



NO. S-103215
VANCOUVER REGISTRY

IN THE SUPREME COURT OF BRITISH COLUMBIA

BETWEEN:

DARRYL SOMERVILLE

PLAINTIFF

AND:

CATALYST PAPER CORPORATION

DEFENDANT

Brought Pursuant to the *Class Proceedings Act*

CERTIFICATION ORDER

BEFORE THE HONOURABLE)
MR. JUSTICE KELLEHER)
MONDAY, THE 21ST DAY
OF MARCH, 2011

THE APPLICATION of the plaintiff for certification under the *Class Proceedings Act*, R.S.B.C. 1996, c. 50, coming on for hearing before me at Vancouver, British Columbia, on February 14 and 15, 2011, and upon hearing DAN GLEADLE and CHRIS FORGUSON, counsel for the plaintiff, AND WARREN MILMAN, counsel for the defendant, and judgment being reserved to this day;

AND UPON READING the pleadings and proceeding as well as the following affidavits sworn and filed herein:

1. Affidavit No. 1 of Darryl Somerville, sworn November 26, 2010;
2. Affidavit No. 1 of Chris Forguson, sworn November 26, 2010;
3. Affidavit No. 1 of Brian Baarda sworn on December 16, 2010;

4. Affidavit No. 1 of Steve Boniferno sworn on December 17, 2010; and
5. Affidavit No. 2 of Steve Boniferno sworn on January 28, 2011;

THIS COURT ORDERS AND DECLARES THAT:

1. The following parties are added as defendants in this action: Catalyst Paper Partnership and Catalyst Pulp and Paper Sales Inc.;
2. This action is certified as a class proceeding;
3. The following are established as classes:
 - (a) All persons who were permanent non-union employees of one or more of the defendants in 2009 and who were eligible to participate in a bonus remuneration program known as the Short Term Incentive Plan (“STIP”), but excluding persons who have by the date of this Order signed a release, waiver, or who accepted a settlement offer finally determining on their behalf the claims advanced in this action in respect of 2009 STIP (“Class A”);
 - (b) All persons who were employed by one or more of the defendants in a permanent non-union position on January 1, 2010 and who had been notified by the defendants that employment benefits for which they had been eligible until that time would be changed, but excluding persons who have by the date of this Order signed a release, waiver, or who accepted a settlement offer finally determining on their behalf the claims advanced in this action in respect of such changes (“Class B”);
 - (c) All persons who were employed by one or more of the defendants in a permanent non-union position on January 1, 2010 and who were members of a defined benefit pension plan (the “Defined Benefit Pension Plan”) for the defendants’ non-bargaining employees on December 31, 2009, but excluding persons who have by the date of this Order signed a release, waiver, or who accepted a settlement offer finally determining on their behalf the claims advanced in this action in respect of changes to the Defined Benefit Pension Plan (“Class C”).
4. The following issues are common issues:

Class A

- (a) Were the members of Class A employed by one or more of the defendants?

- (b) During the period from January 1, 2009 to December 31, 2009, did the defendants employ the members of Class A on the basis that if certain targets were met, bonuses would be payable to each class member?
- (c) What were the corporate targets which, if achieved, would require a STIP payment to the members of Class A?
- (d) What were the divisional targets which, if achieved, would require a STIP payment to the members of Class A?
- (e) Were such targets achieved?
- (f) If the targets were achieved, is there any lawful basis for the defendants not to make the STIP payments?
- (g) What was the available pool of funds to pay out the aggregate STIP awards?
- (h) If the available pool of funds is insufficient to pay out the aggregate STIP awards, are the cumulative claims to the available funds payable on a *pro rata* basis?

Class B

- (a) Were the members of Class B employed by one or more of the defendants?
- (b) What were the contractual terms relating to benefits for members of Class B?
- (c) When did the defendants give notice of the “2010 Benefit Package Changes” (as defined in the Response to Civil Claim) to the members of Class B?
- (d) Did the fact that the members of Class B were required to re-enroll in benefits plans each year have any impact on the required notice to legally implement the “2010 Benefit Package Changes”?
- (e) Did the fact that the members of Class B elected to remain in one or more of the defendants’ employ following the “2010 Benefit Package Changes” amount to a condonation of the changes?
- (f) Did the fact that members of Class B elected to apply for and receive benefits under the changed terms amount to a condonation of the changes?

