

EXHIBIT F — PROJECTIONS

The attached Projections were included as part of the First Amended Disclosure Statement relating to the U.S. Plan dated May 5, 2009. Defined terms used in the attached Projections have the meaning attributed to such terms in the U.S. Plan.

EXHIBIT F

FINANCIAL PROJECTIONS NOTES TO FINANCIAL PROJECTIONS

Projected consolidated balance sheets and projected consolidated results of operations are included in this Exhibit F to the Circular. This projected financial information includes projected and consolidated statements of income, balance sheets and condensed statements of cash flows, based on the following: (a) the Company's audited consolidated financial statements for 2008 prepared in accordance with Canadian GAAP, incorporated by reference in the Circular; and (b) consolidated projected results of operations, cash flows and financial condition (the "Projections") for Reorganized QWI for the four-year period from 2009 through to 2012 (the "Projection Period"). Also attached is a Projected Pro Forma Fresh Start Consolidated Balance Sheet as at July 1, 2009 reflecting, in accordance with the requirements of fresh start reporting under Canadian GAAP, the assumed effect of the confirmation and consummation of the transactions contemplated by the Plan on or before the Effective Date. The Projections include fresh start reporting assumptions as to the post-confirmation going concern enterprise value of Reorganized QWI and certain adjustments to reflect the fair market value of the Company's assets and liabilities as of the Effective Date. The Company will be required to reflect such fair-value adjustments as of the fresh start date and they will be based upon the fair value of its assets and liabilities as of that date, which could be materially different from the values assumed in the foregoing assumptions. Capitalized terms not defined herein shall have the meaning ascribed to them in the Disclosure Statement.

The Projections assume that the Plan will be confirmed and consummated in accordance with its terms and conditions. The Projections assume a fresh start date of July 1, 2009 with allowed Claims treated in accordance with the Plan. Expenses incurred as a result of the Chapter 11 Cases and Canadian Proceedings are assumed to be paid upon the Effective Date of the Plan. If the Company does not emerge from Chapter 11 in the United States and CCAA in Canada within a short period after the assumed Effective Date of July 10, 2009, additional reorganization item costs will be incurred until such time as a Plan is confirmed. These expenses could significantly impact the Company's results of operations and cash flows.

ALTHOUGH EVERY EFFORT WAS MADE TO BE ACCURATE, THE PROJECTIONS WERE NOT PREPARED WITH A VIEW TOWARD COMPLIANCE WITH THE GUIDELINES ESTABLISHED BY THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS, THE PRACTICES RECOGNIZED TO BE IN ACCORDANCE WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES IN THE UNITED STATES NOR WERE THEY PREPARED IN ACCORDANCE WITH CANADIAN GENERALLY ACCEPTED ACCOUNTING PRINCIPLES, THE FINANCIAL ACCOUNTING STANDARDS BOARD OR THE RULES AND REGULATIONS OF THE SECURITIES AND EXCHANGE COMMISSION REGARDING PROJECTIONS. FURTHERMORE, THE PROJECTIONS HAVE NOT BEEN AUDITED OR REVIEWED BY THE COMPANY'S INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM.

The Projections should be read in conjunction with the assumptions, qualifications and footnotes to the Projections set forth herein and the annual consolidated financial statements for the years ended December 31, 2008, 2007 and 2006 (including the notes and schedules thereto) incorporated by reference in the Circular. The Projections were prepared by management in good faith based upon assumptions believed to be reasonable and applied in a manner consistent with prior years where applicable. The Projections include the consolidated results of the Debtors and QWI, in addition to other subsidiaries in North America, Europe and

Latin America which are not included in the Insolvency Proceedings. The Projections do not include assumptions for any acquisitions, mergers or divestitures. The assumptions regarding the operations of the business leading to and after the Effective Date were prepared in March 2009 and were based on economic, competitive and general business conditions prevailing at the time, as well as management's forecast of industry trends. Except for the purposes of this Disclosure Statement, the Company does not, as a matter of course, publicly disclose projections as to future revenues, earnings, or cash flow. Accordingly, the Company does not intend to update or otherwise revise the Projections to reflect changes in circumstances since their preparation, the occurrence of unanticipated events, or changes in general economic, business or industry conditions.

