

Affidavit #1 of Clifford LeRoy (Lee) Best
sworn June 1, 2012

No. S0120712
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 #1 OF CLIFFORD LEROY (LEE) BEST

I, Clifford LeRoy (Lee) Best, retiree, of 288 East 6th Street, Suite 204, North Vancouver, British Columbia, SOLEMNLY AFFIRM AND SAY THAT:

1. I am a former employee of Fletcher Challenge Canada Ltd. ("FCCL"), which is a predecessor company to Catalyst Paper Corporation and/or its affiliated companies (collectively "Catalyst" or the "Company"). As such, I have personal knowledge of the facts to which I hereinafter depose, except where stated to be on information and belief, in which case I verily believe them to be true.

2. I swear this Affidavit in support of the Application brought by the Catalyst-TimberWest Retired Salaried Employees Association, as representative of former members of the Catalyst Paper Corporation Retirement Plan for Salaried Employees, B.C. Reg. No. 85400-1 (the "Salaried Plan"), persons entitled to or in receipt of survivor benefits from the Salaried Plan, and designated beneficiaries of former members of the Salaried Plan, for the declarations and orders set forth in the Notice of Application.

My Employment with the Company

3. I worked for the Company from September 1965 to December 1999. I started in the mill stores at the Crofton pulp and paper mill. In January 1971, I was transferred to FCCL's corporate head office in Vancouver. Over the course of my approximately 34 years of employment with the Company, I held a number of different positions, including most recently Manager of Purchasing for FCCL's Pulp and Paper Division. Attached hereto as **Exhibit "A"** is a true copy of my *curriculum vitae*.

4. My responsibilities at the Company over the years, and in particular in my capacity as Manager of Purchasing, included (among others): managing the selection of suppliers for the purchase of raw materials, chemicals, and energy; establishing and maintaining a departmental price and usage monitoring system; preparing budgets for the annual requirement of production raw materials; and establishing and maintaining relationships with corporate suppliers and their representatives. I worked hard at my job and I believe that my efforts contributed to the Company's success during the years in which I worked there.

5. As a result of my employment with the Company, I am entitled to a pension from the defined benefit segment of the Salaried Plan.

6. During the course of my employment with the Company, I understood that I was receiving a lower salary than I might otherwise be able to obtain in exchange for a promise of pension benefits in the future. I was told by the Company that my pension benefits were part of my compensation for my services. At all times during my employment with the Company, I expected that the Company would pay me the pension benefits that were promised to me. I earned such benefits.

7. I retired from the Company in December 1999, at the age of 57. At my retirement, my annual income from the Company was in the range of \$60,000 per year.

8. I am currently 69 years old.

Hardship Caused by the Potential Reduction of Pension Benefits

9. The Salaried Plan has a substantial solvency deficiency.

10. I understand that the Company is currently in the process of trying to sell its assets pursuant to the terms of a sale agreement whereby the purchaser would not assume liability for the Salaried Plan. As such, I understand that the Salaried Plan will in all likelihood be wound up in its underfunded state, which will result in a reduction of benefits to those who are entitled to receive a pension under the defined benefit segment of the Salaried Plan. I understand that the exact magnitude of the reduction in benefits is unknown at present, but that it could be in the range of 30% to 35%.

11. I also understand that it is likely that some or all of my medical benefits will be terminated by the Company.

12. I will be directly and adversely affected by any reduction of benefits from the Salaried Plan, as well as by any reduction in medical benefits.

13. I have been receiving a monthly pension from the Company of \$1954.23 after tax (\$2086.06 before tax), for an annual total of \$23,367.72 after tax (25,032.72 before tax) since my retirement. Attached hereto as **Exhibit "B"** is a true copy of one of my monthly statements from CIBC Mellon showing my monthly pension payments from the Company.

14. Attached hereto as **Exhibit "C"** is a true copy of one of my T4A Statements of Pension, Retirement, Annuity, and Other Income for 2011, which shows my total pension benefit from the Company for 2011.

15. My pension is not indexed for inflation. I have been receiving the same pension since my retirement in 1999, even though my cost of living has risen since then.

16. I have reviewed the actuarial valuation report as of December 30, 2010 that was filed by the Company with the British Columbia Superintendent of Pensions (which is attached as an exhibit to the Affidavit #1 of Mr. Sharkey, sworn June 1, 2012). Based on my review of this document, I am aware that the average annual lifetime pension of a retired employee of the Company is \$18,545. Therefore, my annual pension, even though it is quite modest, is above the average.

