

This is **Exhibit "E"** referred to in the Affidavit #1 of Brian Baarda made before me at Vancouver, British Columbia this 31st day of January 2012.

A handwritten signature in black ink, appearing to be 'A. [unclear]', written over a horizontal line.

A Commissioner for the taking Affidavits
for British Columbia



Financial Institutions Commission

December 14, 2011
Plan Number: P085400-1
P085994-1

Mr. Brian Baarda
Catalyst paper Corporation
360 Lysander Lane
Richmond, BC V7B 1C3

Dear Mr. Baarda:

Re: Catalyst Paper Corporation application for solvency extension

We acknowledge receipt of your letter of July 27, 2011 requesting an extension of the time period required for amortizing the solvency deficiencies of the above pension plans as required under the *Pension Benefits Standards Act*.

Section 6 of the Act provides the Superintendent with authority to extend the time within which solvency payments are required to be made to amortize a solvency deficiency. For the purposes of section 6 of the Act, I hereby grant an extension to the time limit for making payments to amortize the deficiencies of the above plans as follows:

- i. Catalyst will instruct the actuary for the pension plans to file a revised actuarial valuation report as of December 31, 2010, which will not use a smoothed value of assets for the solvency valuation.
- ii. **Special Payments:** - Catalyst will make the following annual special payments towards liquidating the existing deficiencies of the plans as set out in the revised December 31, 2010 valuation report:

Year	Salaried Plan	Plan A	Total
2011	\$ 10,114,569	\$ 513,408	\$ 10,627,977
2012	\$ 10,114,569	\$ 513,408	\$ 10,627,977
2013	\$ 10,114,569	\$ 513,408	\$ 10,627,977
2014	\$ 15,379,944	\$ 684,026	\$ 16,063,971
2015	\$ 15,379,944	\$ 684,026	\$ 16,063,971
2016	\$ 15,379,944	\$ 595,218	\$ 15,975,162
2017	\$ 8,523,057	\$ 262,561	\$ 8,785,618

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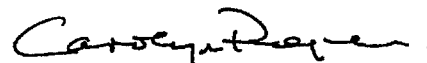
- Superintendent of Financial Institutions
- Superintendent of Pensions
- Superintendent of Real Estate
- Registrar of Mortgage Brokers

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- iii. **DC Plan:** Catalyst will continue to fund the DC Plan at 5 per cent of earnings for active members.
- iv. **Supplemental payments:** Catalyst will make supplementary contributions to the fund of \$1 million for every \$10 million EBITDA exceeds \$100 million in any fiscal year during the extension period.
- v. **Solvency asset smoothing:** The plans will not apply solvency asset smoothing to solvency valuations during the period covered by this agreement.
- vi. **CCAA:** If Catalyst files for CCAA protection all conditions of the extension will be cancelled and any deferred amount will be considered due and owing.
- vii. If Catalyst petitions for bankruptcy or decides to cease operations as a going concern, the Superintendent will consider the extension agreement rescinded, and contributions and payments owing to the plan are due and owing in accordance with the statutory provisions with no extension, pursuant to section 6 of the PBSA.
- viii. **Monitoring:** During the period of the extension, the plans will file annual funding updates by April 1, of each year.

Please contact Abraham Koomson at 604 953-5412 or Abraham.Koomson@ficombc.ca if you have any questions concerning this matter.

Yours truly,



Carolyn Rogers
Superintendent of Pensions

pc: Mr. Bernard Mercier, Towers Watson