ALTHOUGH PRESENTED WITH NUMERICAL SPECIFICITY, THE PROJECTIONS ARE BASED UPON A VARIETY OF ASSUMPTIONS, SOME OR ALL OF WHICH IN THE PAST HAVE NOT BEEN ACHIEVED AND WHICH MAY NOT BE REALIZED IN THE FUTURE, AND ARE SUBJECT TO SIGNIFICANT BUSINESS, ECONOMIC AND COMPETITIVE UNCERTAINTIES AND CONTINGENCIES, MANY OF WHICH ARE BEYOND THE CONTROL OF THE COMPANY. CONSEQUENTLY, THE PROJECTIONS SHOULD NOT BE REGARDED AS A REPRESENTATION OR WARRANTY BY THE DEBTORS, QWI OR ANY OTHER PERSON THAT THE PROJECTIONS WILL BE REALIZED. ACTUAL RESULTS MAY VARY MATERIALLY FROM THOSE PRESENTED IN THE PROJECTIONS.

SAFE HARBOR STATEMENT UNDER THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995: Many of the statements made in the Projections are forward-looking and are based upon information available to the Company on the date hereof. In connection with the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995, the Company is hereby identifying important factors that could cause actual results to differ materially from those contained in any forward-looking statement made by or on behalf of the Company. Any such statement is qualified by reference to the following cautionary statements. The Company believes that the material risks and uncertainties that could affect the outlook of a printing services company under creditor protection and in the current global economy include, among others, the ability of the Company to continue as a going concern, the ability of the Company to obtain and maintain necessary financing for operations and other purposes, the ability of the Company to maintain adequate liquidity, the ability of the Company to develop, confirm and consummate the U.S. and Canadian plans of reorganization pursuant to the Insolvency Proceedings, the ability of the Company to obtain and maintain normal terms with vendors and service providers, the Company's ability to maintain contracts that are critical to its operations, the ability of the Company to operate pursuant to the terms of its financing facilities (particularly the related financial covenants), the Company's ability to satisfy income tax liabilities that may result from unsettled and complex legal issues, the ability of the Company to attract, motivate and/or retain key executives, the potential adverse effect on the demand for the Company's products and services due to technological changes, the current recessionary global market and economic condition, the price and availability of raw materials, labor strikes and other labor protests, interest rate, foreign currency exchange rate and commodity price fluctuations, and inflation. Additional information with respect to these factors and other events that could cause differences between forward-looking statements and future actual results is contained in section IX of the Disclosure Statement -- Certain Risk Factors to be Considered.

A. Projected Consolidated Statements of Income (Loss) Assumptions

Operating Revenues: Global economic conditions affect our customers' businesses and the markets they serve. The credit crisis and global economic weakness has resulted in constrained advertising spending and, in certain cases, customer financial difficulties in our North

American segment. This has put significant downward pressure on both volumes and, to a lesser degree, on price, across nearly all of the Company's North American operations, particularly in the fourth quarter of 2008 and continuing into 2009. The Projections have assumed that these volume decreases will last until the end of 2010, after which only modest increases in demand have been assumed through the rest of the Projection Period, except for the direct mail market in the United States, logistics and premedia services in the United States as well as overall markets in both Canada and Latin America, all of which are forecast to grow by between 5% and 10% per year from 2010 to 2012.

Operating Expenses:

(a) Employment Costs

Except for raw materials, salaries, wages and benefits are projected to be the Company's single largest expense, representing approximately 30% of cost of sales during the Projection Period. In 2009, the Company undertook a compensation adjustment program ("CAP") initiative to better adapt its cost structure to the rapidly changing economic environment including:

- i. Freezing salaries of all non-unionized North American employees effective January 1, 2009 and effective February 1, 2009, suspending employer's contributions for non-unionized U.S. employees to the 401(k) plans and reducing senior management salaries by 5%.
- ii. Implementing, effective April 2009, a significant cost reduction plan in North America. This subsequent plan includes a 10% wage reduction for all non-union salaried and hourly employees (including sales commissions), a reduction of employees' paid vacation entitlement by one week, suspension of employer's contributions for non-unionized U.S. employees under the 401(a) plans, a standardization in pay for work on holidays to time-and-a-half, and changes to the Company's severance and overtime policies. In connection with the implementation of this cost savings plan, the Company is seeking similar concessions from its union employees.

