

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

	X	
	:	
In re:	:	Chapter 15
	:	
CATALYST PAPER CORP., <u>et al.</u> ,	:	Case No. 12-10221 (PJW)
	:	
Debtors. ¹	:	Jointly Administered
	:	
	X	

FOURTH DECLARATION OF BRIAN BAARDA

I, Brian Baarda, hereby declare as follows:

1. I am the Vice President, Finance and Chief Financial Officer of Catalyst Paper Corporation (“CPC”), the authorized foreign representative of the above-captioned debtors (collectively, the “Debtors” and, together with the Debtors’ non-Debtor affiliates, the “Company”). I have held these positions since November 2009. I joined the Company in 1989 and have worked in several locations and held a number of senior accounting and analysis positions until moving to the operations side of the Company in 2001 as the pulp mill manager at the former Elk Falls Division until 2003. From 2003 to 2005, I held the position of Vice President, Supply Chain. From 2005 to April 2008, I was the Vice President of the Powell River Division of CPC. From April 2008 to November 2009, I was the Vice President of Operations.

¹ The last four digits of the United States Tax Identification Number or Canadian Business Number of the Debtors, as applicable, follow in parentheses: (i) 0606890 B.C. Ltd. (2214); (ii) Catalyst Paper Corporation (1171); (iii) Catalyst Paper Energy Holdings Inc. (3668); (iv) Catalyst Paper General Partnership (6288); (v) Catalyst Pulp and Paper Sales Inc. (2085); (vi) Catalyst Pulp Operations Ltd. (4565); (vii) Catalyst Pulp Sales Inc. (4021); (viii) Elk Falls Pulp and Paper Ltd. (9493); (ix) Pacifica Poplars Ltd. (6048); (x) Catalyst Paper Holdings Inc. (7177); (xi) Pacifica Papers U.S. Inc. (7595); (xii) Pacifica Poplars Inc. (9597); (xiii) Pacifica Papers Sales Inc. (7594); (xiv) Catalyst Paper (USA) Inc. (6890); (xv) Catalyst Paper (Recycling) Inc. (8358); (xvi) Catalyst Paper (Snowflake) Inc. (7015); (xvii) The Apache Railway Company (0017). The Debtors’ executive headquarters’ addresses are 2nd Floor, 3600 Lysander Lane, Richmond, BC V7B 1C3, Canada; 2101 Fourth Avenue, Suite 1950, Seattle, WA 98121; and Spur 277 N., Snowflake, AZ 85937.



2. I am authorized by the Debtors to make this declaration (the “Fourth Declaration”). I submit this Fourth Declaration in support of the Debtors’ contemporaneously-filed Reply of Catalyst Paper Corporation to (I) Secured Creditors' Responses to Amended Motion for Final Recognition of a Foreign Proceeding and (II) Objection of 2014 Noteholders to Final Recognition of Foreign Proceeding as to U.S. Debtors (the “Reply”).²

3. Except as otherwise indicated, all facts set forth in this Fourth Declaration in support of the Reply are based upon my personal knowledge, information supplied to me by other members of the Debtors’ management and professionals, or learned from my review of relevant documents or upon my opinion based upon my experience and knowledge of the Debtors’ industry, operations, and financial condition. I am an individual over the age of 18 and, if called upon to testify, I could and would testify competently to the facts set forth herein.

4. As the Vice President, Finance and Chief Financial Officer of CPC, I have been personally involved in the Company's restructuring efforts to date. I have worked with the Company's advisors, including its financial advisors, in the ongoing negotiations with various stakeholders, and I have personal knowledge of the status of such ongoing negotiations.

5. During contingency planning, the senior management of the Debtors (all of whom are located in Canada) considered various alternatives, including filing a chapter 11 case in order to facilitate a restructuring. Nevertheless, the determination was made that such a U.S. process would cause unnecessary expenses to the Debtors’ estates (and its creditors) and potentially violate public policy given the Debtors’ strong ties to Canada. Because the Company

² Unless otherwise defined herein, capitalized terms used herein shall have the meanings ascribed to them in the Reply.

is widely considered a Canadian company and the CCAA provided a reasonable restructuring procedure, the CCAA route was chosen.

