

This is the 1st Affidavit of Donald Boucher
and was made on March 20, 2012

No. S-120712
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

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

AND:

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

AND:

IN THE MATTER OF THE *BUSINESS CORPORATIONS ACT*,
SBC 2002, c.-57

AND:

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

PETITIONERS

AFFIDAVIT OF DONALD BOUCHER
(sworn March 20, 2012)

I, DONALD BOUCHER, of the City of Edmonton, in the Province of Alberta, MAKE OATH
AND SAY:

1. I am an Administrative Vice President of the Western Region of the Communications, Energy and Paperworkers' Union (the "CEP") and have responsibilities for the pulp and paper sector of the CEP in Western Canada.

MEMORANDUM OF AGREEMENT

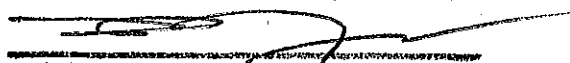
Between

**Catalyst Paper Corporation
(the Company)**

And

**The Communication, Energy and Paperworkers Unions, Local 1, 76, 592, 686 and 1132
(the Union)**

This is Exhibit "A" referred to in the
affidavit of Donald Boucher
sworn before me at Vancouver BC
this 20 day of March, 2012


A Commissioner for taking Affidavits
for British Columbia

Daniel J. Rogers
A Lawyer

The Parties agree to recommend acceptance of the following amendments to the 2008 – 2012 Labour Agreement.

The parties also agree the Local Unions will be entitled to satisfy itself through the efforts of an Accountant designated by the Local Unions that any "plan of arrangement" made as part of the CCAA Court process and any agreements reached with creditors of the Company are appropriate for and consistent with the business plan of the Company to continue to operate. The Accountant shall be bound by the appropriate Confidentiality Agreement but will be entitled to provide general opinions and assurances to the Local Unions and this agreement and concessions will not be effective until the Local Unions have been satisfactorily informed on the relief by the Accountant as set out above. The review by the Accountant may include examination of the agreements reached by the Company with its major lenders and bond holders on a confidential basis

It is also agreed that the amendments to the Collective Agreement set out below have been agreed to by the Unions to assist the Company in developing a "plan of arrangement" to facilitate the furtherance and conclusion of the CCAA process and to facilitate the continued operation of the various mill operations represented by the Local Unions. Should any "plan of arrangement" not be approved or accepted by the Court process (either because of opposition of Creditors or refusal by the Court) or should the "plan of arrangement" put forward by the Employer (or any amendment to that plan) involve either the closure (partial or otherwise) of any of the mill operations represented by the above Local Unions, then the amendments to the Collective Agreement set out below shall be deemed null and void and the current Collective Agreement between the respective Local Union(s) and the company (defined as the 2008 – 2012 Labour Agreements that are in place in each location including Local Agreements prior to the "concessions") shall immediately be deemed to be and have been the terms and conditions of employment for all bargaining unit employees and the 2008 – 2012 Labour Agreements shall immediately be deemed to be and have been the Labour Agreements between the parties at each location.

This Agreement is without prejudice to any rights or claims that the Local Unions may make in any Court or other proceeding including any CCAA or other insolvency proceeding.

1. All proposals contained in this Memorandum of Agreement will become effective May 1, 2012.

2. Renew all Letters of Understanding, Letters of Clarification and Supplementary Agreements attached to the 2008 – 2012 Labour Agreement except as amended or deleted.
3. Delete all references and provisions for the Application of Sunday Letter.
4. Delete provisions for payment of Meal Paid on Cash Meal Allowance.
5. Amend Article VII – Wages to provide for:
 - a) Effective May 1, 2012 reduction of May 1, 2011 Wage Rates by 10%
 - b) Wage Increases:
 - (i) Effective May 1, 2013 – 0%
 - (ii) Effective May 1, 2014 – 0%
 - (iii) Effective May 1, 2015 – 2.0%
 - (iv) Effective May 1, 2016 – 2.0%
 - c) Section 2: Shift Differential - the base rate for the purpose of calculating shift differential shall be:

