

NOTICE OF NAVISTAR CLASS ACTION SETTLEMENT

IF YOU ARE ENTITLED TO RECEIVE MEDICAL OR LIFE INSURANCE BENEFITS FROM NAVISTAR, THIS PROPOSED CLASS ACTION SETTLEMENT MAY AFFECT YOU

**PLEASE READ THIS NOTICE CAREFULLY.
A FEDERAL COURT HAS AUTHORIZED THIS NOTICE.
THIS IS NOT A SOLICITATION FROM A LAWYER.
YOU HAVE NOT BEEN SUED.**

Please be advised that there is a proposed agreement to settle disputes among parties in *Shy v. Navistar International Corp.*, Case No. 3:92-cv-0333-WHR (S.D. Ohio) (the “*Shy* Lawsuit”). This is the case concerning your health and life insurance benefits that has been pending before Judge Walter H. Rice since 1992. This class action settlement notice (the “Notice”) has been sent to you because you are a current or future recipient of retiree medical or life insurance benefits from the Navistar, Inc. Retiree Health Benefit and Life Insurance Plan (the “*Shy* Plan”).

Defendants Navistar, Inc. and Navistar International Corp. (“Navistar”), plaintiff The Supplemental Benefit Program Committee of the Navistar, Inc. Retiree Supplemental Benefit Program (the “SBC”), and certain plaintiffs and representatives of your fellow Navistar retirees (“Class Representatives”) have reached an agreement to resolve the current disputes. This agreement would eliminate your right to bring additional lawsuits concerning the current disputes in exchange for cash and other consideration that would be used for an increase in the healthcare benefits that you receive.

PLEASE READ THIS NOTICE CAREFULLY. If you are a participant or beneficiary in the *Shy* Plan, your rights may be affected whether or not you act.

YOUR LEGAL RIGHTS ARE AFFECTED BY THIS SETTLEMENT:

ACTIONS YOU MAY TAKE IN THE SETTLEMENT	
NO ACTION IS NECESSARY.	If the proposed Class Action Settlement is approved by the Court and you are a Class Member, you do not need to do anything.

<p>YOU CAN OBJECT NO LATER THAN APRIL 11, 2022. WRITTEN OBJECTIONS MUST BE FILED WITH THE COURT BY THIS DATE.</p>	<p>If you are a Class Member and wish to object to any part of the proposed Class Action Settlement, you must submit to the Court a written explanation outlining the reasons for your objection, as discussed below.</p>
<p>YOU CAN GO TO THE FAIRNESS HEARING ON JUNE 9, 2022 BY FILING A NOTICE OF INTENTION TO APPEAR WITH THE COURT NO LATER THAN APRIL 11, 2022.</p>	<p>If you have submitted a written objection to the Court, you can ask to speak in Court about your objections. You may also appear in Court through an attorney if you so desire, but you do not have to have an attorney.</p>

If you have any questions about this Notice, the proposed Class Action Settlement, or your participation in the settlement, please **DO NOT contact the Court**. All questions should be directed to Navistar through the toll-free number or contact information provided below. If you are not satisfied with Navistar’s response, you may also contact Class Counsel as provided below.

INTRODUCTION AND SUMMARY

(This section is a summary. Please read the entire document.)

In 1993, the United States District Court in Dayton, Ohio (the “Court”) approved a settlement of claims involving the health and life insurance plans for retirees of Navistar. The settlement was set out in an agreement (the “*Shy* Agreement”) which, among other things, created the *Shy* Plan.

The *Shy* Plan consists of several benefit programs. The Retiree Health Benefit Program and the Retiree Life Insurance Program (together, the “Base Plan”) provide major medical and basic life insurance benefits to the *Shy* Plan participants. The Navistar, Inc. Retiree Supplemental Benefit Program (the “Supplemental Plan”) provides additional benefits to *Shy* Plan participants (dental, vision, hearing, and certain prescription drug and supplemental life insurance benefits) and covers some out-of-pocket healthcare costs such as deductibles and the participants’ monthly premiums for the Base Plan benefits.

This Notice describes proposed new settlements and agreements that would affect the *Shy* Plan and amend certain provisions of the *Shy* Agreement (the “Proposed Class Action Settlement”).

The Settlement Class, Class Members, Class Representatives, and Class Counsel

As noted above, you are receiving this Notice because you are believed to be a current or possible future participant or beneficiary of the *Shy* Plan. This makes you a “Class Member” of a

“Settlement Class” of persons who have rights under the *Shy* Agreement that would be affected by the Proposed Class Action Settlement. The proposed Settlement Class is defined as follows:

Nothing in the new definition of a Settlement Class or in the Proposed Class Action Settlement affects the provisions of the *Shy* Agreement that determine who is eligible to be a participant or beneficiary of the *Shy* Plan.

