



This is the 1st affidavit of
J. Young in this case and was
made on February 20, 2012

No. S-120712
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 THE CATALYST PAPER CORPORATION AND THE
PETITIONERS LISTED IN SCHEDULE "A"**

**AFFIDAVIT OF JANICE LOUISE YOUNG
(sworn February 20, 2012)**

I, Janice Louise Young of the City of Parksville, in the Province of British Columbia,
MAKE OATH AND SAY AS FOLLOWS:

1. I am a current employee of Catalyst Paper Corporation, one of the Petitioners in these proceedings (collectively "Catalyst"). I have been on Long-Term Disability ("LTD") since November 22, 2001. A letter from the Sun Life Assurance Company of Canada confirming my status under the LTD plan as of May 3, 2011 is attached as Exhibit "A".
2. I began working for one of Catalyst's predecessor companies, MacMillan Bloedel Building Materials, in September of 1993.

3. In approximately 1995, I began working as the Stores Supervisor of MacMillan Bloedel's Island Phoenix Sawmill. In 1997, I transferred to MacMillan Bloedel Paper in Port Alberni. This company became Pacifica Papers and then Norske Skog Canada. At Norske, I became the Strategic Sourcing Manager, and continued to work as Stores Supervisor as well.

4. I have deferred entitlement to a defined benefit pension from the Catalyst Paper Corporation Retirement Plan for Salaried Employees, B.C. Registration No. 85400-1 (the "Salaried Pension Plan"). My daughter is listed as the beneficiary on my pension plan documents. I also have entitlement under the defined contribution portion of the Salaried Pension Plan. A copy of my Annual Pension Statement from 2010 is attached as Exhibit "B".

5. I am also entitled to certain health benefits from Catalyst, including medical, dental and certain prescription drug coverage (the "Health Care Plan").

6. As an active employee of Catalyst on Long-Term Disability, I have knowledge of the matters to which I hereinafter depose, except where stated to be based upon information and belief.

7. On January 31, 2012, the Petitioners obtained an order, pursuant to the *Companies' Creditors Arrangement Act* (the "CCAA"), staying all proceedings and claims against them (the "Stay Order"). As an active employee on LTD, with deferred entitlements under the Salaried Pension Plan and current entitlements under the Health Care Plan, I have a direct interest in the outcome of Catalyst's CCAA restructuring.

8. I was originally told about Catalyst's CCAA filing by my friend Daryl Poole. Since then, I have been in contact with Ronald Gary McCaig about the issue, and I have read a lot of material about the CCAA filing.

9. I have read the affidavit of Ronald Gary McCaig, and I am in agreement with his assessment of the importance of appointing Koskie Minsky LLP as Representative Counsel to the class of employees and retirees identified therein. I have also read the Affidavit of Brian Baarda referred to in paragraph 11 of Mr. McCaig's affidavit, the Amended and Restated Initial Order referred to in paragraph 13 of Mr. McCaig's affidavit, and the information on the Monitor's website referred to in paragraph 14 of Mr. McCaig's affidavit. I am in agreement with

Mr. McCaig's summary of the debt issues facing the company and the underfunding in the Salaried Pension Plan, as described in paragraphs 12 to 16 of his affidavit.

10. As a current employee of Catalyst on LTD, the Timberwest Catalyst Retired Salaried Employees Association ("RSEA") is not purporting to represent me in these proceedings, and thus I and other active employees on LTD are especially in need of the appointment of Koskie Minsky LLP as Representative Counsel. RSEA has never contacted me, and I have never been consulted about retaining Hunter Litigation.

11. I cannot afford to hire my own counsel to represent me in these proceedings, and yet I have extremely important interests that need to be protected.

12. I did not receive notice at any time of the appointment of RSEA as my representative in regards to the interests I have in the Salaried Pension Plan. Furthermore, I have not been advised by RSEA of any agreement that they have reached which would compromise any of the statutory protections provided to the members of the Salaried Pension Plan by the B.C. *Pension Benefits Standards Act*, the *Bankruptcy and Insolvency Act* or the *Companies Creditors Arrangement Act*.

13. The appointment of Koskie Minsky LLP as Representative Counsel is very important so that all active Catalyst employees on Long-Term Disability can have their interests protected. The appointment of Koskie Minsky is also administratively efficient and cost-effective, as our common issues can be put forward by one representative.


