



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

UNITED STEEL, PAPER AND FORESTRY, RUBBER, MANUFACTURING, ENERGY,
ALLIED INDUSTRIAL AND SERVICE WORKERS INTERNATIONAL UNION
Respondent

APPLICATION RESPONSE

Application response of: United Steel, Paper and Forestry, Rubber, Manufacturing, Energy,
Allied Industrial and Service Workers International Union ("USW")

THIS IS A RESPONSE TO the Notice of Application filed by the Petitioners on March 27, 2012.

Part 1: ORDERS CONSENTED TO

None.

Part 2: ORDERS OPPOSED

The USW opposes the granting of the order set out paragraph 1 of Part 1 of the Notice of Application.

Part 3: ORDERS ON WHICH NO POSITION IS TAKEN

None.

Part 4: FACTUAL BASIS

1. The Affidavit #2 of A. Crabtree, made March 23, 2012, provides a stalking horse purchase agreement (the "Stalking Horse Agreement").
2. The Stalking Horse Agreement makes multiple references to a Seller Disclosure Letter, which purports to provide pertinent information to accompany the Stalking Horse Agreement.
3. Catalyst has not provided a copy of the Seller Disclosure Letter. Without the Seller Disclosure Letter being provided to the parties or the Court, a proper evaluation and assessment of the Stalking Horse Agreement cannot be made.
4. The Stalking Horse Agreement does not provide any information about the purchaser assuming the liabilities of the Petitioner with respect to participation in the PACE Industry Union-Management Pension Fund.
5. The Stalking Horse Agreement does not make any provision for the assumption by the purchaser of the Labor Agreement between Catalyst and the USW, effective March 1, 2011 - March 1, 2014 (the "Labour Agreement").
6. Exhibit C of the Labour Agreement, as provided in the affidavit #1 of K. Robinson, requires in the relevant part, that during the life of the Labour Agreement, any sale, transfer, or assignment of a facility covered by the agreement, must be conditional upon the purchaser, lessee, transferee or assignee, assuming all obligations under the Labour Agreement until expiration. Further, Exhibit C requires that all affected employees of the bargaining unit must be treated in accordance with the terms of the Labour Agreement after a sale, transfer, or assignment. The Stalking Horse Agreement, as presented, does not include those conditions, and a sale of the facility covered by the Labour Agreement cannot be approved absent compliance with its terms.

Part 5: LEGAL BASIS

1. *Supreme Court Civil Rules*, Rule 8-1, 13-1
2. *Companies' Creditors Argument Act*, R.S.C. 1985, c. C-36, as amended;
3. The inherent and equitable jurisdiction of the Court.

Part 6: MATERIAL TO BE RELIED ON

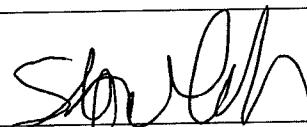
1. Affidavit #1 of K. Robinson, made March 29, 2012;
2. Affidavit #2 of A. Crabtree, made March 23, 2012;
3. Monitors' Reports;
4. Pleadings and Orders made to date;
5. Such further and other materials as counsel may advise and the Court may permit.

The USW estimates that the application will take 20 minutes.

The application respondent has filed in this proceeding a document that contains the application respondent's address for service.

The application respondent has not filed in this proceeding a document that contains an address for service. The application respondent's ADDRESS FOR SERVICE is:

Date: March 29, 2012



Signature of Stefanie Quelch

application respondent

lawyer for the USW