

No. S120712  
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,  
R.S.C. 1985, c. C-36, AS AMENDED

AND

IN THE MATTER OF THE *CANADA BUSINESS CORPORATIONS ACT*,  
R.S.C. 1985, c. C-44

AND

IN THE MATTER OF THE *BUSINESS CORPORATIONS ACT*,  
S.B.C. 2002, c. 57

AND

IN THE MATTER OF CATALYST PAPER CORPORATION  
AND THE PETITIONERS LISTED IN SCHEDULE "A"

PETITIONERS

ORDER MADE AFTER APPLICATION

BEFORE THE HONOURABLE )  
MR. JUSTICE SEWELL ) 8/March/2012  
)

ON THE APPLICATION of the Petitioners coming on for hearing at Vancouver, British Columbia, on the 8th day of March, 2012; AND ON HEARING, Bill Kaplan, Q.C., Peter Rubin, and Anthony Purgas, counsel for the Petitioners, Ari Kaplan, counsel for the Catalyst Salaried Employees and Pensioners Steering Committee ("CSE&P"), and those other counsel listed in Schedule "B" hereto;

AND UPON the CSE&P confirming to this Court that in this proceeding with the exception of the claims or payments under s. 81.5 and 81.6 of the *Bankruptcy and Insolvency Act*, in respect of unpaid normal cost payments, the CSE&P and their legal counsel will not bring or pursue any claim, make any argument, or advance any appeal which would serve to give any pension claim priority (including any claim for fiduciary duty, past or future) over the DIP Lenders' Charge or the Administration Charge;

AND UPON the CSE&P Steering Committee and their lawyers having confirmed to the Petitioners and the DIP Agent that it shall forthwith amend the Notice of Application for Leave to Appeal to clarify that the leave to appeal does not advance any claim, make any argument or advance any appeal which could provide for a pension claim priority (including any claim for fiduciary duty, past or future) over the Administration Charge in respect of any Charged Property or the DIP Lenders' Charge in respect of the DIP Lenders' First Lien Collateral and forthwith serve and file same;

AND UPON READING the material filed;

THIS COURT ORDERS AND DECLARES THAT:

1. Paragraph 8 of the Amended and Restated Initial Order of February 3, 2012, as subsequently amended (the "**Amended and Restated Initial Order**") is amended to entitle the Petitioner Parties to pay the following expenses:

- (a) \$25,000.00 on account of the legal costs incurred by the CSE&P in relation to general CCAA advice and not the Application related to the representation of the Catalyst salaried employees and pensioners;
- (b) commencing March 1, 2012, up to \$30,000.00 (plus taxes and reasonable disbursements) per month for legal costs incurred, such amount to be a rolling amount such that if less than \$30,000.00 is incurred in any given month the shortfall can be credited to another month including a prior month; and
- (c) Koskie Minsky as counsel for CSE&P is an Assistant under paragraph 8.

2. Paragraph 53 of the Amended and Restated Initial Order shall be amended such that the DIP Lenders' Charge shall be subordinate to any future charges which may arise under sections 81.5 and 81.6 of the *BIA*, by including, after the definition of "Permitted Priority Claims", as paragraph (c) thereof:

- (c) charges which may arise under sections 81.5 and 81.6 of the *BIA* in respect of unpaid normal cost payments.

3. Nothing in the Amended and Restated Initial Order including paragraph 55 thereof, shall constitute or be interpreted as providing a priority for the 2016 Notes Security over any deemed trusts provincial or otherwise, including under the PBSA, or any past or future claims in respect of fiduciary duty in respect to the Petitioner Parties pension arrangements and any future charges which may arise under sections 81.5 and 81.6 of the *BIA* (collectively the "**Pension Claims**"). For certainty, any priority as between the 2016 Notes Security and the Pension Claims has not been determined by the provisions of the Amended and Restated Initial Order.

4. Notwithstanding the amendments made hereby to the Amended and Restated Initial Order remains a final order as at February 14, 2012 as ordered pursuant to paragraph 7 of the Order issued on February 14, 2012 confirming that paragraph 80 (comeback clause) of the Amended and Restated Initial order shall not be operative in favour of any Served Party to seek to vary the provisions of the Amended and Restated Initial order relating to the DIP Facility or the DIP Lenders' Charge, without the prior consent of the DIP Agent.

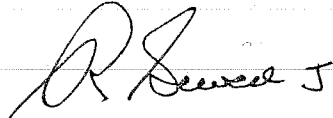
5. Endorsement of this Order by counsel appearing on this application is hereby dispensed with.

THE FOLLOWING PARTIES APPROVE THE FORM OF THIS ORDER AND CONSENT TO EACH OF THE ORDERS, IF ANY, THAT ARE INDICATED ABOVE AS BEING BY CONSENT:



Signature of  
☐ party ☒ lawyer for the Petitioner Parties  
Bill Kaplan, Q.C. / Peter Rubin

BY THE COURT.



Registrar

Schedule "A"

LIST OF ADDITIONAL PETITIONERS

Catalyst Pulp Operations Limited

Catalyst Pulp Sales Inc.

Pacifica Poplars Ltd.

Catalyst Pulp and Paper Sales Inc.

Elk Falls Pulp and Paper Limited

Catalyst Paper Energy Holdings Inc.

0606890 B.C. Ltd.

Catalyst Paper Recycling Inc.

Catalyst Paper (Snowflake) Inc.

Catalyst Paper Holdings Inc.

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Pacifica Papers U.S. Inc.

Pacifica Poplars Inc.

Pacifica Papers Sales Inc.

Catalyst Paper (USA) Inc.

The Apache Railway Company

**Schedule "B"**

<b>Name of Counsel</b>	<b>Party</b>
Peter Reardon	JPMorgan Chase Bank, N.A.
David Gruber Melaney Wagner	A Representative Group of 2014 Unsecured Noteholders and certain 2016 Noteholders
John Sandrelli Shayne Kukulowicz (by telephone)	A Representative Group of 2016 Noteholders
Stefanie Quelch	United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union, Local 2688
Vasuda Sinha (by telephone)	Wells Fargo Bank NA
Benjamin La Borie George Benchetrit (by telephone)	Wilmington Trust, National Association
David McKinnon (by telephone)	Ad Hoc Committee of 2014 Noteholders
Ari Kaplan Michael Prokosh	Catalyst Salaried Employees & Pensioner Committee
Randal Kaardal	Catalyst TimberWest Retired Salaried Employees Association
Don Bobert	CEP Unions – Locals 1, 76 (Powell River), 592, 686 (Port Alberni), 1132 (Crofton), 630, 1123 (Campbell River)
Charles Gordon	PPWC Local 2
Sandra Wilkinson	Superintendent of Pensions
Kathryn Esaw (by telephone)	Canexus Corp and Casco Inc.
Heather Ferris	Board of Directors of Catalyst
Mary Buttery	Powell River Energy Inc., Quadrant Investments Ltd. and TimberWest Forest Corp.
Kevin McElcheran (by telephone)	Perella Weinberg Partners LP

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Bill Kaplan, Q.C./Peter Rubin  
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Barristers and Solicitors  
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