

IN THE MATTER OF the *Pension Benefits Act*, R.S.O. 1990, c. P.8, as amended (the “Act”), in particular sections 69(1) of the Act and section 24 of Ontario Regulation 255/17;

AND IN THE MATTER OF the Stelco Inc. Retirement Plan for Salaried Employees at Hamilton Works, Registration Number 0338509 (the “Plan”).

NOTICE OF INTENDED DECISION

TO: Morneau Shepell Ltd., in its capacity as appointed administrator of the Plan
895 Don Mills Rd
Tower One, Suite 700
Toronto ON M3C 1W3

Attention: Al Kiel
Senior Vice President, Retirement Solutions

Administrator

AND TO: Stelco Inc.
386 Wilcox St
Hamilton ON L8N 3T1

Attention: Alan Kestenbaum
Chief Executive Officer

Employer

TAKE NOTICE THAT pursuant to section 69(1) of the Act and section 24 of Ontario Regulation 255/17 and by delegated authority from the Chief Executive Officer of the Financial Services Regulatory Authority of Ontario (the “Chief Executive Officer”), the Head, Relationship Management and Prudential Supervision intends to order the wind up the Plan effective March 31, 2020. Details of this intended decision are described below.

SI VOUS DÉSIREZ RECEVOIR CET AVIS EN FRANÇAIS, veuillez nous envoyer votre demande par courriel immédiatement à: contactcentre@fsrao.ca.

YOU ARE ENTITLED TO A HEARING BY THE FINANCIAL SERVICES TRIBUNAL (THE “TRIBUNAL”) PURSUANT TO SECTION 89(6) OF THE ACT. A hearing by the Tribunal about this Notice of Intended Decision may be requested by completing the enclosed Request for Hearing Form (Form 1) and delivering it to the Tribunal within thirty (30) days after this Notice of Intended Decision is served on you. The Request for Hearing Form (Form 1) must be mailed, delivered, faxed or emailed to:

Address: Financial Services Tribunal
14-5160 Yonge St
Toronto ON M2N 6L9

Attention: Registrar

Fax: 416-226-7750

Email: contact@fstontario.ca

TAKE NOTICE THAT if you do not deliver a written request for a hearing to the Tribunal within thirty (30) days after this Notice of Intended Decision is served on you, an order will be issued as described in this Notice of Intended Decision.

For additional copies of the Request for Hearing Form (Form 1), visit the Tribunal's website at www.fstontario.ca.

The hearing before the Tribunal will proceed in accordance with the *Rules of Practice and Procedure for Proceedings before the Financial Services Tribunal* ("Rules") made under the authority of the *Statutory Powers Procedure Act*, R.S.O. 1990, c. S.22, as amended. The Rules are available at the website of the Tribunal: www.fstontario.ca. Alternatively, a copy can be obtained by telephoning the Registrar of the Tribunal at (416) 590-7294, or toll free at 1-800-668-0128 extension 7294.

REASONS FOR INTENDED DECISION

1. These are the reasons for the intended decision to order the wind up of the Plan effective March 31, 2020.
2. Stelco Inc. (formerly U.S. Steel Canada Inc.), is the employer that makes contributions to the Plan.
3. Pursuant to the Companies' Creditors Arrangement Act and the Canada Business Corporations Act, the Ontario Superior Court of Justice granted an order sanctioning a plan of compromise, arrangement and reorganization under which Bedrock Industries Canada L.P ("Bedrock") acquired U.S. Steel Canada Inc. effective June 30, 2017.
4. On June 30, 2017, Bedrock, Stelco Inc. the Superintendent of Financial Services appointed under the *Financial Services Commission of Ontario Act, 1997* and Her Majesty the Queen in Right of Ontario, as represented by the Minister of Finance, entered into the Stelco Pension Agreement providing for, amongst other things, funding, administration and governance matters in relation to the ongoing defined benefit pension plans sponsored by Stelco Inc. including this Plan. The Stelco Pension Agreement is implemented, in part, by Ontario Regulation 255/17.
5. The terms of the Plan were restated and amended effective June 30, 2017. Pensionable service ceased to accrue on December 31, 2017.
6. Morneau Shepell Ltd. was appointed as the administrator ("Administrator") of the Plan effective as of January 1, 2018, under section 8 (1.1) of the Act.
7. Effective June 8, 2019, pursuant to the Financial Services Regulatory Authority of Ontario Act, 2016, S.O. 2016, c. 37, Sched. 8, the Financial Services Regulatory Authority of Ontario ("FSRA") became the regulator under the Act and the powers and duties previously vested in the Superintendent under the Act were vested in the Chief Executive Officer.
8. Neither the Administrator nor the employer is authorized to wind up the Plan, pursuant to section 23 of Ontario Regulation 255/17 and the terms of the Plan.
9. Section 69(1)(i) of the Act provides that the Chief Executive Officer may order the wind up of a pension plan in prescribed circumstances. Section 24(1)1 of Ontario Regulation 255/17 provides such a circumstance exists when the Plan's assets are equal to or exceed its wind up liability, including the liability for expected wind up expenses.
10. In July 2019, the Administrator facilitated a buy-in investment of annuities for each member, former member, retired member and beneficiary of the Plan. This

purchase insured 100% of the benefits that had accrued as of December 31, 2018. The Administrator has advised that the Plan's estimated funded ratio was 104.3% on a solvency basis as of December 31, 2019. The assets that remain invested outside of the annuity contracts are sufficient to satisfy the remaining liabilities and expenses of the Plan. As a result, the Plan's assets are equal to or exceed its wind up liability and the prescribed circumstance in section 24(1)1 of Ontario Regulation 255/17 has been established.

11. Such further and other reasons as may come to my attention.

DATED at Toronto, Ontario, *February 27*, 2020.



~~Andrew Fung~~

Head, Relationship Management and Prudential Supervision

By delegated authority from the Chief Executive Officer