Class C

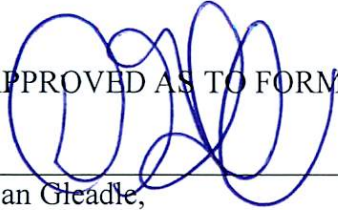
- (a) Were the members of Class C employed by one or more of the defendants?
- (b) What were the contractual terms relating to the Defined Benefit Pension Plan for members of Class C?

- (c) Did the defendants give notice to the members of Class C of the changes to the Defined Benefit Pension Plan and if so, when?
 - (d) Did the fact that the members of Class C elected to remain in one or more of the defendants' employ following the changes to the Defined Benefit Pension Plan amount to a condonation of those changes?
5. Darryl Somerville is hereby appointed as representative plaintiff of all three classes.
6. The nature of the claims asserted by the classes as against the defendants are for debt and breach of contract, including ending credit for further years of service under the Defined Benefit Pension Plan, failure to pay STIP payments for 2009, and changes in benefits.
7. The relief sought by the classes is for:
- (a) A declaration that the defendants breached the contracts of employment of the plaintiff and all of its employees by:
 - (i) refusing to pay STIP due for service during the year 2009;
 - (ii) changing employment benefits without proper advance notice including ending credit for further years of service under the Defined Benefit Pension Plan;
 - (b) A declaration that one or more of the defendants are in breach of an obligation to pay the plaintiff 2009 STIP and to provide certain employment benefits including continuing to credit further years of service under the Defined Benefit Pension Plan;
 - (c) A declaration that the plaintiff is entitled to compensation for loss of 2009 STIP and the changes in employment benefits, including ending credit for further years of service under the Defined Benefit Pension Plan;
 - (d) Costs pursuant to section 37 of the *Class Proceedings Act*, R.S.B.C. 1996, c.50;
 - (e) Interest pursuant to the *Court Order Interest Act*, R.S.B.C. 1996, c.79;
 - (f) Such further and other relief as this Honourable Court may consider just.
8. Notice of certification be given to the class members by the following means ("Notice"):
- (a) The defendants will personally deliver or mail to the last known address of each of its current or former employees who are members of any one or more of Classes A, B or C a notice in the form of Appendix A to this Order (the "Notice");


- (b) The defendants will attach a copy of Appendix “B” to the Notice delivered or mailed to those class members residing in British Columbia;
 - (c) The defendants will attach a copy of Appendix “C” to the Notice delivered or mailed to those class members residing outside British Columbia.
9. The defendants will cause the Notice to be delivered or mailed pursuant to paragraphs 8 above by June 6, 2011 (“Date for Mailing and Delivery of Notice”).
 10. Within two weeks after the Date for Mailing and Delivery of Notice, the defendants or their counsel will send class counsel a letter summarizing the steps they have taken pursuant to paragraph 8 above, including the number of copies of each kind of Notice that the defendants delivered or mailed, to whom, at what address, and when.
 11. The Notice will be published on class counsel’s website at class counsel’s expense.
 12. The defendants will pay the costs of mailing and delivery of the Notice as set out in paragraph 8.
 13. Class members who are residents of British Columbia as of the date of this Order may opt out of this proceeding by notifying class counsel, in writing by email, fax, or mail no later than June 27, 2011 (the “Opt In/Out Date”) and shall use for that purpose the Opt-Out form attached as Appendix “B” to this Order.
 14. Class members who are not residents of British Columbia as of the date of this Order may opt in to this proceeding by notifying class counsel, in writing by email, fax, or mail no later than the Opt In/Out Date and shall use for that purpose the Opt-In form attached as Appendix “C” to this Order.
 15. Class counsel will post the Opt-Out form for BC Residents and the Opt-In form for Non-BC Residents on class counsel’s website in printable form and will provide them to class members upon request.

16. Within two weeks after the Opt In/Out Date, class counsel will send defendants' counsel a letter identifying the class members who have either opted in or opted out pursuant to this Order.

APPROVED AS TO FORM:



Dan Gleadle,
Counsel for the Plaintiff



Warren B. Milman,
Counsel for the Defendants

BY THE COURT

Digitally signed by
Cardoso, Angela

REGISTRAR

Digitally signed by
Kelleher, J

APPENDIX "A"

NOTICE OF CLASS ACTION
FOR NON-UNION EMPLOYEES OF
CATALYST PAPER CORPORATION, CATALYST PAPER
PARTNERSHIP AND CATALYST PULP AND PAPER SALES INC.

INTRODUCTION

You are receiving this notice because you are or were a non-union employee of Catalyst Paper Corporation, Catalyst Paper Partnership or Catalyst Pulp and Paper Sales Inc. ("Catalyst") and are a member of one or more of the three classes (Classes "A", "B" and "C") described below.