The Court appointed *Shy* Plan participants Fred Cortright (Ret. UAW), Miller Rodgers (Ret. UAW), Carl Potts (Ret. SEE), Robert Bergmann (Ret. USW), and Richard Zounes (Ret. Salaried) to represent the interests of the Class Members with respect to the Proposed Class Action Settlement. These persons are the “Class Representatives.” The Court has also appointed lawyers to represent the Class Representatives and the Class Members (the “Class Counsel”).

The Disputes Leading to the Proposed Settlements and Modifications

The Proposed Class Action Settlement would make effective separate agreements resolving two disputes involving the *Shy* Agreement, Navistar, and the SBC. The SBC was created by the *Shy* Agreement to oversee the Supplemental Plan and the Trust Fund that holds the assets of the Supplemental Plan (the “Supplemental Trust”).

For the past ten years, Navistar and the SBC have been involved in disputes concerning Navistar’s obligation to make profit-sharing payments to the Supplemental Trust under the *Shy* Agreement (the “Profit-Sharing Disputes”). The *Shy* Agreement provided for those payments to the Supplemental Trust to fund the Supplemental Benefit Program. The *Shy* Agreement used the term “profit-sharing” because Navistar’s obligation to contribute to the Supplemental Trust depends on the profitability of Navistar in any given year.

Separately, for the past five years, Navistar and the SBC have been involved in disputes concerning subsidies paid to the Base Plan under the Medicare Part D prescription drug program (the “Medicare Part D Subsidies Dispute”). Navistar and the SBC disagree about how the subsidies affect the calculation of the monthly premiums that the *Shy* Plan participants are required to make under the *Shy* Agreement. The SBC financed a lawsuit to resolve the Medicare Part D Subsidies Dispute which was filed against Navistar by two *Shy* Plan participants (who were also SBC members) (the “*Krzysiak* Plaintiffs”) under the case caption *Krzysiak v. Navistar International Corp.*, S.D. Ohio No. 3:16-CV- 00443-WHR (the “*Krzysiak* Lawsuit”).

The Reasons for the Proposed Class Action Settlement and the Parties Involved.

The Proposed Class Action Settlement was negotiated by Navistar, the SBC, and the Class Representatives. It incorporates two related settlements. The SBC and Navistar resolved their Profit-Sharing Disputes (the “Profit-Sharing Settlement”), and Navistar and the *Krzysiak* Plaintiffs resolved the *Krzysiak* Lawsuit (the “*Krzysiak* Settlement”). Both settlements, however, are contingent on Court approval of the Proposed Class Action Settlement.

The Class Representatives and Class Counsel reviewed the Profit-Sharing Settlement and the *Krzysiak* Settlement as they affect the Class Members and represented the interests of the Class

Members in the negotiation and drafting of the Proposed Class Action Settlement. The Class Representatives and Class Counsel believe that the Proposed Class Action Settlement, and the Profit-Sharing Settlement and the *Krzysiak* Settlement, all of which would be made effective upon the approval of the Proposed Class Action Settlement, are fair and in the best interest of the Class Members. The Class Representatives and Class Counsel asked the Court to approve the Proposed Class Action Settlement and make the Profit-Sharing Settlement and the *Krzysiak* Settlement effective.

The International Union, United Automobile, Aerospace and Agricultural Implement Workers of America (the “UAW”) reviewed the Proposed Class Action Settlement, as well as the Profit-Sharing Settlement and the *Krzysiak* Settlement, and supports approval of each of them by the Court.

The Principal Terms of the Proposed Class Action Settlement, the Profit-Sharing Settlement and the *Krzysiak* Settlement

The Proposed Class Action Settlement would make effective the following commitments by Navistar:

- Navistar agreed to pay \$556 million (plus interest) in the Profit-Sharing Settlement to resolve the Profit-Sharing Disputes in exchange for Navistar’s obligation to make profit-sharing or other contributions to the Supplemental Trust in the future;
- Navistar committed to share the benefit of future Medicare Part D subsidies (currently estimated at a value of \$118 million) so as to reduce *Shy* Plan participant premiums through an agreement in the *Krzysiak* Settlement;
- Navistar agreed to pay \$17 million to the Base Plan Retiree Sub Account A pursuant to the *Krzysiak* Settlement; and
- Navistar agreed to reimburse the Supplemental Trust for \$3 million of litigation expenses in the *Krzysiak* Lawsuit.