14. I support the appointment of myself and the other members of the Steering Committee as Representatives to the class identified in the affidavit of Ronald Gary McCaig, and the appointment of our counsel of choice, Koskie Minsky LLP, as Representative Counsel to that class.

15. Although there are different employee groups represented on the Steering Committee, I believe that the appointment of a single Representative Counsel will ensure that the interests of all employees are put forward in the most efficient and cost-effective way possible.

16. Moreover, I believe that we all share common interests that outweigh any of our differences, insofar as we all want to work together to ensure that the company emerges as a healthy, going concern, and that our various entitlements are all protected.

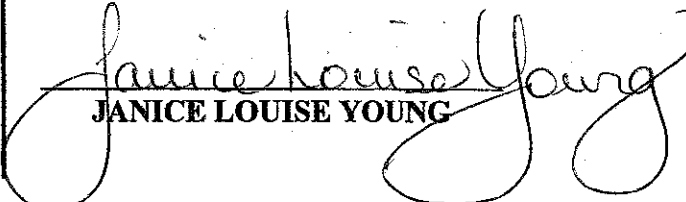
17. I also believe it will be useful to have Koskie Minsky appointed to help us manage any potential differences in interest that may arise and ensure that such differences are resolved fairly and equitably, keeping in mind the purposes of the CCAA proceeding and the need to show compromise.

SWORN BEFORE ME at Parksville
in the province of British Columbia, on
February 20, 2012.



Commissioner for Taking Affidavits

DARYL McLANE
A Commissioner for taking affidavits
for British Columbia.



JANICE LOUISE YOUNG

This is Exhibit "A"

referred to in the affidavit of Janice Louise Young

sworn before me, this 20th day of February 2012



A COMMISSIONER FOR TAKING AFFIDAVITS

DARYL McLANE

A Commissioner for taking affidavits
for British Columbia,

Administered by Sun Life Assurance Company of Canada
Vancouver Claims Office
PO Box 48810 Stn Bentall
Vancouver BC V7X 1A6
Tel: 1-800-663-5655
Fax: 1-866-639-7829



669

JANICE YOUNG
72 MAGNOLIA DR.
PARKSVILLE BC V9P 2P6

May 3, 2011

Long Term Disability

Plan Member: Janice Young
Contract: 056328
Billing Group: 001
Control Number: 020502-82221-00
Certificate Number: 992065
Disability Date: November 22, 2001
Destination Code:
Mail Address Code: 0001

If you are claiming ongoing disability benefits, please complete the attached Confirmation of Ongoing Total Disability form. Please return this form within 3 weeks from the date you receive this note.

sent May 11/11

Page 1 of 1
Sun Life Assurance Company of Canada
A member of the Sun Life Financial group
of Companies. www.sunlife.ca

V032
920-5800

This is Exhibit "B"

referred to in the affidavit of Janice Louise Young

sworn before me, this 20th day of February 2012



A COMMISSIONER FOR TAKING AFFIDAVITS

DARYL McLANE
A Commissioner for taking affidavits
for British Columbia.

Catalyst Paper Corporation Retirement Plan for Salaried Employees

Financial Institutions Commission of BC Registration No: P085400



Catalyst

Janice Young

Your Annual Pension Statement for 2010

This statement will review the pension you have earned in the Plan to December 31, 2010, and give you an estimate of your projected pension at your Normal Retirement Date and your Earliest Retirement Date.

Personal Data

The following personalized data was used to prepare this statement. Please carefully review your personal data provided below and contact Towers Watson, benefits administrators for the Plan, if any of it is incorrect or if you have any questions.

| | | | |
|---|------------------|-------------------------------------|--------------------|
| Name: | Janice Young | Date of Birth: | October 24, 1948 |
| Employee Number: | 992065 | Date of Hire: | September 7, 1993 |
| Province of Employment: | British Columbia | Date of Plan Entry: | January 1, 1994 |
| 2010 Pensionable Earnings: | \$ 76,866 | Normal Retirement Date: | November 1, 2013 |
| Best Average 60 Months' Earnings: | \$ 77,821 | Earliest Retirement Date: | January 1, 2011 |
| Best Average 36 Months' Earnings: | \$ 78,458 | Earliest Unreduced Retirement Date: | January 1, 2011 |
| Former Company: | Pacifica | Vesting Status: | 100% vested |
| Your spouse, or if you have no spouse, your beneficiary is: | | | Kaitlin A.C. Young |
| Your spouse's date of birth, if applicable: | | | Not Applicable |