17. Apart from my pension from the Company, my other sources of income are relatively limited.

18. I also receive a pension from the Canada Pension Plan ("CPP"). Attached hereto as **Exhibit "D"** is a true copy of my T4A(P) Statement of Canada Pension Plan Benefits for the

tax year 2011, which shows that my total CPP benefit in 2011 was \$8101.80 after tax, or \$675.15 per month.

19. In addition, I receive Old Age Security ("OAS"). Attached hereto as **Exhibit "E"** is a true copy of my T4A (OAS) Statement of Old Age Security, which shows that my total OAS benefit for the tax year 2011 was \$6368.25, or \$530.69 per month.

20. I also receive a small annuity from Standard Life in the amount of \$2,371.08 per year, or \$197.59 per month. Attached hereto as **Exhibit "F"** is a true copy of my T4 Statement of Pension, Retirement, Annuity, and Other Income for the tax year 2011, which shows this benefit.

21. My wife Grace passed away two years ago and I do not receive any survivor's or other benefits from her estate.

22. My income is modest and I have just enough money to fund the essentials of life: groceries, health care, transportation, property taxes and upkeep for my condominium, clothing, miscellaneous daily living expenses, basic gifts for my children and grandchildren, occasional travel, and the like. I watch my money closely to ensure that I have enough to live on each month. I do not spend extravagantly, and I do not have room in my monthly budget for luxuries.

23. Any reduction in my pension benefits from Catalyst (other than a very minor reduction) will cause hardship to me. A reduction as large as 30 to 35% would cause a significant drop in my monthly retirement income and would be particularly onerous for me.

24. I rely on the on the pension benefits that I earned for the work I performed for the Company to cover my expenses, which have increased very significantly since I retired. I am

finding it difficult now to keep my head above water. A further loss would be devastating and would have a very detrimental impact on my overall standard of living.

25. A reduction in benefits would affect my ability to travel occasionally and do various other activities that I currently enjoy, such as being able to do things with my four grandchildren and their families. It would also necessitate significant changes to my monthly budget and to the routine of my life. As someone who is almost 70 years old now, such drastic changes to my budget and routine would be difficult, disruptive, and disheartening.

26. If my pension benefits are reduced, in all likelihood my monthly income will be insufficient to cover my daily living and health expenses, even if I make major cutbacks to my monthly budget. My only source of funds to cover the shortfall would be to sell the condominium where my wife Grace and I lived for six years before her passing, and which I continue to call home, and to move to a smaller and less expensive apartment.

27. Having to sell my condominium at this point in my life, and to start fresh in a new home, would cause me considerable sadness and stress.

28. When Grace and I downsized from the house where we raised our children into our condominium, it was very important to us to buy a place where we could host our children, grandchildren, and other family and friends in our home. This included being able to host overnight visitors, as some of our family members live out of town. The condominium that we chose was modest, but it allowed us the latitude to be able to host family and friends when we wanted.

29. Being forced to sell this condominium now and further downsize would mean an end to the retirement that Grace and I planned for. I worry that I would no longer be able to carry on the tradition that Grace and I started sixteen years ago of hosting family dinners every Tuesday night—something that is often the highlight of my week and that means the world to me.

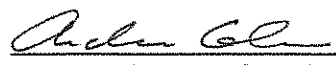
30. In addition, I have family members who visit regularly from out of town and stay with me. If I am forced to move to a smaller place, I may no longer be able to accommodate these visits.

31. The fact that I may lose my health benefits only compounds the problem and increases the precariousness of my financial situation. As a type II diabetic, my medications are essential to my health and I am worried about the cost of these medications. I am also worried about what will happen to me if I become ill or suffer any sort of injury that might result in expenses above what the provincial health plan will cover.

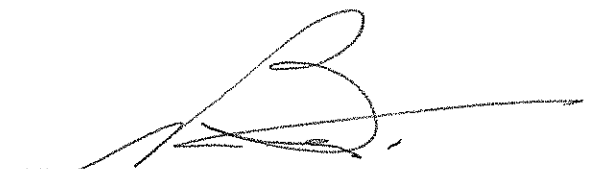
32. I will be turning 70 on September 18, 2012. I am too old to find new employment that would pay me for the loss of my pension benefits.

