



Town of Snowflake announces cooperation agreement to secure long-term viability of Apache Railroad

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SNOWFLAKE, AZ, Nov. 27, 2012 – The Town of Snowflake today announced that Catalyst Paper Corporation and its United States affiliates will be working cooperatively with the Town as Catalyst seeks to sell the Apache Railway Company as an operating railroad. The Town believes that this approach will serve to ensure the long-term viability of the railroad and its place in the community, both today and for the future.

Earlier this fall, Catalyst permanently closed its Snowflake paper mill and began a U.S. court-approved process to sell mill assets, including the Apache Railway Company. The Apache Railroad has been in operation for almost 100 years and provides an important service to the Town of Snowflake and its surrounding communities.

Catalyst recently met with Town officials to discuss the sale of its Snowflake assets. Town representatives shared their view of the critical role that the Apache Railroad is expected to play in the Town's economic future.

Catalyst expects prospective buyers would recognize the substantial value Apache Railroad holds as a going concern and would move forward in the sale process with the intent of operating the railroad for the foreseeable future. During the meeting with town officials, Catalyst agreed to share information regarding the Apache Railway Company and the sale process.

The Snowflake Town Council voted unanimously on Nov. 6 to acquire the railroad in order to ensure its long-term viability, and to potentially condemn the railroad to assure its operation. "Earlier this month, we took steps to protect our townspeople in the event that there was a planned shutdown of the railroad. Of course, in the case of a buyer that will continue to operate the Apache Railway Company as it has operated, then there is no need for the Town to pursue such steps," said Paul Watson, Snowflake town manager. "On the other hand, the Town continues to reserve its rights if the situation changes. For now, the Town looks forward to meeting with potential buyers to discuss ways that Snowflake can support the railway's continued operation. For its part, Catalyst has encouraged that dialogue."

Catalyst and representatives of the Town of Snowflake will maintain open lines of communication as the sale process unfolds over the next month.

"We are pleased to be working with the Town of Snowflake on a cooperative basis," said Kevin J. Clarke, Catalyst President and Chief Executive Officer. "The best result for all concerned is a smooth transition to a new owner that will continue to conduct rail operations through the Apache Railway Company."

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