

NAVISTAR INTERNATIONAL CORP
Form DEF 14A
December 21, 2016
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
SCHEDULE 14A
(Rule 14a-101)
SCHEDULE 14A INFORMATION
Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934 (Amendment No. _)

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Check the appropriate box:

_____ Preliminary Proxy Statement

_____ Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

X Definitive Proxy Statement

_____ Definitive Additional Materials

_____ Soliciting Material Pursuant to §240.14a-12
Navistar International Corporation

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

X

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NAVISTAR INTERNATIONAL CORPORATION
2701 NAVISTAR DRIVE
LISLE, ILLINOIS 60532
NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

Date: Tuesday, February 14, 2017, 9:00 A.M. — Central Time

Location: Navistar Corporate Headquarters
2701 Navistar Drive, Lisle, Illinois 60532

December 21, 2016
To our stockholders:

On behalf of the Board of Directors of Navistar International Corporation, you are cordially invited to attend our 2017 Annual Meeting of Stockholders, which will be held on Tuesday, February 14, 2017 at 9:00 A.M. Central Time at our corporate headquarters located at 2701 Navistar Drive, Lisle, Illinois 60532. At our annual meeting, our stockholders will be asked to:

- Elect as directors the nominees named in the accompanying proxy statement;
- Act on an advisory vote on executive compensation as disclosed in the accompanying proxy statement;
- Act on an advisory vote on the frequency of the advisory vote on executive compensation;
- Ratify the appointment of our independent registered public accounting firm; and
- Act upon any other matters properly brought before the annual meeting.

We plan to send a Notice of Internet Availability of Proxy Materials on or about December 21, 2016. The Notice of Internet Availability of Proxy Materials contains instructions on how to access our materials on the Internet, as well as instructions on obtaining a paper copy of the proxy materials. The Notice of Internet Availability of Proxy Materials is not a form for voting and presents only an overview of the proxy materials. In order to attend our 2017 Annual Meeting of Stockholders, you must have an admission ticket. Procedures for requesting an admission ticket are detailed in the accompanying proxy statement. Attendance and voting is limited to stockholders of record at the close of business on December 19, 2016.

Your vote is important. Whether or not you plan to attend the 2017 Annual Meeting of Stockholders, please vote your proxy either by mail, telephone, mobile device or over the Internet.

By Order of the Board of Directors,

Curt A. Kramer
Secretary

IMPORTANT NOTICE OF INTERNET AVAILABILITY OF PROXY MATERIALS FOR THE STOCKHOLDERS
MEETING TO BE HELD ON FEBRUARY 14, 2017: THE ANNUAL REPORT AND PROXY STATEMENT
ARE AVAILABLE AT [HTTP://WWW.NAVISTAR.COM/NAVISTAR/INVESTORS](http://www.navistar.com/navistar/investors)

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PROXY SUMMARY

This summary highlights information collected elsewhere in this proxy statement or in our corporate governance documents published on our website: <http://www.navistar.com/navistar/investors/corporategovernance/>

We encourage you to read this proxy statement in its entirety before voting.

How to Vote

Your vote is important. Please exercise your right as a stockholder and submit your proxy as soon as possible. You may vote if you were a stockholder at the close of business on December 19, 2016. Stockholders may vote in person at the meeting, or submit a proxy by the Internet, mail, mobile device or telephone as follows:

Via the Internet: <http://www.proxyvote.com>
By Telephone (toll free): 1-800-690-6903

By Mail: Complete, sign and mail the enclosed proxy card.
In Person: Stockholders who obtain an admission ticket can attend and vote at the annual meeting.

By Scanning Your QR Code:
Vote with your mobile device.

Annual Meeting Location
February 14, 2017
9:00 A.M. Central Time
Navistar Corporate Headquarters
2701 Navistar Drive, Lisle, Illinois 60532

Stockholder Action

Proposals for Your Vote

	Board Voting Recommendation	Page
<u>Proposal 1: Election of Directors</u>	FOR each nominee	<u>15</u>
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Director Nominees

We ask you to vote "for" all of the director nominees listed below. Set forth below is summary information about each director nominee, with more detailed information about the qualifications and experience of each director nominee contained under Proposal 1 - Election of Directors beginning on page 15 of this proxy statement.

Nominee and Principal Occupation	Age	Director Since	Independent	Current Committee Membership
Troy A. Clarke President and Chief Executive Officer of Navistar	61	April		
Jose Maria Alapont Former Chairman, President and Chief Executive Officer of Federal-Mogul Corporation	66	October	2016	X Finance
Stephen R. D'Arcy Partner, Quantum Group LLC	62	October	2016	X Audit
Vincent J. Intrieri Senior Managing Director of Icahn Capital LP	60	October	2012	X Finance (Co-Chair) and Nominating & Governance
General (Retired) Stanley A. McChrystal General McChrystal is a retired 34-year U.S. Army veteran of multiple wars	62	February	2011	X Compensation and Nominating & Governance
Samuel J. Merksamer Managing Director of Icahn Capital LP	36	December	2012	X Audit and Compensation
Mark H. Rachesky, M.D. Founder and President of MHR Fund Management LLC	57	October	2012	X Finance (Co-Chair) and Nominating & Governance
Michael F. Sirignano Principal of MHR Fund Management LLC	35	March	2014	X Audit and Compensation (Chair)
Dennis A. Suskind Former Partner, Goldman Sachs & Company	74	October	2016	X Compensation

Business Strategy

Our 2016 Accomplishments

- Announced the Volkswagen Truck and Bus Alliance
- Launched products and product features important to key markets
 - Improved quality and uptime
 - Delivered on our plan to reduce costs
 - Built sales momentum
 - Evaluation of non-core activities

Our Expectations Going Forward

- Grow the Core Business
- Seek New Sources of Revenue
- Drive Operational Excellence
- Leverage the Volkswagen Truck and Bus Alliance
 - Invest in our People
 - Improve Financial Performance

Corporate Governance Highlights

9 of 10 directors who are expected to continue following the 2017 Annual Meeting of Stockholders are independent under our corporate governance guidelines and the New York Stock Exchange (“NYSE”) listing standards.

ü We have 100% independent Board of Directors (the "Board") standing committees.

ü We have a declassified Board.

ü We have stockholder representation on all of our Board committees.

ü We have a director resignation policy for directors who fail to obtain a majority vote.

ü We have no super-majority voting provisions to approve transactions, including a merger.

ü We have a claw-back policy.

ü We entered into more restrictive Executive Severance Agreements ("ESAs") with our executive officers.

We do not provide tax gross-ups for perquisites and other similar benefits to officers who are subject to Section 16 (the “Section 16 Officers”) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Additionally, we do not provide tax gross-ups for any cash or equity awards for any employees.

ü We have “double trigger” change in control benefits.

ü Our Named Executive Officers ("NEOs") and directors are subject to stock ownership guidelines and stock retention requirements.

ü We impose restrictions on short selling, trading in derivatives, pledges, hedges and margin account use by our executives and directors.

EXECUTIVE SUMMARY

Navistar International Corporation (“we,” “our,” the “Company” or “Navistar”), incorporated under the laws of the State of Delaware in 1993, is a holding company whose principal operating entities are Navistar, Inc. (“Navistar, Inc.”) and Navistar Financial Corporation (“NFC”). Navistar’s fiscal year ends October 31 and as such all references to a year refer to the applicable fiscal year unless stated otherwise.

Business Strategy

Our 2016 Accomplishments

We have made substantial progress on our top priorities:

Announced the Volkswagen Truck and Bus Alliance — On September 5, 2016, we announced an alliance with Volkswagen Truck and Bus GmbH (“VW T&B”) to pursue joint global sourcing opportunities and source technology for power-trains and other advanced technologies. As part of this alliance, we announced a stock purchase agreement with VW T&B pursuant to which we will issue and VW T&B will purchase an estimated 19.9% stake (16.6% on a proforma basis) in the Company by way of a capital increase.

Launched products and product features important to key markets — During the turnaround, we remained committed to product investment to increase customer value. In 2016, we began to realize our plan to release a new or redesigned product, on average, every six months through 2018.

In early 2016, we launched the International® HX™ Series, the first in a series of new product launches. The HX is a Class 8 premium truck for the construction and vocational markets.

In mid-2016, we introduced our Cummins ISL engine offering in our Medium and Severe Service trucks.

In late-2016 we introduced the International® LT™ with Cummins X15 series to replace our ProStar line of trucks.

In late-2016 we introduced a propane engine in our school buses.

OnCommand Connection (“OnCommand”), our unique open architecture, all-makes remote diagnostics system, was tailored for the applications of our bus and truck customers, and is now standard on our vehicles, to achieve more efficient repairs and maintenance, better life-cycle value, and an overall lower cost of ownership. We now have more than 250,000 vehicles subscribed to the OnCommand system.

Improved quality and uptime — We continued our relentless focus on improving quality and uptime in 2016.

We have reduced dealer dwell time through improvements in the diagnostics and repair procedures. An increasing number of service locations have achieved Diamond Edge certification, which is a dealer service performance program launched this year that includes rigorous requirements and measured results.

We have made great strides on improving the quality of components manufactured by our supply base. The quality performance of our supply base has improved to the point that we have seen a reduction in excess of 70% in supplier related defects in our manufacturing facility over the last four years. The reduction of internal defects will have a positive impact on the uptime and performance of our vehicles.

Delivered on our plan to reduce costs — Since 2012, we have reduced our Selling, general and administrative (“SG&A”) and Engineering and product development costs (together the “structural costs”). We continued to make progress in 2016, which we expect will pave the way for us to be profitable and free-cash flow positive as the truck market recovers:

Procurement and engineering design processes remain focused on lowering material costs.

We continued to implement cost saving initiatives, including reductions in discretionary spending and employee headcount reductions, resulting the lowering of structural costs by \$147 million in 2016 compared to 2015.

Our focused factory strategy has been implemented across our plants whereby each facility is primarily focused on a specific platform, allowing for higher levels of manufacturing and logistic efficiency.

Built sales momentum — There are signs that sales momentum is building in 2016. We quoted more customers in 2016 than a year ago. Our share is increasing with lease/rental customers.

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Evaluation of non-core activities — We also continue to evaluate our portfolio of assets to optimize our cost structure. In February 2016, we sold Pure Power Technologies, a components business focused on air and fuel systems. Additionally, in August 2016, we sold our engine and foundry facility in Indianapolis, Indiana.

Our Expectations Going Forward

Going forward, we will focus on implementing our customer-centric strategy. We believe our strategy will enable us to improve sales and market share by offering more value to our customers. Our strategy includes plans to:

- Grow the Core Business;
- Seek New Sources of Revenue;
- Drive Operational Excellence;
- Leverage the VW T&B Alliance;
- Invest in our People; and
- Improve Financial Performance.

Grow the Core Business — We will continue to focus on leveraging our investments and assets to generate revenue growth.

New Product Launches — Many key product launches are planned through the next several years, including a new line of Class 4/5 commercial vehicles in the first half of 2018 that will be distributed separately through General Motors Company ("GM") and our dealer networks. In 2017, we will also introduce our new MV and RH models with superior fuel economy. To support greenhouse gas emissions requirements, we will continue to introduce features that further improve fuel economy. We will also relaunch our proprietary 13L engine which is critical to our success in the Heavy and Vocational markets.

Distribution Effectiveness — We will invest in the dealer organization to improve customer reach and sales effectiveness. Core to this strategy is recruitment and training of salespeople, improved operating practices and comprehensive internal sales support.

Building Customer Purchase Consideration — We will rebuild brand and customer loyalty across all of our core markets.

Seek New Sources of Revenue — We plan to leverage our assets and capabilities to pursue new sources of revenue.

Grow Core Services — In 2016, we extended our relationship with GM by signing a long-term agreement to manufacture GM's G Van cutaway models at our Springfield, Ohio assembly plant. Production is to begin in the first calendar quarter of 2017.

Parts — We will pursue continued growth of the successful Fleetrite all makes parts offering and reman business. We will also leverage our connected vehicle platform and use of other technologies to accelerate parts and service growth.

OnCommand Connections — We are planning to leverage the value of the data gathered through OnCommand to generate new sources of revenue.

Drive Operational Excellence — We will drive improvement of key performance metrics such as product, manufacturing, structural costs, quality and uptime. A relentless focus on operational excellence is essential to delivering on our commitment to enhance customer value.

Leverage the Volkswagen Truck and Bus Alliance — This alliance is valuable to us across many areas.

Products and Technology — VW T&B and Navistar have a similar vision for the role of technology, including the importance of driver-focused open architecture solutions. The alliance will be a source of power-train options and other high-value technologies, including advanced driver assistance systems, connected vehicle solutions, platooning

and autonomous technologies, electric vehicles, and cab and chassis subsystems.

• **Market Confidence** — Increase consideration as part of a leading global truck alliance.

• **Parts** — Create new parts sales and growth opportunities afforded by vertically integrated systems.

• **Costs** — Leverage global scale to achieve significant cost reduction synergies, and drive more efficient research and development spend.

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Invest in our People — We will align our people strategy with our capabilities to ensure we focus our people efforts where it matters most. We will focus on recruiting the right people and making sure they are productive as quickly as possible. Methods to retain, motivate, reward, and recognize will be customized to ensure we build the workforce we need to achieve our goals.

