4208).

21. In *Quill v. North Dakota*,<sup>3</sup> the United States Supreme Court determined that an out-of-state mail order vendor that had no employees or representatives in North Dakota, that solicited business through catalogues and flyers, and that shipped products into North Dakota via mail, could not be compelled to collect North Dakota use tax where the corporation was not physically present in the state. In this regard, the Court held that in order to satisfy the requirements of the Due Process Clause, the taxpayer must have “some definite link, some minimum connection” with the state.<sup>4</sup>

22. Further, the Commerce Clause requires that the corporation have a “substantial nexus” with the taxing state in order for the state to be able to impose the burden of taxation on that corporation.<sup>5</sup> Specifically, in *Quill*, the Supreme Court announced a “bright-line, physical-presence requirement” for the imposition of sales taxes, affirming its holding in *National Bellas Hess, Inc. v. Illinois Dept. of Rev.*<sup>6</sup> that there must be “physical presence” in order for a state to impose use tax collection responsibilities upon a corporation.<sup>7</sup> With respect to a vendor, the Commerce Clause requires physical presence in a state, such as a sales force, plant or an office in the taxing state.<sup>8</sup> Under these and other decisions, if an entity has no physical presence in the state or only *de minimis* contacts with such state, the Due Process Clause and Commerce Clause of the United States Constitution do not permit such state to impose a tax on such entity.

23. Based on a review of the Reorganized Debtors’ books and records, information related to the Debtors’ historical operations, and sales activities in respect of Arizona for the

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<sup>3</sup> *Quill v. North Dakota*, 504 U.S. 298 (1992).

<sup>4</sup> *Id.* at 306.

<sup>5</sup> *Id.* at 315.

<sup>6</sup> *National Bellas Hess, Inc. v. Illinois Dept. of Rev.*, 386 U.S. 753 (1967).

<sup>7</sup> *Quill*, 504 U.S. at 317-18.

<sup>8</sup> *Id.* at 314.

period from January 1, 2007 to January 21, 2008, which the Reorganized Debtors believe is a reasonable and appropriate sample period for determining whether each Arizona VDA Debtor had the requisite contacts with Arizona to establish sales tax nexus, the Reorganized Debtors have determined that each of the Arizona VDA Debtors has never had any physical plants, offices, equipment, inventory or employees in Arizona, nor did they otherwise have contacts, or engage in conduct, in Arizona necessary to give rise to nexus of any of the Arizona VDA Debtors sufficient to impose sales tax on such Arizona VDA Debtors. Accordingly, the Arizona VDA Debtors did not have sufficient contacts to give rise to nexus for purposes of sales tax liability, and the Arizona Sales Tax Claims should be disallowed and expunged.

**2. The Arizona Sales Tax Claims do not contain adequate support for the amounts claimed.**

24. Without regard to the fact that sufficient nexus with Arizona does not exist to permit Arizona to impose sales tax liability on the Arizona VDA Debtors in respect of the prepetition and postpetition periods, the Reorganized Debtors have also determined that the Arizona Sales Tax Claims should be disallowed and expunged because such claims are not consistent with the Debtors' books and records and do not otherwise contain adequate or sufficient documentation or supporting information to allow the Reorganized Debtors to make an independent determination as to whether any liability exists on account of the Arizona Sales Tax Claims.

25. Moreover, the as-filed Arizona Sales Tax Claims, copies of which are attached hereto as Exhibit C, themselves do not contain information sufficient to support such claims. Indeed, each of the Arizona Sales Tax Claims consists of a single page asserting only that they are claims for taxes due under the Arizona Revised Statutes, with no indication as to how such claims were calculated, or what information was used by Arizona to assert such liability. Neither

of the Arizona Sales Tax Claims specify particular transactions or any other basis for asserted historical sales tax liability in the amounts set forth therein, i.e., \$5,522,030.35 on account of prepetition priority claims and \$1,800,000.00 in administrative expenses. Accordingly, the Arizona Sales Tax Claims fail to provide adequate support for the amounts claimed therein, and should be disallowed and expunged.