The annual cost savings relating to these initiatives are estimated at approximately \$100 million and have been included in the Projections for each of the years 2010 to 2012, with approximately \$75 million of these savings being included in the projections for 2009 since some of the initiatives are expected to be implemented only part-way through the year.

(b) Raw Materials:

The principal raw materials used in the Company's products are paper and ink. The Projections include a decrease in average paper prices of 8% in 2009 from 2008, with prices increasing from 1% to 3% in each of the years thereafter. Changes in paper prices are generally passed on to customers. The projections also include a 73% reduction in scrap paper sales prices in 2009 compared to 2008, with increases assumed in each of the years thereafter such that the scrap paper sales prices recover to 60% of 2008 prices by 2012. Sales of scrap paper help offset the overall cost of paper and the Company benefits when scrap sales prices are higher. In the Projections, prices for ink are expected to remain consistent with 2008 for 2009 and 2010, but are forecasted to increase by 2% in each of 2011 and 2012 and are also generally passed on to customers.

(c) Commodities:

The Company uses both natural gas and electricity in its printing process. The Projections include a 32% reduction in average annual natural gas prices in North America in 2009 from 2008 to \$6.85 per MMBTU, increasing steadily to \$8.40 per MMBTU in 2012. An electricity average-rate increase of 3% in 2009, a decrease of 2% in 2010 and an increase of 2% in each of 2011 and 2012 are also included in the Projections.

(d) Depreciation and Amortization:

The Projections include depreciation which is calculated using the straight-line method over the estimated useful lives of the Company's property, plant and equipment. The original useful lives vary between 15 and 40 years for buildings and between 3 and 18 years for machinery and equipment. The Company will also have finite-life intangible assets related to customer relationships on adoption of fresh start reporting on which it recognizes an amortization expense. The amortization expense attributable to these finite-life intangible assets is also included in the Projections. The amount of depreciation and amortization expense included in the Projections is based upon the estimated fair values of these assets, reflecting the impact of the adoption of fresh start reporting on the July 1, 2009. Refer to the Fresh Start Reporting discussion below for details on the fresh start reporting adjustments recorded. Total depreciation and amortization expenses assumed in the Projections are \$201 million in 2009, \$186 million in 2010, \$182 million in 2011 and \$175 million in 2012.

(e) Impairment of Assets, Restructuring and Other Charges ("IAROC"):

The Projections include various restructuring initiatives, again to better align the Company's cost structure to the rapidly changing economic environment. IAROC includes the one-off costs of these initiatives. Restructuring initiatives included in the Projections comprise the closure or downsizing of various facilities, including the recently announced closures of the Memphis, Tennessee and Covington, Tennessee facilities, as well as various projected headcount reductions. The estimated cost savings associated with these initiatives have been included in the Projections as reductions in Operating Expenses; approximately \$40 million in 2009, \$67 million in 2010, \$77 million in 2011 and \$89 million in 2012.

Financial Expenses: Financial expenses included in the Projections for 2009 include estimated interest on the predecessor company's DIP financing in addition to accrued interest on pre-petition debt for the first half of the year. From July 10, 2009 through the rest of the Projection Period, financial expenses represent the working estimates of interest paid on exit financing and assumed predecessor debt, PIK interest on the unsecured rollover notes, and amortization of discounts and other debt issuance costs which are further described below in Part B. Projected Consolidated Balance Sheet Assumptions. Financial expenses through the Projection Period decrease with the re-payment of the ABL revolving credit facility.

Dividends on Preferred Shares Classified as Liability: These expenses relate to estimated dividends on preferred shares classified as liabilities which are described below in Part B. Projected Consolidated Balance Sheet Assumptions.

Reorganization Items: Reorganization items represent post-filing revenues, expenses, gains and losses, and provisions for losses that can be directly associated with the reorganization of the Company and are projected to wind down upon consummation of the Plan.

Income Taxes:

The assumed effective income tax rates included in the projections are 1% in 2009, 83% in 2010, 52% in 2011 and 50% in 2012. The difference in the assumed effective income tax rates and the domestic statutory rate of 31% are caused mainly by non-deductible interest expense in 2009 in the United States, and loss carryforwards and other tax benefits whose realization is not foreseen and taxes on preferred share dividends, all in Canada, in 2009 to 2012.