Improve Financial Performance — Our financial performance continues to improve due to savings from cost reduction actions and despite the impact of lower revenue from poor industry conditions. We will continue our efforts to lower our break-even point and are positioned to benefit when the North American truck industry recovers. Over time, we will reduce the amount of leverage on our balance sheet.

Volkswagen Truck and Bus Alliance

As publicly disclosed in the Company's Current Report on Form 8-K filed on September 6, 2016 with the U.S. Securities and Exchange Commission (the "SEC"), on September 5, 2016, Navistar and VW T&B entered into a (i) Stock Purchase Agreement (the "Stock Purchase Agreement") pursuant to which we will issue and VW T&B will purchase an estimated 19.9% (16.6% on a pro forma basis) interest in the Company (the "Share Issuance") and (ii) a Stockholder Agreement (the "Stockholder Agreement") which governs the rights and obligations of the parties with respect to VW T&B's holdings in the Company following the Share Issuance. The Board approved the Share Issuance for purposes of Section 203 of the Delaware General Corporation Law ("DGCL") and the Company and VW T&B entered into an agreement which permits VW T&B to acquire up to 20% of the Company without triggering the restrictions that would otherwise be imposed under Section 203 of the DGCL (the "Section 203 Agreement").

In addition to the agreements governing the Share Issuance, our primary operating subsidiary, Navistar, Inc., concurrently entered into a (i) Framework Agreement Concerning Technology Licensing and Supply (the "License and Supply Framework Agreement") and (ii) a Procurement Joint Venture Framework Agreement (the "Procurement JV Framework Agreement") with VW T&B. Pursuant to the License and Supply Framework Agreement, the parties agreed to use commercially reasonable efforts to enter into individual contracts in respect of the licensing and supply of certain engines and technologies, conduct feasibility studies in order to investigate the feasibility of sharing certain technologies and begin good faith discussions on possible collaboration with respect to certain power-train combinations and other strategic initiatives. Navistar, Inc. and VW T&B also intend to enter into certain other commercial arrangements, including the formation of a joint venture focused on sourcing, evaluating, negotiating and recommending joint procurement opportunities, the terms of which are set forth in the Procurement JV Framework Agreement.

Subject to the terms and conditions set forth in the Stock Purchase Agreement, at closing, the Company will issue to VW T&B 16,242,012 shares of our common stock, equal to 19.9% of our common stock issued and outstanding as of September 5, 2016 (16.6% on a pro forma basis) for a purchase price of \$15.76 per share and an aggregate purchase amount of \$255,974,109. Consummation of the Share Issuance is subject to various closing conditions of the parties, including the receipt of various anti-trust approvals, finalization of the definitive agreements governing the procurement joint venture and the finalization of the first definitive contract under the License and Supply Framework Agreement and other customary closing conditions. Following the consummation of the Share Issuance, and subject to the terms and conditions set forth in the Stockholder Agreement, we agreed to cause the election of two persons nominated by VW T&B to the Board (the "VW T&B Nominees").

Changes in the Composition of our Board

In addition to the VW T&B Nominees who will join the Board, on September 5, 2016, Michael N. Hammes and James H. Keyes, each existing members of the Board, announced their retirement from the Board, effective upon the earlier to occur of (i) the completion of the Share Issuance to VW T&B or (ii) Navistar's 2017 Annual Meeting of Stockholders. As such, neither Mr. Hammes nor Mr. Keyes will stand for re-election at our 2017 Annual Meeting of

Stockholders. Moreover, on October 14, 2016, Jose Maria Alapont, Stephen R. D'Arcy and Dennis A. Suskind were each elected to the Board. With these changes, following the Share Issuance to VW T&B and the election of the VW T&B Nominees, there will be an approximately 40% change in the composition of our Board.

Continued Stockholder Representation on our Board

Pursuant to amendments to settlement agreements (the “Settlement Agreement Amendments”) we entered into with two of our largest stockholders, Carl C. Icahn and several entities controlled by him (collectively, the “Icahn Group”) and Mark H. Rachesky, MD and several entities controlled by him (collectively, the “MHR Group”), we granted each of the Icahn Group and the MHR Group the right to nominate two directors to serve on our Board, effective as of March 10, 2014, the date of our 2014 Annual Meeting of Stockholders (the “2014 Annual Meeting”). The Icahn Group’s nominees were Mr. Vincent J. Intrieri and Mr. Samuel J. Merksamer. The MHR Group nominees were Dr. Mark H. Rachesky and Mr. Michael Sirignano. Mr. Intrieri, Mr. Merksamer, Mr. Rachesky and Mr. Sirignano continue to serve as members of our Board and are nominated for re-election. These individuals, together with the VW T&B Nominees when elected to the Board, will mean that three (3) of our largest stockholders have Board representation, comprising six (6) of our twelve (12) person Board.

Corporate Governance

During 2016, we strove to maintain effective governance practices and policies, and to solicit and consider input from our stockholders. Beginning with the 2014 Annual Meeting, the Board was declassified and all directors became subject to annual election to one-year terms. In April 2013, with the appointment of Mr. Clarke as our Chief Executive Officer (the “CEO”), the Board determined it would be preferable for one of our independent directors to serve as Chairman and so elected James H. Keyes to this position. Mr. Keyes, who has served on our Board since 2002, was previously Chairman/CEO of Johnson Controls, Inc., and has served on the boards of directors of other public companies. The Nominating and Governance Committee and the full Board commenced discussions and analysis to identify potential candidates to replace Mr. Keyes as Chairman of the Board.

On November 3, 2014, our previously adopted Tax Asset Protection Plan, as amended and extended, expired by its terms, and, as a result, the Company no longer has a Rights Plan or a Tax Asset Protection Plan in place.

In addition to these actions, we believe that the following items, among others, contribute to a strong governance and compensation profile:

• 9 of 10 directors who are expected to continue following the 2017 Annual Meeting of Stockholders are independent under our Corporate Governance Guidelines and the NYSE listing standards.

• We have 100% independent Board standing committees.

• We have stockholder representation on all of our Board committees.

• We have a director resignation policy for directors who fail to obtain a majority vote.

• We have no super-majority voting provisions to approve transactions, including a merger.

• We have a claw-back policy.

• We entered into more restrictive ESAs with our executive officers.

• We do not provide tax gross-ups for perquisites and other similar benefits to Section 16 Officers and we do not provide tax gross-ups for any cash or equity awards for any employees.

• We have “double trigger” change in control benefits.

Our NEOs and directors are subject to stock ownership guidelines and stock retention requirements.

We impose restrictions on short selling, trading in derivatives, pledges, hedges and margin account use by our executives and directors.

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Stockholder Communication and Compensation Policies

The Company has a robust stockholder outreach and engagement program in place. We engage in regular contact with our stockholders throughout the year. Approximately 80% of our stock is held by five of our stockholders. Two of these stockholders have representation on our Board as discussed in our Executive Summary and Proposal One-Election of Directors. These stockholders, through their representatives on our Board, also are members of our Compensation Committee and are integrally involved in our compensation decisions and policies, with Mr. Sirignano being the Chairman of our Compensation Committee. We also engage in regular dialogue with our three remaining largest stockholders without representatives on our Board. We maintain open lines of communication with corporate governance advisory institutions and with our top 25 stockholders on an annual basis in order to solicit their feedback. We continuously work to improve these efforts and place importance on the feedback provided to us during this process.

We also focus on, and are aware of, investor concerns regarding the link between pay and performance. In 2016, the Company did not reach all of its performance targets, and consistent with our pay for performance compensation philosophy, overall Annual Incentive ("AI") plan payouts for current executives were down in 2016 (44% of target), as compared to 2015 (85% of target).

For a summary of our commitment to best practices in executive compensation and changes made in 2016, please see the Executive Summary section of the Compensation, Discussion and Analysis section of this proxy statement.

Highlights of the changes made in 2016 include the following:

- We approved an AI plan that leverages our scorecard approach using multiple performance metrics and an adjusted EBITDA multiplier

- We approved a Long-Term Incentive ("LTI") plan with a mix of performance-based and time-based equity

Disclosure Regarding Forward-Looking Statements

Information provided and statements contained in this proxy statement 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 proxy statement and Navistar assumes no obligation to update the information included herein.

Such forward-looking statements often include words such as "may," "will," "believe," "expect," "anticipate," "intend," "plan," "estimate," "future," or similar expressions. These statements are not guarantees of performance or results and they involve risks, uncertainties, and assumptions. 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 or financial condition to differ materially from those expressed or implied in the forward-looking statements. Factors that could cause or contribute to differences in our future financial results include, but are not limited to, those discussed in Item 1A, Risk Factors, set forth in Part 1 of our Annual Report on Form 10-K for 2016. You should not place undue reliance on 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 herein 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.

Available Information

We are subject to the reporting and information requirements of the Exchange Act and as a result, are obligated to file annual, quarterly, and current reports, proxy statements, and other information with the SEC. We make these filings available free of charge on our website (<http://www.navistar.com>) as soon as reasonably practicable after we electronically file them with, or furnish them to, the SEC. Information on our website does not constitute part of this proxy statement or our Annual Report on Form 10-K. In addition, the SEC maintains a website (<http://www.sec.gov>) that contains our annual, quarterly, and current reports, proxy and information statements, and other information we electronically file with, or furnish to, the SEC. Any materials we file with, or furnish to, the SEC may also be read and/or copied at the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. Information on the operation of the Public Reference Room may be obtained by calling the SEC at 1-800-SEC-0330.

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FREQUENTLY ASKED QUESTIONS REGARDING ATTENDANCE AND VOTING

Q: Why did I receive a notice of internet availability of proxy materials?

Pursuant to the rules of the SEC, we have elected to provide access to our proxy materials over the internet.

Accordingly, we have sent you a Notice of Internet Availability of Proxy Materials (the “Notice”) because the Board is soliciting your proxy to vote your shares at our 2017 Annual Meeting of Stockholders (the “Annual Meeting”).

A: This proxy statement includes information that we are required to provide to you under the rules of the SEC and is designed to assist you in voting your shares. All stockholders will have the ability to access the proxy materials on the website referred to in the Notice or request to receive a printed set of the proxy materials. Instructions on how to access the proxy materials over the internet or to request a printed copy can be found in the Notice.

Q: What is the purpose of the Annual Meeting?

The purpose of the Annual Meeting is to have stockholders consider and act upon the matters outlined in the notice of Annual Meeting and this proxy statement, which include (i) Proposal 1 — the election of the nominees named in this proxy statement as directors, (ii) Proposal 2 — an advisory vote on executive compensation, a so-called

A: “Say-on-Pay” proposal, (iii) Proposal 3 — an advisory vote on the frequency of the advisory vote on executive compensation, a so-called “Say-When-on-Pay” proposal, (iv) Proposal 4 — the ratification of the appointment of KPMG LLP (“KPMG”), the Company’s independent registered public accounting firm, and (v) any other matters properly brought before the Annual Meeting. In addition, management may report on the performance of the Company and respond to appropriate questions from stockholders.

Q: How does the Board recommend that I vote?

A. The Board recommends that you vote:

FOR the election of each of the director nominees (Proposal 1);

FOR the approval of the advisory vote on executive compensation (Proposal 2);

FOR the approval of the advisory vote on the frequency of the advisory vote on executive compensation to be held every year (Proposal 3); and

FOR the ratification of the appointment of KPMG as our independent registered public accounting firm (Proposal 4).

Q: Who can attend the Annual Meeting?

A: Anyone wishing to attend the Annual Meeting must have an admission ticket issued in his or her name. Admission is limited to:

Stockholders of record on December 19, 2016 ;

An authorized proxy holder of a stockholder of record on December 19, 2016; or

An authorized representative of a stockholder of record who has been designated to present a properly-submitted stockholder proposal.

You must provide evidence of your ownership of shares with your ticket request. The specific requirements for obtaining an admission ticket are specified in the Admission and Ticket Request Procedure section of this proxy

statement.

Q: What is a stockholder of record?

A: A stockholder of record or registered stockholder is a stockholder whose ownership of our common stock (“Common Stock”) is reflected directly on the books and records of our transfer agent, Computershare Investor Services (the “Transfer Agent”). If you hold Common Stock through a bank, broker or other nominee, you hold your shares in “street name” and are not a stockholder of record. For shares held in street name, the stockholder of record of the shares is your bank, broker or other nominee. The Company only has access to ownership records for stockholders of record. So, if you are not a stockholder of record, for the purpose of requesting an admission ticket to attend the Annual Meeting, you must present us with additional documentation to evidence your stock ownership as of the record date, such as, a copy of your brokerage account statement, a letter from your broker, bank or other nominee or a copy of your voting instruction card from your broker, bank or other nominee.

Q: When is the record date and who is entitled to vote?

A: The Board has set December 19, 2016, as the record date for the Annual Meeting. Holders of shares of Common Stock on that date are entitled to one vote per share. As of December 19, 2016, there were approximately 81,710,420 shares of Common Stock outstanding. If you hold shares of our Common Stock as a participant in any of the Company's 401(k) or retirement savings plans, your proxy card will represent the number of shares of Common Stock allocated to your account under the plan and will serve as a direction to the plan's trustee as to how the shares in your account are to be voted.

