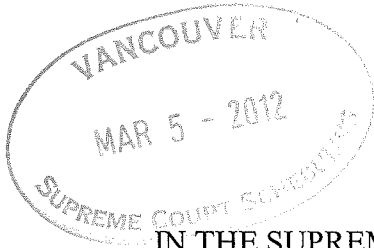


This is the 2<sup>nd</sup> affidavit of  
W. Dickson in this case and was  
made on March 2, 2012

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

PETITIONERS

**AFFIDAVIT**

I, William F. Dickson, Q.C., businessperson, c/o 2<sup>nd</sup> Floor, 3600 Lysander Lane,  
Richmond, British Columbia, AFFIRM THAT:

1. I am a Director of Catalyst Paper Corporation ("**CPC**"), a Petitioner in this  
proceeding (along with the other Petitioners and Catalyst Paper General Partnership, the  
"**Company**"), and as such I have personal knowledge of the matters deposed to in this

Affidavit except where I depose to a matter based on information from an informant I identify, in which case I believe that both the information from the informant and the resulting statement are true.

2. I have been on the Board of Directors of CPC since July 9, 2008 and am the Chair of the Governance Committee.

3. In my Affidavit affirmed February 20, 2012 (the "**First Affidavit**"), I discussed the Human Resources and Compensation Committee (the "**HRCC**") a sub-committee of the Board of Directors of the Company. On February 29, 2012, the Governance Committee voted to recommend to the Board of Directors that the Governance Committee and the HRCC be merged for reasons of costs saving and efficiency. On March 2, 2012, the Board of Directors authorized such merger, such merged committee being referred to here as the "Gov-HRCC".

4. The Gov-HRCC is made up entirely of independent directors. The members of the Gov-HRCC Committee are Alan Miller and Thomas Chambers (both of whom were members of the HRCC), and I. I was appointed Chair of the Gov-HRCC.

5. Mr. Miller's and Mr. Chambers' background and experience are described in my First Affidavit.

6. In my First Affidavit, I described the change-in-control and retention program (the "**KERP**") implemented by the Board of Directors in the Fall of 2011 following a report from an independent consultant and a recommendation from the HRCC.

7. Since the Company commenced CCAA proceedings on January 31, 2012, the issue of the KERP and approval of the agreements between the participants in the KERP (the "**KERP Participants**") and the Company (the "**KERP Agreements**") has been adjourned on a number of occasions.

8. I am advised by Kevin Clarke, the President and CEO of CPC, and Steve Boniferro, Senior Vice-President, Human Resources of CPC, that over the course of the last several weeks, a number of KERP Participants have been approached by recruitment

agencies to consider alternative employment. The agreement of the Company to the adjournment of the application to the Court for the approval of the KERP (and other matters) has caused significant insecurity among the KERP Participants. The Company is concerned that if the KERP is not approved by the Court forthwith that there is a risk that some of the KERP Participants may be recruited away from the Company causing substantial problems for the Company (as discussed in greater detail in my First Affidavit).

9. Furthermore, the KERP Participants have additional insecurity about the KERP as a result of an interpretation of certain language in the KERP Agreements.

10. The Company intended that the change-in-control provisions of the KERP Agreements would provide security for executives terminated in the context of a change-in-control transaction as defined in the KERP Agreements ("**Change In Control**").

11. It is apparent that there is a potential that the termination of any of the KERP Participants could occur prior to a Change In Control, as defined, as a condition of an arrangement or a sale process. Due to this issue, the Board felt it important to ensure that the KERP Participants are protected as intended by ensuring clear language of the KERP Agreements.

12. On March 1, 2012, the Board resolved to amend the KERP Agreements in the following manner:

- (a) In the individual KERP Agreements, there is a definition of "Change of Control".
- (b) The KERP Agreements each provide that "If upon a Change of Control or within 12 months...", then the KERP Participant receives the protection of the KERP.
- (c) The Board approved the addition of the words "or in connection with or in contemplation of" after "upon". As such, the KERP Participants would



**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.  
Pacifica Papers U.S. Inc.  
Pacifica Poplars Inc.  
Pacifica Papers Sales Inc.  
Catalyst Paper (USA) Inc.  
The Apache Railway Company