Date	Base Rate
Effective May 1, 2012	\$24.78
Effective May 1, 2013	\$24.78
Effective May 1, 2014	\$24.78
Effective May 1, 2015	\$25.28
Effective May 1, 2016	\$25.79

- d) Insert the following Apprenticeship Wage Grid in Exhibit "A" Job Categories and Wage Rates. The new grid shall apply for all apprentices indentured after May 1, 2012. All apprentices indentured on April 30, 2012 shall continue to be paid in accordance with the grid contained in the 2008 – 2012 Labour Agreement.

1ST YEAR APPRENTICE	
0 – 6 MONTHS	74% OF JOURNEYMAN RATE OR BASE RATE WHICHEVER IS GREATER
7-12 MONTHS	74.5% OF JOURNEYMAN RATE
2 ND YEAR APPRENTICE	76% OF JOURNEYMAN RATE
3 RD YEAR APPRENTICE	82% OF JOURNEYMAN RATE
4 TH YEAR APPRENTICE	90% OF JOURNEYMAN RATE
5 TH YEAR APPRENTICE /TRADESPERSON RATE	100% OF JOURNEYMAN RATE

Insert the following Training Wage Grid for employees hired after May 1, 2012, except for Stationary Engineers and Mechanical Trades as defined in Exhibit 1 – Definition of Mechanical Trades who shall receive the rates identified for their classifications.

TRAINING WAGE RATE – TIME FROM DATE OF HIRE	
0- 6 MONTHS	70% OF THE RATE OF JOB POSITION BEING PERFORMED
7 – 12 MONTHS	80% OF THE RATE OF JOB POSITION BEING PERFORMED
13 – 18 MONTHS	90% OF THE RATE OF JOB POSITION BEING PERFORMED
19 – 24 MONTHS	95% OF THE RATE OF JOB POSITION BEING PERFORMED

6. Amend Article X – Call Time to read as follow:

Section 1: Qualifying Conditions

An employee shall receive two (2) hours Call Time at the straight time rate in addition to pay for time actually worked under the following conditions, if with less than 48 hours' notice:

- (a) Call to work following a shift

When required to report for work after completing his designated shift.

- (b) Call to work on a designated day off

When required to report for work on a designated day off.

- (c) Statutory Holiday Work

For any work performed on a holiday as specified in Article XVII.

- (d) Maintenance/Day Worker Start Times

The company may alter the start time of an employee from the regular shift start/stop time by up to 2 hours (no earlier than 6 a.m.)

Section 2: Payment

- (a) The employee shall receive a minimum payment of four (4) straight time hours pay including payment for Call Time and time worked.

- (b) Not more than one (1) basis shall be used to cover the same period of work

- (c) The Call Time payment will not be added to or paid in lieu of allowances payable under Articles VI, IX and XI.

7. a) Amend Article XV – Vacations - Section 1: Entitlement to provide the following:

VACATION ENTITLEMENT	VACATION PAY, BEING THE GREATER OF:	
TWO WEEKS	3%	80 HOURS
THREE WEEKS	5%	120 HOURS
FOUR WEEKS	7%	160 HOURS
FIVE WEEKS	9%	200 HOURS
SIX WEEKS	11%	240 HOURS
SEVEN WEEKS	13%	280 HOURS

- b) Delete Article XV – Vacations – Section 2: Additional Pay. Renumber subsequent sections.
- c) Amend Article XV – Vacations – Section 3: Payment on Termination to read as follows:

Section 3: Payment on Termination

In the event an employee's employment terminates either before or after he becomes entitled to a vacation with pay, or being entitled to it, before he takes it, he shall be paid on termination 3%, 5%, 7%, 9%, 11% or 13% (depending on whether he belongs in the category of employees described in (A), (B), (C), (D), (E), (F) or (G) above respectively) of his wages earned during the period of employment ending with his termination in respect of which no vacation or vacation pay to which he remains entitled has been paid or taken.