26. A proof of claim must “set forth the facts necessary to support the claim.” *In re Chain*, 255 B.R. 278, 280 (Bankr. D. Conn. 2000) (internal citations omitted). If the proof of claim fails to set forth the necessary supporting facts, it is “not entitled to the presumption of prima facie validity, and the burdens of going forward and of proving its claims by a preponderance of the evidence are on the [claimant].” *In the Matter of Marino*, 90 B.R. 25, 28 (Bankr. D. Conn. 1988). Without providing sufficient information or documentation to allow the Debtors to reconcile the proofs of claim with their books and records, these claims fail to satisfy the requirements for a proof of claim. *See Chain*, 255 B.R. at 280. *See also In re 20/20 Sport, Inc.*, 200 B.R. 972, 978 (Bankr. S.D.N.Y 1996) (“In bankruptcy cases, courts have traditionally analogized a creditor’s claim to a civil complaint, [and] a trustee’s objection to an answer . . .”).

27. Once again, each of the Arizona Sales Tax Claims consists of only a single page asserting the alleged amount of such claim, without setting forth any other necessary facts to support the amount or priority of such claim. As the Arizona Sales Tax Claims lack any information beyond a bare assertion of liability, they should be disallowed and expunged.

- 3. Even if any of the Arizona VDA Debtors have nexus sufficient to permit Arizona to impose sales tax liability, and Arizona could otherwise provide a basis for the amounts claimed, each Arizona VDA Debtor's transactions are exempt from taxation for one or more reasons.**

28. To the extent Arizona was able to prove physical presence of any of the Arizona VDA Debtors in Arizona sufficient to establish nexus for sales tax purposes, and Arizona could otherwise provide adequate support for the amounts set forth in the Arizona Sales Tax Claims, such claims should be disallowed and expunged because the Reorganized Debtors have no liability on account of such claims by reason of re-sales, customer self-assessments and other permitted exemptions and/or defenses.

29. Specifically, with respect to each of the Arizona Sales Tax Claims, the Reorganized Debtors have determined that one or more of the following objections may apply:

- a. Such Arizona Sales Tax Claim is not a valid claim against the applicable Arizona VDA Debtor because it is on account of a transaction for which the customer has self-assessed a use tax or been audited by Arizona, and sales tax cannot be assessed on the same transaction twice where such transaction has already been the subject of an audit.<sup>9</sup>
- b. Such Arizona Sales Tax Claim is not a valid claim against the applicable Arizona VDA Debtor because it is on account of printed materials that have been resold by the customer.<sup>10</sup>
- c. Such Arizona Sales Tax Claim is based on exempt services, including (i) solvent recovery; (ii) reimbursement of postal permit fees; (iii) paper slitting charges; (iv) paper storage; (v) re-invoicing of unearned discounts; (vi) packaging and delivery services; (vii) packaging materials; and (viii) mail list technologies.<sup>11</sup>

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<sup>9</sup> See *Miami Copper Co. v. State Tax Comm.*, 589 P.2d 24 (Ct. App. 1978).

<sup>10</sup> See Ariz. Rev. Stat. Ann. § 42-5066(B)(1)(a); Ariz. Admin. Code R15-5-2214(D); Ariz. Transaction Privilege Tax Procedure No. 00-3 (Mar. 8, 2000).

<sup>11</sup> See Ariz. Rev. Stat. Ann. §42-5002(A)(2); Ariz. Admin. Code R15-5-133; *Arizona Sales Leads v. Arizona Dept. of Revenue*, Docket No. 1252-94-S (Ariz. Bd. Of Tax Appeals 1996).

