



This is the 1<sup>st</sup> Affidavit of Christopher Misura  
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**

**COMMUNICATIONS, ENERGY AND PAPERWORKERS' UNION,  
LOCALS 1, 76, 592, 630, 686, 1123 AND 1132**

**RESPONDENTS**

**PULP, PAPER AND WOODWORKERS' OF CANADA, LOCAL 2**

**RESPONDENT**

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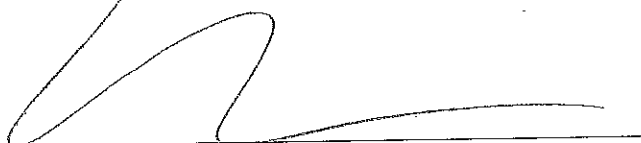
**AFFIDAVIT OF CHRISTOPHER MISURA**

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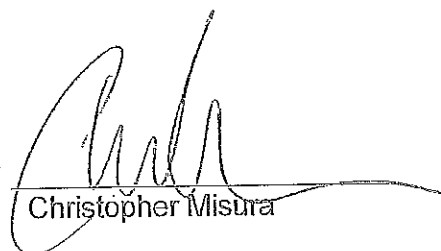
I, CHRISTOPHER MISURA, of the City of Vancouver, in the Province of British Columbia,  
MAKE OATH AND SAY AS FOLLOWS:

1. I am an associate lawyer at Glavin Gordon Clements, the law firm retained to represent the Pulp, Paper and Woodworkers' of Canada, Local 2 ("Local 2") generally and in relation to the proceedings under the *Companies' Creditors Arrangement Act* (the "CCAA") and as such have personal knowledge of the facts and matters hereinafter deposed to, except where stated to be based on information and belief, in which case I verily believe them to be true.
2. I have reviewed the security and reversion agreement and the pre-filing debts agreement made between Local 2 and Catalyst Paper Corporation ("Catalyst"), both dated March 15, 2012 (collectively, the "Agreements"), which were provided to me by Paul Zarry, the President of Local 2, and I have attached true copies of the Agreements to my Affidavit as Exhibits. The security and reversion agreement is attached hereto as Exhibit A and the pre-filing debts agreement is attached hereto as Exhibit B.
3. Mr. Zarry has advised me, and I verily believe, that the Agreements were entered into by Local 2 and Catalyst in the course of recent negotiations for a renewal collective agreement, which resulted in Local 2 agreeing to significant concessions in light of the CCAA proceedings in respect of Catalyst. Mr. Zarry has advised me, and I verily believe, that the Agreements were executed by the parties in exchange for the concessions given by Local 2.
4. Mr. Zarry has also advised me, and I verily believe, that the Agreements form part of the renewal collective agreement between the parties, which was ratified on March 16, 2012.

SWORN BEFORE ME in the City of Vancouver  
in the Province of British Columbia, on  
March 20, 2012.

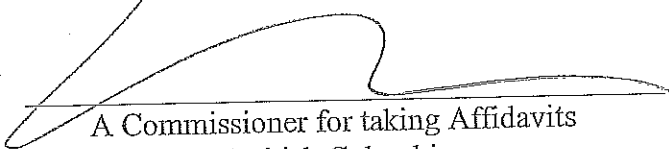


A Commissioner for taking Affidavits  
for British Columbia



Christopher Misura

This is Exhibit "A" referred to in the Affidavit of Christopher Misura made before me at Vancouver, British Columbia this 20<sup>th</sup> Day of March 2012.



A Commissioner for taking Affidavits  
for British Columbia

**CHARLES GORDON**  
*Barrister & Solicitor*  
510 - 2695 GRANVILLE STREET  
VANCOUVER, B.C. V6H 3H4  
TEL: 604-734-8001 FAX: 604-734-8004

SECURITY AND REVERSIONS AGREEMENT  
Between

000001

Catalyst Paper Corporation  
(the Company)

And

Pulp, Paper and Woodworkers of Canada, Local 2  
(the Local Union)

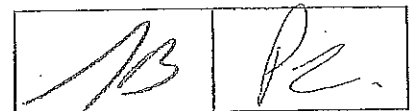
The Memorandums of Agreement related to the renewal of the 2008 – 2012 Labour Agreement (the "Current Labour Agreement") are entered into on the following understandings:

The Local Union will be entitled to satisfy itself through the efforts of an Accountant designated by the Local Union 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 Union and this agreement and concessions will not be effective until the Local Union has 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

The amendments to the Current Labour Agreement, contained in the Memorandums of Agreement, have been agreed to by the Local Union, after proceedings have been commenced under the CCAA in respect of the Company, in order 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 Crofton mill represented by the Local Union.

