

United States District Court for the Eastern District of Virginia

**PLEASE READ THIS NOTICE CAREFULLY. IT RELATES  
TO THE PROPOSED SETTLEMENT OF A CLASS ACTION AND  
CONTAINS IMPORTANT INFORMATION ABOUT YOUR RIGHTS.**

*A federal court has authorized this Notice. This is not a solicitation from a lawyer.*

**I. What is this notice about?**

You are receiving this notice because the records of Huntington Ingalls Industries, Inc. (“HII”) indicate that you receive a monthly benefit payment under the “Legacy” part of the Huntington Ingalls Industries, Inc. Newport News Operations Pension Plan for Employees Covered by United Steelworkers Local 8888 Collective Bargaining Agreement (the “Covered Plan”) and are a member of the Class (described below) in a lawsuit relating to this Covered Plan. As such, your rights may be affected by a proposed settlement of this class action lawsuit (the “Settlement”). **Please read the following information carefully to find out what the lawsuit is about, what the terms of the proposed settlement are, what rights you have to object to the proposed settlement agreement if you disagree with its terms, and what deadlines apply.**

You do not need to do anything to be a part of the Class or, if the Settlement is approved, to receive a Monthly Benefit Increase (as described below) under the terms of the Settlement.<sup>1</sup>

**II. What is a class action lawsuit?**

A class action lawsuit is a legal action in which one or more people represent a large group, or class, of people. The purpose of a class action lawsuit is to litigate at one time similar legal claims of the members of the group.

**III. What is this lawsuit about?**

This class action lawsuit (“Action”) was brought on behalf of certain participants, beneficiaries, and surviving spouses receiving benefits under the Covered Plan. Roger Herndon (“Plaintiff”) is the named plaintiff and Court-appointed representative of all members of the Class.

On May 20, 2019, Plaintiff sued HII and the administrator of the Covered Plan (“Defendants”) under the Employee Retirement Income Security Act of 1974, as amended (“ERISA”). Plaintiff challenged the actuarial assumptions and factors used by the Covered Plan to convert single-life annuity (“SLA”) benefits into alternative forms of payment, including joint and survivor annuity (“JSA”). In particular, Plaintiff alleged that the assumptions and factors used by the Covered Plan to convert SLAs into alternative forms of payment are outdated and do not provide participants with “actuarially equivalent” benefits, as required by law. Plaintiff asserted that the Covered Plan should instead have calculated benefits using different actuarial assumptions.

**IV. Why is there a proposed settlement?**

The Court has not decided in favor of either side in the Action. Plaintiff and Class Counsel believe the claims have merit. Defendants deny all allegations of wrongdoing, fault, liability, or damage to the Plaintiff and the Class, deny that the actuarial assumptions or factors used by the Covered Plan to calculate benefits are in any way improper, and deny that any Class Member is receiving a benefit amount that is less than what he or she is entitled to receive. Plaintiff and Defendants have agreed to settle in order to avoid the expense, inconvenience, and inherent risk of litigation with respect to the Action.

Plaintiff and Class Counsel believe that the proposed settlement is in the best interest of the Class because it provides appropriate recovery for Class Members now, while avoiding the risk, expense, and delay of pursuing the case through trial and any appeals, including the possibility of no recovery at all.

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<sup>1</sup> All capitalized terms not defined in this Notice are defined in the Settlement Agreement.

## **V. Who is in the Class?**

The Court has preliminarily certified a Class. The Settlement will apply to—and will be binding on—the Class. The Class is defined as:

All participants or beneficiaries of the “Legacy” part of the Huntington Ingalls Industries, Inc. Newport News Operations Pension Plan for Employees Covered by United Steelworkers Local 8888 Collective Bargaining Agreement, who began receiving pension benefits in the form of a joint and survivor annuity during the Class Period, which shall be defined as May 20, 2013 through January 17, 2020. Excluded from the Class are Defendants and any individuals who are subsequently determined to be fiduciaries of the Plan.

Under this Class definition, a participant in the Covered Plan, or someone who is receiving a Preretirement Survivor Annuity from the Covered Plan, must have *started* to receive his or her benefits during the Class Period to be a Class Member. For the beneficiary of a participant who received benefits from the Covered Plan to be a Class Member, the first payment of the joint benefit paid to the participant must have occurred during the Class Period. Based on this definition, HII’s records indicate that you are a member of the Class.

## **VI. What are the terms of the Settlement?**

The legal rights and obligations relating to the Settlement are set forth in the Settlement Agreement, dated November 11, 2021 (the “Settlement Agreement”), which is available at [www.HIIERISASettlement.com](http://www.HIIERISASettlement.com). The Settlement resolves all issues regarding the actuarial assumptions or factors used by the Covered Plan to convert SLAs to JSAs and PSAs. The present value of the proposed Settlement – that is, its value in today’s dollars – is approximately \$2.8 million. The terms of the Settlement Agreement are summarized briefly below; you should review the Settlement Agreement itself for a complete and detailed statement of the terms of the Settlement.