A list of all registered stockholders will be available for examination by stockholders during normal business hours at the place of the Annual Meeting at least ten (10) days prior to the Annual Meeting and will also be available for examination at the Annual Meeting.

Q: How do I vote?

A: For stockholders of record: You may vote by any of the following methods:
in person — stockholders who obtain an admission ticket (following the specified procedures) and attend the Annual Meeting in person may cast a ballot received at the Annual Meeting.

by Internet — stockholders may access the internet at www.proxyvote.com and follow the instructions on the proxy card or in the Notice.

by scanning your QR code — to vote with your mobile device.

by phone — stockholders may call toll-free 1-800-690-6903 and follow the instructions on the proxy card or in the Notice.

by mail — if you requested and received your proxy materials by mail, you may complete, sign, date and mail the enclosed proxy card.

For holders in street name: You will receive instructions from your bank or broker that you must follow in order for your shares to be voted.

Q: How can I change or revoke my proxy?

A: For stockholders of record: You may change or revoke your proxy at any time before it is exercised by (i) submitting a written notice of revocation to Navistar c/o the Corporate Secretary at 2701 Navistar Drive, Lisle, Illinois 60532, (ii) signing and returning a new proxy card with a later date, (iii) validly submitting a later-dated vote via the Internet, by scanning your QR code or by telephone on or before 11:59 pm EST on February 13, 2017 or (iv) attending the Annual Meeting and voting in person. For all methods of voting, the last vote properly cast will supersede all previous votes.

For holders in street name: You may change or revoke your voting instructions by following the specific directions provided to you by your bank or broker.

Q: Is my vote confidential?

Yes. Proxy cards, ballots and voting tabulations that identify stockholders are kept confidential. There are exceptions for contested proxy solicitations or when necessary to meet legal requirements. Broadridge Financial Solutions, Inc., the independent proxy tabulator appointed by the Company for the Annual Meeting, will count the votes and act as the inspector of elections for the Annual Meeting.

Q: Will my shares be voted if I do not provide my proxy?

A: For stockholders of record: If you are the stockholder of record and you do not vote by proxy card, by telephone or via the internet or in person at the Annual Meeting, your shares will not be voted at the Annual Meeting.

For holders in street name: If your shares are held in street name, under certain circumstances, your shares may be voted even if you do not provide the bank or brokerage firm with voting instructions. Under NYSE rules, your broker may vote shares held in street name on certain “routine” matters without your instruction. NYSE rules consider the ratification of the appointment of KPMG as our independent registered public accounting firm (Proposal 4) to be a routine matter. As a result, your broker is permitted to vote your shares on that matter at its discretion without instruction from you. When a proposal is not a routine matter, such as the election of directors (Proposal 1), the Say-On-Pay proposal (Proposal 2) and the Say-When-On-Pay proposal (Proposal 3), and you have not provided voting instructions to the bank or brokerage firm with respect to that proposal, the bank or brokerage firm cannot vote the shares on that proposal. The missing

votes for these non-routine matters are called “broker non-votes.”

Q: What is the quorum requirement for the Annual Meeting?

A: Under the Company’s Third Amended and Restated By-Laws (the “By-Laws”), holders of at least one-third of the shares of Common Stock outstanding on the record date must be present in person or represented by proxy in order to constitute a quorum for voting at the Annual Meeting. Abstentions and broker non-votes are counted as present for purposes of establishing a quorum.

Q: What vote is necessary for action to be taken on proposals?

A: It will depend on each proposal.

Proposal 1 (election of directors) requires a plurality vote of the shares present or represented by proxy at the Annual Meeting and entitled to vote, meaning that the director nominees with the greatest number of affirmative votes are elected to fill the available seats. As outlined in our Corporate Governance Guidelines, any director who receives more “withheld” votes than “for” votes in an uncontested election is required to tender his resignation to the Nominating and Governance Committee for consideration and recommendation to the Board.

Proposal 2 (Say-On-Pay proposal) represents an advisory vote and the results will not be binding on the Board or the Company. The affirmative vote of a majority of the shares present or represented by proxy at the Annual Meeting and entitled to vote on the matter will constitute the stockholders’ non-binding approval with respect to our executive compensation programs. Our Board will review the voting results and take them into consideration when making future decisions regarding executive compensation.

Proposal 3 (Say-When-On-Pay proposal) represents an advisory vote and the results will not be binding on the Board or the Company. The affirmative vote of a plurality of the shares present or represented by proxy at the Annual Meeting and entitled to vote on the matter will constitute the stockholders’ non-binding approval with respect to the frequency of submission to stockholders of "Say-on-Pay" proposals. Our Board will review the voting results and take them into consideration when making future decisions regarding the frequency of the advisory vote on executive compensation.

Proposal 4 (ratification of the appointment of KPMG as our independent registered public accounting firm) requires the affirmative vote of a majority of the shares present or represented by proxy at the Annual Meeting and entitled to vote.

With respect to Proposals 2 and 4 you may vote FOR, AGAINST or ABSTAIN. If you abstain from voting on any of these proposals, the abstention will have the same effect as an AGAINST vote. With respect to Proposal 1, you may vote FOR all nominees, WITHHOLD your vote as to all nominees, or FOR all nominees except those specific nominees from whom you WITHHOLD your vote. A properly executed proxy card marked WITHHOLD with respect to the election of one or more directors will not be voted with respect to the director or directors indicated. Proxies may not be voted for more than nine directors and stockholders may not cumulate votes in the election of directors. With respect to Proposal 3, you may vote FOR "1 Year," FOR "2 Years," FOR "3 Years," or ABSTAIN. Please select one choice only. If you abstain from voting on Proposal 1 or 3, the abstention will not have an effect on the outcome of the vote. Broker non-votes will not affect the outcome on a proposal that requires a plurality vote (Proposal 1 or 3) or on a proposal that requires the approval of at least a majority of the shares present in person or represented by proxy and entitled to vote (Proposal 2 and 4).

Votes submitted by mail, telephone or Internet will be voted by the individuals named on the proxy and/or voting instruction card (or the individual properly authorized) in the manner indicated. If you do not specify how you want your shares voted, they will be voted in accordance with management's recommendations. If you hold shares in more than one account, you must vote each proxy and/or voting instruction card you receive to ensure that all shares you own are voted.

Q: What is house-holding?

If you and other residents at your mailing address own shares of Common Stock in street name, your broker or bank may notify you that your household will receive only one annual report and proxy statement for the Company A: if you hold shares through that broker or bank. In this practice known as "house-holding," you were deemed to have consented to receiving only one annual report and proxy statement for your household. House-holding benefits both you and the Company

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because it reduces the volume of duplicate information received at your household and helps the Company to reduce expenses. Accordingly, the Company and your broker or bank will send one copy of the Notice (or our annual report and proxy statement if you have requested a physical copy) to your address. Each stockholder will continue to be entitled to vote a separate proxy and/or voting instruction card. We will promptly deliver an additional copy of either document to you if you call or write us at the following address or phone number: Investor Relations, Navistar International Corporation, 2701 Navistar Drive, Lisle, Illinois 60532, (331) 332-2143. If you and other residents at your mailing address are receiving multiple copies of the Notice (or our annual report and proxy statement), and you prefer to receive only a single copy of each, you may so request by writing to us or contacting us at the address and phone number referred to above.

Q: What does it mean if I receive more than one proxy card or more than one Notice?

Whenever possible, shares of Common Stock, including shares held of record by a participant in any of the Company's 401(k) or retirement savings plans, for multiple accounts for the same registered stockholder will be combined into the same Notice or proxy card. Shares with different, even though similar, registered stockholders cannot be combined, and as a result, the stockholder may receive more than one Notice or proxy card. For example, shares registered in the name of John Doe will not be combined on the same proxy card as shares registered jointly in the name of John Doe and his wife. Shares held in street name are not combined with shares registered in the name of an individual stockholder or for a participant in any of the Company's 401(k) or retirement savings plans and may result in the stockholder receiving more than one proxy and/or voting instruction card. For example, shares held in street name by a broker for John Doe will not be combined with shares registered in the name of John Doe.

If you hold shares in more than one account, you must vote each proxy and/or voting instruction card you receive to ensure that all shares you own are voted. If you receive more than one proxy and/or voting instruction card for accounts that you believe could be combined because the stockholder is the same, contact our Transfer Agent (for shares held by registered stockholders) or your broker (for shares held in street name) to request that the accounts be combined for future mailings.

Q: Who pays for the solicitation of proxies?

This solicitation is being made by the Company. Accordingly, the Company pays the cost of soliciting proxies. This solicitation is being made by mail, but also may be made by telephone, e-mail or in person. We have hired Alliance Advisors, LLC ("Alliance Advisors") to assist in the solicitation of proxies. Alliance Advisors' fees for their assistance in the solicitation of proxies are estimated to be \$15,000, plus out-of-pocket expenses. Proxies may also be solicited by our directors, officers and employees who will not receive any additional compensation for those activities. We will reimburse brokerage firms and other custodians, nominees and fiduciaries for their reasonable out-of-pocket expenses for sending proxy materials to stockholders and obtaining their votes.

Q: When are stockholder proposals or nominations due for the 2018 Annual Meeting of Stockholders?

In order to be included in the Company's proxy materials for our 2018 annual meeting of stockholders pursuant to SEC Rule 14a-8 under the Exchange Act, any such stockholder proposal must be received by the Company's Corporate Secretary no later than August 23, 2017. Any proposal may be included in next year's proxy statement only if such proposal complies with the Company's By-Laws and the rules and regulations promulgated by the SEC, specifically Rule 14a-8.

In addition, the Company's By-Laws require that the Company be given advance written notice of nominations for election to the Board and other matters that stockholders wish to present for action at an annual meeting of stockholders (other than matters included in the Company's proxy materials in accordance with Rule 14a-8 under the Exchange Act). For matters to be presented at the 2018 annual meeting of stockholders, the Company's Corporate Secretary must receive such notice no earlier than September 17, 2017, and no later than October 17, 2017.

The notice must contain, and be accompanied by, certain information as specified in the Company's By-Laws. The Company recommends that any stockholder wishing to nominate a director at, or bring any other item before, an annual meeting of stockholders review the Company's By-Laws, which are available on the Company's website at <http://www.navistar.com/navistar/investors/corporategovernance/documents>. All stockholder proposals and director nominations must be delivered

to Navistar by mail c/o the Corporate Secretary at 2701 Navistar Drive, Lisle, Illinois 60532.

Q: Are there any matters to be voted on at the Annual Meeting that are not included in the proxy?

A: We do not know of any matters to be acted upon at the Annual Meeting other than those discussed in this proxy statement. If any other matter is properly presented, proxy holders will vote on the matter in their discretion.

Q: May stockholders ask questions at the Annual Meeting?

Yes. During the Annual Meeting, stockholders may ask questions or make remarks directly related to the matters being voted on. In order to ensure an orderly meeting, we ask that stockholders direct questions and comments to the Chairman of the meeting. In order to provide the opportunity to every stockholder who wishes to speak, each stockholder's remarks will be limited to two minutes. Stockholders may speak a second time only after all other stockholders who wish to speak have had their turn.

Q: How can I find the voting results of the Annual Meeting?

A: Preliminary voting results will be announced at the Annual Meeting. Final voting results will be published in a Current Report on Form 8-K to be filed with the SEC within four business days after the Annual Meeting. If the official voting results are not available at that time, we will provide preliminary voting results in the Form 8-K and will provide the final voting results in an amendment to the Form 8-K as soon as they become available.

PROPOSAL 1 — ELECTION OF DIRECTORS

At the Annual Meeting, our Board will consist of ten directors of which nine directors will be nominated for election. The tenth director is appointed by the United Automobiles, Aerospace and Agricultural Implement Workers of America (the “UAW”) pursuant to a settlement agreement we entered into in 1993 in connection with the restructuring of our postretirement health care and life insurance benefits and is not elected by the stockholders. All directors elected at the Annual Meeting will be elected for a one-year term.

If a nominee is unavailable for election, proxy holders will vote for another nominee proposed by the Board or, as an alternative, the Board may reduce the number of directors to be elected at the Annual Meeting. We know of no reason why any nominee would be unable to accept nomination or election. All nominees have consented to be named in this proxy statement and to serve if elected.

As discussed in the Executive Summary, during 2014 and pursuant to the Settlement Agreement Amendments we entered into with two of our largest stockholders, (namely, the Icahn Group and the MHR Group) we granted each of the Icahn Group and the MHR Group the right to nominate two directors to serve on our Board effective as of March 10, 2014, the date of our 2014 Annual Meeting. The Icahn Group’s nominees were, and continue to be, Mr. Vincent J. Intrieri and Mr. Samuel J. Merksamer. The MHR Group nominees were, and continue to be, Dr. Mark H. Rachesky and Mr. Michael F. Sirignano. Moreover, in connection with the VW T&B alliance, and following the consummation of the Share Issuance, we agreed to cause the election to our Board of two persons to be nominated by VW T&B.