Credited Service (in Years)

| | Past Service and Core Option | Option 1 | Option 2 | Option 3 | Total |
|-------------------------|---------------------------------|----------|----------|----------|-------|
| As at December 31, 2009 | 8.00 | 8.00 | 0.00 | 0.00 | 16.00 |
| Accrued in 2010 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| As at December 31, 2010 | 8.00 | 8.00 | 0.00 | 0.00 | 16.00 |

Estimated Pension Payable at Your Normal Retirement Date

Based on your credited service and pensionable earnings to December 31, 2010, your accrued annual lifetime pension payable to you at your Normal Retirement Date is estimated to be:

| Past Service and Core Option | Option 1 | Option 2 | Option 3 |
|------------------------------------|-----------|----------|----------|
| \$ 10,270 | \$ 10,377 | \$ 0 | \$ 0 |

Estimated Pension Payable at Your Earliest Retirement Date

You may elect to retire as early as January 1, 2011. Assuming you work for Catalyst Paper Corporation and there are no future changes to your Best Average Earnings or to the Plan provisions, your annual pension payable at your Earliest Retirement Date is projected to be:

| Past Service and Core Option | Option 1 | Option 2 | Option 3 |
|------------------------------------|-----------|----------|----------|
| \$ 10,270 | \$ 10,377 | \$ 0 | \$ 0 |

Your accrued pension shown above will be reduced by the amount you have accrued under any other pension plan to which Catalyst Paper Corporation or any of its predecessor companies has contributed to for the same period of service.

Your Contributions

| | |
|--|---------------|
| Accumulated Required Contributions with Interest at December 31, 2009: | \$ 21,545.01 |
| Required Contributions in 2010: | 0.00 |
| Interest Credited in 2010 at a rate of 1.84%: | <u>396.43</u> |
| Accumulated Required Contributions with Interest at December 31, 2010: | \$ 21,941.44 |

Retirement Plan Changes Effective January 1, 2010

The Catalyst Paper Retirement Plan for Salaried Employees currently has two components -- the Defined Contribution (DC) Plan, which is the only option for employees hired after January 1, 1994, and the Defined Benefit (DB) Plan.

On January 1, 2010, Catalyst Paper amended the Retirement Plan such that current DB plan members will transfer to the DC plan for service from January 1, 2010 forward. You will keep your DB Plan pension for service prior to and including December 31, 2009.

At your retirement or termination of employment, you will receive a pension from the DB plan for your service prior to December 31, 2009 plus your DC account balance for your service from January 1, 2010. Your pension from the DB plan will continue to reflect your best average earnings at the time you leave or retire and all other plan provisions will remain unchanged.

If you were participating in a contributory option under the DB Plan, you will no longer be required or permitted to make contributions after December 31, 2009.

OTHER INFORMATION

Your Accrued Pension

Your accrued pension is determined by multiplying your credited service by a pension formula. The pension formula is dependent on the option you elected under the Plan as well as the period of time in which you accrued your service. For more information on the Plan provisions, please contact your local Human Resources department.

Your accrued pension shown on page 1 of this statement will be reduced by the amount, if any, you have accrued under an hourly plan for the same period of credited service.

Note that your accrued pension cannot exceed the maximum pension allowed under the Income Tax Act. The 2010 limit is equal to \$2,494.44 multiplied by your credited service under the applicable plan. The pension amounts shown on this statement reflect any limits that may apply under the Income Tax Act.

Best Average Earnings

Best Average 60 Months' Earnings is defined under the Plan as your monthly earnings in the 60 consecutive months in which your earnings are highest, in any continuous period of 120 months.

Similarly, Best Average 36 Months' Earnings is defined under the Plan as your monthly earnings in the 36 consecutive months in which your earnings are highest, in any continuous period of 120 months.

Termination Benefits

If you terminate employment prior to age 55 and after completing two years of membership in the Plan, you will be entitled to a deferred vested pension equal to your accrued pension at your date of termination, commencing on your Normal Retirement Date or at any time within ten years of your Normal Retirement Date. Your monthly pension will be actuarially reduced if you elect an early commencement of your pension to reflect the fact that you will be receiving your pension for a longer period of time.

Alternatively, you may elect to transfer the lump sum equivalent of your deferred pension to a locked-in Registered Retirement Savings Plan, or other prescribed vehicle.