- d) Amend Section 4: General Rules by inserting a new section to provide that employees who qualify for vacations in categories (c), (d), (e), (f) or (g) may elect to forfeit up to two (2) weeks vacation time [subject to the Employment Standards minimum] and be paid the vacation pay that they would have received in lieu of those weeks.
8. Delete Article XX – Pension Plan – Integration of Pension Bridge Benefit
9. Amend Article XXXII – Duration and Amending Procedure to provide for a five (5) year term from May 1, 2012 to April 30th, 2017.

10. Amend Exhibit "C" – Welfare Plan as follows:

- a) Coverage and Benefits – Group Term Life and Accidental Death and Dismemberment Insurance Coverages – Provide a benefit as follows:

MAXIMUM INSURANCE BENEFITS PAYABLE		
EFFECTIVE DATE	GROUP TERM LIFE	AD+D
May 1, 2012	\$98,500	\$98,500
May 1, 2013	\$98,500	\$98,500
May 1, 2014	\$98,500	\$98,500
May 1, 2015	\$100,500	\$100,500
May 1, 2016	\$102,500	\$102,500

- b) Coverage and Benefits – Weekly Indemnity Coverage – Provide a benefit as follows:

MAXIMUM WEEKLY INDEMNITY BENEFITS PAYABLE	
EFFECTIVE DATE	BENEFIT MAXIMUM
May 1, 2012	\$845.00 per week
May 1, 2013	\$845.00 per week
May 1, 2014	\$845.00 per week
May 1, 2015	\$860.00 per week
May 1, 2016	\$880.00 per week

- c) Amend Section 7. Costs to provide:

Non-Occupational Accident and Sickness Insurance, Long Term Disability

Company 50%
Employee 50%

- d) Delete Joint Welfare Board section.

- e) Amend Union Welfare Committee – Management Welfare Committee to read as follows:

JOINT UNION – MANAGEMENT WELFARE COMMITTEE

- (a) Joint Union - Management Welfare Committee

A Union Welfare Committee shall be appointed and shall meet with a Management Welfare Committee with respect to questions which may arise concerning the operations of the Welfare Plan. The function of the Joint Committee will be to review the operations of the Welfare Plan. It will meet quarterly to formulate and review statistical reports such as usage and costs; it will also review carrier agreements supplied by the Company for the purpose of ensuring compliance with Exhibit "C".

This committee would also deal with any disputes that may arise under the dispute resolution process.

(b) Committee Structure

Mill Operations with one Local Union in the mill shall have a union committee structure of not less than two (2) and not more than three (3) members. Mill operations where there are two Local Unions shall have a committee consisting of not less than three (3) nor more than five (5) members. Such committee members shall be selected by the Union or Unions concerned. The Company shall appoint a Management Welfare Committee consisting of not less than two (2) members and not more than the aggregate number of members of the Union Welfare Committee.

f) Exhibit C – Welfare Plan - Dispute Resolution Process

12. Disputes

No dispute arising out of the operation, administration or interpretation of any coverage contract between the Company and the carrier shall be subject to the Adjustment of Complaints procedure of the Labour Agreement. Any such dispute shall be adjudicated under the terms of the following Dispute Resolution process.

- 1) Where the insurance carrier has denied an employee Weekly Indemnity or Long Term Disability benefits, the issues shall be referred to a Joint Union-Management Welfare Committee.

To assist in the appeal of the denial of benefits, in addition to a standard Weekly Indemnity or Long Term Disability claim form from the employee's physician, the Employer shall, within seven days, confirm the following documentation has been forwarded to the carrier (with copies to the Union committee);

- a) a complete job description
- b) a physical demands analysis which indicates in detail the demands of the particular occupation.

From these documents an evaluation is made to identify the essential and peripheral elements of the particular occupation. With input from the Employer, these evaluations will ensure an appropriate identification of the key or essential elements of a particular occupation.