The following summarizes additional information about each of the nominees and the continuing director as of the date of this proxy statement, including their business experience, public company director positions held currently or at any time during the last five years, involvement in certain legal or administrative proceedings, if applicable, and the experiences, qualifications, attributes or skills that qualify our nominees and the continuing director to serve as directors of the Company. The nominees were evaluated and recommended by the Nominating and Governance Committee in accordance with the process for nominating directors as found in the Nominating Directors section of this proxy statement.

YOUR BOARD OF DIRECTORS RECOMMENDS A VOTE “FOR” THE NOMINEES PRESENTED IN PROPOSAL 1.

Troy A. Biographical Information Clarke

Mr. Clarke has served as President and Chief Executive Officer of Navistar since April 2013. Prior to this position, Mr. Clarke served as President and Chief Operating Officer of Navistar since August 2012, as President of the Truck and Engine Group of Navistar, Inc. from June 2012 to August 2012, as President of Asia-Pacific Operations of Navistar, Inc. from 2011 to 2012, and as Senior Vice President of Strategic Initiatives of Navistar, Inc. from 2010 to 2011. Prior to joining Navistar, Inc., Mr. Clarke held various positions at General Motors, including President of General Motors North America from 2006 to 2009 and President of General Motors Asia Pacific from 2003 to 2006. Over the course of his career with GM, he held several additional leadership roles, including President and Managing Director of GM de Mexico and Director of Manufacturing for GM de Mexico. On June 1, 2009, General Motors filed for voluntary reorganization under Chapter 11 of the U.S. Bankruptcy Code. Mr. Clarke received a bachelor’s degree in engineering from the General Motors Institute in 1978 and a master’s degree in business administration from the University of Michigan in 1982.

Skills and Qualifications

Mr. Clarke's vast experience in the automotive industry over the past 40 years is invaluable to the Board in evaluating and directing the Company's future. As a result of his professional and other experiences, Mr. Clarke possesses particular knowledge and experience in a variety of areas, including corporate governance, engineering, manufacturing (international and domestic), mergers and acquisitions, sales (international and domestic) and union/labor relations, which strengthens the Board's collective knowledge, capabilities and experience and well qualifies him to serve on our Board.

Biographical Information

Mr. Alapont served as President and Chief Executive Officer of Federal-Mogul Corporation, a supplier of automotive powertrain and safety components, from March 2005 to March 2012, and as its Chairman of the Board from 2005 to 2007, and continued to serve as a director of the company until 2013. He is the former Chief Executive Officer and a director of Fiat Iveco, S.p.A., a leading global manufacturer of commercial trucks and vans, buses, recreational, off-road, firefighting, defense and military vehicles of the Fiat Group, from 2003 to 2005. Mr. Alapont has held executive, Vice President and President positions for more than 30 years at other leading global vehicle manufacturers and suppliers such as Delphi Corporation, Valeo S.A., and Ford Motor Company. He is a director of Manitowoc Corporation, a public crane manufacturing company, since March 2016 and Hinduja Automotive Limited, a private commercial truck and bus manufacturer, since November 2014.

Jose Maria Alapont*

Age: 66

Director

since: October 2016

Skills and Qualifications

Committees: Finance As a result of these professional and other experiences, including his experience as a member of other public company boards of directors, Mr. Alapont possesses particular knowledge and experience in a variety of areas, including accounting, corporate governance, distribution, engineering, finance, human resources, manufacturing (domestic and international), marketing, mergers and acquisitions, military and government contracting, purchasing, sales (domestic and international), tax, treasury and union and labor relations, all of which strengthens the Board's collective knowledge, capabilities and experience. Likewise, his experience and leadership in serving in executive capacities at several different companies within the automotive manufacturing business for more than 30 years well qualifies him to serve on our Board.

Biographical Information

Mr. D'Arcy has been a Partner of Quantum Group LLC, an investment and consulting firm, since 2010. Previously he worked for PricewaterhouseCoopers LLP., a multinational professional services firm, for 34 years, serving most recently as Global Automotive Leader from 2002 to 2010. He served on the Board of Directors of Vanguard Health Systems Inc., a company previously listed on the NYSE, from 2011 to 2013 and currently serves as a director of Premier, Inc., a public healthcare improvement company, since October 2013 and Penske Corporation, a private, diversified, on-highway, transportation services company, since 2011.

Stephen R. D'Arcy*

Age: 62

Director since: October 2016

Skills and Qualifications

Committees: Audit

Mr. D'Arcy has broad experience as a member of other public and private company boards of directors, including as chairman of an audit committee. He possesses strong skills and experience in accounting, corporate governance, finance and mergers and acquisitions matters, which well qualifies him to serve on our Board.

Biographical Information

Mr. Intrieri has been employed by Icahn related entities since October 1998 in various investment related capacities. Since January 2008, Mr. Intrieri has served as Senior Managing Director of Icahn Capital LP, the entity through which Carl C. Icahn manages private investment funds. In addition, since November 2004, Mr. Intrieri has been a Senior Managing Director of Icahn Onshore LP, the general partner of Icahn Partners LP, and Icahn Offshore LP, the general partner of Icahn Partners Master Fund LP, entities through which Mr. Icahn invests in securities. Mr. Intrieri has been a director of: Ferrous Resources Limited, a private iron ore mining company with operations in Brazil, since June 2015; Hertz Global Holdings, Inc., a public company engaged in the car rental business, since September 2014; and Transocean Ltd., a public provider of offshore contract drilling services for oil and gas wells, since May 2014. Mr. Intrieri was previously: a director of Chesapeake Energy Corporation, an oil and gas exploration and production company, from June 2012 to September 2016; a director of CVR Refining, LP, an independent downstream energy limited partnership, from September 2012 to September 2014; a director of Forest Laboratories, Inc., a supplier of pharmaceutical products, from June 2013 to June 2014; a director of CVR Energy, Inc., a diversified holding company primarily engaged in the petroleum refining and nitrogen fertilizer manufacturing industries, from May 2012 to May 2014; a director of Federal-Mogul Holdings Corporation, a supplier of automotive powertrain and safety components, from December 2007 to June 2013; a director of Icahn Enterprises L.P. (a diversified holding company engaged in a variety of businesses, including investment, automotive, energy, gaming, railcar, food packaging, metals, real estate and home fashion) from July 2006 to September 2012, and was Senior Vice President of Icahn Enterprises L.P. from October 2011 to September 2012; a director of Dynege Inc., a company primarily engaged in the production and sale of electric energy, capacity and ancillary services, from March 2011 to September 2012; chairman of the board and a director of PSC Metals Inc., a metal recycling company, from December 2007 to April 2012; a director of Motorola Solutions, Inc., a provider of communication products and services, from January 2011 to March 2012; a director of XO Holdings, a competitive provider of telecom services, from February 2006 to August 2011; a director of National Energy Group, Inc., a company that was engaged in the business of managing the exploration, production and operations of natural gas and oil properties, from December 2006 to June 2011; a director of American Railcar Industries, Inc., a railcar manufacturing company, from August 2005 until March 2011, and was a Senior Vice President, the Treasurer and the Secretary of American Railcar Industries from March 2005 to December 2005; a director of WestPoint Home LLC, a home textiles manufacturer, from November 2005 to March 2011; and chairman of the board and a director of Viskase Companies, Inc., a meat casing company, from April 2003 to March 2011. Ferrous Resources Limited, CVR Refining, CVR Energy, Federal-Mogul, Icahn Enterprises, PSC Metals, XO Holdings, National Energy Group, American Railcar Industries, WestPoint Home and Viskase Companies each are or previously were indirectly controlled by Carl C. Icahn. Mr. Icahn also has or previously had non-controlling interests in Hertz, Transocean, Forest Laboratories, Navistar, Chesapeake Energy, Dynege and Motorola Solutions. Mr. Intrieri graduated in 1984, with distinction, from The Pennsylvania State University (Erie Campus) with a B.S. in Accounting and was a certified public accountant.

Vincent J. Intrieri*
 Age: 60
 Director since: October 2012
 Committees: Finance (Co-Chair) and Nominating & Governance

Skills and Qualifications

Mr. Intrieri possesses strong skills and experience in accounting, corporate governance, finance, mergers and acquisitions and treasury matters. Mr. Intrieri's significant experience as a director of various companies enables him to understand complex business and financial issues, which contributes greatly to the capabilities and composition of our Board and well qualifies him to serve on our Board.

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Biographical Information

General
(Retired)
Stanley A.
McChrystal*

Age: 62

Director since:
February 2011

Committees:
Compensation
and Nominating
& Governance

Gen. McChrystal is a retired 34-year U.S. Army veteran of multiple wars. He commanded the U.S. and NATO's security mission in Afghanistan, served as the director of the Joint Staff and was the Commander of Joint Special Operations Command, where he was responsible for the nation's deployed military counter terrorism efforts. Gen. McChrystal is a graduate of the United States Military Academy at West Point, the United States Naval Command and Staff College and was a military fellow at both the Council on Foreign Relations and the Kennedy School of Government at Harvard University. Gen. McChrystal has been serving as a member of the Board of Directors of JetBlue Airways Corporation, a public commercial airline, since 2010, Chairman of the Board of Siemens Government Technologies, Inc., a wholly-owned indirect subsidiary and a Federal Business Entity of Siemens AG, since December 2011, and a member of the Board of Advisors of General Atomics, a private high-technology systems company focused on a range of technologies and products, from the nuclear fuel cycle to remotely operated surveillance aircraft, airborne sensors, and advanced electric, electronic, wireless and laser technologies, since August 2011. In 2011, Gen. McChrystal co-founded McChrystal Group, a leadership consulting firm. He also teaches a seminar on leadership at the Jackson Institute for Global Affairs at Yale University and serves alongside his wife on the Board of Directors for the Yellow Ribbon Fund, a non-profit organization committed to helping wounded veterans and their families.

Skills and Qualifications

As a former senior military leader, Gen. McChrystal has experience in leadership training and development, logistics, talent management and experience with government and regulatory affairs and military contracting. Gen. McChrystal's years of military leadership and service are of great value to the Board as the Company makes decisions in respect of its global and military businesses.

Biographical Information

Mr. Merksamer has served as a Managing Director of Icahn Capital LP, the entity through which Carl C. Icahn manages investment funds, since May 2008. Mr. Merksamer is responsible for identifying, analyzing and monitoring investment opportunities and portfolio companies for Icahn Capital. Mr. Merksamer has been a director of: American International Group, Inc. ("AIG"), a public global insurance organization that provides a range of property casualty insurance, life insurance, retirement products, mortgage insurance and other financial services worldwide, since May 2016; Cheniere Energy, Inc., a public developer of natural gas liquefaction and export facilities and related pipelines, since August 2015; Hertz Global Holdings, Inc., a public company engaged in the car rental business, since September 2014; Transocean Ltd., a public provider of offshore contract drilling services for oil and gas wells, since May 2013; and Ferrous Resources Limited, a private iron ore mining company with operations in Brazil, since November 2012. Mr. Merksamer was previously a director of: Transocean Partners, LLC, a holding company with subsidiaries that own and operate ultra-deepwater drilling rigs, from November 2014 to May 2016; Hologic, Inc., a supplier of diagnostic, medical imaging and surgical products, from December 2013 to March 2016; Talisman Energy Inc., an independent oil and gas exploration and production company, from December 2013 to May 2015; CVR Energy, Inc., a diversified holding company primarily engaged in the petroleum refining and nitrogen fertilizer manufacturing industries, from May 2012 to September 2014; CVR Refining, LP, an independent downstream energy limited partnership, from September 2012 to May 2014; Federal-Mogul Holdings Corporation, a supplier of automotive powertrain and safety components, from September 2010 to January 2014; American Railcar Industries, Inc., a railcar manufacturing company, from June 2011 to June 2013; Viskase Companies, Inc., a meat casing company, from January 2010 to April 2013; PSC Metals Inc., a metal recycling company, from March 2009 to October 2012; and Dynegy Inc., a company primarily engaged in the production and sale of electric energy, capacity and ancillary services, from March 2011 to September 2012. Ferrous Resources Limited, CVR Refining, CVR Energy, Federal-Mogul, American Railcar Industries, Viskase Companies and PSC Metals are each indirectly controlled by Carl C. Icahn. Mr. Icahn also has or previously had non-controlling interests in AIG, Cheniere, Hertz, Hologic, Talisman, Transocean Partners, Transocean, Navistar, and Dynegy Inc. through the ownership of securities. Mr. Merksamer received an A.B. in Economics from Cornell University in 2002.

Samuel J. Merksamer*

Age: 36

Director since: December 2012

Committees: Audit and Compensation

Skills and Qualifications

Mr. Merksamer's significant experience as a director of various companies enables him to understand complex business and financial issues. He possesses strong skills and experience in accounting, corporate governance, finance, human resources/compensation/employee benefits, mergers and acquisitions and treasury matters, which contributes greatly to the capabilities and composition of our Board and qualifies him to serve on our Board.

