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L'Honorable René Beaudry
Avocat à la retraite

Montréal, (Date)

BY REGULAR MAIL

(Name)
(Address1)
(Address2)

SUBJECT: Wabush Mines et al. *Companies' Creditors Arrangement Act* proceedings – Amended and Restated CCAA Plan of Compromise
Our Files : 0026-8157/DB and 0516-8262/DB

Sir, Madam

As you may know, we represent your Union for the purpose of the proceedings of Wabush Mines et al being (together the « **CCAA Parties** ») carried out under the *Companies' Creditors Arrangement Act* (hereafter the « **CCAA** »). Since January 2015, the Union has been acting for all its members and retirees in relation to any matters relating to or arising from their employment. We are writing to you to provide a general update on the file and most importantly concerning the Amended and Restated CCAA Plan of Compromise (hereafter the « **Plan** ») which was filed before the Court on May 16 2018 and on which all affected creditors are entitled to vote during the meetings that are currently planned for June 18 2018.

A plan of compromise represents an agreement between insolvent companies and its creditors. In the Wabush Mines file, the Union has negotiated the Plan in replacement of an initial plan of arrangement (hereafter the « **Initial Plan** ») filed before the Superior Court in March 2018, which provided for significantly less for the pension plans of the Wabush Mines, Arnaud Railway and Wabush Lake Railway (together the « **Wabush CCAA Parties** »). The Initial Plan was created without the participation of the Union and therefore was not supported by it. In the weeks that have followed the filing of the Initial Plan, another plan was negotiated, with the participation of the Union this time.



The present letter is to inform you that the Union supports and endorses this Plan, because of the important positive effects it will have for the unionized ex-employees of the Wabush CCAA Parties.

Amongst many things, the Plan, if approved by the creditors and by the Court, provides for the payment of \$18 million to replenish the pension plan which benefits the unionized ex-employees of the Wabush CCAA Parties. This is over 62% in recovery for the pension plan deficit, which will significantly increase the funded ratio of the pension plan. The \$18 million amount would be paid to the pension plan as soon as possible after the approval and implementation of the Plan. This is a lot faster than anticipated under the Initial Plan.

In addition, the Plan also provides for a satisfactory resolution of all the claims that were filed by the Union and that remained unresolved. This include satisfactory resolution of the post-employment benefits (OPEBs), but also grievances' claims and other employees claims. Based on estimates provided by the Monitor, we expect that distributions on account of these claims could be in the order of more than \$10 million. This amount is subject to other elements that are still ongoing in the CCAA file, including potential future realizations and the resolution of non-employee claims that remain in dispute. The final amount of the distribution associated with OPEB and other employee claims will not be known with certainty for some time, but the Union is satisfied that this amount will be significantly larger than without the proposed Plan. No date is currently known for any distribution associated to these claims but the Union will keep you informed on how this aspect of the file progresses.

In counterpart for these improved distributions, if the Plan is implemented, the Union will be discontinuing its appeal that is currently before the Quebec Court of Appeal concerning the pension plan priority (known as the *deemed trust litigation*). The Monitor and City of Sept-Îles will also discontinue their related appeal that is currently before the Supreme Court of Canada following the Newfoundland Reference opinion. Releases will be granted to the CCAA Parties and their affiliates, including Cleveland Cliffs, Cliffs Mining Company and their respective directors and officers.

The meetings that will allow for creditors to vote on the Plan are scheduled for June 18 2018. On that date, the Union intends to exercise the right to vote associated with your claim by voting **FOR** the Plan, as allowed by the order rendered by the Superior Court on April 20. **You have nothing to do if you are in agreement with the fact that the Union will vote on your behalf in this manner.** However, if you wish to exercise your right to vote otherwise, you must inform the Monitor in writing that you revoke your deemed proxy before 5 PM EST on June 14 2018. The pension plan administrator will



take charge of voting the claim associated to the pension plan and will also vote FOR the Plan.

Feel free to contact your Union representative or retirees committee member if you have any questions arising this letter. Quebec members and retirees can contact Mr. Nicolas Lapierre at 418-962-2041 or by email at nlapierre@metallos.ca. Newfoundland and Labrador members and retirees can contact Mr. Mike Clark at 902-664-4897 or by email at mclark@usw.ca.

Please accept, Sir, Madam, our best regards.

PHILION LEBLANC BEAUDRY AVOCATS S.A.



Daniel Boudreault