EBITDAR:

EBITDAR is used in the calculation of the Company's operating performance and of financial covenants for many of its debt instruments and is defined as earnings before income taxes, financial expenses, depreciation, amortization, restructuring expenses, goodwill impairment charge and reorganization items. Depreciation and amortization include both depreciation of property, plant and equipment as well as amortization of finite-life intangible assets. Restructuring expenses comprise the items included in IAROC above.

B. Projected Consolidated Balance Sheets Assumptions

Working Capital: Working capital is comprised of accounts receivables, inventories, income taxes receivable, prepaid expenses and deposits, trade payables and accrued liabilities, as well as income and other taxes payable. The historical cost of Working Capital balances are expected to reflect their fair values as of the Effective Date.

Property, Plant and Equipment: The Projections include a \$93 million reduction in the carrying value of these fixed assets as a result of fresh start reporting, as described below in Part D. Fresh Start Reporting - Projected Pro Forma Consolidated Balance Sheet Assumptions. In addition, the Projections include additions to property, plant and equipment of approximately \$100 million in 2009 and approximately \$80 million per year during the remaining Projection Period to sustain existing infrastructure and support growth. These were partially offset by projected proceeds from the disposal of assets, mainly property and plant, from previous restructuring activities.

Intangible Assets: Included in the Projections are finite-life intangible assets related to customer relationships. Refer to the Fresh Start Reporting discussion below in Part D. Fresh Start Reporting - Projected Pro Forma Consolidated Balance Sheet Assumptions for details on the fresh start reporting adjustments for goodwill and other intangible assets in conjunction with the adoption of Fresh Start Reporting.

Restricted Cash: Restricted cash includes pledges of cash collateral for standby letters of credit issued and in trust in favor of a third-party insurer as well as cash collateral accounts with other creditors. The Projections assume reductions of these cash collateral accounts with other creditors in the amount of \$41 million in 2009.

Other Assets: Other Assets were comprised of pension benefit assets and contract acquisition costs that have been written off or eliminated as part of the fresh start reporting adjustments discussed below. Post-emergence, Other Assets include deposits, long-term trade receivables and other miscellaneous assets.

Long-Term Debt: The Projected Pro Forma Fresh Start Consolidated Balance Sheet describes the elimination of liabilities subject to compromise ("LSTC") that are anticipated as of the Effective Date. Certain predecessor debt amounting to \$69 million will be maintained by Reorganized QWI and comprises mainly capital leases for printing presses and related equipment. The Projections include New Unsecured Notes of \$70 million, bearing cash interest of 10% or PIK interest of 13%, that are assumed to be issued as part of the Plan. The Company estimates that the total Exit Financing that will be required under the Plan will range from between \$625 million and \$700 million. The Projections assume that the Company obtains Exit Financing of \$675 million including term loans of \$325 million and a new ABL revolving credit facility of \$350 million, of which \$200 million is assumed to be drawn on the Effective Date. The term loans and the ABL revolving credit facility are assumed to bear interest at variable rates based on LIBOR rates. Actual interest rates will ultimately be determined by market conditions leading up to the Effective Date. Discounts and debt issuance costs totaling \$66 million have been assumed in the Projections and reflected as a reduction to the face value of the Exit Financing.

Other Liabilities: Other Liabilities include the long-term portion of pension and other postretirement benefits, workers' compensation accrual and other long-term liabilities. The Projections include certain adjustments as outlined below in Part D. Fresh Start Reporting - Projected Pro Forma Consolidated Balance Sheet Assumptions.

Future Income Taxes: The Projections include \$191 million of future income tax liabilities related to the extinguishment of debt on consummation of the Plan, partially offset by \$52 million of future income tax assets related to fresh start adjustments, both of which are further explained in Part D below, Fresh Start Reporting - Projected Pro Forma Consolidated Balance Sheet Assumptions.

Preferred Shares: The Projections include New Preferred Stock of \$211 million that would be issued pursuant to the Insolvency Proceedings and are expected to be classified as liabilities in the consolidated balance sheet.¹ They are convertible into common shares, at the option of the holder, at a fixed conversion price during the Projection Period and are entitled to cumulative dividends of 10% cash or 13% PIK. The Projections have assumed an annual expense of 13% for PIK dividends which is recorded as financial expenses in the Company's consolidated statement of income (loss).