Biographical Information

Mark H. Rachesky, M.D.*

Age: 57

Director since: October 2012

Committees: Finance (Co-Chair) and Nominating & Governance

Dr. Rachesky is the founder and President of MHR Fund Management LLC, an investing firm that manages approximately \$5 billion of assets and utilizes a private equity approach to investing in middle market companies with an emphasis on special situation and distressed investments. Dr. Rachesky has served as a member and chairman of the board of directors of Loral Space & Communications Inc., a public satellite communications company, since 2005, Lions Gate Entertainment Corp., a public entertainment company, since 2009 and Telesat Canada, a private satellite company, since 2007. He has also been a member of the board of directors of Titan International, Inc., a public wheel, tire and undercarriage systems and components company, since June 2014, Emisphere Technologies, Inc., a public biopharmaceutical company, since 2005 and Nationshealth, Inc., a medical supply company (which went from a public company to a private company in 2009), from 2005 to June 2014. He also served as a member and chairman of the board of Leap Wireless International, Inc., a public digital wireless company, from 2004 until its acquisition by AT&T in March 2014. Dr. Rachesky holds a B.S. in molecular aspects of cancer from the University of Pennsylvania, an M.D. from the Stanford University School of Medicine and an M.B.A. from the Stanford University School of Business.

Skills and Qualifications

Dr. Rachesky brings significant corporate finance and business expertise to our Board due to his background as an investor and fund manager. Dr. Rachesky also has significant expertise and perspective as a member of the boards of directors of private and public companies engaged in a wide range of businesses. Dr. Rachesky's broad and insightful perspectives relating to economic, financial and business conditions affecting the Company and its strategic direction well qualifies him to serve on our Board.

Biographical Information

Michael F. Sirignano*

Age: 35

Director since: March 2014

Committees: Audit and Compensation (Chair)

Mr. Sirignano has served as a Principal at MHR Fund Management LLC since 2012 where he is responsible for sourcing and managing investments and portfolio companies. From 2006 to 2011, Mr. Sirignano was at Owl Creek Asset Management, L.P., a value-oriented investment firm, where he held various titles, most recently Senior Analyst. Mr. Sirignano was focused primarily on equities and distressed debt in the industrial, housing, metals and mining, telecommunication and technology sectors. Prior to that, Mr. Sirignano was a member of the Rothschild & Co. restructuring group where he worked on restructurings, refinancing transactions and sale processes for distressed companies. Mr. Sirignano holds a B.A. in Economics, with honors, from Williams College.

Skills and Qualifications

Mr. Sirignano brings significant corporate finance and business expertise to our Board due to his experience as an analyst across a number of industries and his focus on equity and debt securities.

Biographical Information

Dennis A. Suskind*
 Age: 74
 Director since: October 2016

Mr. Suskind joined J. Aron & Company in 1961 where he served as Executive Vice President and was responsible for the worldwide precious metals trading operations. In 1980, Mr. Suskind became a general partner of Goldman Sachs & Company upon its acquisition of J. Aron & Company until his retirement in 1991. During his tenure in trading metals, Mr. Suskind served as Vice Chairman of NYMEX, Vice Chairman of COMEX, a member of the board of the Futures Industry Association, a member of the Board of International Precious Metals Institute, and a member of the boards of the Gold and Silver Institutes in Washington, D.C. He has been serving as a director of CME Group, Inc., since August 2008 and Bridge Bancorp Inc. since July 2002.

Skills and Qualifications

Committees:
 Compensation

Mr. Suskind has broad experience as a member of other public company boards of directors, including as chairman of a risk committee and a governance committee. He possesses strong skills and experience in accounting, corporate governance, finance, human resources, marketing and mergers and acquisitions matters, which well qualifies him to serve on our Board.

Dennis D. Williams* **
 Additional Director Who Is Not Elected by the Stockholders

Biographical Information

Age: 63
 Director since: June 2006
 Committees: Audit and Finance

Mr. Williams has served as President of the UAW since June, 2014. Prior to that, Mr. Williams was the UAW's Secretary, Treasurer and Director, Agricultural Implement and Transnational Departments from June 2010 to June, 2014, UAW Region 4 Director from 2001 to 2010 and Assistant Director of Region 4 from 1995 to 2001. Prior to joining the UAW, Mr. Williams was employed by Case Company from 1977 to 1988. Mr. Williams also served for four years in the United States Marine Corps.

* Indicates each director deemed independent in accordance with our Corporate Governance Guidelines and Section 303A of the NYSE Listed Company Manual Corporate Governance Standards.

** In July 1993, we restructured our postretirement health care and life insurance benefits pursuant to a settlement agreement, which required, among other things, the addition of a seat on our Board. The director's seat is filled by a person appointed by the UAW. This director is not elected by stockholders at the Annual Meeting.

CORPORATE GOVERNANCE

Corporate Governance Guidelines

Our Board has adopted Corporate Governance Guidelines, which are available on the Investor Relations section of our website at <http://www.navistar.com/navistar/investors/corporategovernance/documents>. These guidelines reflect the Board's commitment to oversee the effectiveness of policy and decision-making both at the Board and management level, with a view to enhancing stockholder value.

Related Party Transactions and Approval Policy

Our Policy and Procedures with Respect to Related Person Transactions governs the review, approval and ratification of transactions involving the Company and related persons where the amount involved exceeds \$120,000. Related persons include our executive officers, directors, director nominees, 5% stockholders and immediate family members of such persons, and entities in which one of these persons has a direct or indirect material interest. Under this policy, prior to entering into any related-person transaction, the General Counsel or Corporate Secretary of Navistar is to be notified of the facts and circumstances of the proposed transaction, including: (i) the related person's relationship to the Company and interest in the transaction; (ii) the material facts of the proposed transaction, including the proposed aggregate value of such transaction or, in the case of indebtedness, the amount of principal that would be involved; (iii) the benefits to the Company of the proposed transaction; (iv) if applicable, the availability of other sources of comparable products or services; and (v) an assessment of whether the proposed transaction is on terms that are comparable to the terms available to an unrelated third party or to employees generally.

The General Counsel or Corporate Secretary then assesses whether the proposed transaction is a related-person transaction for purposes of the policy and SEC rules. If the General Counsel or Corporate Secretary determines that the proposed transaction is a related-person transaction for such purposes, the proposed transaction is then submitted to the Audit Committee of the Board for its consideration. The Audit Committee considers all of the relevant facts and circumstances available, including (if applicable) but not limited to: (i) the benefits to the Company; (ii) the impact on a director's independence, in the event a person involved with, or connected to, the proposed transaction is a director; (iii) the availability of other sources for comparable products or services; (iv) the terms of the transaction; and (v) the terms available to unrelated third parties or to employees generally. No member of the Audit Committee shall participate in any review, consideration or approval of any related-person transaction with respect to which such member or any of his or her immediate family members is the related person. The Audit Committee will then make a recommendation to the Board. The Board approves only those proposed transactions that are in, or are not inconsistent with, the best interests of the Company and its stockholders, as determined by the Board in good faith. In the event that the Company becomes aware of a related-person transaction that has not been previously approved or ratified by the Board or the Audit Committee, a similar process will be undertaken by the Board and the Audit Committee in order to determine if the existing transaction should continue or be terminated and/or if any disciplinary action is appropriate. The General Counsel or Corporate Secretary may also develop, implement and maintain from time to time certain administrative procedures to ensure the effectiveness of this policy.

A copy of our Policy and Procedures with Respect to Related Person Transactions is available on the Investor Relations section of our website at <http://www.navistar.com/navistar/investors/corporategovernance/documents>.

Since the beginning of 2016, the following related-person transaction occurred:

Throughout 2016, and as ratified by the Board, upon the recommendation of the Audit Committee, in December 2016, this related-person transaction involves Carl Icahn, a 19.9% stockholder of the Company, and Federal-Mogul Corporation ("Federal-Mogul"). Navistar purchased goods and services from Federal-Mogul throughout 2016 that amounted to approximately \$14,000,000. Mr. Icahn owns over 80% of Federal-Mogul. Navistar received standard

terms and conditions and received no unique payment terms or special concessions. Because Mr. Icahn is an 80% owner of Federal-Mogul, Mr. Icahn has an indirect material interest in this transaction. The Audit Committee and the Board considered the factors described above and the Board, upon the recommendation of the Audit Committee, ratified the transactions on the basis that the Navistar/Icahn/Federal-Mogul relationship is in the best interests of the Company.

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Director Independence Determinations

We believe that a substantial majority of the members of our Board should be independent non-employee directors. Our Board has affirmatively determined that nine of our ten directors who are expected to continue following the Annual Meeting, namely Messrs. Alapont, D'Arcy, Intrieri, McChrystal, Merksamer, Rachesky, Sirignano, Suskind and Williams, qualify as "independent directors" in accordance with the NYSE's independence requirements and our own internal guidelines for determining director independence. Each of these directors, including the eight nominees, has also been determined to be financially literate. All of the members of our Audit Committee, Compensation Committee, Finance Committee and the Nominating and Governance Committee are independent and financially literate.

Both the NYSE requirements and our own guidelines include a series of objective tests for determining the independence of a director, such as that the director or his family members is not an employee of Navistar and has not engaged in various types of commercial or charitable relationships with Navistar. A copy of our existing guidelines for determining director independence, as included in our Corporate Governance Guidelines, is available on the Investor Relations section of our website at <http://www.navistar.com/navistar/investors/corporategovernance/documents>. Our Board has made a determination as to each independent director that no relationship exists which, in the opinion of the Board, would interfere with the exercise of the director's independent judgment in carrying out his responsibilities as a director. In making these determinations, our Board reviewed and discussed information provided by the directors and Navistar with regard to each director's business and personal activities as they may relate to Navistar, its management and/or its independent registered public accounting firm.

Board Leadership Structure

The Company's Corporate Governance Guidelines require the Board to select the Chairman of the Board and the CEO and to determine from time to time whether the positions are combined and filled by one person or separated and filled by two persons. Prior to 2013, our CEO served as Chairman and we had an independent Lead Director. Beginning in April 2013, with the appointment of Mr. Clarke as our CEO, our Board determined it would be preferable for one of our independent directors to serve as Chairman, and as such, elected Mr. Keyes to this position. Mr. Keyes, who has over 14 years of serving on our Board, was previously Chairman/CEO of Johnson Controls, Inc., and has served on the boards of directors of other public companies. The Board believes that this leadership structure is in the best interests of the Company and its stockholders, but upon Mr. Keyes' retirement, and upon the VW T&B Nominees joining the Board, the Nominating and Governance Committee and the full Board intends to identify, consider and discuss potential candidates to replace Mr. Keyes as Chairman of the Board. Upon the retirement of Mr. Keyes and Mr. Hammes, the Nominating and Governance Committee and the full Board intends to identify, consider and discuss potential candidates to chair the Audit Committee and the Nominating and Governance Committee of the Board. If, in the future, the CEO and Chairman position are combined, as required under our Corporate Governance Guidelines, the Board would also name an independent Lead Director of the Board.

Risk Oversight

Our Board has overall responsibility for the oversight of risk management at our Company. Day-to-day risk management is the responsibility of management, which has implemented an Enterprise Risk Management process to identify, assess, manage and monitor risks that our Company faces. Enterprise Risk Management operates within our Internal Audit and Corporate Compliance department and coordinates its efforts with that department. Our Board, either as a whole or through its committees, regularly discusses with management our major risk exposures, their potential impact on our Company, and the steps we take to monitor and control such exposures.

While our Board has general oversight responsibility for risk at our Company, the Board has delegated some of its risk oversight duties to the various Board committees. In particular, the Audit Committee is responsible for generally reviewing and discussing the Company's policies and guidelines with respect to risk assessment and risk management. It also focuses on the management of financial risk exposure and oversees risks related to the Company's financial statement compliance and control environment. The Nominating and Governance Committee oversees risks related to corporate governance, including risk related to the political environment. The Compensation Committee assists our Board in overseeing the management of risks arising from our compensation policies and programs and programs related to assessment, selection, succession planning, training and development of executives of the Company. Finally, the Finance Committee is responsible for overseeing policies with respect to financial risk assessment and financial risk management including, without limitation, risks relating to liquidity/access to capital and macroeconomic trends/environment risks. Each of the Board committees periodically reviews these risks and then discusses the process and results with the full Board.

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Nominating Directors

You may recommend any person as a candidate for director for election at our 2018 annual meeting of stockholders by writing to our Corporate Secretary at 2701 Navistar Drive, Lisle, Illinois 60532 and complying with the procedures set forth in the Company's By-Laws. Your letter must be received by Navistar's Corporate Secretary no earlier than September 17, 2017, and no later than October 17, 2017, and must include all of the information required by the Company's By-Laws including, but not limited to, the proposed nominee's biographical information and principal occupation; the number of shares of capital stock of the Company which are owned by the proposed nominee, appropriate information about the proposed nominee that would be required to be included in a proxy statement under the rules of the SEC, the number of shares held by you, information about the relationship between the proposed nominee and you, any pending or threatened litigation in which the proposed nominee is a party and a representation that you intend to appear in person or by proxy at the meeting to nominate the proposed nominee. Your letter must be accompanied by the written consent of the proposed nominee to being named as a nominee and to serve as a director if elected. You may only recommend a candidate for director if you hold shares of Common Stock on the date you give the notice described above, on the record date for the annual meeting of stockholders at which you propose such nominee be elected and on the date of the annual meeting of stockholders at which you propose such nominee be elected.