- d. Such Arizona Sales Tax Claim is on account of printed material sold to non-profit charitable, religious and educational organizations, and state and federal governmental agencies.<sup>12</sup>
- e. Such Arizona Sales Tax Claim relates to non-taxable shipping and handling charges for printed material delivered into Arizona.<sup>13</sup>
- f. Such Arizona Sales Tax Claim is on account of electronic pre-media services for the creation of images and text in an electronic format, with such services performed outside the State of Arizona.<sup>14</sup>
- g. Such Arizona Sales Tax Claim is on account of printing services where the customer has supplied paper, which is not a taxable transaction under Arizona law.<sup>15</sup>
- h. Such Arizona Sales Tax Claim relates to a particular transaction for which there is no nexus with Arizona.<sup>16</sup>

30. Each of the foregoing constitutes an exemption and/or other defense to the sales taxability of transactions, and is a basis to object to the Arizona Sales Tax Claims under applicable Arizona law. Although, as noted above, it may not be possible to identify the specific portion of each of the Arizona Sales Tax Claims to which a particular exemption or other defense to liability applies, and further discovery will be required in order to identify the relevant exemption or other defense applicable to each such claim, the Reorganized Debtors assert that once discovery is complete, one or more of the foregoing exceptions to taxability will apply to each and every transaction identified by Arizona as the basis for the Arizona Sales Tax Claims.

31. For the foregoing reasons, the Reorganized Debtors request that the claims set forth on Exhibit B be disallowed and expunged in their entirety, pursuant to section 502 of the Bankruptcy Code.

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<sup>12</sup> See Ariz. Rev. Stat. Ann. §§ 42-5061(A)(4) and 42-5061(J)(1); Ariz. Admin. Code R15-5-182(B).

<sup>13</sup> See Ariz. Rev. Stat. Ann. § 42-5066(B)(4).

<sup>14</sup> See Ariz. Rev. Stat. Ann. § 42-5061(A)(1) and (2); Ariz. Admin. Code R15-5-1004.

<sup>15</sup> See *Qwest Dex, Inc. v. Ariz. Dept. of Rev.*, 109 P.3d 118 (Ct. App. 2005).

<sup>16</sup> Under the Due Process and Commerce Clauses of the U.S. Constitution, and/or under applicable state law, a state may only tax a transaction that takes place within its borders.

**Notice**

32. Pursuant to the Claims Procedures, notice of this Objection has been provided to Arizona. The Reorganized Debtors submit that no other or further notice need be provided.

**Reservation of Rights**

33. The Reorganized Debtors expressly reserve the right to object further to each of the Arizona Sales Tax Claims, to the extent not disallowed and expunged, on any and all additional factual or legal grounds. Without limiting the generality of the foregoing, the Reorganized Debtors specifically reserve the right to amend this Objection, file additional papers in support of this Objection or take other appropriate actions, all as more fully set forth in the Claims Procedures.

34. In addition, the Reorganized Debtors have not completed their review of the validity of all claims and demands filed against their estates, and, accordingly, reserve their right to object to any and all claims, whether or not they are included in this Objection.

WHEREFORE the Reorganized Debtors respectfully request the Court enter an order, substantially in the form attached hereto as Exhibit A, (i) sustaining this Objection and disallowing and expunging the Arizona Sales Tax Claims in their entirety and (ii) granting such other and further relief as is just and proper.

Dated: New York, New York  
January 28, 2011

Respectfully submitted,

/s/ Michael J. Canning  
Michael J. Canning  
ARNOLD & PORTER LLP  
399 Park Avenue  
New York, New York 10022-4690

Telephone: (212) 715-1000  
Facsimile: (212) 715-1399

*Counsel for the Reorganized Debtors*

**EXHIBIT A**

**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

**ORDER SUSTAINING THE REORGANIZED DEBTORS' OMNIBUS OBJECTION TO  
CERTAIN SALES TAX CLAIMS OF THE ARIZONA DEPARTMENT OF REVENUE**