Shareholders' Equity: As discussed below, fresh start reporting results in a new reporting entity with no retained earnings (deficit) or accumulated other comprehensive income and with pre-existing capital stock being eliminated. As described in greater detail in Exhibit G, the Company, with the assistance of its financial advisor has assumed a projected Enterprise Value of the Reorganized QWI of \$1.5 billion from which the value of the new capital stock of the Company is derived.

¹ The Plan provides that the holders of Syndicate Claims shall receive \$100 million in cash and New Preferred Stock totaling \$100 million, subject to the agreement of the holders of Syndicate Claims to receive a lesser amount of cash in exchange for the issuance of additional New Preferred Stock in the principal amount of \$111 for each \$100 in reduced distribution of cash. These Projections assume that no cash is distributed to holders of Syndicate Claims at the Effective Date. The Company intends to use any excess available cash from its own sources, alternative financing sources, Exit Financing or any upsizing thereof to reduce the amount of New Preferred Stock to be issued under the Plan and the Canadian Plan.

C. Projected Consolidated Cash Flow Assumptions

Cash Flows Provided by Operating Activities: Cash flows provided by operating activities are projected to increase from \$80 million in 2009 to \$239 million in 2012. Aggregate cash flows provided by operating activities over the Projection Period are estimated to be \$690 million. Improved cash flow over the Projection Period is a result of, among other things, the projected reduction in operating expenses as a result of the Company's CAP initiative and other restructuring initiatives, projected modest growth in revenue and estimated reductions in financial expenses, partially offset by higher cash income taxes and pension contributions, throughout the Projection Period as well as the elimination of reorganization items on consummation of the Plan.

Cash Flows Used in Financing Activities: The Projections anticipate raising \$459 million of exit financing (net of discounts and debt issuance costs of \$66 million) and repaying the predecessor DIP financing of \$565 million on consummation of the Plan. The Company then assumes the repayment of \$62 million of the ABL revolver in the second half of 2009 with these repayments continuing through to 2011, at which time the ABL revolving credit facility is expected to be fully repaid.

Cash Flows Used in Investing Activities: Cash flows used in investing activities are projected to be \$259 million over the Projection Period, primarily reflecting additions to property, plant and equipment of approximately \$100 million in 2009 and \$80 million per year during the remaining Projection Period to sustain existing infrastructure and support growth. These were partially offset by projected proceeds from the disposal of assets, mainly property and plant, from previous restructuring activities. In 2009, the Projections assume a reduction of \$41 million in restricted cash.

D. Fresh Start Reporting – Projected Pro Forma Consolidated Balance Sheet Assumptions

Fresh start reporting adjustments have been made to reflect the estimated adjustments necessary to adopt fresh start reporting in accordance with Canadian GAAP. Under fresh start reporting, the Company will undertake a comprehensive re-evaluation of its assets and liabilities based on the reorganization value as established and confirmed in the Plan.

The balance sheet adjustments set forth in the Projected Pro Forma Fresh Start Consolidated Balance Sheet as of July 1, 2009 in the columns captioned a) Debt Discharge, b) Exit Financing and c) Fresh Start Adjustments reflect the assumed effect of Plan confirmation and consummation, including the settlement of various liabilities, the issuance of new securities and various cash payments as more thoroughly described in the Plan. The following are certain assumptions that were made in the aforementioned columns.

Debt Discharge: In the Debt Discharge column, LSTC estimated at \$3.0 billion, as well as preferred shares of \$213 million and \$22 million for Series 3 and Series 5, respectively, of the predecessor company will be discharged with the issuance of New Common Shares, New Preferred Shares, New Warrants and New Unsecured Notes in Reorganized Quebecor World. Certain Priority and Administrative Claims, 503(b)(9)/Reclamation claims, Priority Tax Claims and other reorganization costs totaling approximately \$100 million will be paid in cash. In addition, it is expected that \$32 million of restricted cash relating to LSTC will be released. As a result of the various Debt Discharge transactions, a projected pre-tax gain on extinguishment of debt of approximately \$2.1 billion will be recorded in the Deficit of the predecessor company as a non-cash item and does not represent new resources available to Reorganized QWI for its use.