6. Months prior to entering into the RSA, the Company had begun negotiating with the representatives of the 2014 Noteholders and the 2016 Noteholders in an attempt to begin restructuring its obligations. As part of this effort, confidentiality agreements were entered into with such representatives, starting in the fall of 2011, to aid in the flow of information for the purpose of restructuring the Company. Certain of the Objecting Noteholders did not execute confidentiality agreements until January 30, 2012.

7. Since January 31, 2012, the Debtors have participated in or witnessed strident negotiations among its various stakeholders, including the 2016 Noteholders and the 2014 Noteholders in particular, in an effort to arrive at a consensual restructuring that would, among other things, provide significant value to unsecured creditors, including the 2014 Noteholders. Although the Debtors and their representatives have met with the Objecting Noteholders on multiple occasions, the Objecting Noteholders have never made a restructuring proposal to the Debtors, although the Debtors understand that the Objecting Noteholders have made proposals directly to the 2016 Noteholders. To date, those proposals have been unsuccessful.

8. The Debtors have a continuing need to access cash located within the United States that is subject to the lien of the 2016 Noteholders. The Debtors believe that the adequate protection proposed in the forms of Orders filed as Exhibit A and Exhibit B to the Reply is appropriate to provide sufficient protection to the 2016 Noteholders for that purpose.

9. The Debtors have no intention of rejecting any collective bargaining agreements under the Bankruptcy Code or any equivalent statute available under the CCAA, nor have they ever suggested any such intention.

10. The Debtors have already obtained approval of their post-filing financing in the CCAA Proceeding (as discussed in the Third Baarda Declaration), and have no design to seek any alternative or replacement financing.

11. Based on the foregoing, I believe that the relief requested in the Reply and the Recognition Motion is well-justified, necessary to a successful reorganization of the Debtors, and in the best interests of the Debtors and their creditors and should be granted in full.

I declare under penalty of perjury under the laws of the United States of America
that the foregoing is true and correct to the best of my knowledge, information and belief.

Dated: Richmond, British Columbia, Canada
February 29, 2012

A handwritten signature in black ink, appearing to read 'Baarda', is written over a horizontal line.

Brian Baarda

Miscellaneous:[12-10221-PJW Catalyst Paper Corporation](#)

Type: bk

Chapter: 15 v

Office: 1 (Delaware)

Assets: y

Judge: PJW

Case Flag: CLAIMS, MEGA,
LEAD**U.S. Bankruptcy Court****District of Delaware**

Notice of Electronic Filing

The following transaction was received from Van C. Durrer entered on 2/29/2012 at 3:49 PM EST and filed on 2/29/2012

Case Name: Catalyst Paper Corporation**Case Number:** [12-10221-PJW](#)**Document Number:** [83](#)**Docket Text:**

Declaration (*Fourth*) of *Brian Baarda* (related document(s)[82]) Filed by Catalyst Paper Corporation. (Durrer, Van)

The following document(s) are associated with this transaction:

Document description:Main Document**Original filename:**C:\TEMP\CONVERT\Baarda Dec - Signed.pdf**Electronic document Stamp:**

[STAMP bkecfStamp_ID=983460418 [Date=2/29/2012] [FileNumber=10577385-0]
][6b8feb17506e14bc1aecdb0d6a5084bf3bfd7bbb1dd313170a25fbec225ba51440f
101a973db7295834d10914e2975c90c37632886d8852f80b266e2a569ad42]]

12-10221-PJW Notice will be electronically mailed to:

Timothy P. Cairns on behalf of Interested Party Certain Holders of 2014 Notes
tcairns@pszjlaw.com

Mark L. Desgrosseilliers on behalf of Interested Party Andritz Inc., Andritz Ltd., and Andritz Iggesund Tools Canada, Inc.
mdesgrosseilliers@wcsr.com, pgroff@wcsr.com;klytle@wcsr.com;hsasso@wcsr.com

Van C. Durrer on behalf of Debtor 0606890 B.C. Ltd.
debank@skadden.com;christopher.heaney@skadden.com;wendy.lamanna@skadden.com;annie.li@skadden.com

Albert Kass on behalf of Interested Party Kurtzman Carson Consultants LLC
ECFpleadings@kccllc.com, ecfpleadings@kccllc.com

Susan E. Kaufman on behalf of Interested Party The United Steel, Paper and Forestry, Rubber Manufacturing, Energy, Allied Industrial and Service Workers International Union ("United