



Frequently Asked Questions

What is Chapter 11?

Chapter 11 of the U.S. Bankruptcy Code is a legal mechanism for court supervised reorganization for restructuring of the company's obligations. Chapter 11 provides a way for companies to address their financial issues in order to become a viable entity, while continuing day-to-day operations.

Why did Magnetation LLC and its direct subsidiaries file for protection under Chapter 11 of the U.S. Bankruptcy Code?

Magnetation LLC and its direct subsidiaries took this step only after very careful consideration and consultation with experienced financial and legal experts. The Company decided that this would be the most effective path for it to protect the value of its assets for the benefit of its creditors and other stakeholders. Magnetation has obtained the agreement of its senior secured lenders to provide for the liquidity it requires to operate in the normal course of business while under the protection of Chapter 11.

Does this mean that Magnetation or its subsidiaries are going out of business?

No. Magnetation filed for bankruptcy protection under Chapter 11 of the United States Bankruptcy Code in order to address its immediate liquidity needs. The Company will operate in a “business as usual” mode during the Chapter 11 process. Going forward, suppliers will be paid under normal terms for all goods and services provided after the filing.

Will there be layoffs as a result of the Chapter 11 filings?

The Company will continue to take the necessary steps to reduce costs and streamline operations. As always, the Company will continue to monitor closely the economic environment in its markets and will continue to make adjustments to its operations as conditions warrant.

Should I keep coming to work as usual? Does this mean that my work schedule will change?

You should keep working according to your usual schedule, unless you are told otherwise by your direct supervisor. It is business as usual at the Company.

What can employees do to help during the Chapter 11 process?

Collectively, all Company employees – regardless of job function, title or location – must stay focused on their responsibilities. Now, more than ever, it is important for everyone to do the best job possible. Only by doing that can we expect that the Company will emerge from this process well-positioned for the future.



Where should employees go for information about the reorganization?

Employees can contact the HR representative or General Manager at their location if they would like to gain more information about the reorganization. Additional information will be posted on Magnetation's restructuring website at www.donlinrecano.com/mag. The Company will also communicate with you directly when there are significant developments to report.

Wages and Benefits

Does the Company have enough cash to meet its payroll and benefit obligations?

Yes, the Company plans to continue paying wages and benefits for its employees as usual.

Will there be any changes in employee pay going forward?

The Company expects that the Chapter 11 process will not affect its current compensation policies.

Will overtime still be offered?

Yes, as required.

Will the Chapter 11 filings affect employee health care benefits (such as medical, vision or dental plans) and employee life insurance or disability benefits for employees?

The Company has asked the Bankruptcy Court for approval to continue most of its current policies with respect to these matters. As is customary in similar cases, the Company fully expects the Court to approve its request. If the Company makes changes to such policies in connection with cost-reduction efforts, any changes will be announced through the normal communication channels.

How will the filings affect compensation such as bonuses?

We expect that normal compensation will not be affected post-petition.

Paychecks and Expense Claims

Am I going to be paid as usual now that the Company has made these filings?

The Company plans to continue providing all wages and benefits for employees as usual.

When will I next be paid?

There will be no delay in your next paycheck, and expense reimbursement will be made as usual.



Can I continue to charge my business expenses?

You may do so as you have in the past, following the same procedures for submitting any qualified business expenses in accordance with company policy, unless your supervisor directs you otherwise. The Company has asked for court approval to reimburse all business expenses as was done routinely prior to the filings. As is customary in similar cases, the Company expects the Bankruptcy Court to approve its request.

Retirement Benefits

Are the assets in the Company's 401(k) plans for employees protected from creditors' claims in the bankruptcy proceedings?

Yes. Federal law protects the funds in 401(k) savings plans from the claims of a company's creditors. All individual 401(k) accounts are set up in the individual employee's name. This means that the Company cannot use these assets to meet its other obligations or to pay its debts.

What happens to the accounts of employees who are participants in the 401(k) Plan?

The assets in its 401(k) plans are held in trust, which is separate from the Company. These assets are protected under federal law against the claims of the Company's creditors, which means that the Company cannot use any of these assets to meet other obligations or to pay its debts. Irrespective of the filings, all investments contained in an individual's 401(k) account are subject to some level of market risk.

Miscellaneous Policies and Practices

Will employees continue to receive disability, holidays and vacation pay?

The Company has asked for Bankruptcy Court approval to continue its current policies with respect to these matters. As is customary in similar cases, the Company expects the Bankruptcy Court to approve its request. If the Company makes changes to such policies in connection with cost-reduction efforts, any changes would be announced through its normal communication channels.