33. I am distressed and dismayed by the possibility that I may very soon be losing a significant part of the benefits that were promised to me in exchange for my service to the Company. I earned these benefits through over three decades of service with the Company. It seems unfair and unjust to me that I may now lose these benefits.

AFFIRMED BEFORE ME at the City of
Vancouver, Province of British Columbia,
this 1st day of June, 2012.



A Commissioner for taking Affidavits
in British Columbia



C. LEE BEST

ANDREA A. GLEN
Barrister & Solicitor
Hunter Litigation Chambers
Suite 2100 - 1040 West Georgia Street
Vancouver, BC V6E 4H1
Telephone: 604-647-3549

C.L. (LEE) BEST

288 East 6th. Street, Suite 204 | North Vancouver, BC V7L 1P5 | 604-817-1325 |
lee.best1@shaw.ca

PERSONAL INFORMATION

Date of Birth - September 18, 1942
Place of Birth - Red Deer, Alberta
Citizenship - Canadian
Sex - Male
Widower

VOLUNTEER SERVICE

- Presently in Church leadership and Youth Ministries, Up to 1996 worked with Kids Summer Camps, Camp Director, Chairman of the Board, Anvil Island Society
- A Director on the Board of the Retired Salaried Employees Association 2007 to present

EMPLOYED UNTIL RETIREMENT

- Manager of Purchasing, Fletcher Challenge Canada Limited, Pulp & Paper division, Corporate Purchasing, Head Office - Vancouver, BC
- From January, 1971 until retirement in December of 1999

SKILLS PROFILE

- Managed the Selection of Suppliers for the Purchase of raw materials, chemicals and energy (heavy fuel) for the production of pulp and paper products at the Company's Mills.
 - Tendered for purchase and established supply contracts for the above noted items
 - Established and maintained a departmental price / usage monitoring system.
 - Prepared budgets for the annual requirement of production raw materials.
 - Established and maintained relationships with corporate suppliers and their representatives.
 - Regularly visited the company operations maintaining a good communication with the individuals responsible for the use of the goods and services provided by our suppliers.
- Enjoyed my job!

EMPLOYMENT HISTORY

9/1/1965 - 12/31/1970

Employed in the Mill Stores (until relocated to Corporate Purchasing)
Crofton Pulp & Paper Division

After High School Graduation
Duncan, BC

6/1/1961 - 9/1/1965

- Worked in the Automotive Industry in parts sales

This is Exhibit "A" referred to in the
affidavit of Clifford LeRoy Best
sworn before me at Vancouver
this 1st day of June 20 12

André Cole

A Commissioner for taking Affidavits
within British Columbia

CIBC MELLON

This is Exhibit "B" referred to in the affidavit of Clifford LeRoy Best sworn before me at Vancouver this 1st day of June 2012

[Signature]
A Commissioner for taking Affidavits within British Columbia

CIBCM20118_1973500_012 - E - D 02174

CLIFFORD L BEST
204-288 EAST 6TH ST
NORTH VANCOUVER BC
V7L 1P5

February 01, 2012 CATALYST PAPER CORPORATION RET PLAN SALARIED EMP FCL01E70027XXX
Payment Date / Date de paiement Client / Promoteur du régime Reference Number / Numéro de référence

SOURCES	AMOUNT	YEAR-TO-DATE	DEDUCTIONS	AMOUNT	YEAR-TO-DATE
SOURCES	MONTANT	À JOUR	DÉDUCTIONS	MONTANT	À JOUR
BASE PEN	2,086.06	4,172.12	FEDL TAX	131.83	270.:
TOTAL	\$2,086.06	\$4,172.12		\$131.83	\$270.:

NET AMOUNT / MONTANT NET: **\$1,954.23** YEAR-TO-DATE / À JOUR: **\$3,901.78**



CIBCM20118_1973500_012 - 0023488
HRI - 1 - 1 - 2 - 002174

Your payments will be deposited to the following account: ROYAL BANK OF CANADA, 02960 - 5025416
Vos prestations seront déposés au compte suivant :

Please note the following changes / Notez les changements suivant : Tax Exemption Amount, Federal Tax Amount

Change Notification / Avis de changement

P.O. Box 5858, Station B, London, Ont., N6A 6H2
1-800-565-0479 English, 1-800-268-1629 French, 1-800-263-4497 USA
www.cibcmellon.com