Additionally, as a result of the settlement negotiations, Navistar and the UAW agreed to recommend action by the Health Benefit Program Committee directing \$48 million of Base Plan Retiree Sub Account A assets, plus the aforementioned \$17 million, toward the reduction of future monthly participant premiums (the “HBPC Resolution”).

If the Proposed Class Action Settlement is approved, the Class Members, the SBC, and the *Krzysiak* Plaintiffs agree that they will not pursue legal claims against Navistar (the “Releases”) relating to:

- Navistar’s liability for profit-sharing payments allegedly due to the Supplemental Trust for any year prior to 2021;

- Navistar’s obligation to make profit-sharing payments or other contributions to the Supplemental Trust for 2021 and in the future; and
- The issues raised in the *Krzysiak* Lawsuit concerning Navistar’s past treatment of Medicare Part D subsidies and the calculation of the *Shy* Plan participant premiums.

The Proposed Class Action Settlement would make changes to the various documents comprising the *Shy* Agreement in two respects:

- Navistar’s commitment with respect to the Medicare Part D subsidies and the calculation of the *Shy* Plan participant premiums in the *Krzysiak* Settlement would be made a part of the *Shy* Agreement; and
- Navistar’s obligation to make profit-sharing and other contributions to the Supplemental Trust in the future would be eliminated as provided in the Profit-Sharing Settlement.

Additionally, the Class Representatives propose to expand the Settlement Class, for this Class Action Settlement only, to include all present and future *Shy* Plan participants and beneficiaries.

The Effect of the Proposed Class Action Settlement on the Base Plan and the Supplemental Benefit Program

The \$742 million total estimated value (plus interest) derived from the Proposed Class Action Settlement, the Profit-Sharing Settlement, the *Krzysiak* Settlement, and the HBPC Resolution will be used solely for the benefit of the Class Members. The SBC believes that, if the settlements become effective, the SBC can provide the following annual supplemental benefits to the Class Members, effective January 1, 2022:

- The current drug, dental, vision, hearing and supplemental life insurance benefits;
- Zero-dollar deductibles for Medicare-age participants and \$400 annual co-payments for pre-Medicare participants;
- A fixed participant premium rate of \$5 per month; and
- Reimbursement of the base Medicare Part B premium.

The base Medicare Part B premium is approximately \$1,800 in 2021 and increases each year. The SBC’s initial modeling indicates that approval of the proposed Class Action Settlement would enable it to reimburse the Class Members for all or virtually all of their base Medicare Part B premiums each year for the rest of their lives. However, the SBC would need to monitor the costs

and the earnings on the Supplemental Trust's investments to determine the actual amount that can be reimbursed each year.

The proposed settlements would not change the benefits provided to the Class Members by the Base Plan, or any aspect of the operation and administration of the Base Plan. The only effect of the settlements on the Base Plan would be to reduce the participant premiums and increase Navistar's contributions to the Base Plan in the future.

The Proposed Class Action Settlement would make changes to the *Shy* Plan documents to make the Profit-Sharing Settlement and the *Krzysiak* Settlement effective.

Evaluation of the Proposed Settlements and Modifications

It is possible that the SBC or the *Krzysiak* Plaintiffs could generate more value for the Class Members at some time in the future by continuing their existing litigation, or through future profit-sharing payments. It is also possible that Navistar could ultimately prevail in the existing disputes and the future profit-sharing payments would never materialize. Any continuing litigation would be time-consuming, continue to drain Supplemental Trust assets and resources, and the eventual outcome would be uncertain. On balance, the Class Representatives, Class Counsel and the SBC believe that the Proposed Class Action Settlement, the Profit-Sharing Settlement, and the *Krzysiak* Settlement are fair, reasonable, and adequate, and in the best interests of the Class Members.

The Class Action Approval Process

This Notice provides information about the Proposed Class Action Settlement, and it explains your rights to be heard concerning the terms of the Proposed Class Action Settlement as well as the Profit-Sharing Settlement and the *Krzysiak* Settlement that would be made effective. Please read it carefully.

Additional information about the Proposed Class Action Settlement, the Profit-Sharing Settlement, and the *Krzysiak* Settlement, is available at the following:

- www.navistar.com/shysettlement
- Toll-free number: 1-877-353-5100

Please do not contact the Court. The Court personnel will not be able to answer your questions.

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WHY DID I GET THIS NOTICE AND DOES IT APPLY TO ME?