If you leave the Company before you complete two years of membership in the Plan, you will receive a refund of your contributions with interest to the date of your termination.

Retirement Pension

You may retire at the beginning of any month between your Earliest Retirement Date and your Normal Retirement Date. The amount of your pension payable will be reduced by 3% for every year by which the early commencement date precedes your Earliest Unreduced Retirement Date to reflect the longer pay period.

The normal form of your pension is dependent on the option under which you have accrued your pension. Pension accrued under Past Service, the Core Option and Option 2 is a monthly pension payable for your lifetime. In the event of your death before 60 monthly payments have been made, your designated beneficiary will receive the balance of the 60 monthly payments. Pension accrued under Option 1 and Option 3 is a monthly pension payable for your lifetime. Upon your death, your spouse, if surviving, will receive 60% of the pension you were receiving payable for her lifetime.

If you have a spouse at retirement, there is a requirement that you select a pension that provides a minimum of a 60% survivor benefit to your spouse, unless you and your spouse waive this option by signing the prescribed Spousal Waiver Form.

Post-Retirement Indexation

Once your pension commences, your pension accrued under Option 1 and Option 3 will be increased by 2% each January 1 beginning in the calendar year following your retirement.

Disability Benefits

Your benefits continue to accrue while you are in receipt of disability benefits payable from the Company's short term or long term disability plan.

Pre-Retirement Survivor Benefits

If you die prior to becoming vested, your beneficiary will receive a cash lump sum equal to your accumulated contributions plus interest in the Plan.

If you die after becoming vested and before age 55, your spouse or designated beneficiary will receive a lump sum amount equal to the value of your accrued pension.

If you die after becoming vested and after age 55, your spouse will receive a monthly lifetime pension equal to 60% of the pension you would have received had you retired on the date of your death. If you do not have an eligible spouse, or if your eligible spouse waives his or her right to receive a pre-retirement survivor benefit, payment will be made to your designated beneficiary or estate in the form of a cash lump sum.

Employee Required Contributions

Your contribution formula for 2010 was 0.00% of your earnings.

Plan Solvency

The financial condition of the Plan is reviewed periodically to determine whether or not the Plan's assets are sufficient to meet all pension commitments to Plan members and beneficiaries. The last actuarial valuation of the Plan was conducted December 31, 2007. Based on that valuation, the solvency ratio of the Plan (i.e., the ratio of available assets over the termination liabilities) was 0.85. In other words, if the Plan had terminated on December 31, 2007, there would have only been enough funds to pay 85% of the accrued benefits. Catalyst Paper Corporation is making special payments in accordance with applicable pension legislation to cover this shortfall.

Plan Assets

The assets of the Plan are held by CIBC Mellon and totaled \$227,960,000 as of December 31, 2010.

Government Benefits

You may also be eligible for certain government-sponsored benefits. Government-sponsored benefits include the Canada Pension Plan and Old Age Security, with monthly maximum levels of \$934.17 and \$521.62, respectively, as at December 31, 2010. Your eligibility for government-sponsored benefits and the amount of those benefits will depend on the government-sponsored benefits and corresponding eligibility

requirements in existence at your date of retirement.

Right to Information

You, your spouse or designated beneficiary or your agent may examine certain Plan documents. Please contact your Human Resources Department if you wish to exercise this right.

About This Statement

This personalized pension statement is intended to provide a summary of your pension benefits under the Plan. All amounts reported in this statement are as of December 31, 2010. While every effort has been made to ensure that the information shown is accurate and complete, errors can occur. Please review the information provided and notify Towers Watson, benefit administrators for the Plan, toll-free at 1-866-220-2424, if you feel that any of the information is incorrect. It is in your best interest to have any errors corrected since a discrepancy could affect the amounts shown in this statement. In the event of any conflict between the information contained in this statement and the terms of the Plan, the terms of the Plan will prevail.

For more information on the Plan provisions, please contact your local Human Resources department.

Questions?

Please contact Towers Watson, benefits administrators for the Plan, toll free at 1-866-220-2424 or via email at catalystpaper@towerswatson.com.

Action No. S120712
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

BETWEEN:

**IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT,
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AND:

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PETITIONERS LISTED IN SCHEDULE "A"**

AFFIDAVIT #1 OF JANICE LOUISE YOUNG

McGRADY & COMPANY

Lawyers

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ATTENTION: MICHAEL J. PROKOSH