

June 26, 2015

Via E-Mail

The Honourable Mr. Justice Stephen W. Hamilton
Superior Court of Québec (Commercial Division)
Montreal Courthouse
1, rue Notre-Dame Est
Montréal, QC H2Y 1B6

Andrew J. Hatnay
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Dear Mr. Justice Hamilton:

**Re: In the matter of the plan of compromise or arrangement of Bloom Lake General Partner Limited and Wabush Mines (CCAA)
Court File No. 500-11-048114-157
Our File No. 15/1359**

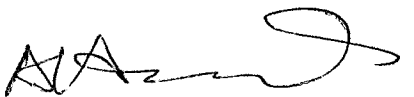
We are counsel to certain retirees of Wabush Mines and the Representative Counsel to all non-union employees and retirees of Wabush Mines, pursuant to the order of Your Lordship.

We are writing to follow up on the hearing before you on June 22, 2015. At that hearing, we indicated to Your Lordship that we would be providing additional factual information which we had requested from the company which was not in the company's and Monitor's filed materials, namely: a) the monthly cost to the company of the Supplemental ("SRA") pension benefits; and b) timing in respect of the termination of the employees' and retirees' Group Health and Life Benefits policy with Sun Life Insurance. We enclose a copy of email correspondence that we received this morning from counsel to the company responding to our inquiries, which we are forwarding to you as we indicated in court.

Thank you for your consideration of this matter.

Yours truly,

KOSKIE MINSKY LLP



Andrew J. Hatnay
AJH:vdl/encl.
1742664v1

cc. Bernard Boucher Stephen Weisz, Milly Chow, *Blakes, Cassels & Graydon LLP* (Counsel for Petitioners)
Sylvain Rigaud, *Norton Rose Fulbright LLP* (Counsel for the Monitor)
Steven Bissell, *FTI Consulting* (Monitor)

Matthew Gottlieb, *Lax O'Sullivan LLP* (Independent Counsel for the Board of Directors of the Petitioners)
Louis Dumont, *Dentons LLP*, Counsel to Cliffs Mining Company (the DIP Lender)
Grant Moffat, *Thornton Grout Finnigan LLP*, Counsel for Cliffs Mining Company (the DIP Lender)
Pierre Lecavalier, *Department of Justice, Attorney General of Canada* (Counsel to OSFI)
Doug Mitchell, *Irving Mitchell Kalichman* (Counsel to Superintendent of Pensions, Newfoundland and Labrador)
Jean-Francois Beaudry, *Philion Leblanc Beaudry*, (Counsel to Syndicat des Metallos, Section Locale 9996)
Nicholas Scheib, *Scheib Legal*
Ari Kaplan, *Koskie Minsky LLP*
Clients
Service List

Andrew J. Hatnay

From: CHOW, MILLY <MILLY.CHOW@blakes.com>
Sent: June-26-15 9:00 AM
To: Andrew J. Hatnay
Cc: BOUCHER, BERNARD; 'nick scheid'; Ari N. Kaplan; 'Rigaud, Sylvain (Sylvain.Rigaud@nortonrosefulbright.com)'; 'Bissell, Steven (Steven.Bissell@fticonsulting.com)'; WEISZ, STEVEN
Subject: RE: Wabush

Andrew, the monthly cost of the SRA pension benefits was \$7,094 per month. This amount was self-funded by Wabush Mines – i.e. it was paid directly from the Wabush payroll to the 7 retired participants. There are also 12 terminated employees who have SRA entitlements with a total aggregate commuted value of \$136,419.01.

With respect to the benefits coverage, as advised in the letters that were sent to retirees, payments for post-retirement benefits were being suspended effective June 1, 2015, and therefore benefits coverage ended on May 31, 2015. Retirees have until August 31, 2015 to submit claims to Sun Life for pre-June 1st expenses.

We understand that subject to certain terms and conditions and for a limited period of time, Sun Life is willing to offer certain retirees individual benefits coverage at the retiree's cost. Sun Life should be contacted directly as soon as possible to confirm terms and conditions, cost and availability. The Sun Life number is 1-877-893-9893.

Please also note that as a result of clarifications sought by the Superintendent with respect to the Yearly Catch Up Amortization Payment referenced in line 88 of the May 29, 2015 motion, there have been some adjustments to the estimated amount of the Yearly Catch Up Amortization Payment. The explanation and clarifications relating to these adjustments as provided to the Superintendent on June 15 and June 22 is set out below:

Clarification provided to the Superintendent on June 15th:

The figures in the May 29, 2015 motion included catch up amortization payments for the Salaried Plan assuming that a new actuarial valuation as at January 1, 2015 would be filed. However, the next required valuation for the Salaried Plan is due at the latest as of January 1, 2017. Therefore, no catch up payment would be required in 2015 for the Salaried Plan. For the Bargaining Unit Plan, based on the estimated wind up deficit as at January 1, 2015 (as confirmed by TW's [Towers Watson's] email of June 9, 2015), TW has estimated that the increase in the monthly amortization payment (retroactive to January 1, 2015) would be approximately \$300,000 per month. Note that this is an estimate only, the exact catch up amount will depend on the new actuarial valuation results as at January 1, 2015 which will be filed shortly.

Additional clarification provided to the Superintendent on June 22nd:

The initial calculation of the \$5.5MM Yearly Catch-Up Amortization Payment included various amounts that on further review should not have been included in such calculation. In summary, the initial calculation included 1) unpaid monthly contributions for the months of May and June 2015 for both the Salaried and the Bargaining Unit Plans, 2) estimated catch-up payment that would have

been required to be made had an updated actuarial report as of January 1, 2015 for the Salaried Plan been required, 3) estimated catch-up payment that will be required to be made once an updated actuarial report as of January 1, 2015 for the Bargaining Unit Plan is filed, and 4) deficient payments for the month of July for both Plans. Items 1 and 2 should not have been included. As for item 3, based on the projected solvency position of the Bargaining Unit Plan as at January 1, 2015, the estimated catch-up payment for the first six months of 2015 is estimated at \$1.8MM. This estimated amount will be finalized shortly based on the new valuation results as at January 1, 2015 and at that point Wabush Mines will be able to provide the detailed breakdown. Finally, item 4 is estimated at \$680,000 for the bargaining unit plan and at \$273,219 for the salaried plan.

Regards,
Milly

Milly Chow
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From: Andrew J. Hatnay [mailto:ahatnay@kmlaw.ca]

Sent: Thursday, June 25, 2015 12:17 PM

To: WEISZ, STEVEN; CHOW, MILLY

Cc: BOUCHER, BERNARD; 'nick scheib'; Ari N. Kaplan; 'Rigaud, Sylvain (Sylvain.Rigaud@nortonrosefulbright.com)'; 'Bissell, Steven (Steven.Bissell@fticonsulting.com)'

Subject: Wabush

Steve, Milly,

We are following up for the monthly cost of the SRA pension benefits and the timing deadline for payment to Sun Life to prevent termination of the health and life policy. As you know, we advised Justice Hamilton that we would send that information to him and we wish to do so as soon as possible.

Regards,
AJH

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