You received this Notice because our records indicate that you are one of the individuals in the Settlement Class, as it is defined below. The Court preliminarily approved the Proposed Class Action Settlement, and as part of that preliminary approval directed that this Notice be sent to potential Class Members because they have a right to be informed of the Proposed Class Action Settlement and to object to it for any reason. This Notice also informs you of a hearing in the Court, called a “Fairness Hearing,” where the Court will decide whether to finally approve the Proposed Class Action Settlement.

The reason that a change in the definition of the settlement class is being proposed is that the original class was composed of Navistar retirees who were receiving health benefits in 1993, then-active salaried employees, and their spouses and eligible dependents. The original class did not include employees in 1993 who were covered by collective bargaining agreements between Navistar and the UAW or other unions. Instead, these people became eligible for the *Shy* Plan through later collective bargaining agreements with Navistar.

The Class Representatives believe that it is appropriate, for purposes of this Class Action Settlement only, to expand the original settlement class to include everyone who is or may become a *Shy* Plan participant or beneficiary. This expansion of the class would not affect the provisions of the *Shy* Agreement that determine who is eligible to be a participant or beneficiary of the *Shy* Plan.

The new Settlement Class would consist of:

Present participants (including spouses and dependents) and those eligible to become participants, whether upon retirement or election (including eligible spouses and dependents), in the Navistar International Transportation Corp. Retiree Health

Benefit and Life Insurance Plan (n/k/a the Navistar, Inc. Retiree Health and Life Insurance Plan). This includes all eligible present retirees, individuals eligible upon retirement or election, and participating, eligible, or future-eligible spouses and dependents in the Navistar International Transportation Corp. Retiree Health Benefit Program (n/k/a the Navistar, Inc. Retiree Health Benefit Program), the Navistar International Transportation Corp. Retiree Life Insurance Program (n/k/a the Navistar, Inc. Retiree Life Insurance Program), and the Navistar International Transportation Corp. Retiree Supplemental Benefit Program (n/k/a the Navistar, Inc. Retiree Supplemental Benefit Program).

WHAT IS THIS CASE ABOUT?

Background

The 1993 *Shy* Agreement was the result of a lawsuit challenging Navistar's decision to cut its retiree health and life insurance benefits. Navistar claimed that it could not stay in business unless it reduced its estimated \$2.6 billion of potential liability for these benefits. The lawsuit was resolved by an agreement to make a series of changes to the retiree health and life insurance benefits that were reflected in a new health and welfare benefit plan that included the Base Plan and the Supplemental Plan.

The new Base Plan guaranteed that the then-current and certain future retirees would receive major medical benefits to cover doctor and hospital bills, as well as basic life insurance. Navistar agreed to make contributions to the Base Plan that were sufficient to provide the promised major medical and life insurance benefits in the Base Plan. The participants in the Base Plan were also required to pay monthly premiums to be eligible to receive the Base Plan benefits. The value of the benefits guaranteed under the Base Plan was estimated at \$1 billion in 1993.

The Supplemental Plan was created to provide as much of the remaining \$1.6 billion of pre-*Shy* Agreement retiree medical and life benefits as possible. The SBC was created to make decisions about the benefits and operation of the Supplemental Plan. It has two members with no prior relationship to Navistar, a former non-represented employee retiree and two UAW-designated members. The *Shy* Agreement created the Supplemental Trust to hold assets dedicated to the provision of the supplemental benefits. Navistar agreed to contribute stock in Navistar to the Supplemental Trust on the condition that it be sold within five years. The SBC sold the stock for approximately \$500 million in 1995, and it has used the proceeds and investment earnings from the sale to support the provision of supplemental benefits since then.

The Profit-Sharing Dispute

In addition to the stock that was contributed to the Supplemental Trust in 1993, the *Shy* Agreement required Navistar to make profit-sharing payments to the Supplemental Trust. The Profit-Sharing Plan in the *Shy* Agreement determines whether Navistar must make a profit-sharing payment to the Supplemental Trust in any given year based on Navistar's profits and losses, and the total hours worked by Navistar's employees. There is no guarantee that there will be a profit-sharing contribution in any year.

The Dispute over Past Profit-Sharing

Navistar made a total of \$286 million in profit-sharing contributions from 1994 through 2000. Navistar, however, calculated that it owed no profit-sharing from 2001 through 2010. In 2012, the SBC initiated proceedings in the Court concerning the lack of profit-sharing payments. In 2015, the Sixth Circuit Court of Appeals ruled that the dispute had to be resolved by an arbitrator selected from among the five largest accounting firms in the United States. In 2016, the arbitration of the SBC's dispute with Navistar over past profit-sharing payments began with the accounting firm of CliftonLarsonAllen LLP serving as the arbitrator.