- 2) In the event the employee's claim is further denied and the employee wishes to further appeal the decision of the carrier, the claimant may, within fourteen days, refer the denial of benefits to the Joint Union-Management Welfare Committee. The committee will meet within 7 days of referral, they will review all relevant information the claim forms, documents as listed in 1) above along with obtaining directly from the insurer the employees complete file. The file will include all correspondence, all notes, denial letter and

any medical reports obtained by or commissioned by the insurer which would include but not limited to any functional capacity evaluation or a transferable skills report.

The Committee will render on a consensus basis a written decision. If the committee is unable to resolve the disputed claim, within fourteen days, it will be referred to a third party for resolution.

- 3) The mutually agreed upon third party shall have the right to review the claim file, require further examinations or testing of the claimant by a specialist. Costs incurred for medical examination or specialist testing shall be borne by the Employer. The costs of the third party shall be born equally by the Union and the Employer.
- 4) The Company and Union will develop a list of 6 mutually agreeable third parties.
- 5) The third party will endeavor to complete the assessment and reach a decision on the issue under appeal within fourteen days of referral.
- 6) The decision of the third party shall be binding upon the parties and where applicable the carrier.

g) Delete reference to feasibility of establishing a Jointly Trusteed Health and Welfare Plan.

11. The Parties recognize the importance of a long term successful Pulp and Paper Industry in British Columbia and in particular within the communities and facilities which Catalyst Paper operates. To this end the Company is prepared to work jointly with the Communications and Paperworkers Union of Canada (CEP) to secure the following:

- Work jointly with CEP its officers, agents and contacts to seek funding for the advancement of the above stated purposes including alternate fuels etc., otherwise referred to as "Green Initiatives", from Federal and Provincial Ministries and their agencies etc.
- Work jointly with the CEP its officers, agents and contacts to acquire a fibre supply that gives a long term viable supply of fibre at a fair market price.
- Work jointly with the CEP its officers, agents and contacts, Provincial and Federal Ministries and their agencies etc., to acquire funding and/or investment opportunities for a wider range of higher valued products and possible finished product opportunities.
- Work jointly with CEP its officers, agents and contacts Provincial and Federal Ministries and their agencies etc., to develop a Provincial Pulp and Paper Industry training initiative for new employees, Steam Plant Operators, Trades and other positions requiring certification. This may require working closely with other heavy industry employers across British Columbia.

A review of the status of these ventures and initiatives will be conducted on a quarterly basis at the President's Council, any value achieved will be applied to the ongoing operation of the three (3) Canadian operations.

12. The Company and Union agree to establish and participate in a Revised President's Council which will meet quarterly to work with the President and CEO along with senior management towards achieving the Company's business goals and objectives. The President's Council will:

- Review and monitor progress toward meeting performance, sales, employment and other targets set out in the Annual Business Plan;
- Review the capital expenditure programs
- Review major sale, lease or rental of assets
- Review manning objectives including attrition, recruitment and other matters which impact employees.

The President's Council will be composed of:

- President and CEO of Catalyst Paper Corp
- Vice President of Operations
- Senior Vice President of Human Resources
- General Managers of each Division
- Human Resources Manager of each Division
- President and one additional delegate from Local Union(s) of each Division
- CEP National Representative(s)
- CEP Western Region Vice President or designate

The Company agrees to pay for all reasonable expenses for the attendance of each Local Union President (or their designate) and additional delegate for attendance at the President's Council.

Dated this 10th day of March 2012.