Projected future income tax liabilities of approximately \$191 million will be recognized on this gain and will also be recorded in the Deficit of the predecessor company. The gain on extinguishment of debt gives rise to COD income for income tax purposes and is projected to reduce certain of the Company's tax attributes, such as NOL and NOL carryforwards and the tax basis of the Company's depreciable and non-depreciable assets, which will increase the Company's income tax obligation. Because some of the Debtors' outstanding indebtedness will be satisfied in exchange for property other than cash under the Plan, the amount of COD income, and accordingly the amount of tax attributes that may be reduced, will depend in part on the fair market value of that property. The above amount assumes a favorable ruling will be received from the IRS on the Ruling Request. If the tax treatment with respect to these and other issues are determined to be other than the consequences requested in the IRS Ruling Request, the income tax liability of the Company may change substantially. See section X-A of the Disclosure Statement -- United States Federal Incomes Tax Consequences to the Debtor for further descriptions of the U.S. income tax consequences to the Company.

Exit Financing: The Company estimates that the total Exit Financing that will be required under the Plan will range from between \$625 million and \$700 million.² The Projections assume that the Company obtains Exit Financing of \$675 million including term loans of \$325 million and a new ABL revolving credit facility of \$350 million, of which \$200 million is assumed to be drawn on the Effective Date. Discounts and debt issuance costs of \$66 million have been assumed in the Projections and reflected as a reduction to the face value of the Exit Financing. Net cash raised from the exit financing will be used to repay the DIP financing of the predecessor company.

Fresh Start Adjustments: The Projections include fresh start reporting assumptions as to the reorganized equity value of Reorganized QWI and certain adjustments to reflect the fair market value of the Company's assets and liabilities as of July 1, 2009. Reorganized QWI will be required to reflect such estimates or actual balances as of the Effective Date. Such determination will be based upon the fair value of its assets and liabilities as of that date, which could be materially greater or lower than the values assumed in the foregoing estimates. The fresh start reporting adjustments anticipate that the reorganization value of the Company will exceed the fair value of Reorganized QWI's net assets. This excess is goodwill, which is estimated at \$164 million in the Projections, and is recorded as a reduction to capital stock under Canadian GAAP. The significant fresh start reporting adjustments reflected in the Projections, based on current estimates, are summarized as follows:

(a) Working Capital:

The historical cost of most of the Company's current assets and liabilities is expected to be reflective if their current market value. As a result, no fresh start adjustment has been included in the Projections for these assets and liabilities.

(b) Property, Plant and Equipment:

A fresh start adjustment of approximately \$93 million is expected to be required to reduce the historical cost of the fixed assets (mainly machinery and equipment) to their estimated fair market values.

(c) Other Assets:

² In the event that market conditions permit, the Company may seek to increase the size of the Exit Financing above the foregoing range.

A fresh start adjustment of approximately \$353 million is expected to be required to record finite-life intangible assets representing the estimated fair market value of Reorganized QWI's customer relationships. These intangible assets will be amortized on a straight-line basis over their estimated useful lives of between 3 and 15 years.

Fresh start adjustments to reduce Other Assets also include the write-off of pension assets to Other Liabilities amounting to \$131 million, the reversal of contract acquisition costs of \$71 million which are effectively included in the aforementioned customer relationships and other miscellaneous estimated fair market adjustments of \$21 million.

(d) Other Liabilities:

Reorganized QWI expects to record a fresh start adjustment of approximately \$253 million to reflect the fair value of the unfunded pension liability as of the date of emergence, and assumes that the existing pension plans will remain unchanged under the Plan. Other fresh start adjustments amounting to \$31 million were made to reduce miscellaneous Other Liabilities to their estimated fair market values as of the Effective Date.

(e) Future Income Taxes:

A fresh start adjustment of about \$52 million is assumed for the recognition of net future income tax assets related to the aforementioned fresh start adjustments made to Property, Plant and Equipment, Other Assets and Other Liabilities, net of a valuation allowance of \$ 20 million related to future tax benefits, largely in Canada, for which realization is not foreseen. Current and future income tax calculations are derived from the allocation of the Enterprise Value of \$1.5 billion calculated by the Company with the assistance of its financial advisor as described in section XI-D of the Disclosure Statement -- Estimated Valuation of the Debtors Upon Reorganization.