The arbitrator issued an Amended Final Award in February 2021. Navistar was ordered to pay the Supplemental Trust past profit-sharing of \$159 million plus \$80 million in prejudgment interest. The SBC filed a motion in Court seeking to enforce the arbitration award, and Navistar filed a motion seeking to overturn it.

In 2020, Navistar and the SBC agreed to postpone the arbitration of their disputes concerning profit-sharing payments for more recent years pending the decision of the arbitrator concerning the earlier years. The SBC calculates that Navistar owes an additional \$53 million in profit-sharing and interest for the more recent years under the reasoning of the arbitrator's decision.

The Dispute over the Value of Future Profit-Sharing

The *Shy* Agreement provided for a "Profit-Sharing Cessation Date" when Navistar's obligation to make future profit-sharing payments ends. The SBC and Navistar have different views of how the Profit-Sharing Cessation Date is determined under the *Shy* Agreement. Navistar believes that paying the \$292 million of past profit-sharing per the arbitrator's decision may be sufficient to terminate Navistar's obligation to make profit-sharing payments in the future. The SBC believes that Navistar would still be short of the amount necessary to end profit-sharing. Absent approval of the Proposed Class Action Settlement, the resolution of this dispute would likely involve future legal proceedings.

The Medicare Part D Subsidies Dispute

The *Shy* Agreement provided that each year Navistar and the actuary for the *Shy* Plan must calculate the participants' premiums for the upcoming year. The calculation formula is based, in part, on the total claims and administrative expenses of the Base Plan in the prior year. Beginning in 2013, the Base Plan received payments from the federal government generated by the purchase of prescription drugs by the participants in the Base Plan. Navistar, as Plan Administrator, did not reduce the Base Plan's costs by the amount of Medicare Part D prescription drug subsidies the Base Plan received when it calculated the applicable participant premium rate.

The SBC believes that Navistar's past and future calculations of the participant premiums should reflect the net cost of the prescription drugs; that is, the cost of the drugs after the receipt of the Medicare Part D subsidies. Using this method, the Base Plan's costs that are used in the calculation would be lower, and that would cause the participant premiums to be lower. In addition,

because the *Shy* Agreement provides that Navistar must pay all Base Plan claims and expenses that are not covered by the monthly participant premiums, the SBC believes that the failure to offset the Medicare Part D subsidies in the calculation of the participant premiums causes the participants and the Supplemental Trust to pay more of the Base Plan’s costs – and Navistar to pay less – than was intended in the *Shy* Agreement. Navistar disputes these allegations.

In 2016, two *Shy* Plan participants who were SBC members, Wayne Krzysiak and Michael LaCour, filed the *Krzysiak* Lawsuit in the same federal court as the *Shy* Lawsuit to resolve the Medicare Part D Subsidies Dispute. The lawsuit was brought under the federal law governing employee benefit plans – the Employee Retirement Income Security Act of 1974 (“ERISA”) – and sought to require Navistar to pay back into the Base Plan a share of the Medicare Part D subsidies that had not been reflected in the calculation of the participant premiums since 2012. The lawsuit also asked the Court to require Navistar to reduce the Base Plan’s costs by the amount of the Medicare Part D subsidies for purposes of calculating the participant premiums in future years.

Navistar filed a motion for summary judgment in opposition to the *Krzysiak* Lawsuit, asserting that it is time-barred by ERISA because it was filed more than three years after the *Krzysiak* Plaintiffs had actual knowledge of an alleged violation of ERISA. The Court decided that that motion must be decided before the *Krzysiak* Lawsuit can proceed further. The Court conducted trials on this motion in both 2019 and 2020. The Court has not decided whether the *Krzysiak* Lawsuit can proceed or must be dismissed.

WHY IS THERE A PROPOSED SETTLEMENT?

The SBC agreed to resolve the Profit-Sharing Disputes with Navistar, and the *Krzysiak* Plaintiffs agreed to settle the Medicare Part D Subsidies Dispute with Navistar, because they believe that those settlements are fair, reasonable, and adequate, and in the best interests of the participants in the *Shy* Plan. The Class Representatives and Class Counsel reviewed the Profit-Sharing Settlement, the *Krzysiak* Settlement and the Proposed Class Action Settlement and believe that these settlements are fair, reasonable, and adequate, and in the best interests of the Settlement Class.

