
From: Andrew J. Hatnay
Sent: March-28-16 5:10 PM
To: 'BUSSIÈRE, NATALIE'
Cc: Barbara Walancik; nick.scheib; 'Delaney, Michael P'; 'benoit.briere@osfi-bsif.gc.ca'; 'dmitchell@imk.ca'; Daniel Boudreault (DBoudreault@plba.ca); 'Meakin, Nigel'; grahamletto@gov.nl.ca; yvonne.jones.p9@parl.gc.ca; gmoftat@tgf.ca; 'roger.simard@dentons.com'; 'louis.dumont@dentons.com'; Damien Lebel; Michael Keeper; Neil Johnson; Terry Watt
Subject: RE: Pension Plan for Salaried Employees of Wabush Mines and Pension Plan for Bargaining Unit Employees of Wabush Mines

Natalie, we have your letter of March 23, 2016 to Messrs. Delaney and Briere.

As you know, we are Representative Counsel to the salaried employees of the Wabush CCAA Parties. We are writing with respect to the Wabush Salaried Pension Plan, which is underfunded. The Salaried Plan members, who are predominantly from Newfoundland and Labrador and Quebec, are experiencing significant financial hardship due to the pension benefit reductions that are in effect as a result of the underfunding, which is in addition to the termination of their health and life insurance benefits by the company. We have copied counsel to the Wabush Union Plan on this note. We are also copying counsel to Cliffs Mining Company ("CMC") as listed in the Service List in the CCAA proceedings.

We continue to object to the request to transfer the administration of the Salaried Plan at this time for the reasons set out in our letter of March 14, 2016. We have the following to add.

As you acknowledge in your letter, the definition of "Employer" in Section 2.18 of the Salaried Plan text expressly includes CMC. CMC is a solvent corporate entity and is not an applicant under the CCAA proceedings of the Wabush Mines Parties (nor the Bloom Lake parties).

Section 12(a) of the Newfoundland PBA ("NPBA") states that "[T]he administrator of a plan shall be ...the employer". CMC is therefore one of the current administrators of the Salaried Plan. There is no contention that CMC does not have the resources to continue as plan administrator of the Wabush Salaried Plan.

Section 61(2) of the NPBA states that "The employer [i.e., CMC] shall, ... make the payments into the pension fund, in addition to the payments required under subsection (1), that are necessary to fund the benefits provided under the plan."

A pension plan administrator also has a fiduciary duty to act in the best interests of the pension plan members, which would include at a minimum complying with the law to make all required payments to the Salaried Plan "to fund the benefits provided under the plan" .

CMC is therefore responsible to make all the payments to the Salaried Plan required under section 61(2) of the NPBA, the Salaried Plan document, as well as its fiduciary duty to the plan members that are "necessary to fund the benefits provided under the plan."

The phrase next to CMC in section 2.18 of the Wabush Salaried Plan text - "Managing Agent" - is of no legal significance for the purposes of the legal obligations on CMC as plan administrator in the NPBA nor as a fiduciary to the Salaried Plan members. Further, there is no limitation of liability nor any other provision in the Salaried Plan text filed with the Newfoundland Pension Benefits Standards Division that would purport to limit CMC's liability as administrator of the Plan.

We expect CMC to make all the payments to the Salaried Plan as required by law so that the pension reductions of the Salaried Plan members can be revoked and the payment of full pension benefits to the Salaried Plan members can resume as soon as possible.

Regards,
AJH

From: CICCARELLI, PINA [<mailto:PINA.CICCARELLI@blakes.com>] **On Behalf Of** BUSSIERE, NATALIE
Sent: March-23-16 4:48 PM
To: Andrew J. Hatnay
Cc: BUSSIERE, NATALIE
Subject: Pension Plan for Salaried Employees of Wabush Mines and Pension Plan for Bargaining Unit Employees of Wabush Mines

Please find letter enclosed.

Thank you.

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