YOUR ACTION MAY BE REQUIRED

On May 10, 2010, Darryl Somerville of Powell River, British Columbia, commenced an action against Catalyst in the Supreme Court of British Columbia.

The Court has ordered that this action be certified as a class action, and that this notice be delivered or mailed to all potential class members.

The court has ordered that the classes include the following people:

- (a) All persons who were permanent non-union employees of Catalyst in 2009 and who were eligible to participate in a bonus remuneration program known as the Short Term Incentive Plan ("STIP"), but excluding persons who had by March 21, 2011 signed a release, waiver, or who accepted a settlement offer finally determining on their behalf the claims advanced in this action in respect of 2009 STIP ("Class A");
- (b) All persons who were employed by Catalyst in a permanent non-union position on January 1, 2010 and who had been notified by Catalyst that employment benefits for which they had been eligible until that time would be changed, but excluding persons who had by March 21, 2011 signed a release, waiver, or who accepted a settlement offer finally determining on their behalf the claims advanced in this action in respect of such changes ("Class B");
- (c) All persons who were employed by Catalyst in a permanent non-union position on January 1, 2010 and who were members of a defined benefit pension plan (the "Defined Benefit Pension Plan") for Catalyst's non-bargaining employees on December 31, 2009, but excluding persons who had by March 21, 2011 signed a release, waiver, or who accepted a

settlement offer finally determining on their behalf the claims advanced in this action in respect of changes to the Defined Benefit Pension Plan (“Class C”).

WHAT IS THE CASE ABOUT?

The claims asserted against Catalyst include a claim that Catalyst failed to pay STIP for service during 2009, that it ended credit for further years of service in company sponsored defined benefit pension plans effective December 31, 2009, without proper advance notice, and that it also changed various benefits without proper advance notice, including MSP, life insurance, disability insurance, defined contribution pension plan contributions, vacation entitlements, and post-retirement benefits. Catalyst denies these claims. The court has not yet determined whether the plaintiff’s claims have merit.

AM I IN OR OUT?

WHAT DO I NEED TO DO TO OPT IN OR OUT?

- **If you are a resident of British Columbia:**

If you are a British Columbia resident, and fit the description of a class member, you are *automatically included* in the class action unless you opt out.

If you wish to bring your own action, or for any other reason prefer not to participate in the class action, you must complete the attached form titled “Opting Out Of the Class Action” and mail it, fax it or email it to TevlinGleadle Employment Law Strategies, so that it is received by no later than June 27, 2011. Unless you opt out, you will not be able to bring your own lawsuit in relation to the same issues and you will be bound by the outcome on the common issues, whether favorable or not.

- **If you are not a resident of British Columbia:**

If you are not a resident of British Columbia *you are not automatically* included in the class action, even if you fit the description of a potential class member.

If you want to participate you must complete the attached form titled “Opting In To the Class Action” and mail it, fax it or email it to TevlinGleadle Employment Law Strategies, so that it is received by no later than June 27, 2011.

If you do not want to participate in the class action, you may simply take no action. In that event you will not be able to recover any money that may be awarded in the class action and you will not be bound by any decisions rendered.

HOW WILL THE CASE PROCEED?

Following certification, class actions have two stages. The first stage is the resolution of the common issues. A list of common issues is contained in the Certification Order available on the TevlinGleadle Employment Law Strategies website.

A date for the trial of common issues will be obtained from the court. The court will make a determination of the common issues which will govern the rights of those class members who have chosen to participate in the class action.

If the common issues are resolved in favour of the class, the court will determine what additional steps class members need to take in order to determine if each class member is entitled to any remedy. Resolution of the common issues in favour of the class is necessary but only one step in rendering Catalyst liable to the members of the class. In order to be entitled to any remedy in this action, you will also have to successfully advance and prove your own individual claim and damages at the second (individual issues) stage.

FINANCIAL CONSEQUENCES

If you do not opt out of these proceedings and remain in the class, it will be for the representative plaintiff to determine whether or not to accept any future offer from Catalyst to settle these proceedings on behalf of the class, and any such settlement will be subject to deduction for legal fees (as described below) and will require the approval of the court before it can go into effect. If you opt out of these proceedings before June 27, 2011, however, you will be able to accept any previous or future offer that Catalyst has made or may make to you to settle your claim without payment of or deduction for legal fees. Catalyst has extended the date for acceptance of its previous offer. You may accept Catalyst's previous offer at any time on or before June 27, 2011.