Navistar agreed to the Profit-Sharing Settlement, the *Krzysiak* Settlement and the Proposed Class Action Settlement to resolve the pending Profit-Sharing and Medicare Part D Subsidies Disputes once and for all, and to eliminate Navistar’s obligation to make future profit-sharing contributions to the Supplemental Trust. Navistar believes that it has legal defenses to the current claims and any future claims, and it does not admit any fault, violation of law, or wrongdoing by entering into any of the settlements.

WHAT MIGHT HAPPEN IF THERE IS NO SETTLEMENT?

The Profit-Sharing Settlement and the *Krzysiak* Settlement will not become effective if the Court does not approve the Proposed Class Action Settlement. If that happens, the disputes will go back to their prior status as if the parties never agreed to the settlements and Navistar will make whatever future profit-sharing payments are required by the *Shy* Agreement. The terms of the

Profit-Sharing Settlement, the *Krzysiak* Settlement and the Proposed Class Action Settlement will be void and will not take effect.

It is possible that the total of the relief obtained at some time in the future in the existing Profit-Sharing and Medicare Part D Subsidies Disputes and in future profit-sharing payments would exceed the \$742 million (plus interest) of value that the approval of the Proposed Class Action Settlement and the HBPC Resolution would create for the benefit of the Class Members. However, there is a risk that no recovery might be achieved after further contested and protracted litigation, including appeals, which could last several years into the future. As the number of Class Members continues to decline because of the deaths of the *Shy* Plan participants and beneficiaries, the ability to lower the monthly premiums and increase the supplemental benefits *immediately* is an important factor to consider.

WHAT BENEFITS MIGHT I RECEIVE FROM THE PROPOSED SETTLEMENT?

The Value of the Settlements in Total

It is important to consider the Profit-Sharing Settlement, the *Krzysiak* Settlement, and the Proposed Class Action Settlement in their entireties to evaluate their effects on the Class Members, and whether they would further the purpose of the *Shy* Agreement.

The SBC believes that, based on reasonable assumptions and projections, the \$742 million of value (plus interest) generated by the settlements and the related HBPC Resolution, when added to the existing assets in the Supplemental Trust would be sufficient to provide health care benefits to the Class Members that are comparable to the benefits that the Class Members had before the cutbacks that led to the 1992 *Shy* litigation in the first place. That would fulfill the purpose of the Supplemental Plan and achieve the goal of the negotiators of the *Shy* Agreement to create a way to restore the pre-1993 benefits in the future.

The Value of the Individual Settlements

Because the Proposed Class Action Settlement would require the Class Members to enter into a Release giving up a right to file future lawsuits about the Profit-Sharing Disputes and the Medicare Part D Subsidies Dispute, it is also important to evaluate the three settlements individually.

The Profit-Sharing Settlement between Navistar and the SBC relating to past profit-sharing provides for Navistar to pay a total of \$292 million (plus interest). That represents the full value of the arbitration award and the SBC's calculation of the profit-sharing owed by Navistar for the post-arbitration years.

The Proposed Class Action Settlement would also amend the Supplemental Plan to exchange the Supplemental Trust's right to receive future contributions from Navistar for an additional immediate payment of \$264 million. It is possible that the value of future profit-sharing payments would exceed that amount, but the SBC agreed to amend the Supplemental Plan to make that exchange based on advice from an array of experts. The SBC's decision was based on many

factors, including (1) the dispute over when profit-sharing ends; (2) the ability of Navistar to meet its financial projections in the future, and (3) the impact of the acquisition of Navistar by Traton SE. The Class Representatives reviewed the negotiations between the SBC and Navistar, the advice received by the SBC, and the SBC's analysis and conclusion. The Class Representatives agreed in the Proposed Class Action Settlement to seek Court approval of this proposed amendment of the Supplemental Plan.

The *Krzysiak* Settlement would reduce future participant premiums through Navistar's agreement to account for the subsidies in the calculation of the premiums. This would satisfy the claim for future relief in the *Krzysiak* Lawsuit. The payment of \$3 million to the Supplemental Trust would fully reimburse the fees and expenses the SBC spent in support of the *Krzysiak* Lawsuit.

The payment of \$17 million to the Base Plan Retiree Sub Account A dedicated to the payment of future participant premiums would resolve the claim in *Krzysiak* for alleged losses of the Base Plan caused by Navistar's calculation of the premiums from 2012 through 2021. That represents less than one-third of the potential recovery on this claim in the *Krzysiak* Lawsuit. The *Krzysiak* Plaintiffs and the SBC believe that this is a reasonable settlement based on the risk that the case could be dismissed, the value of the future relief achieved in the settlement of the Medicare Part D Subsidies Dispute, and the total value of the settlements which would become effective if the Proposed Class Action Settlement is approved by the Court.

