

International Newsroom

Navistar Canada Purchases Group Annuity Contracts, Transferring Canadian Pension Obligations And Assets

LISLE, Ill., Feb. 21, 2019 /[PRNewswire](#)/ -- Navistar International Corporation (NYSE: NAV) today announced that Navistar Canada ULC, its wholly owned subsidiary, on behalf of its pension plans, has purchased group annuity contracts from RBC Life Insurance Company (RBC Insurance) and iA Financial Group that transfer approximately \$268 million (\$333 million CAD) in obligations, and related assets, of defined benefit pension plans in Canada to these two Canadian insurers. The transactions are aligned with Navistar's strategic priority to strengthen its balance sheet by lowering risk volatility in its pension plan obligations.

Under the agreements, the two Canadian insurers will issue annuities covering the responsibility for pension benefits owed to approximately 1,750 Navistar pensioners and beneficiaries, which represents the majority of Navistar's pension plan members in Canada, and will begin administering all benefits to these members beginning on May 1, 2019. Pension benefits for plan participants will not change.

Following the transactions, benefits for plan participants are now protected under Assuris, the life insurance compensation association designated under the Insurance Companies Act of Canada, versus prior protection under the Canadian Pension Benefits Guarantee Fund. Plan participants have been sent information packages containing further details.

"We're pleased to partner with RBC Insurance and iA Financial Group to secure pension benefits for our Canadian retirees and their beneficiaries," said Walter G. Borst, executive vice president and Chief Financial Officer, Navistar International Corp. "These transactions continue our objective to de-risk the balance sheet and manage future pension obligations, while retirees and their beneficiaries will receive equivalent pension benefits from highly rated

insurance companies, who have strong expertise in long-term management of retirement benefits."

As a result of the transactions, which were funded by existing plan assets and required no cash contributions to Navistar Canada's pension plans, Navistar reduced its pension plan benefit obligations by approximately 8 percent. Navistar expects to recognize a non-cash pension settlement charge of approximately \$142 million (\$104 million after-tax) in its fiscal first quarter of 2019 financial results that will be excluded in its non-GAAP results. Going forward, the transactions reduce Navistar's non-operating financial risk and administrative costs.

Morneau Shepell, a leading consulting firm with expertise in pension risk, advised Navistar on the transactions.

Forward-Looking Statement

Information provided and statements contained in this report that are not purely historical are forward-looking statements within the meaning of the federal securities laws. Such forward-looking statements only speak as of the date of this report and the company assumes no obligation to update the information included in this report. Such forward-looking statements include information concerning our possible or assumed future results of operations, including descriptions of our business strategy. These statements often include words such as believe, expect, anticipate, intend, plan, estimate, or similar expressions. These statements are not guarantees of performance or results and they involve risks, uncertainties, and assumptions. For a further description of these factors, see the risk factors set forth in our filings with the Securities and Exchange Commission, including our annual report on Form 10-K for the fiscal year ended October 31, 2018. Although we believe that these forward-looking statements are based on reasonable assumptions, there are many factors that could affect our actual financial results or results of operations and could cause actual results to differ materially from those in the

forward-looking statements. All future written and oral forward-looking statements by us or persons acting on our behalf are expressly qualified in their entirety by the cautionary statements contained or referred to above. Except for our ongoing obligations to disclose material information as required by the federal securities laws, we do not have any obligations or intention to release publicly any revisions to any forward-looking statements to reflect events or circumstances in the future or to reflect the occurrence of unanticipated events.

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