(f) Shareholders' Equity (Deficit):

Adopting fresh start reporting results in a new reporting entity with no retained earnings or deficit. All predecessor capital stock is eliminated and replaced by the new equity structure of Reorganized QWI as described in the Plan. The fresh start adjustments include the cancellation of existing Capital stock, Contributed surplus, Deficit and Accumulated other comprehensive income, as well as a reduction to the new capital stock as a result of goodwill stemming from Fresh Start Reporting.

In applying fresh start reporting under US GAAP, the value of the Company's capital stock would be recorded at the reorganization value and, the excess of the reorganization value over the fair value of the net assets would be reported as goodwill. Accordingly, the balance sheet under US GAAP would report capital stock of \$706 million and goodwill of \$164 million.

Under Canadian GAAP, the effects of the fresh start reporting adjustments, including the settlement of the compromised debt, are accounted for as a capital transaction and recorded within the Predecessor's shareholders' equity. Under US GAAP, the effect of the fresh start reporting adjustments, including the settlement of the compromised debt, are reflected in the Predecessor's statement of income (loss).

PROJECTED CONSOLIDATED STATEMENTS OF INCOME (LOSS)

Years ended December 31

(In millions of US dollars)

(Unaudited)

	2008	2009	2010	2011	2012
	Actual	Projected	Projected	Projected	Projected
Operating revenues	\$ 4,017	\$ 3,187	\$ 3,214	\$ 3,311	\$ 3,414
Operating expenses:					
Cost of sales	3,545	2,810	2,754	2,810	2,886
Selling, general and administrative	351	300	289	281	277
Impairment of assets, restructuring and other charges	242	31	23	3	4
Goodwill impairment charge	341	-	-	-	-
	4,479	3,141	3,066	3,094	3,167
Operating income (loss)	(462)	46	148	217	247
Financial expenses	410	145	70	65	60
Dividends on preferred shares classified as liability	5	14	31	33	38
Reorganization items	106	72	5	-	-
Income (loss) from continuing operations before income taxes	(983)	(185)	42	119	149
Income taxes	(39)	(1)	35	62	75
Net income (loss) from continuing operations	(944)	(184)	7	57	74
Loss from discontinued operations (net of tax)	(715)	-	-	-	-
Net income (loss)	\$ (1,659)	\$ (184)	\$ 7	\$ 57	\$ 74
Net income allocated to holders of preferred shares	17	-	-	-	-
Net income (Loss) available to holders of equity shares	\$ (1,676)	\$ (184)	\$ 7	\$ 57	\$ 74
EBITDAR	\$ 379	\$ 277	\$ 357	\$ 403	\$ 426

See accompanying assumptions

PROJECTED CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended December 31

(In millions of US dollars)

(Unaudited)

	2008	2009	2010	2011	2012
	Actual	Projected	Projected	Projected	Projected
Cash flows provided by operating activities	\$ 90	\$ 80	\$ 175	\$ 196	\$ 239
Cash flows provided by (used in) financing activities	160	(173)	(80)	(95)	(17)
Cash flows used in investing activities	(86)	(52)	(86)	(56)	(65)
Effect of foreign currency	(16)	(2)	1	-	-
Net changes in cash and cash equivalents	148	(147)	10	45	157
Cash and cash equivalents, beginning of year	61	209	62	72	117
Cash and cash equivalents, end of year	\$ 209	\$ 62	\$ 72	\$ 117	\$ 274

Supplemental information

Free Cash Flow (excluding debt issuance & debt discharge cash costs)	\$ 50	\$ 82	\$ 89	\$ 140	\$ 174
Interest payments	\$ 42	\$ 52	\$ 49	\$ 42	\$ 37
Income tax paid	\$ 7	\$ 7	\$ 46	\$ 61	\$ 50
Debt issuance and debt discharge cash costs	\$	\$ 125			

See accompanying assumptions

PROJECTED CONSOLIDATED BALANCE SHEETS

At December 31
(In millions of US dollars)
(Unaudited)