This matter coming before the Court on the Reorganized Debtors' Omnibus Objection to Certain Sales Tax Claims of the Arizona Department of Revenue (the "Objection")<sup>1</sup>; it appearing that the relief requested in the Objection is in the best interests of the Reorganized Debtors' estates, their creditors and other parties in interest; the Court having found that (a) it has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334, (b) this proceeding is a core proceeding pursuant to 28 U.S.C. § 157(b)(2), (c) venue of this proceeding is proper pursuant to 28 U.S.C. §§ 1408 and 1409, and (d) notice of the Objection was provided to all necessary and appropriate parties; and the Court having determined that the legal and factual bases set forth in the Objection establish grounds for the relief granted herein;

**IT IS HEREBY ORDERED THAT:**

1. The Objection is SUSTAINED.

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<sup>1</sup> Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Objection.

2. Each of the claims identified on Schedule A, attached hereto and incorporated herein by reference is disallowed and expunged in its entirety, pursuant to section 502 of the Bankruptcy Code.

4. The terms and conditions of this Order shall be immediately effective and enforceable upon its entry.

5. The Reorganized Debtors and their Claims Agent are authorized to take all such actions as are necessary or appropriate to implement the terms of this Order.

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

Dated: \_\_\_\_\_, 2011

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United States Bankruptcy Judge

**Schedule A to Order**

CLAIM NO.	CREDITOR	ASSERTED PRIORITY	CLAIM AMOUNT
9517.00	AZ- DEPARTMENT OF REVENUE	PRIORITY TAX	5,522,030.35
9518.00	AZ- DEPARTMENT OF REVENUE	ADMINISTRATIVE	1,800,000.00

**Exhibit B**

CLAIM NO.	CREDITOR	ASSERTED PRIORITY	CLAIM AMOUNT
9517.00	AZ- DEPARTMENT OF REVENUE	PRIORITY TAX	5,522,030.35
9518.00	AZ- DEPARTMENT OF REVENUE	ADMINISTRATIVE	1,800,000.00

**Exhibit C**

# Priority Tax Claims



STATE OF ARIZONA - PROOF OF CLAIM FOR ARIZONA DEPARTMENT OF REVENUE

70971

United States Bankruptcy Court for the District of Southern New York
4th AMENDED

In the Matter of QUEBECOR WORLD USA

USBC - SOUTHERN DISTRICT OF NY
QUEBECOR WORLD (USA), INC. ET AL
CHAPTER 11 CASE NO.: 08-10152 (JMP)
CLAIM NUMBER: 09517

Case Number 08-10152-JMP
Chapter: Bankruptcy Chapter11
Taxpayer ID: 37-1167902
Tax Type: TPT
Petition Date: 01/28/2008

Table with 2 columns: Description, Amount. Total Priority: \$5,522,030.35. Amount Due as of this Statement: \$5,522,030.35.

- 1. The undersigned is the agent of the Arizona Department of Revenue and is authorized to make this proof of claim on its behalf.
2. The Debtor was at the time of the filing of the petition initiating this case, and still is, indebted to the State of Arizona.
3. The amount of all payments on this claim have been credited and deducted for the purpose of making this claim.
4. The grounds for the liability are for taxes due under the Arizona Revised Statutes.
a. Secured Lien(s) in the event there is insufficient property for the lien to attach, all claims so entitled will be treated as priority under 11 USC Section 507(a)(8).

b. Unsecured Priority under Section 507(a)(8) of the Bankruptcy Code

Table with 6 columns: Tax Type, Memo, Period, Tax, Penalty, Interest, Total. Row 1: TPT, Cumulative liabilities during the pre petition period, 12/31/2007, \$5,522,030.35, \$0.00, \$0.00, \$5,522,030.35.