The Class Representatives and Class Counsel believe that the Release by the Class Members of their potential Medicare Part D subsidies claims relating to the 2012 through 2021 time period is fair and in the best interest of the Class Members because the value of such claims is uncertain. The claims could be time-barred. No Class Member suffered any out-of-pocket loss from Navistar's alleged actions because the Supplemental Trust covered 100% of the lost Medicare Part D subsidies when the SBC bought down the premiums in those years. The Class Representatives and Class Counsel also believe that the Release of these claims by the Class Members is justified by the value of the future relief achieved in the settlement of the Medicare Part D Subsidies Dispute, and the total value of the settlements.

The payments described above will be used to provide additional supplemental benefits to the Class Members in the amount and form described. No Class member would receive a direct cash payment as a result of the approval of the Proposed Class Action Settlement. The Proposed Class Action Settlement, a detailed agreement setting forth proposed terms, can be viewed and downloaded at www.navistar.com/shysettlement.

HOW DOES THE PROPOSED SETTLEMENT AFFECT MY LEGAL RIGHTS?

The Proposed Class Action Settlement includes Releases which require the Class Members to give up their rights to bring claims in the future relating to past and future profit-sharing and the Medicare Part D subsidies. If the Proposed Class Action Settlement is approved, you would not be able to bring your own lawsuit involving those issues.

**HOW DO I PARTICIPATE IN THE PROPOSED SETTLEMENT?
WHAT DO I NEED TO DO?**

You do not need to do anything to participate in the Proposed Class Action Settlement. As a member of the Settlement Class, the settlement will include you and you will be bound by and benefit from the Proposed Class Action Settlement if it is approved by the Court. You would not be able to “opt out” of the Proposed Class Action Settlement and then bring your own lawsuit making claims about profit-sharing and the Medicare Part D subsidies.

WHAT IF I DON'T LIKE THE PROPOSED SETTLEMENT? HOW DO I OBJECT?

Although you cannot exclude yourself from the Proposed Class Action Settlement, you can object to it and ask the Court not to approve it.

Any Class Member may object to the Proposed Class Action Settlement or Class Counsel’s motion for an award of attorneys’ fees and reimbursement of litigation expenses. Objections must be in writing. To object to the Proposed Class Action Settlement, you must give reasons why you think the Court should not approve it. The Court will consider your views before making a decision.

In order to have your objection considered, you or your attorney must mail the written objection to Class Counsel, Navistar Counsel, and the Court. Your objection must contain: (a) the full name, address, telephone number, and email address of the objector; (b) a written statement of all grounds for the objection accompanied by any legal or factual support for such objection; (c) copies of any papers, briefs, or other documents on which the objection is based; (d) a list of all cases in which the objector and/or objector’s counsel had filed or in any way participated in—financially or otherwise—objecting to a class action settlement in the preceding five years; (e) the name, address, email address, and telephone number of all attorneys representing the objector; (f) a statement indicating whether the objector and/or the objector’s counsel intends to appear at the Fairness Hearing, and, if so, a list of all persons, if any, who will be called to testify in support of the objection; and (g) the objector’s signature. Class Members who fail to make objections in the manner specified in this section will be deemed to have waived any objections and will be foreclosed from making any objection to the Proposed Class Action Settlement. You must mail your written objection to the following addresses:

Navistar Counsel

John C. Goodchild, III
Morgan, Lewis & Bockius LLP
1701 Market Street
Philadelphia, PA 19103

Court

Office of the Clerk
Walter H. Rice Federal Building
200 W. 2nd Street, Suite 712
Dayton, Ohio 45402

Class Counsel

W. B. Markovits
Markovits, Stock & DeMarco, LLC
3825 Edwards Road, Suite 650
Cincinnati, OH 45209

An Objection to the Proposed Class Action Settlement must be filed on or before April 10, 2022. If you do not object within this time period, you lose your right to object to the Proposed Class Action Settlement.

You may file a written objection without having to appear at the Settlement Fairness Hearing. You may not, however, appear at the Fairness Hearing to present your objection unless you first filed and served a written objection in accordance with the procedures described above, unless the Court orders otherwise.

WHEN AND WHERE IS THE FAIRNESS HEARING? AM I REQUIRED TO ATTEND THE FAIRNESS HEARING? MAY I SPEAK AT THE HEARING?