	2008 Actual	2009 Projected	2010 Projected	2011 Projected	2012 Projected
Assets					
Current assets:					
Cash and cash equivalents	\$ 209	\$ 62	\$ 72	\$ 117	\$ 274
Accounts receivable	694	620	627	629	649
Inventories	233	206	217	226	237
Income taxes receivable	31	14	14	14	14
Future income taxes	14	24	22	23	23
Prepaid expenses and deposits	41	32	32	32	32
Total current assets	1 222	958	984	1 041	1 229
Property, plant and equipment	1 161	998	953	873	810
Intangible assets	-	333	292	251	214
Restricted cash	97	50	50	50	50
Future income taxes	6	26	20	14	8
Other assets	334	113	122	135	144
Total assets	\$ 2 820	\$ 2 478	\$ 2 421	\$ 2 364	\$ 2 455
Liabilities and Shareholders' Equity (Deficit)					
Current liabilities:					
Bank indebtedness	\$ 3	\$ 17	\$ 13	\$ 13	\$ 13
Trade payables and accrued liabilities	480	447	445	452	459
Income and other taxes payable	41	59	59	53	54
Other Current Liabilities and Future Income taxes	-	-	-	-	-
Current portion of long-term debt	583	19	14	14	15
Liabilities subject to compromise	2 883	-	-	-	-
Total current liabilities	3 990	542	531	532	541
Long-term debt	61	522	486	412	418
Other liabilities	246	466	437	361	306
Future income taxes	43	197	178	179	198
Preferred shares	35	225	255	289	327
Shareholders' equity (deficit):					
Capital stock	1 595	542	542	542	542
Contributed surplus	103	-	-	-	-
Retained Earnings (Deficit)	(3 490)	(16)	(9)	48	122
Accumulated other comprehensive income (loss)	237	-	1	1	1
	(1 555)	526	534	581	665
Total liabilities and shareholders' equity (deficit)	\$ 2 820	\$ 2 478	\$ 2 421	\$ 2 364	\$ 2 455

See accompanying assumptions

PROJECTED PRO FORMA FRESH START CONSOLIDATED BALANCE SHEET

At July 1, 2009

(In millions of US dollars)

(Unaudited)

	Predecessor June 30, 2009	Debt Discharge	Exit Financing	Fresh Start	Successor July 1, 2009
Assets					
Current assets:					
Cash and cash equivalents	\$ 257	\$ (68)	\$ (106)	\$ -	\$ 83
Accounts receivable	542	-	-	-	542
Inventories	209	-	-	-	209
Income taxes receivable	14	-	-	-	14
Future income taxes	21	-	-	-	21
Prepaid expenses and deposits	46	-	-	-	46
Total current assets	1,089	(68)	(106)	-	915
Property, plant and equipment	1,118	-	-	(93)	1,025
Intangible assets	-	-	-	353	353
Restricted cash	90	(32)	-	-	58
Future income taxes	4	25	-	(1)	28
Other assets	332	-	-	(223)	109
Total assets	\$ 2,633	\$ (75)	\$ (106)	\$ 36	\$ 2,488
Liabilities and Shareholders' Equity (Deficit)					
Current liabilities:					
Bank indebtedness	\$ 17	-	-	\$ -	\$ 17
Trade payables and accrued liabilities	409	-	-	-	409
Income and other taxes payable	28	28	-	-	56
Future income taxes	-	-	-	-	-
Current Portion of long term debt	18	-	-	-	18
DIP financing	565	-	(565)	-	-
Liabilities subject to compromise	2,966	(2,966)	-	-	-
Total current liabilities	4,003	(2,938)	(565)	-	500
Long-term debt	51	-	-	-	51
Exit Financing	-	-	459	-	459
Unsecured note	-	70	-	-	70
Other liabilities	242	-	-	222	464
Future income taxes	28	216	-	(53)	191
Preferred shares -predecessor	22	(22)	-	-	-
Preferred shares -successor	-	211	-	-	211
Shareholders' equity (deficit):					
Capital stock - predecessor	1,607	(213)	-	(1,394)	-
Capital stock - successor	-	706	-	(164)	542
Contributed surplus	103	-	-	(103)	-
Deficit	(3,658)	1,895	-	1,763	-
Accumulated other comprehensive income (loss)	235	-	-	(235)	-
	(1,713)	2,388	-	(133)	542
Total liabilities and shareholders' equity (deficit)	\$ 2,633	\$ (75)	\$ (106)	\$ 36	\$ 2,488

See accompanying assumptions