PAYMENT CONFIRMATION / CONFIRMATION DE PAIEMENT
NOT NEGOTIABLE / NON NÉGOCIABLE

Payer's name - Nom du payeur
CATALYST PAPER CORP FCLO1E
C/O CIBC MELLON GSS 1-800-565-0479

Payer's Account Number / Numéro de compte du payeur
 081

Social insurance number / Numéro d'assurance sociale
 012 **700 271 224**

Recipient's Account Number / Numéro de compte du bénéficiaire
 013

FCLO1E700271224

Recipient's name and address - Nom et adresse du bénéficiaire
 Last name (in capital letters) - Nom de famille (en lettres majuscules) First name - Prénom Initials - Initiales
BEST, CLIFFORD L
204-288 EAST 6TH ST
NORTH VANCOUVER, BC V7L 1P5

Pension or superannuation - line 115 / Prestations de retraite ou autres pensions - ligne 115
 016 **25,032 72**

Income tax deducted - line 437 / Impôt sur le revenu retenu - ligne 437
 022 **1,665 00**

Lump-sum payments - line 138 / Paiements forfaitaires - ligne 138
 018

Self-employed commissions / Commissions d'un travail indépendant
 020

Annuities / Rentes
 024

Fees for services / Honoraires ou autres sommes pour services rendus
 048

Other information (see over) - Autres renseignements (voir au verso)

Box - Case	Amount - Montant	Box - Case	Amount - Montant

This is Exhibit "C" referred to in the affidavit of Clifford LeRoy Best sworn before me at Vancouver this 1st day of June 2012
[Signature]
 A Commissioner for taking Affidavits within British Columbia



Year Année	20 Taxable CPP benefits Prestations imposables du RPC	21 Number of months Nombre de mois	22 Income tax deducted Impôt sur le revenu retenu	12 Social insurance number Numéro d'assurance sociale	13 Onset or Effective date Date de début ou d'entrée en vigueur	14 Retirement benefit Prestation de retraite
2011	8,248.80	12	1,200.00	700 271 224	1101	8,101.80
					15 Survivor benefit Prestation de survivant	16 Disability benefit Prestation d'invalidité
					17 Child benefit Prestation pour enfant	18 Death benefit Prestation de décès
					Benefit number N° de prestation	700271224 20

Issued by: Service Canada
Émis par: Service Canada

RC-11-948

BCPOAT-B

0910

BEST CLIFFORD
204-288 6TH ST E
NORTH VANCOUVER BC V7L 1P5

Loi sur la protection des renseignements personnels, Fichier de renseignements personnels ARC PPU 005 et ARC PPU 150
Privacy Act, Personal Information Bank CRA PPU 005 and CRA PPU 150

T4A (P) (10)
SC-ISP0136nat(2011-11-01)

Keep this copy for your records
Conservez cette copie pour vos dossiers



See your tax guide for information on how to report your income. When making enquiries to Service Canada about the Canada Pension Plan (CPP), please give your benefit number.

- Box 13** – For a disability benefit, this is the date a person is determined to be disabled for CPP purposes. For a retirement benefit, this is the date the benefit became payable.
- Box 16** – Enter this amount on line 152 of your return. This amount is already included in the amount in box 20. Therefore, do not add it to your income or deduct it.
- Box 20** – Enter this amount on line 114 of your return. Box 20 includes any benefits shown in boxes 14, 15, 16, 17, and 18. It also includes any recovery of CPP overpayments or payments for arrears.
- Box 21** – This is the number of months excluded from your CPP contributory period.
- Box 22** – Enter this amount on line 437 of your return.

Consultez votre guide d'impôt pour obtenir des renseignements sur la façon de déclarer votre revenu. Veuillez mentionner votre numéro de prestation lorsque vous communiquez avec Service Canada pour obtenir des renseignements sur le Régime de pensions du Canada (RPC).

- Case 13** – Pour une prestation d'invalidité, ceci est la date à laquelle une personne est déclarée invalide aux fins du RPC. Pour une prestation de retraite, ceci est la date à laquelle la prestation est devenue payable.
- Case 16** – Inscrivez ce montant à la ligne 152 de votre déclaration. Puisque ce montant est inclus dans le montant de la case 20, vous ne devez pas l'ajouter à vos revenus, ni le déduire de ceux-ci.
- Case 20** – Inscrivez ce montant à la ligne 114 de votre déclaration. Ce montant comprend déjà les montants des prestations indiquées aux cases 14, 15, 16, 17 et 18. Il tient aussi compte de tout paiement en trop recouvré ou de tout paiement d'arrérages du RPC.
- Case 21** – Nombre de mois exclus de votre période de cotisation au RPC.
- Case 22** – Inscrivez ce montant à la ligne 437 de votre déclaration.