The Nominating and Governance Committee identifies nominees for directors from various sources, including suggestions from Board members and management, and in the past has used third party consultants to assist in identifying and evaluating potential nominees. The Nominating and Governance Committee will consider persons recommended by the stockholders in the same manner as a committee-recommended nominee. The Nominating and Governance Committee has specified the following minimum qualifications that it believes must be met by a nominee for a position on the Board:

- knowledge and contacts in the Company's industry and other relevant industries;
- positive reputation in the business community;
- the highest personal and professional ethics and integrity and values that are compatible with the Company's values;
- experiences and achievements that provide the nominee with the ability to exercise good business judgment;
- ability to make significant contributions to the Company's success;
- ability to work successfully with other directors;
- willingness to devote the necessary time to the work of the Board and its committees which includes being available for the entire time of meetings;
- ability to assist and evaluate the Company's management;
- involvement only in other activities or interests that do not create a conflict with his or her responsibilities to the Company and its stockholders;
- understanding of and ability to meet his or her responsibilities to the Company's stockholders, including the duty of care (making informed decisions) and the duty of loyalty (maintaining confidentiality and avoiding conflicts of interest); and
- potential to serve on the Board for at least five years.

The Nominating and Governance Committee believes that consideration should also be given to having a diversity of backgrounds, skills, and perspectives among the directors. In addition, in selecting directors, the Nominating and Governance Committee will consider the need to strengthen the Board by providing a diversity of persons in terms of their expertise, age, gender, race, ethnicity, education, and other attributes which contribute to the Board's diversity. Our Board diversity policy is contained within our Corporate Governance Guidelines.

The satisfaction of the above criteria is implemented and assessed through ongoing consideration of directors and nominees by the Nominating and Governance Committee and the Board, as well as through the Board's self-evaluation process. Based

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upon these activities and its review of the current composition of the Board, the Nominating and Governance Committee and the Board believe that these criteria have been satisfied.

As outlined in our Corporate Governance Guidelines, any director who receives more “withheld” votes than “for” votes in an uncontested election is required to tender his resignation to the Nominating and Governance Committee for consideration and recommendation to the Board. The Board will publicly disclose its decision.

Board Committees and Meetings

The Board documented its governance practices, policies and procedures in our Corporate Governance Guidelines. These governance standards embody many of our long-standing practices, policies and procedures, which are the foundation of our commitment to best practices. In December 2016, the Board conducted an evaluation of the committees and the Board.

The Board has four standing committees: an Audit Committee, a Compensation Committee, a Finance Committee and a Nominating and Governance Committee. Each of the committees is governed by a written charter, copies of which are available on the Investor Relations section of our website at <http://www.navistar.com/navistar/investors/corporategovernance/documents>.

In 2016, the full Board met 10 times. In addition, the Board’s independent directors meet regularly in executive session without management present to, among other things, evaluate the performance of the CEO and discuss corporate strategies. The Chairmen of our Audit, Compensation, Nominating and Governance and Finance Committees of the Board each preside as the chair at meetings or executive sessions of independent directors at which the principal items to be considered are within the scope of the authority of his committee.

During 2016 each of the directors attended 75% or more of all the meetings of the Board and the committees on which he serves. The average attendance of all directors at meetings of the Board and the committees on which they served in 2016 was 99%. We encourage all Board members to attend all meetings, including the Annual Meeting. All of our directors who were directors at the time of our 2016 annual meeting of stockholders attended that meeting.

Below is a table indicating committee membership and a description of each committee of the Board.

Committee Membership

(as of December 20, 2016)

Audit Compensation Finance Nominating & Governance

Troy A. Clarke				
Jose Maria Alapont			ü	
Stephen R. D'Arcy	ü			
Micahel N. Hammes ⁽¹⁾			ü	ü*
Vincent J. Intrieri			ü*	ü
James H. Keyes ⁽¹⁾	ü*	ü		
Stanley A. McChrystal		ü		ü
Samuel J. Merksamer	ü	ü		
Mark H. Rachesky			ü*	ü
Michael F. Sirignano	ü	ü*		
Dennis A. Suskind		ü		
Dennis D. Williams	ü		ü	

*Indicates the chair of the committee. Mr. Intrieri and Mr. Rachesky serve as co-chairs of the Finance Committee.

⁽¹⁾ Announced their retirement from the Board, effective upon the earlier to occur of (i) the completion of the Share Issuance to VW T&B or (ii) the Annual Meeting. As such, neither Mr. Hammes nor Mr. Keyes will stand for

re-election at the Annual Meeting.

Audit Committee — The Audit Committee assists the Board in fulfilling its responsibility for oversight of the Company's financial reporting process, the Company's legal and regulatory compliance, the independence, qualifications and performance of the Company's independent registered public accounting firm and the performance of the Company's internal audit function and corporate compliance function. The Audit Committee reviews the audit plans of the Company's independent

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registered public accounting firm and internal audit staff, reviews the audit of the Company's accounts with the independent registered public accounting firm and the internal auditors, considers the adequacy of audit scope and reviews and discusses with the auditors and management the auditors' reports. The Audit Committee also reviews environmental reports and compliance activities for the Company's facilities and the expense accounts of executive officers and directors. The Audit Committee reviews and decides on conflicts of interest and waivers of compliance with the Company's Code of Conduct that may affect executive officers and directors and discusses policies and guidelines with respect to risk assessment and risk management. The Audit Committee reviews and recommends to the Board that the Board either approve, ratify, reject or take other action with respect to related person transactions and it prepares and approves the Audit Committee Report for inclusion in the Company's proxy statement. Additional information on the roles and responsibilities of the Audit Committee is provided in the Audit Committee Report section of this proxy statement. All members of the Audit Committee who are expected to continue following the Annual Meeting are independent and the Board designated each Audit Committee member, namely, Mr. Stephen R. D'Arcy, Mr. Samuel J. Merksamer, Mr. Michael F. Sirignano and Mr. Dennis D. Williams, as an "audit committee financial expert," as defined by applicable law, rules and regulations. In 2016, the Audit Committee held 9 meetings. The Audit Committee conducted an evaluation of its performance in December 2016.

Compensation Committee — The Compensation Committee makes recommendations to the Board with respect to the appointment and responsibilities of all executive officers, reviews and approves the compensation of executive officers who are not also directors of the Company, reviews and approves the Company's compensation strategy and any associated risks, recommends to the independent members of the Board the compensation of executive officers who also are directors of the Company, administers the Company's equity and incentive compensation plans, engages the compensation consultants that advise the Compensation Committee and approves the consultants' fees and terms of engagement, furnishes an annual Compensation Committee Report on executive compensation and reviews and discusses the Compensation Discussion & Analysis ("CD&A") with management and recommends to the Board the inclusion of the CD&A in the Company's proxy statement. Upon management's recommendation, the Compensation Committee reviews basic changes to non-represented employees' base compensation and incentive and benefit plans. The Compensation Committee also oversees the development and implementation of succession plans for senior executives (with the exception of our CEO). Additional information on the roles and responsibilities of the Compensation Committee is provided in the CD&A section of this proxy statement. The Compensation Committee held 5 meetings in 2016. The Compensation Committee conducted an evaluation of its performance in December 2016.

Finance Committee — The Finance Committee reviews the Company's financing requirements, procedures by which projections and estimates of cash flow are developed, dividend policy and investment spending and capital expenditure budgets. The Finance Committee also oversees the Company's policies with respect to financial risk assessment and financial risk management, including liquidity and access to capital and macroeconomic trends/environment risks. The Finance Committee held 9 meetings in 2016. The Finance Committee conducted an evaluation of its performance in December 2016.

Nominating and Governance Committee — The Nominating and Governance Committee is responsible for the organizational structure of the Board and its committees, recommending to the Board the directors to serve on the standing Board committees, reviewing and making recommendations to the Board concerning nominees for election as directors, CEO succession planning, reviewing and making recommendations to the Board concerning corporate governance practices and policies and changes to our Restated Certificate of Incorporation and our By-Laws and overseeing risks related to corporate governance and the political environment. In addition, the Nominating and Governance Committee leads the Board in its self-evaluation process and monitors compliance with the Corporate Governance Guidelines. The Nominating and Governance Committee held 9 meetings in 2016. The Nominating and Governance Committee conducted an evaluation of its performance in December 2016.

Communication with the Board

Interested parties may communicate with any of our directors, our Board as a group, our non-employee directors as a group or any committees of the Board by sending an e-mail to presiding.director@navistar.com or by writing to the Presiding Director, c/o the Corporate Secretary, at 2701 Navistar Drive, Lisle, Illinois 60532. The Board has given the Corporate Secretary the discretion to distribute communications to the director or directors, after ascertaining whether the communications are appropriate to the duties and responsibilities of the Board. Communications that relate to ordinary business matters that are not within the scope of the Board's duties and responsibilities will be forwarded to the appropriate employee within the Company. Solicitations, junk email and obviously frivolous or inappropriate communications will not be forwarded. You will receive a written acknowledgment from the Corporate Secretary's Office upon receipt of your communication.

Code of Conduct

Our Code of Conduct embodies a code of ethics (the "Code") applicable to all of our directors, officers and employees. The Code establishes the principles, policies, standards and conduct for professional behavior in the workplace. Every director, officer and employee is required to read and follow the Code. A copy of the Code is available on the Investor Relations section of our website at <http://www.navistar.com/navistar/investors/corporategovernance/documents>. Any waiver of the Code for executive officers or directors of the Company requires the approval of the Audit Committee and must be promptly disclosed to the Company's stockholders. We intend to disclose on the Investor Relations section of our website (<http://www.navistar.com/navistar/investors/corporategovernance/documents>) any amendments to, or waivers from, the Code that is required to be publicly disclosed under the rules of the SEC.

The Audit Committee has established procedures for employees, vendors and other interested parties to communicate concerns with respect to our accounting, internal controls or financial reporting to the Audit Committee, which has responsibility for these matters. Concerns may be reported as follows:

Via the Navistar Business Abuse and Compliance Hotline	Write to the Audit Committee	E-mail the Audit Committee
1-877-734-2548	Audit Committee	
or via the Internet at	c/o Corporate Secretary	
https://iwf.tnwgrc.com/navistar/	Navistar International Corporation	Audit.committee@navistar.com
	2701 Navistar Drive	
	Lisle, Illinois 60532	

PERSONS OWNING MORE THAN FIVE PERCENT OF COMPANY COMMON STOCK

This table indicates, as of December 19, 2016, all persons we know to be beneficial owners of more than 5% of our Common Stock. This information is based, in part, on a review of Schedule 13D, Schedule 13G and Section 16 reports filed with the SEC by persons and entities listed in the table below, as well as on other available information.

Name and Address	Total Amount and Nature of Beneficial Ownership	Percent of Class ^(A)
Carl C. Icahn c/o Icahn Associates Corp., 767 Fifth Avenue, Suite 4700 New York, NY 10153	16,272,524 ^(B)	19.9%
Mark H. Rachesky, M.D. 40 West 57 th Street, 24 th floor New York, NY 10019	16,264,104 ^(C)	19.9%
Franklin Resources, Inc. One Franklin Parkway San Mateo, CA 94403-1906	15,268,623 ^(D)	18.7%
GAMCO Investors, Inc. et. al. One Corporate Center Rye, NY 10580-1435	10,033,832 ^(E)	12.3%
Hotchkis & Wiley Capital Management LLC 725 South Figueroa Street, 39 th Floor Los Angeles, CA 90017	5,798,651 ^(F)	7.1%

(A) Applicable percentage ownership is based upon 81,710,420 shares of Common Stock outstanding as of December 19, 2016.

(B) As reported in Amendment No. 17 to the Schedule 13D, as filed with the SEC on December 17, 2014, as further amended by Amendments No. 18 and 19 as filed with the SEC through September 6, 2016, by High River Limited Partnership (“High River”), Hopper Investments LLC (“Hopper”), Barberry Corp. (“Barberry”), Icahn Partners Master Fund LP (“Icahn Master”), Icahn Partners Master Fund II LP (“Icahn Master II”), Icahn Offshore LP (“Icahn Offshore”), Icahn Partners LP (“Icahn Partners”), Icahn Onshore LP (“Icahn Onshore”), Icahn Capital LP (“Icahn Capital”), IPH GP LLC (“IPH”), Icahn Enterprises Holdings L.P. (“Icahn Enterprises Holdings”), Icahn Enterprises G.P. Inc. (“Icahn Enterprises GP”), Beckton Corp. (“Beckton”), and Carl C. Icahn (collectively, the “Icahn Reporting Persons”). The Icahn Reporting Persons reported the following: High River has sole voting power and sole dispositive power with regard to 3,254,504 shares of Common Stock and each of Hopper, Barberry and Mr. Icahn has shared voting power and shared dispositive power with regard to such shares of Common Stock; Icahn Master has sole voting power and sole dispositive power with regard to 5,287,439 shares of Common Stock and each of Icahn Offshore, Icahn Capital, IPH, Icahn Enterprises Holdings, Icahn Enterprises GP, Beckton and Mr. Icahn has shared voting power and shared dispositive power with regard to such shares of Common Stock; and Icahn Partners has sole voting power and sole dispositive power with regard to 7,730,581 shares of Common Stock and each of Icahn Onshore, Icahn Capital, IPH, Icahn Enterprises Holdings, Icahn Enterprises GP, Beckton and Mr. Icahn has shared voting power and shared dispositive power with regard to such shares of Common Stock. Barberry is the sole member of Hopper, which is the general partner of High River. Icahn Offshore is the general partner of Icahn Master. Icahn Onshore is the general partner of Icahn Partners. Icahn Capital is the general partner of each of Icahn Offshore and Icahn Onshore. Icahn Enterprises Holdings is the sole member of IPH, which is the general partner of Icahn Capital. Beckton is the sole stockholder of Icahn Enterprises GP, which is the general partner of Icahn Enterprises Holdings. Mr. Icahn is the sole stockholder of each of Barberry and Beckton. As such, Mr. Icahn is in a position indirectly to determine the investment and voting decisions made by each of the Icahn Reporting

Persons. In addition, Mr. Icahn is the indirect holder of approximately 92.6% of the outstanding depositary units representing limited partnership interests in Icahn Enterprises L.P. (“Icahn Enterprises”). Icahn Enterprises GP is the general partner of Icahn Enterprises, which is the sole limited partner of Icahn Enterprises Holdings. See the Schedule 13D/A filed by the Icahn Reporting Persons for certain disclaimers of beneficial ownership.

