

Christian C. Provenzano B.A., LL.B.
Mayor



Corporation of the City of
Sault Ste. Marie

March 15, 2016

The Honourable Kathleen Wynne
Premier of Ontario
Room 281, Main Legislative Building, Queen's Park
Toronto, ON
M7A 1A1

Dear Premier Wynne,

I am writing with respect to the *Companies' Creditor Arrangement Act* proceeding before the Ontario Superior Court of Justice involving Essar Steel Algoma Inc. ('Essar Steel'). I know that Minister Oraziotti has been a strong advocate for both the steel industry in general and the integrated steel mill operation in our community and that you are well aware of the challenges that we currently face. As the Mayor of the community, I thought it was important that I voice my support for Minister Oraziotti's efforts and reiterate the importance of the continued operation of the facility to our community — as it simply cannot be understated.

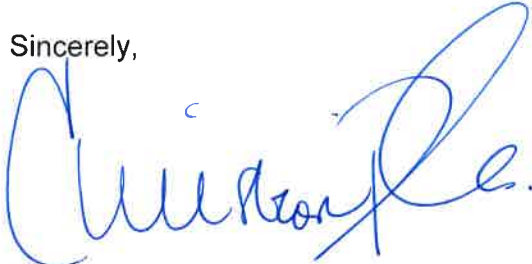
On February 10th, 2016, the Honourable Regional Senior Justice Morawetz of the Ontario Superior Court of Justice endorsed an Order regarding the sales and investment solicitation process ('SISP Order'). The SISP Order outlines the time frame and process within which Essar Steel, the Monitor, the Financial Advisor and the Chief Restructuring Officer can solicit, negotiate and ultimately accept a qualified bid for the Essar Steel assets. We are entering a vital stage of this process as the bid deadline is approaching. Based on my own assessment of the matter and talking into consideration similar situations, I expect that the Province of Ontario will be called upon to play a very significant role in a successful bid. Whatever the case, I need to emphasize that the City of Sault Ste. Marie needs the Province of Ontario to embrace this role and do whatever it can to ensure that the SISP process results in a transaction that ensures the continued operation of the steel mill in Sault Ste. Marie.

I want to stress that our community's situation is dissimilar in some important ways to the US Steel process in Hamilton that has seen the Stelco assets placed under creditor protection since September, 2014. Unlike Hamilton, Sault Ste. Marie does not have a second major steel producer that can benefit from or employ its labour force. We are not located adjacent to a metropolitan area that can provide employment opportunities for displaced workers. Given our current size, location and economic circumstances, Sault Ste. Marie simply cannot afford to lose its primary employer. We are working to diversify our economy but the loss of our major employer before we have made more progress in that regard would be a tremendous setback.

Approximately 8000 people are directly or indirectly employed through the operation of the steel mill. Additionally, approximately 8600 pensioners rely on it as a primary source of income. It is the major economic driver in our community, one of the largest employers in the region and the second largest integrated steel producer in Canada.

I would be grateful to have the opportunity to discuss this matter with you further and I would be willing to travel to Queens Park to do so at your convenience. I have sent a letter to Minister Orazietti expressing this interest and requesting his assistance in facilitating a meeting. I appreciate your consideration and hope to have the opportunity to discuss this matter with you further.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Christian Provenzano', written in a cursive style.

Christian Provenzano
Mayor

c.c. The Honourable David Orazietti, MPP Sault Ste. Marie
Corporation of the City of Sault Ste. Marie City Council