For Catalyst Paper Corporation



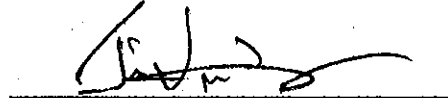
For Communications, Energy and
Paperworkers Union of Canada



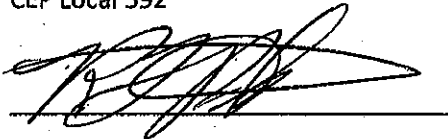
CEP Local 1



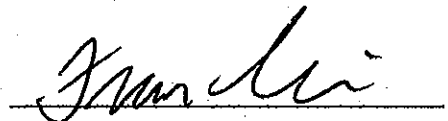
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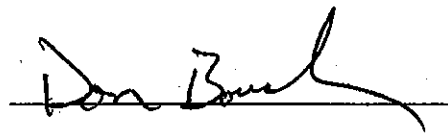
CEP Local 592



CEP Local 686



CEP Local 1132



CEP National Union



CEP National Union



CEP National Union

LETTER of UNDERSTANDING

Between

CATALYST PAPER CORPORATION

And

CEP LOCAL UNIONS 1, 76, 592, 686 AND 1132

Re: Banked Time - 2012 – 2017 Renewed Labour Agreement

The Parties agree that Article VI – Hours of Work or Agreements which form part of the renewed Labour Agreement providing for the payment or banking of overtime based on the double time are suspended until April 30, 2015. During this period employees will receive payment at time and one-half or straight time rate and banking at ½ time rate for the actual time worked.

Examples would be as follows:

A day worker works four (4) hours beyond the end of their scheduled shift. They would be entitled to receive:

Eight Hours at the straight time rate
Two hours at the rate of time and one-half
Two hours at the straight time rate
Two hours banked at the half time rate (one hour in the bank)

A day worker works fourteen (14) hour in a day. They would be entitled to receive:

Eight hours at the straight time rate
Two hours at the rate of time and one half
Four hours at the straight time rate
Four hours at the half time rate (two hours in the bank)

A day worker is called to work at 10pm and works four hours following completion their regular scheduled shift. They would be entitled to:

Eight hours at the straight time rate
Two hours at the rate of time and one half
Two hours at the straight time rate
Two hours at the half time rate (one hour in the bank)

A tour worker works four hours beyond the end of their scheduled shift. They would be entitled to receive:

Twelve hours at the straight time rate
Four hours at the straight time rate
Four hours at the half time rate (two hours in the bank)

A tour worker works twelve hours on their designated day off. They would be entitled to receive:

Eight hours at the rate of time and one half
Four hours at the straight time rate
Four hours at the half time rate (two hours in the bank)

Agreement

Between

Catalyst Paper Corporation

(The Company)

And

The Communications Energy and Paperworkers Unions, Local 1, 76, 592, 686, 1132, 630 and 1123

(The "Unions")

Whereas the Company and all related corporate entities that are Petitioners in Action # S120702 entered into CCAA proceedings in BC Supreme Court and are planning on presenting a "Plan of Arrangement" to the Court pursuant to the CCAA.

Whereas part of that arrangement will be the continuation of the revised Collective Agreement that is to be agreed to as part of current negotiations between the Company and the Unions.

Whereas the Unions have made substantial amendments and concessions to the Company in furtherance of its intention to cut operating costs and continue operating.

Whereas the Unions have made these concessions explicitly to assist the Company but also so that obligations of the Company to members and former members of the Unions that were in effect on the CCAA filing date of January 31, 2012 will continue to apply after the arrangement becomes effective.

Whereas the Employer agrees that it explicitly agrees to honour those obligations despite them potentially being "pre-filing debts" in the CCAA action and thus subject to potential compromise.

Whereas the parties agree that the Unions are agreeing to the compromise contained in the revised Collective Agreement explicitly on the basis that these obligations will continue as set out above and below.

