

- At the time of the initial failure, all we knew after Orscheln's initial lab check was that this particular failed part had a heat treatment issue based on their lab check of that part. i.e. the hardness and microstructure of that part did not meet Orscheln's own spec. What Navistar, or the supplier didn't know at the time was how widespread the issue was, what heat treatment lots were potentially affected, or what caused the heat treatment issue in the first place. In other words, we did not know the root cause. So we were in the discovery process at that point.
- There was no defect trend at the 10/15 time frame because we had only one reported failure, Orscheln had no other parts from that lot on hand to check, and Orscheln had no sub-supplier quality records at that time indicating a defect trend. Therefore we had nothing that said we had a repetitive defect trend in Navistar vehicles.
- It wasn't until the second field failure (12/15/15) occurred that Navistar and Orscheln became concerned of a possible defect trend. And therefore started obtaining additional clip samples from the field so that Orscheln could analyze the heat treatment characteristics and compare to their own assembly lots, and their sub supplier heat lots, to understand better which lots may have been affected.
- Then it wasn't until the 1/15/16 meeting between Navistar and Orscheln, where they announced that they identified one lot of material from their heat treatment supplier may be suspect, but that they needed to examine more lots of material to determine the extent of the issue.
- The 1/20 meeting between Orscheln and Navistar is where Orscheln went over the heat treatment issues that their supplier had with the one lot, and then discussed a game plan for analyzing additional heat lots and how they may have impacted our vehicle population.
- And then we had the third failure in February.
- It wasn't until the 2/18 meeting where we had all the suspect lots identified and how Orscheln shipments would have effected Navistar vehicles builds

Therefore the chronology was intended to reflect the incomplete information we had at the first failure, and as time progressed, both companies gained additional technical information about the heat lots, warranty claim analysis, and actual field failures until we had enough information to understand the root cause and the scope, and that we had a repetitive issue.