

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

APPLICATION RESPONSE

Application response of: The Communications, Energy and Paperworkers' Union of Canada, Locals 1, 76, 592, 686 and 1132 (the "Application Respondents").

THIS IS A RESPONSE TO the Notice of Application of the Catalyst Salaried Employees and Pensioners Steering Committee's (the "CSEP") filed September 20, 2012.

Part 1: ORDERS CONSENTED TO

1. N/A

Part 2: ORDERS OPPOSED

1. The Application Respondents oppose the granting of the orders set out in paragraphs 1 – 2 of Part 1 of the Notice of Application.

Part 3: ORDERS ON WHICH NO POSITION IS TAKEN

1. N/A

Part 4: FACTUAL BASIS

1. The amount of legal fee payments required to be made by the Company to counsel for the CSEP is prescribed by an agreement (the "Settlement Agreement") approved by order of Court dated March 8, 2012 (the "Settlement Order").
2. The CSEP's deemed trust application jeopardized the Company's ongoing operations and restructuring efforts.
3. The CSEP contributed to the CCAA proceedings but its application and supporting affidavit evidence overstates its role.

Part 5: LEGAL BASIS

1. The CSEP's application ought to be dismissed on the basis that CSEP is bound by the terms of the Settlement Order and the Settlement Agreement.
2. The CSEP has not provided any factual basis that justifies disregarding the express terms of the Settlement Agreement.
3. The CSEP did not act to the benefit of all Creditors and Catalyst. It acted in its own interest.

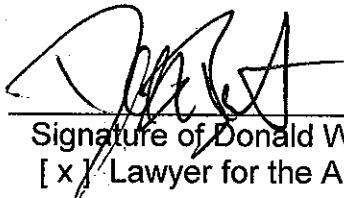
Part 6: MATERIAL TO BE RELIED ON

1. The pleadings filed herein;
2. Affidavit #1 of Kimberley Grierson; and
3. Affidavit of Andrew Hatnay filed February 20, 2012.

The Application Respondents estimate that the application will take: 2.5 hours.

- The Application Respondents have filed in this proceeding a document that contains the Application Respondents' address for service.
- The Application Respondents have not filed in this proceeding a document that contains an address for service. The Application Respondents' ADDRESS FOR SERVICE is:

Date: September 26, 2012



Signature of Donald W. Robert
 Lawyer for the Application Respondents

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