

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 individual remedies. 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 [opt/in out date], 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 advised that offers previously made to class members have been extended. If class members chose to opt out, they will be able to accept the offer previously communicated to them.

Class members remaining in this action after [opt out date] will receive the benefit of 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.

AGREEMENT WITH SOLICITORS REGARDING FEES

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

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-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 **I 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

THIS DOCUMENT MUST BE DELIVERED BY MAIL, EMAIL OR FAX 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-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

THIS DOCUMENT MUST BE DELIVERED BY MAIL, EMAIL OR FAX 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