Total Section Priority: \$5,522,030.35

- c. Amounts claimed as Priority under Section 1305
d. Unsecured General Claims

Amount Due as of this Statement: \$5,522,030.35

- 5. No note or other negotiable instrument has been received for the account or any part of it, except
6. No judgement has been rendered on this claim, except...
7. The Department may have a right to setoff. The Department does not waive such right.
8. Make checks payable to the "ARIZONA DEPARTMENT OF REVENUE".
9. All tax returns shall be filed directly with the Arizona Department of Revenue, Bankruptcy Section.

ARIZONA DEPARTMENT OF REVENUE

Signed: Christina M. Garcia
Digitally signed by Christina M. Garcia
DN: cn=Christina M. Garcia, o=AZ Dept of Revenue, ou=Bankruptcy, email=chpack@azdor.gov, c=US
Date: 2009.10.29 10:13:37 -0700

Office of the Arizona Attorney General
All notices, correspondence, pleadings and payments will be sent to the following address:
c/o: Tax, Bankruptcy and Collection Section
1275 West Washington Avenue
Phoenix, AZ 85007
Phone: 602-542-8811

Dated: 10/29/2009
Christina M Garcia

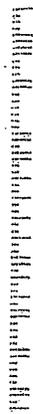
RECEIVED
2009 NOV -2 PM 2:32
US BANKRUPTCY COURT/DRG

1155  
ARIZONA DEPARTMENT OF REVENUE  
1600 WEST MONROE  
PHOENIX, AZ 85007-2650

1245  
9517

DONLIN & RECANO CLAIMS AGENT  
419 PARK AVENUE SOUTH, STE 1206  
NEW YORK NY 10016

1-95011 10016



RESORTED  
FIRST CLASS



UNITED STATES  
MAIL  
02 1M  
004243158  
MAILED FROM ZIP CODE 85007  
\$00.44  
OCT 20 2009  
PHOENIX, AZ 85007

# Administrative Expenses



STATE OF ARIZONA - PROOF OF CLAIM FOR ARIZONA DEPARTMENT OF REVENUE

United States Bankruptcy Court for the District of Southern New York  
Administrative Expenses  
1st AMENDED

Case Number 08-10152-JMP  
Chapter: Bankruptcy Chapter 11  
Taxpayer ID: 37-1167902  
Tax Type: TPT  
Petition Date: 01/28/2008

In the Matter of **QUEBECOR WORLD USA** 70971

1. The undersigned is the agent of the Arizona Department of Revenue and is authorized to make this proof of claim on its behalf.
2. The grounds for the liability are for taxes due under the Arizona Revised Statutes.

Tax Type	Memo	Period	Tax	Penalty	Interest	Total
TPT	Est. due to non-filing	12/31/2008	\$1,800,000.00	\$0.00	\$0.00	\$1,800,000.00
<b>Amount Due as of this Statement:</b>						<b>\$1,800,000.00</b>

Any pleading concerning this Claim must be filed and served on the Arizona Department of Revenue.

ARIZONA DEPARTMENT OF REVENUE

Signed: **Christina M. Garcia**  
Digitally signed by Christina M. Garcia  
 DN: cn=Christina M. Garcia, o=AZ Dept of Revenue,  
 ou=Bankruptcy, email=cmgarcia@azdor.gov, c=US  
 Date: 2009.10.29 16:52:57 -0700

Dated: 10/29/2009  
Christina M Garcia

Office of the Arizona Attorney General  
 All notices, correspondence, pleadings and payments will be sent to the following address:  
 c/o: Tax, Bankruptcy and Collection Section  
 1275 West Washington Avenue  
 Phoenix, AZ 85007  
 Phone: 602-542-8811

USBC - SOUTHERN DISTRICT OF NY  
 QUEBECOR WORLD (USA), INC. ET AL  
 CHAPTER 11 CASE NO.: 08-10152 (JMP)  
 CLAIM NUMBER: **09518**

RECEIVED  
 2009 NOV -3 PM 1:16  
 US BANKRUPTCY COURT/DRC