(C) As reported in a Schedule 13D/A filed with the SEC on September 22, 2016 by MHR Institutional Partners III LP, MHR Institutional Advisors III LLC, MHR Fund Management LLC, MHR Holdings LLC and Mark H. Rachesky, M.D. (collectively, the “MHR Reporting Persons”). The MHR Reporting Persons reported the following: MHR Institutional Partners III LP and MHR Institutional Advisors III LLC each has sole voting and dispositive power over 14,980,528 shares of Common Stock. MHR Fund Management LLC and MHR Holdings LLC each has sole voting and dispositive power over 16,225,000 shares of Common Stock. Dr. Rachesky has sole voting and dispositive power over 16,264,104 shares of Common Stock, which includes (i) 16,225,000 shares of Common Stock beneficially owned by Dr. Rachesky as the managing member of MHR Advisors LLC, MHR Institutional Advisors III LLC and MHR Holdings LLC; (ii) 15,532 shares of Common Stock held directly by Dr. Rachesky; (iii) 3,572 shares of Common Stock that may be obtained upon settlement of phantom stock units granted to Dr. Rachesky in his capacity as a director; and (iv) options to purchase 20,000 shares of Common Stock granted to Dr. Rachesky in his capacity as a director.

(D) As reported in Schedule 13G/A filed with the SEC on February 9, 2016 by Franklin Resources, Inc. (“FRI”), Charles B. Johnson, Rupert H. Johnson, Jr. and Templeton Global Advisors Limited. These securities are beneficially owned by one or more open- or closed-end investment companies or other managed accounts that are investment management clients of investment managers that are direct and indirect subsidiaries of FRI. Charles B. Johnson and Rupert H. Johnson, Jr. each own in excess of 10% of the outstanding common stock of FRI and are the principal stockholders of FRI. See the Schedule 13G/A for certain disclaimers of beneficial ownership.

As reported in a Schedule 13D/A filed with the SEC on March 24, 2015, by Gabelli Funds, LLC, GAMCO Asset Management, Inc., Teton Advisors, Inc., Gabelli Securities, Inc., Gabelli Foundation, Inc., MJG Associates, Inc., MJG-IV Limited Partnership, GGCP, Inc., GAMCO Investors, Inc., and Mario J. Gabelli (collectively, the “Gabelli Reporting Persons”). The Gabelli Reporting Persons reported the following: Gabelli Funds LLC has sole voting and dispositive power with regard to 3,370,553 shares of Common Stock, GAMCO Asset Management Inc. has sole voting power with regard to 5,966,979 shares of Common Stock and sole dispositive power with regard to 6,503,979 shares of Common Stock, Teton Advisers, Inc. has sole voting and dispositive power with regard to 5,000 shares of Common Stock, Gabelli Securities, Inc. has sole voting and dispositive power with regard to 9,500 shares of Common Stock, Gabelli Foundation, Inc. has sole voting and dispositive power with regard to 10,000 shares of Common Stock, MJG Associates, Inc. has sole voting and dispositive power with regard to 6,500 shares (E) of Common Stock, MJG-IV Limited Partnership has sole voting and dispositive power with regard to 2,000 shares of Common Stock, GGCP, Inc. has sole voting and dispositive power with regard to 16,000 shares of Common Stock, GAMCO Investors, Inc. has sole voting and dispositive power with regard to 8,800 shares of Common Stock, and Mario J. Gabelli has sole voting and dispositive power with regard to 101,500 shares of Common Stock. Mr. Gabelli is deemed to have beneficial ownership of the shares of Common Stock owned beneficially by each of the foregoing entities due to the fact that he directly or indirectly controls or acts as chief investment officer for such entities. Gabelli Securities, Inc. is deemed to have beneficial ownership of the Common Stock owned beneficially by G. research, Inc. GAMCO Investors, Inc. and GGCP, Inc. are deemed to have beneficial ownership of the shares of Common Stock owned beneficially by each of the Gabelli Reporting Persons other than Mr. Gabelli and Gabelli Foundation, Inc. See the Schedule 13D/A filed by the Gabelli Reporting Persons for certain disclaimers of beneficial ownership.

As reported in a Schedule 13G/A filed with the SEC on October 11, 2016, by Hotchkis & Wiley Capital Management, LLC and Hotchkis and Wiley Mid-Cap Value Fund (collectively, the “Hotchkis & Wiley Reporting Persons”). The Hotchkis & Wiley Reporting Persons reported the following: Hotchkis & Wiley Capital (F) Management, LLC has sole voting power over 5,501,075 shares of Common Stock and has sole dispositive power over 5,798,651 shares of Common Stock and Hotchkis and Wiley Mid-Cap Value Fund has sole voting and dispositive power over 2,987,500 shares of Common Stock.

COMPANY COMMON STOCK OWNED BY EXECUTIVE OFFICERS AND DIRECTORS

The following table sets forth certain information regarding beneficial ownership of our Common Stock as of November 30, 2016 by: (i) each of our directors or nominees for director; (ii) each of our NEOs; and (iii) all of our directors, nominees for director, NEOs and other executive officers as a group. In general, “beneficial ownership” includes those shares of Common Stock a director, nominee for director, NEO or other executive officer has the power to vote or transfer, stock units convertible into Common Stock within 60 days and stock options exercisable within 60 days. Except as noted, the persons named in the table below have the sole voting and investment power with respect to all shares of Common Stock beneficially owned by them.

Name/Group	Owned ^(A)	Number of DSUs, PSUs or RSUs Convertible into Common Stock ^(B)	Obtainable Through Stock Option Exercise	Total	Percent of Class
Jose Maria Alapont - Director	—	—	—	—	*
Walter G. Borst - EVP & CFO	33,014	10,366	58,789	102,169	*
Troy A. Clarke - Director/President & CEO	54,100	6,113	905,242	965,455	1.2
Steven K. Covey - SVP & General Counsel	28,883	3,601	114,301	146,785	*
Stephen R. D'Arcy - Director	—	—	—	—	*
Michael N. Hammes - Director	5,261	—	30,400	35,661	*
Vincent J. Intrieri - Director	592	3,507	15,000	19,099	*
James H. Keyes - Director	6,282	16,424	31,600	54,306	*
William R. Kozek - President, Truck & Parts	2,625	—	27,045	29,670	*
Persio V. Lisboa - President, Operations	3,289	2,790	44,650	50,729	*
Stanley A. McChrystal - Director	1,508	26,052	20,000	47,560	*
Samuel J. Merksamer - Director	592	2,860	15,000	18,452	*
Mark H. Rachesky ^(C) - Director	16,240,532	4,937	15,000	16,260,469	19.9
Michael Sirignano - Director	11,128	6,795	5,000	22,923	*
Dennis A. Suskind - Director	—	—	—	—	*
Dennis D. Williams ^(D) - Director	—	—	—	—	*
All Directors and Executive Officers as a Group (19 persons) ^(E)	16,402,491	85,126	1,305,098	17,792,715	21.8

*Percentage of shares beneficially owned does not exceed one percent.

The number of shares shown for each NEO (and all directors and executive officers as a group) includes the (A) number of shares of Common Stock owned indirectly, as of November 30, 2016, by such executive officers in our Retirement Accumulation Plan, as reported to us by the Plan trustee.

(B) For additional information on deferred share units (“DSUs”), premium share units (“PSUs”) and restricted stock units (“RSUs”) see below.

(C) As reported in various Form 4’s filed with the SEC during 2016 by MHR Institutional Partners III LP, MHR Institutional Advisors III LLC, MHR Fund Management LLC, MHR Holdings LLC and Dr. Rachesky. See also Footnote C to the section Persons Owning More Than Five Percent of Navistar Common Stock in this proxy statement.

(D) At the request of the UAW, the UAW representative director, Dennis Williams, does not receive stock or stock option grant awards.

(E) Includes all current directors, NEOs and Section 16 Officers as a group.

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DSUs PSUs and RSUs

Under our Executive Stock Ownership Program in effect for 2013 and prior years, executives may defer their cash bonus into DSUs. If an executive officer elects to defer a cash bonus, the number of shares shown for such NEO (and for all Executive Officers included in all Directors and Executive Officers as a group) includes these DSUs. These DSUs vest immediately. The number of shares shown as owned for each NEO (and for all Executive Officers included in all Directors and Executive Officers as a group) also includes PSUs that were awarded pursuant to the Executive Stock Ownership Program. PSUs vest in equal installments on each of the first three anniversaries of the date on which they are awarded. Effective November 1, 2013, our Executive Stock Ownership Program was amended and restated to, among other things, eliminate an executive's ability to earn PSUs or defer their cash bonus into DSUs.

Under our Non-Employee Directors Deferred Fee Plan, directors may defer all or a portion of their annual retainer into DSUs, and prior to calendar year 2012 when meeting fees were paid for attendance at Board and committee meetings, all or a portion of their meeting fees into DSUs. If a director elected to defer a portion of his annual retainer and/or meeting fees into DSUs, these DSUs are shown as owned for such director (and included in all Directors and Executive Officers as a group).

Certain of our executives have been awarded share settled RSUs under the 2013 Performance Incentive Plan. The RSUs vest in equal installments on each of the first three anniversaries of the date of grant or cliff vest as to 100% of the shares granted on the third anniversary of the date of grant, and are converted into our Common Stock on a one to one basis at time of vesting.

PROPOSAL 2 — ADVISORY VOTE ON EXECUTIVE COMPENSATION

At our 2011 annual meeting of stockholders, a majority of our stockholders voted in favor of holding a non-binding advisory vote on executive compensation on an annual basis. In light of those results, our Board determined that the Company will hold a non-binding advisory vote on executive compensation on an annual basis. The next required non-binding advisory vote regarding the frequency interval is this year and please refer to Proposal 3 - Advisory Vote on Frequency of Vote on Executive Compensation for more information on this proposal.

The Company places importance on the feedback of our stockholders regarding our compensation practices. We are focused on continuously reviewing and improving such practices in order to best align executive pay with Company performance. At our 2015 and 2016 annual meeting of stockholders, our stockholders expressed their support of our executive compensation programs by approving our non-binding advisory vote on our executive compensation by approximately 99% and 98% of those voting (as calculated by Institutional Shareholder Services (“ISS”)), respectively. Since that time we have continued our stockholder outreach initiatives and our continuous efforts to best align executive pay with Company performance.

As described more fully in our Compensation, Discussion and Analysis (“CD&A”), our executive compensation programs for our NEOs, as well as other executives, are designed to closely align executive rewards with the total return to stockholders and both corporate and individual performance. As evidence of our commitment to align executive pay with Company performance:

- The 2014 Long Term Incentives (“LTI”) performance targets for awards granted to the NEOs and the CEO were not met.

- The 2015 LTI performance targets for awards granted to NEOs (excluding the CEO) are not likely to be met for 50% of the grant and are projected to be met at threshold for the remaining 50% of the grant.

- The 2016 LTI performance targets for performance-based awards granted to each NEO (including the CEO), which were 50% of the total 2016 LTI grant to each NEO are projected to be near threshold.

- The 2016 AI awards will be paid out at 44% of target percentage due to our achievements.

The Board urges our stockholders to read the CD&A, which describes in more detail the changes made to the executive compensation programs and how the executive compensation programs are designed to support our Company and our business strategies in concert with our culture, compensation philosophies and guiding principles.

We believe that the Company’s executive compensation programs appropriately align pay and performance and enable the Company to attract and retain talented executives within our industry.

We are asking our stockholders to indicate their support for our executive compensation as described in this proxy statement, as required pursuant to Section 14A of the Exchange Act. This proposal, commonly known as a “say-on-pay” proposal, gives you as a stockholder the opportunity to express your views on our 2016 executive compensation policies and procedures described in this proxy statement.

This vote is not intended to address any specific item of compensation, but rather the overall compensation of our NEOs as described in this proxy statement. Accordingly, we ask our stockholders to vote “FOR” the following resolution at the Annual Meeting:

RESOLVED, that the stockholders of the Company approve, on an advisory basis, the compensation of the named executive officers, as disclosed pursuant to Item 402 of Regulation S-K in the Company's proxy statement for the Annual Meeting.