Class members remaining in this action after June 27, 2011 will receive the benefit and be bound by any ruling on the common issues.

If the class is not successful in the common issues trial, the action will be concluded and class members will not be responsible for any of the costs of that trial. If, on the other hand, the class is successful in the trial of the common issues, the case will then proceed to the second (i.e., individual issue) stage. You may be responsible for the costs of proving your own claim and damages at that stage.

AGREEMENT WITH SOLICITORS REGARDING FEES

As a class member, you do not need to pay any legal fees out of your pocket for the common issues stage. If the class is successful on the common issues, the fees payable for the common issues stage will be paid out of any judgment or settlement obtained following resolution of the individual issues.

TevlinGleadle Employment Law Strategies ("TevlinGleadle") are legal counsel for the class. If the class action is successful, TevlinGleadle will apply to court to receive from 20% to 29% of each member's total recovery, depending on the stage of the proceedings at which recovery is obtained. The court will decide whether this arrangement is reasonable and the fee appropriate.

Disbursements - that is, monies actually paid out to advance the action - are the responsibility of class counsel, unless or until the action is resolved, at which time class

counsel may seek to be reimbursed by the defendants. If the action is not successful, the disbursements will be the responsibility of class counsel.

PARTICIPATION BY CLASS MEMBERS

If any class member wishes to participate directly in the action he or she may do so by making an application to the Court. Class members will be required to participate in order to establish their own entitlement to a remedy at the individual issues stage, after the common issues are determined.

FURTHER INFORMATION

If you require further information about this action you may contact Keri Wigle at TevlinGleadle at the address set out above or through any of the following means:

Phone: 604-648-2930 (direct)
Fax: 604-648-2967
Email: kwigle@tevlingleadle.com

Mail: TevlinGleadle Employment Law Strategies
700 – 1006 Beach Avenue
Vancouver, BC V6E 1T7

Before contacting us you should visit the TevlinGleadle Class Action web site at www.tevlingleadle.com, where there is information relating to the status of the action.

Class members should keep TevlinGleadle Employment Law Strategies advised of any address changes by fax or email.

APPENDIX "B"

OPT-OUT NOTICE
(for B.C. residents only)

I qualify as a member of at least one of the certified classes (A, B or C) in the class action Darryl Somerville v. Catalyst Paper Corporation, Vancouver Registry Action No. S103215 but do not wish to participate.

I understand that by signing this form I am opting out of this action and therefore will not be able to seek or receive any remedy that may be available to the class members in the action.

Name of Person or Beneficiary

Pension Plan registration number (if applicable)

Address

Signature

Date

MAIL OR FAX THIS DOCUMENT NO LATER THAN JUNE 27, 2011 TO:

TevlinGleadle Employment Law Strategies

700 – 1006 Beach Avenue

Vancouver, British Columbia, Canada V6E 1T7

Fax: (604) 648-2967

kwigle@tevlingleadle.com

APPENDIX "C"

OPT-IN NOTICE
(for non-B.C. residents only)

I qualify as a member of at least one of the certified classes (A, B or C) in the class action Darryl Somerville v. Catalyst Paper Corporation, Vancouver Registry Action No. S103215 and wish to participate as a class member in every class that I qualify for.

I understand that by signing below and thereby opting into the action I will lose the right to proceed against Catalyst outside of the class action on any of the claims in the action, that I will be bound by the rulings of the Court on the common issues and that I will only be able to receive a remedy in the action after proving my own individual damages following the resolution of the common issues in favour of the class.

Name of Class Member

Pension Plan registration number (if applicable)

Address

Signature

Date

MAIL. EMAIL OR FAX THIS DOCUMENT NO LATER THAN JUNE 27, 2011 TO:

TevlinGleadle Employment Law Strategies

700 – 1006 Beach Avenue

Vancouver, British Columbia, Canada V6E 1T7

Fax: (604) 648-2967

kwigle@tevlingleadle.com

NO. S-103215
VANCOUVER REGISTRY

IN THE SUPREME COURT OF BRITISH COLUMBIA

BETWEEN:

DARRYL SOMERVILLE

PLAINTIFF

AND:

CATALYST PAPER CORPORATION

DEFENDANT

Brought Pursuant to the Class Proceedings Act

CERTIFICATION ORDER

TEVLINGLEADLE
Employment Law Strategies
700 – 1006 Beach Avenue
Vancouver, BC V6E 1T7

Attention: Dan Gleadle