The parties agree:

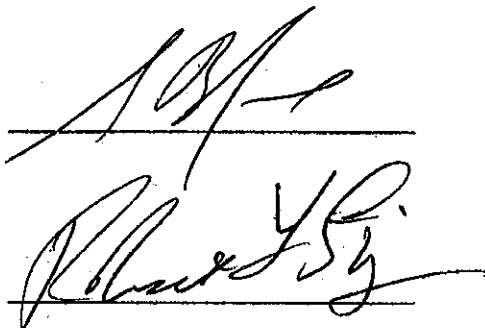
- a) The Company will ensure that all obligations (including any obligations currently in dispute through the grievance process under a collective agreement to the extent that the Company is determined to be responsible under such process) and amounts owing to CEP members and former CEP members pursuant to various current and former Collective Agreements, Letters of Understanding or other retirement or severance arrangements to the extent applicable as of the CCAA filing date of January 31, 2012 will continue after any Plan of Arrangement placed before the Court and other Creditors and those obligations and amounts will survive any final "discharge order" pursuant to the CCAA proceedings and be continuing obligations of the

Company or its successor regardless of any technical "Bankruptcy" or any other insolvency proceeding. .

- b) The Company will be responsible for obtaining the agreement of the 2016 Bondholders group to this arrangement under a plan of arrangement the Company files under the CCAA.
- c) Without limiting the generality of the above and unless explicitly compromised in the new Collective Agreement entered into between the parties, the Company will ensure and take steps to ensure the Company's obligation with respect to the following amounts continue to apply in any "plan of arrangement" regardless if the amount owing to individual CEP members or former members was accrued prior to the CCAA filing date of January 31, 2012 namely:
 - 1) All pension top-up payments due and owing under various early retirement agreements between the parties.
 - 2) All "bridging" payments due and owing for "early retiree's" under the various Collective Agreements including "pop-up" payments
 - 3) All benefits payable pursuant to agreements between the parties for retirees and their beneficiaries to the extent that such benefits were being paid by the Company prior to the CCAA filing date of January 31, 2012.
 - 4) All vacation or other "earned time" benefits owed to current employees including banked time, supplementary vacation, lieu time or other accumulated benefits under the various Collective Agreements.
- d) This Agreement is entered into at the same time as the revised Collective Agreement and if this agreement is nullified in any way, then the Collective Agreement is also nullified.

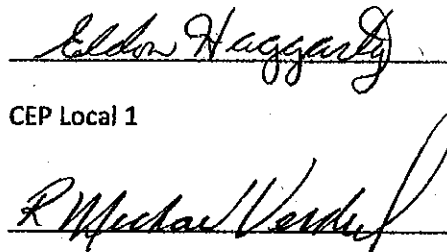
Agreed to this 10th day of March, 2012.

For Catalyst Paper Corporation



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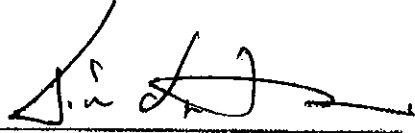
For Communications, Energy and
Paperworkers Union of Canada



Two handwritten signatures in black ink, one above the other, each written over a horizontal line.

CEP Local 76

CEP Local 592



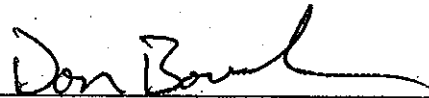
CEP Local 686



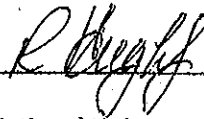
CEP Local ~~1128~~ *244 1143*



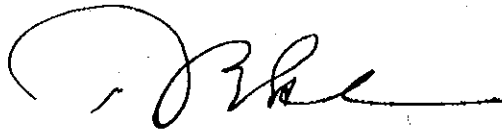
CEP Local 1132



CEP National Union



CEP National Union



CEP National Union

Catalyst



Catalyst Paper Corporation
2nd Floor, 3600 Lysander Lane
Richmond, British Columbia
Canada V7B 1C3

Tel: 604 247 4400
Fax: 604 247 0512.

Letter of Agreement

Re: Joint Union – Management Welfare Committee MOA March 10th 2012

March 10, 2012

This will confirm our agreement that the review of carrier agreements referred to in 10 e)
(a) will be carried out through the corporate benefits group and not by the individual mills.

Signed this 10 day of March, 2012.

D. Schaub - CEP

S. Boniferno - Catalyst Paper