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 Company (or any amendment to that plan) involve either the closure (partial or otherwise) of the Crofton mill operation represented by the Local Union, then the amendments to the Current Labour Agreement, set out in the Memorandums of Agreement, shall be deemed null and void, regardless of whether those amendments have become effective, and the Current Labour Agreement between the Local Union and the Company (defined as the 2008 – 2012 Labour Agreement in place prior to the "amendments") shall immediately be deemed to be and have been the terms and conditions of employment for all bargaining unit employees and the Current Labour Agreement shall immediately be deemed to be and have been the Labour Agreement between the parties.

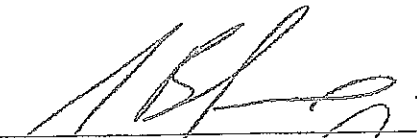
This Agreement is without prejudice to any rights or claims that the Local Union may make in any Court or other proceeding including any CCAA or other insolvency proceeding.

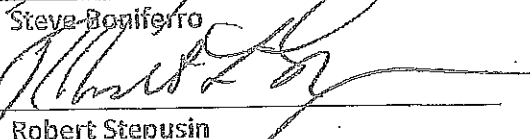


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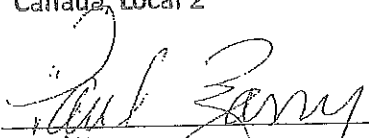
Dated this 15<sup>th</sup> day of March 2012

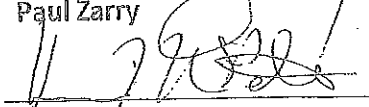
For Catalyst Paper Corporation

  
Steve Boniferno

  
Robert Stepusin

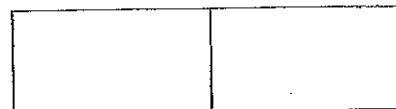
For Pulp, Paper and Woodworkers of  
Canada, Local 2

  
Paul Zarry

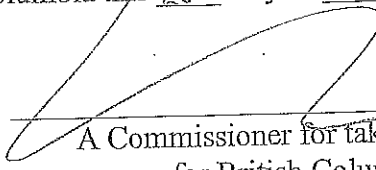
  
Kevin McPetrie

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Brent Ellason

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Sherman Power



This is Exhibit "B" referred to in the Affidavit of Christopher Misura made before me at Vancouver, British Columbia this 20<sup>th</sup> Day of Mar 20 12

  
A Commissioner for taking Affidavits  
for British Columbia

**CHARLES GORDON**

*Barrister & Solicitor*

510 - 2695 GRANVILLE STREET

VANCOUVER, B.C. V6H 3H4

TEL: 604-734-8001 FAX: 604-734-8004

AGREEMENT  
Between

000003

Catalyst Paper Corporation  
(the Company)

And

Pulp, Paper and Woodworkers of Canada, Local 2  
(the Local Union)

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 Union.

Whereas the Local Union has made substantial amendments and concessions to the Company in furtherance of its intention to cut operating costs and continue operating.

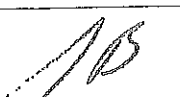
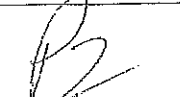
Whereas the Local Union has made these concessions explicitly to assist the Company but also so that obligations of the Company to members and former members of the Local Union that were in effect on the CCAA filing date of January 31, 2012 will continue to apply after the arrangement becomes effective.

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.

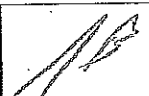

Whereas the parties agree that the Local Union is agreeing to the compromise contained in the revised Collective Agreement explicitly on the basis that these obligations will continue as set out above and below.

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 Local Union members and former Local Union 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.

	
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- b) The Company will be responsible for obtaining the agreement of the 2016 Bondholder 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 Local Union 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 as part of and conditional upon the revised Collective Agreement and if this agreement is nullified in any way, then the revised Collective Agreement is also nullified, and the 2008 – 2012 Labour Agreement, in force prior to the revised Collective Agreement, shall immediately be deemed to be the Labour Agreement between the parties.

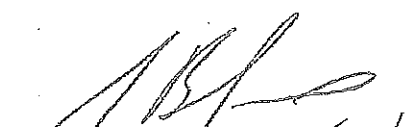
	
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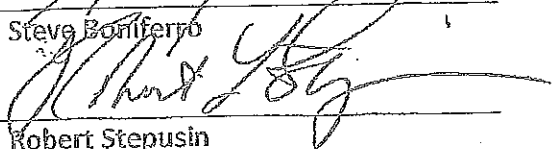


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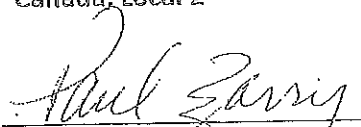
Dated this 15<sup>th</sup> day of March 2012


For Catalyst Paper Corporation

  
Steve Boniferno

  
Robert Stepusin

For Pulp, Paper and Woodworkers of  
Canada, Local 2

  
Paul Zarry

  
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