### **A. Benefits to the Class**

As discussed above, Plaintiff claimed that the actuarial assumptions and factors used to convert SLA benefits into JSA annuities under the Covered Plan were improper. If the Settlement is approved by the Court, the Covered Plan will be amended to provide Class Members with increased monthly benefits. The present value of the Settlement, \$2.8 million, is approximately 34% of the amount of damages Plaintiff’s actuarial expert estimated that the Class could obtain at trial.

The proposed Settlement provides that the Plan will pay the value of the Settlement, net of amounts awarded for Fees, Expenses and Costs discussed below, in the form of a Monthly Benefit Increase to be paid during the lifetimes of the Class Member participants and their designated beneficiaries (“Associated Beneficiaries”). Your share of the Net Settlement Value will be based on the value of your past and projected future benefits (including benefits either paid to your Associated Class Member Participant, if you are the beneficiary, or which may be paid to your Associated Beneficiary, if you are the Participant), compared to the value of *all* Class Members’ past and projected future benefits. Your share will then be annuitized and paid out over your lifetime (and, where applicable, over the lifetime of your designated beneficiary) as an increase to the amount of the benefit payment you already receive each month, in the benefit form that you already selected. For example, if you are receiving a 50% JSA, your beneficiary will receive 50% of your Monthly Benefit Increase if he or she lives longer than you do, just as he or she would be entitled to receive 50% of your current monthly benefit. Monthly Benefit Increases, like your current benefit payments, will be reduced by applicable adjustments (*e.g.*, for taxes).

Although each Class Member will be entitled a Monthly Benefit Increase for pension payments effective as of January 1, 2022, Class Members will not begin receiving any additional benefit under the Settlement until several months after the Settlement becomes Final. The first monthly payment that reflects any additional benefit will include a lump sum amount for the amount of any increase from January 1, 2021 to the date of that first increased payment.

Finally, where *both* the Participant Class Member *and* his or her Associated Beneficiary have died prior to the first date on which Monthly Benefit Increases are to be paid under the Settlement, the Plan will make a lump sum payment to the estate (or heirs) of the Participant or Associated Beneficiary (whoever died later) upon receipt of a properly completed Estate Claim Form. The payment will be calculated in the same way as benefits for Class

Members who are still living, except that (a) the calculation will not include any value for future benefit payments; and (b) the payment will not be annuitized.

**B. Release of Claims by the Class**

In exchange for benefits conferred by the Settlement, all members of the Class will release Defendants and their Related Parties from any and all Claims arising on or before January 17, 2020 that were brought, or could have been brought, arising out of, or relating to, the allegations in the Complaint. For the avoidance of doubt, a Claim arises on or before January 17, 2020 if a Class Member's benefit amount is determined as of January 17, 2020 or earlier, even as to monthly payments made after January 17, 2020. "Released Claims" do not include claims by Class Members (other than Plaintiff) that are not or could not be related to the allegations in the Complaint.

Pursuant to the Settlement Agreement, Class Members expressly agree that they, acting individually or in combination with others, will not institute, maintain, prosecute, sue, or assert in any action or proceeding any Released Claim. The Release is set forth in full in the Settlement Agreement, which can be viewed online at [www.HIIERISAsettlement.com](http://www.HIIERISAsettlement.com).

**VII. Who is representing the interests of Class Members?**

The Court has appointed the following lawyers ("Class Counsel") to represent the Class:

<p>Douglas P. Needham Robert A. Izard IZARD, KINDALL &amp; RAABE, LLP 29 South Main Street, Suite 305 West Hartford, CT 06107 (860) 493-6292 <a href="mailto:dneedham@ikrlaw.com">dneedham@ikrlaw.com</a> <a href="mailto:rizard@ikrlaw.com">rizard@ikrlaw.com</a></p>	<p>Mark G. Boyko BAILEY &amp; GLASSER LLP 8012 Bonhomme Avenue, Suite 300 St. Louis, MO 63105 (314) 863-5446 <a href="mailto:mboyko@baileyglasser.com">mboyko@baileyglasser.com</a></p> <p>Gregory Y. Porter BAILEY &amp; GLASSER LLP 1055 Thomas Jefferson Street NW Suite 540 Washington, DC 20007 202-463-2101 <a href="mailto:gporter@baileyglasser.com">gporter@baileyglasser.com</a></p>
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You do not need to hire your own lawyer because Class Counsel is working on your behalf and will seek final approval of the Settlement on behalf of the Class Members. You may hire your own lawyer to represent you in this case if you wish, but it will be at your own expense.