This is Exhibit "D" referred to in the affidavit of Clifford Murray Best sworn before me at Vancouver this 15th day of June 2012

[Signature]

A Commissioner for taking Affidavits within British Columbia



Government of Canada

Gouvernement du Canada

Protected B (when completed)
Protégé B (une fois rempli)

5

PO BOX / CP 1177
STN / SUCC CSC
VICTORIA BC V8W 2V2
CANADA

BCPOAT-B 09

MR CLIFFORD L BEST
204-288 6TH ST E
NORTH VANCOUVER V7L 1P5

This is your Old Age Security T4A (OAS). You will need this when you file your income tax return.
Voici votre T4A (OAS) de la Sécurité de la vieillesse. Vous en aurez besoin pour votre déclaration de revenu.

J12085-J12122



Canada Revenue Agency

Agence du revenu du Canada

STATEMENT OF OLD AGE SECURITY
RELEVÉ DE LA SÉCURITÉ DE LA VIEILLESSE T4A (OAS)

Year	18 Taxable pension paid	19 Gross pension paid	20 Overpayment recovered	21 Net supplements paid	22 Income tax deducted	23 Quebec income tax deducted
Année	Versement de pension imposable	Versement brut de pension	Paiement en trop recouvré	Versement net des suppléments	Impôt sur le revenu retenu	Impôt sur le revenu du Québec retenu
2011	6,368.25	6,368.25	.00	.00	.00	.00

Issued by: Service Canada
Émis par: Service Canada

RC-11-948

BCPOAT-B 10 09

MR CLIFFORD L BEST
204-288 6TH ST E
NORTH VANCOUVER V7L 1P5

12	Social insurance number 700 271 224 Numéro d'assurance sociale
13	Old Age Security number 700271224 Numéro de la Sécurité de la vieillesse

Privacy Act, Personal Information Bank CRA PPU 005 and CRA PPU 150
Loi sur la protection des renseignements personnels, Fichier de renseignements personnels ARC PPU 005 et ARC PPU 150

T4A (OAS) (10)
SC-ISP0137nat(2011-11-01)

Keep this copy for your records.
Conservez cette copie pour vos dossiers



This is Exhibit "E" referred to in the affidavit of Clifford L. Best sworn before me at Vancouver this 1st day of June 2012

[Signature]
A Commissioner for taking Affidavits within British Columbia



STATEMENT OF PENSION, RETIREMENT, ANNUITY, AND OTHER INCOME
ÉTAT DU REVENU DE PENSION, DE RETRAITE, DE RENTE OU D'AUTRES SOURCES

Year / Année 2011

Payer's name - Nom du payeur
STANDARD LIFE

Payer's Account Number / Numéro de compte du payeur
61

Social Insurance Number / Numéro d'assurance sociale
12 700 271 224

Recipient's Account Number / Numéro de compte du bénéficiaire
13 PP9088395

Recipient's Name and address - Nom et adresse du bénéficiaire
LAST name (in capital letters) - Nom de famille (en lettres majuscules) First name-Prénom Initials-Initiales
**02710
BEST CLIFFORD L.
204 - 288 EAST 6TH STREET
NORTH VANCOUVER BC V7L 1P5**

Box / Case	Amount / Montant	Box / Case	Amount / Montant

Pension or superannuation - line 115
Prestation de retraite ou autre pension - ligne 115
16 2,371.08

Lump-sum payments - line 130
Paiements forfaitaires - ligne 130
18 0.00

Annuities / Rentes
24

Income tax deducted - line 437
Impôt sur le revenu retenu - ligne 437
22

Self-employed commissions / Commissions d'un travail indépendant
20

Fees for services / Honoraires ou autre sommes pour services rendus
48

Other Information (see back)
Autres renseignements (voir au verso)

Box / Case	Amount / Montant	Box / Case	Amount / Montant

T4A(11) PP9088395 3525203

This is Exhibit "F" referred to in the affidavit of Clifford LeRoy Best sworn before me at Vancouver this 15th day of June 2012.

Archie G. [Signature]
A Commissioner for taking Affidavits within British Columbia