February 11, 2016

CONFIDENTIAL

Nancy Su
Pension Officer
Financial Services Commission of Ontario
5160 Yonge Street, 4th Floor
Box 85
Toronto, Ontario M2N 6L9

RE: Navistar Canada Inc. Non-Contributory Retirement Plan, Registration Number 0351684 (the “Plan”)

Dear Ms. Su:

On behalf of the Plan Administrator, Navistar Canada Inc., we are writing to request a filing extension of the 60 days filing date referenced in the Order dated December 23, 2015 issued by the Superintendent of Financial Services in regards to the Plan.

The Order stipulated, amongst other things, that the Plan be partially wound up effective July 28, 2011. We can confirm that preparation of the partial wind up report (the “Report”) began immediately upon receipt of the Order. However, the other requirements of the Order have a significant impact on the preparation of the Report, and, as we have progressed it has become clear that we will require an extension of the 60 days filing date. We are requesting that the Superintendent grant the Plan an extension of the filing date to six months from December 23, 2015, to complete and file the Report.

In order to file the Report, we have advised Navistar Canada Inc. that the Report must comply with the Canadian Institute of Actuaries Standards of Practice, the Ontario Pension Benefits Act (the “PBA”) and Regulation, the Order, the Financial Services Commission of Ontario’s published policies and the Plan’s provisions of material importance. Therefore, the Report must identify the following:

1. The benefit entitlements of all members affected by the partial windup,

2. The assets and liabilities associated with the partial wind up and any special payments required to fund the partial windup deficit, if one exists, as per the PBA and Regulation;

3. The funded status of the ongoing portion of the Plan, following the partial wind up, on a going concern basis, a hypothetical wind up basis and a solvency basis; and
4. The minimum required contributions for the ongoing portion of the plan from the partial wind up date in accordance with the PBA and Regulation.

To comply with these requirements, the Report must reflect/recognize all known events that have occurred up to and including the partial wind up date. Two such events that are mandated for recognition are items 3 and 4 of the Order. The impact of these items can only be completed once all affected members are identified and the value of their entitlements has been determined. Identifying affected members will require a historic review of the Plan's records that go back many years. This process will require obtaining and reviewing a large amount of records and data to ensure compliance with items 3 and 4 of the Order. Once this has been achieved, we will be in a position to determine the impact on the Plan's funded status as at the partial wind up date.

It is important that this historic review be comprehensive in order to satisfy the requirements of the Order. While every effort has been made by Navistar Canada Inc. and ourselves, including adding extra resources, to comply with the 60 day timeframe, it is apparent that in spite of our best efforts and progress, additional time is required to complete the review and subsequently the Report.

While we are asking for an extension of the filing date from 60 days to six months, Morneau Shepell and Navistar Canada Inc., will endeavor to complete the task earlier. We are prepared to provide interim updates outlining the progress made.

In addition to the above, we are also requesting, on behalf of Navistar Canada Inc., an extension of the filing for the actuarial valuation required as at June 1, 2015 (to be filed by February 28, 2016; hereafter referred to as the "regular filing"). Subsequent to the effective date of the Order, we have advised Navistar Canada Inc. that the implications of the Order must be reflected in the regular filing. For the reasons above, the regular filing cannot be completed until the partial wind up report has been completed and filed with the Superintendent. As such, we are requesting an extension of the regular filing to September 30, 2016, with the intention to make the regular filing as soon as practicable following the Superintendent's approval of the partial wind up report.

Yours truly,

Howard Cimring
Partner
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Copy: Greg Booth, Navistar Canada Inc.
Rob Socco, Navistar Canada Inc.