**VIII. How will Class Counsel be paid?**

From the beginning of the case to the present, Class Counsel has not received any payment for their services in pursuing this case or in obtaining this proposed Settlement, nor have they been reimbursed for any out-of-pocket costs they have incurred. Class Counsel will apply to the Court for an award of attorneys' fees not to exceed 25% of the Settlement's \$2.8 million present value, plus litigation expenses of approximately \$320,000 and a client contribution award to the Lead Plaintiff of \$10,000. This Fee, Expense and Costs Award shall come out of, and reduce, the total present value of the Settlement payable to Class Members in the form of Monthly Benefit Increases.

The motion and supporting papers in support of the Fees, Expenses and Costs Award (including the Client Contribution Award), will be filed on or before March 25, 2022.. After that date, you may review the motion and supporting papers at [www.HIIERISAsettlement.com](http://www.HIIERISAsettlement.com).

**IX. What is the Court's process for approving or rejecting the Settlement?**

The Court has granted preliminary approval of the proposed Settlement and has approved this Notice. The Settlement will not take effect, however, until the Court approves the final Settlement, enters Judgment, and the Judgment becomes Final. The Court will hold a Final Approval Hearing on May 9, 2022, at 9:30 a.m., which will take place by video conference. The date, time, and whether the Final Approval Hearing will take place in person or by videoconference is subject to change by order of the Court, which will appear on the Court's docket for the case.

**X. Can Class Members opt out of the Settlement?**

No. The federal law that forms the basis for the claims in the case requires that, where appropriate, plan provisions be applied consistently with respect to similarly situated plan participants. The Court has certified the class under a rule that does not permit class members to opt out.

**XI. Can Class Members object to the Settlement?**

Yes. Prior to the Final Approval Hearing, Class Members will have the opportunity to object to the fairness, reasonableness, or adequacy of the Settlement, to any term of the Settlement Agreement, and to the proposed Fee, Expense and Costs Award. To object, you must file your objection with the Court in writing, sent by first-class mail to the following address and serve a copy of your objection on the Parties' counsel. The addresses for filing objections with the Court and for serving objections on counsel are as follows:

For Filing:

Clerk of the Court  
United States District Court for the Eastern District of Virginia  
Newport News Division  
2400 West Avenue  
Newport News, VA 23607  
Re: *Herndon v. Huntington Ingalls Industries, Inc.*, No. 4:19-cv-00052- RCY-LRL

To Class Counsel:

Douglas P. Needham  
IZARD, KINDALL & RAABE LLP  
29 S. Main Street, Suite 305  
West Hartford, CT 06107  
Tel.: (860) 493-6294  
Email: dneedham@ikrlaw.com

To Defendants' Counsel:

Emily Seymour Costin  
ALSTON & BIRD, LLP  
950 F Street NW  
Washington, D.C. 20004-1404  
Tel.: (202) 239-3695  
Email: emily.costin@alston.com

Objections must be received by the Court on or before April 11, 2022, and must be served on counsel so that they are received on or before April 11, 2022. Service on counsel may be effected by email, but filing with the Court must be by first-class mail.

To be valid and considered by the Court, any written objection must state: (1) the name and case number of the Action: *Herndon v. Huntington Ingalls Industries, Inc.*, No. 4:19-cv-00052- RCY-LRL; (2) your name, address, and telephone number; and (3) each objection you are making, including any legal support and/or evidence you wish to bring to the Court's attention or introduce in support of your objection(s). If you so choose, you may file and serve your objection through counsel of your choice, and you (or your counsel) may appear at the final approval hearing. If you decide to hire counsel (at your own expense), your attorney must file a notice of appearance with the Court no later than April 11, 2022, and serve a copy of the notice on the counsel listed above.

the same day that it is filed. You do not have to appear at the final approval hearing to have the Court consider your objection. If you choose to appear at the final approval hearing, either for yourself or through counsel retained at your expense, you must file a notice of intention to appear (and, if applicable, the name, address, and telephone number of your attorney) with the Court no later than April 11, 2022..

Class members who do not comply with these procedures, or who miss the deadline to file an objection, lose the opportunity to have their objection considered by the Court or to appeal from any order or judgment entered by the Court regarding the Settlement.

<b>XII. Where can Class Members get additional information?</b>
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You do not need to do anything to be a part of this Class or, if the Settlement is approved, to receive your Monthly Benefit Increase.

You can visit the Settlement website at [www.HIIERISAsettlement.com](http://www.HIIERISAsettlement.com) , where you will find the full Settlement Agreement, the Court's order granting preliminary approval of the Settlement, this Notice, and other relevant documents. If there are any changes to how or when the Final Approval Hearing will be held, the deadlines for objecting to the Settlement, or the Settlement Agreement itself, those changes will be posted on the Settlement website. You will not receive an additional mailed notice with those changes, unless separately ordered by the Court. If you cannot find the information you need on the website, you may also contact Class Counsel for more information. Please do not contact the Court to get additional information.

Dated: [DATE]

By Order of the United States District Court  
United States District Judge Roderick C. Young