The Court will hold a hearing to decide whether to finally approve the Proposed Class Action Settlement. You may attend and you may be able to speak at the hearing, but you do not have to do so. The Court will hold the Fairness hearing at 10 a.m. ET on June 9, 2022, at the Walter H. Rice Federal Building, 200 W. 2nd St., Dayton, Ohio 45402, in Courtroom 1. At the hearing, the Court will consider whether the settlement is fair, reasonable, and adequate. If there are objections that were received by the deadline, the Court will then consider them. If you submit a timely objection, the Court will also listen to you speak at the hearing, if you so request.

You are not required to attend the Fairness Hearing but are welcome to attend. If you send an objection you can come to Court to discuss it if you filed a Notice of Appearance and the Court permits; however, you are not obligated to attend. You may also pay your own lawyer to attend or discuss your objection, but that is not necessary.

You may ask the Court to permit you to speak at the Fairness Hearing. To do so, you must file a written request with the Court saying that it is your “Notice of Intent to Appear at the Fairness Hearing in *Shy v. Navistar International Corp.*, Case No. 3:92-cv -0333-WHR (S.D. Ohio).” This notice must be filed no later than April 10, 2022. If you plan to have your own attorney speak for you at the hearing, you must also include the name, address, and telephone number of the attorney who will appear. Your written request must be sent to the Clerk of Court, Class Counsel, and Navistar’s Counsel at their addresses above. You may not be permitted to speak at the hearing if your Notice of Intent to Appear is late.

The date and time of the Fairness Hearing could change. If you plan to attend the hearing, please contact Class Counsel or call the toll-free number to confirm.

WHO REPRESENTS THE INTERESTS OF THE CLASS MEMBERS?

The Court has appointed Class Representatives and Class Counsel to represent the interests of the Class Members. The following individuals have been appointed as Class Representatives, each of whom is a Navistar retiree:

Robert Bergmann (Ret. USW)
Fred Cortright (Ret. UAW)
Carl Potts (Ret. SEE)
Miller Rodgers (Ret. UAW)
Richard Zounes (Ret. Salaried)

The lawyers that the Court has appointed to serve as Class Counsel are:

W. B. Markovits
Terence R. Coates
Markovits, Stock and Demarco, LLC
3825 Edwards Road, Suite 650
Cincinnati, Ohio 45209
Phone: 513-651-3700
bmarkovits@msdlegal.com
tcoates@msdlegal.com

The SBC also has counsel that were instrumental in negotiating the settlements. These lawyers are:

Ted Scallet
EascoLaw, LLP
2756 Stephenson Lane, NW
Washington, DC 20015
Phone: 202-329-6399
ted@eascolaw.com

Sarah Adams
Groom Law Group, Chartered
1701 Pennsylvania Ave, NW
Washington, DC 20006
Phone: 202-857-0620
sadams@groom.com

If you would like to be represented by your own lawyer, you may hire one at your own expense. You do not need to hire your own attorney to file an Objection.

WHAT PAYMENT ARE THE ATTORNEYS FOR THE CLASS SEEKING? HOW WILL THE LAWYERS BE PAID?

Navistar agreed to pay the fees and expenses of Class Counsel in this matter, subject to a \$750,000 cap that Navistar and Class Counsel agreed to and believe is reasonable. If the Proposed Class Action Settlement is approved, Class Counsel's attorneys' fees will be subject to review by this Court as part of the settlement process. Navistar agreed to pay the fees and expenses of Class Counsel regardless of their recommendations with respect to the Profit-Sharing Settlement or the *Krzysiak* Settlement and whether or not the Proposed Class Action Settlement is ultimately approved. This agreement came after the material financial terms of the Proposed Class Action Settlement were determined and has no effect on any payment to Class Members. Payment to Class Counsel will be made following Court review of fees, if any, or at the time the settlement process is terminated. Any Class Member who objects to the request by Class Counsel for payment of their fees and expenses may state that objection in writing and may appear at the hearing. If you submit a written Objection, you are not required to appear at the hearing.

The fees and expenses of the SBC's lawyers are reviewed by the SBC and paid by the Supplemental Trust.

The out-of-pocket expenses of the Class Representatives, if any, will be reimbursed by Class Counsel. The Class Representatives are not being paid fees.

HOW DO I GET MORE INFORMATION ABOUT THE CASE?

The detailed Settlement Agreement, plan amendments, key litigation documents and a "Frequently Asked Questions" page may be found on Navistar's settlement website at the following address:

- www.navistar.com/shysettlement

If you have further questions, Navistar has a toll-free hotline at 1-877-353-5100.

If there is an issue that cannot be dealt with through the websites or hotline, you may contact Class Counsel at 1-513-651-3700.

Please do not contact the Court. The Court personnel will not be able to answer your questions.