Although this is an advisory vote that will not be binding on the Compensation Committee or the Board, we will carefully review the results of the vote, as we did last year. The Compensation Committee will consider our stockholders' concerns and take into account the outcome of "say-on-pay" votes when designing future executive compensation programs. The Board recommends that you indicate your support for the Company's executive compensation in 2016, as outlined in the above resolution.

YOUR BOARD OF DIRECTORS RECOMMENDS A VOTE "FOR" PROPOSAL 2.

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COMPENSATION

Compensation Committee Report

The Compensation Committee reviewed and discussed the CD&A required by Item 402(b) of Regulation S-K with management, and based upon this review and discussion, the Compensation Committee recommended to the Board that the CD&A be included in this proxy statement. The independent members of the Board reviewed and discussed the compensation of the CEO.

The Compensation Committee	Independent Board members (non-Compensation Committee members)
Michael F. Sirignano, Chairman	Jose Maria Alapont
James H. Keyes	Stephen R. D'Arcy
Stanley A. McChrystal	Michael N. Hammes
Samuel J. Merksamer	Vincent J. Intrieri
Dennis A. Suskind	Mark H. Rachesky
	Dennis D. Williams

(Approved by the members of the Compensation Committee and the other independent members of the Board on December 13, 2016.)

Compensation Discussion and Analysis (the "CD&A")

The Compensation Committee has the responsibility to approve and monitor all compensation and benefit programs for our executive officers (for purposes of this proxy statement, the term "executive officer" means the senior leadership of the Company, including Section 16 Officers and NEOs) and makes recommendations for the compensation and benefits of our CEO, which is then reviewed and approved by the independent members of our Board. As part of its responsibilities, the Compensation Committee reviews the performance of our executive officers and approves compensation based on the overall successes of the individual executive and the organization as a whole. The Compensation Committee is governed by a written charter, a copy of which is available on the Investor Relations section of our website at <http://www.navistar.com/navistar/investors/corporategovernance/documents>.

The following table lists our 2017 NEOs that will be discussed throughout the CD&A.

NEO	Title
Troy A. Clarke	President and Chief Executive Officer
Walter G. Borst	Executive Vice President and Chief Financial Officer
William R. Kozek	President, Truck and Parts
Persio V. Lisboa	President, Operations
Steven K. Covey	Senior Vice President and General Counsel

This Compensation section is organized into the following main categories:

<u>Executive Summary</u>	<u>34</u>
Compensation Philosophy and Objectives	<u>35</u>
<u>Detailed Review of Executive Compensation</u>	<u>37</u>
<u>Executive Compensation Tables</u>	<u>48</u>
<u>Compensation Risk</u>	<u>65</u>
<u>Compensation of Directors</u>	<u>66</u>

Executive Summary

During 2016, we continued to focus on our strategy which includes: implementing our customer-centric strategy, completing new product launches, improving financial performance, reducing costs, improving capacity utilization, and increasing profitable market share. We have made strong progress in virtually every area of our business. In 2016, we demonstrated we are a performance-driven organization that is agile, forward focused, and committed to taking the actions we need in order to be successful.

The Company has a robust stockholder outreach and engagement program in place. We engage in regular contact with our stockholders throughout the year. Approximately 80% of our stock is held by five of our stockholders. Two of these stockholders currently have representation on our Board as discussed in our Executive Summary and Proposal One-Election of Directors. These stockholders, through their representatives on our Board, also are members of our Compensation Committee and are integrally involved in our compensation decisions and policies, with Mr. Sirignano being the Chairman of our Compensation Committee. We also engage in regular dialogue with our three remaining largest stockholders without representatives on our Board. We maintain open lines of communication with corporate governance advisory institutions and with our top 25 stockholders on an annual basis in order to solicit their feedback. We continuously work to improve these efforts and place importance on the feedback provided to us during this process.

An overall objective of our executive compensation program is to maintain a linkage between pay and performance, both long-term and short-term. Earnings Before Interest, Taxes, Depreciation, and Amortization ("EBITDA") is a key pay component linked to pay for performance and our short and long-term incentives. In 2016, the Company saw an incremental improvement of approximately \$14M annual adjusted EBITDA. We accomplished incremental improvements of approximately \$200M in each of the three previous years. As a result of our performance: Our NEOs, excluding our CEO, received performance base salary increases which averaged 4%. Some of our NEOs had not received a salary increase since 2014. Our CEO received a base salary increase at the time of his employment agreement renewal in April 2016.

We approved revisions to our AI plan under which AI awards will be paid out at percentages based on our achievement of performance goals including Earnings Before Interest and Taxes ("EBIT"), Market Share, Cost, Cash and Quality. We added a key design feature including an adjusted EBITDA multiplier which scales the annual incentive up or down from the target level based upon actual financial performance of Navistar. For 2017, AI performance goals, as selected by our Compensation Committee, will include EBIT, Market Share, Cost and Liquidity.

Based on 2016 results of our AI performance measures, 2016 AI awards will be paid at 44% of target.

The Company approved 2016 LTI awards for each executive based on an assessment of such executive's performance and scope of the executive's role.

Based on 2016 results, 50% of the 2016 LTI awards based on performance measures are projected to be near threshold. Since 2016 is the first year of a three-year performance cycle, actual award payouts will not be known until after 2018.

In 2016, the Compensation Committee took the following actions with respect to the Company's executive compensation program:

Maintained our clawback policy, which enables the Company to recover incentive-based compensation in the event of an accounting restatement due to material non-compliance with financial reporting requirements, as well as intentional misconduct;

Maintained certain revisions to our Executive Severance Agreement template for 2014 and going forward, including, but not limited to: (i) reducing the duration of the agreement post-Change in Control (“CIC”); (ii) modifying the definition of CIC; (iii) reducing the duration of the post-CIC period and (iv) including the Company’s ability to recoup incentive pay under the Company’s clawback policy; and

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Continued to exclude pro-rata bonus from the calculation of any pension/retirement benefit under our Executive Severance Agreements.

Compensation Governance Measures

What We Do

We use multiple performance measures in our short-term and long-term incentive plans. These performance measures link pay to performance and stockholder interests.

The Compensation Committee reviews external market data when making compensation decisions.

The Compensation Committee selects and engages its own independent advisor, Pay Governance, LLC.

We maintain a clawback policy to recoup incentive-based compensation in the event of an accounting restatement.

Change in Control severance benefits are payable only upon a Change in Control (also referred to throughout as "CIC") with termination of employment ("double trigger").

All officers are subject to stock ownership requirements, ranging from 6x base pay for the CEO to 3x base pay for other senior executives - including a retention requirement.

Directors are expected to own shares having a value equivalent to 3x their annual cash retainer.

What We Don't Do

The Company maintains policies that eliminate all tax gross-ups for perquisites and other similar benefits to Section 16 Officers, and prohibit tax gross-ups for any cash or equity awards for all employees.

We do not reprice stock options.

We have an anti-hedging policy, whereby employees and directors are prohibited from trading in puts, calls, options or other similar securities related to our common stock. We also restrict short selling, pledges and margin accounts used by executive officers and directors.

We do not accelerate the vesting of long-term incentive awards, except in certain situations upon death.

We do not grant extra pension service with the exception of CIC as outlined in our Executive Severance Agreements.

Compensation Philosophy and Objectives

We believe the compensation of our executives should be closely tied to the performance and growth of the Company, so that their interests are aligned with the long-term interests of our stockholders. Consistent with this philosophy, the following guiding principles provide a framework for the Company's executive compensation program:

Competitive Positioning: Total remuneration is designed to attract and retain the executive talent necessary to achieve our goals through a market competitive total remuneration package.

Pay-for-Performance: A substantial portion of each named NEO's compensation is performance-based with a direct link to Company as well as individual performance. It is designed to align the interests of executives and stockholders.

Ownership and Responsibility: Compensation programs are designed to recognize individual contributions as well as link NEO and stockholder interests through programs that reward our NEOs, based on the financial success of the Company and increases to stockholder value.

The Company actively engages stockholders in Say-On-Pay discussions. Two of the largest stockholders are represented on the Board as well as the Compensation Committee. Other stockholder opinions are solicited in

discussions throughout the year and the Company continues to align pay with performance throughout the organization based on best practices.

Pay for Performance

We continue to take actions that we believe will improve our efficiency and performance and continue to evaluate additional opportunities to enhance value to our customers. The Company experienced lower net sales and revenues in 2016 primarily

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due to lower truck sales. Although we incurred net losses in 2014 through 2016, there was an improvement in 2016 driven by lower structural costs, improved product margin, and lower restructuring costs. AI awards were not paid in 2014 and paid at 85% of target for 2015 AI plan results. We had many accomplishments in 2016 including entering into an alliance with VW T&B, launching products desired by our customers, improving quality and uptime, delivering on our plan to reduce costs, building sales momentum, and improving in non-core markets. For 2016, AI awards were paid at 44% of target.

With respect to LTI, the 2014 and 2015 LTI plans were 100% performance-based. After a review of the competitive peer data, internal ownership requirements and an assessment by our Compensation Consultant, the 2016 LTI plan was 50% performance-based and 50% time-based. Based on Company results:

• The 2014 LTI performance targets were not met.

• The 2015 LTI performance targets are not likely to be met for 50% of the grant and are projected to be met at threshold for the remaining 50% of the grant.

• The 2016 LTI performance targets are projected to be near threshold for the performance-based portion of the award.

The following table outlines the LTI awards granted to our NEOs for 2014, 2015 and 2016, and for our CEO in 2016, along with the actual performance of those awards as of October 31, 2016.

	Performance Options	Performance Share Units
	Exercise Price/Closing Price on Grant	\$35.09
	Stock Price as of October 31, 2016	\$22.30
FY2014	% Equity Award	50%
	Operating Cash Flow Met?	Not Met
	Adjusted EBITDA Margin Met?	N/A
	Exercise Price/Closing Price on Grant	\$27.67
	Stock Price as of October 31, 2016	\$22.30
FY2015	% Equity Award	50%
	Adjusted EBITDA Margin Met?	Near Threshold
	Revenue Growth Met?	Not Likely
	Performance Cash Plan	Time-Based RSUs
	Exercise Price/Closing Price on Grant	\$7.17
	Stock Price as of October 31, 2016	\$22.30
FY2016	% of Equity Award	50%
	Adjusted EBITDA Met?	Near Threshold
	Market Share Met?	Not Likely

In 2016, we continued to align pay with performance throughout the organization through:

• 50% performance-based LTI awards for the NEOs and the CEO, with grant sizes adjusted based on the performance of the individual and their scope within the organization.

• An AI program designed to align with key Company performance targets which resulted in a payout at 44% of target.

Pay Mix

A key goal of our compensation philosophy and objectives, is the alignment of the pay mix for our CEO and top executives compared to the market. By pursuing that alignment, we can be assured that not only are the elements appropriate, but the overall package is properly designed. Although recommendations relative to each of these compensation elements are made separately, the Compensation Committee considers the total compensation and benefits package when making any compensation decision.

Working with an independent compensation advisor, we developed the charts below which illustrate the alignment of Navistar's executive pay and the external marketplace. The only small deviation is Navistar's emphasis on the long term success of the Company versus the annual performance in the CEO compensation package.

The below charts present Navistar's total direct compensation ("TDC") mix (excluding special grants) for the CEO and NEOs relative to the peer group mix, with the Navistar mix on the left and the peer group mix on the right.

Detailed Review of Executive Compensation

Compensation Consultant

The Compensation Committee engages the services of an independent compensation advisor to assist with decisions regarding executive compensation plans and programs. The independent compensation advisor reports solely to the Compensation Committee. The Compensation Committee previously used the services provided by Frederic W. Cook & Co. Beginning in June 2016, the Compensation Committee used Pay Governance, LLC. to render the following services:

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- Attend committee meetings at the request of the Compensation Committee;
- Advise the Compensation Committee on market trends, regulatory issues and developments and how these may impact our executive compensation programs;
- Review the compensation strategy and executive compensation programs for alignment with our strategic business objectives;
- Advise on the design of executive compensation programs to ensure the linkage between pay and performance;
- Provide market data analyses to the Company;
- Advise the Compensation Committee and the Board on setting the CEO pay;
- Review the annual compensation of the other NEOs as recommended by the CEO; and
- Perform such other activities as requested by the Compensation Committee.

The Compensation Committee has the sole authority to approve the terms of Pay Governance's engagement. Pay Governance did not provide any services to the Company other than executive compensation consulting services during 2016.

In compliance with SEC and NYSE requirements regarding the independence of compensation consultants, Pay Governance provided the Compensation Committee information regarding any personal, financial, or business relationships between Pay Governance and the Company, its management or the members of the Compensation Committee that could impair its independence or present a conflict of interest. Based on its review of this information, the Compensation Committee determined that there were no relationships that impair the independence or create a material conflict of interest between the Company and Pay Governance, and the partners, consultants, and employees who service the Compensation Committee on executive compensation matters and governance issues.

Compensation Peer Group

Annually, we conduct a peer company review to determine whether our comparator companies continue to meet our criteria for inclusion. For 2016, management recommended and the Compensation Committee approved to maintain our peer group. We selected companies similar in overall size to Navistar with consideration being given to companies that meet one or more of the following criteria:

- Included in Navistar's primary Global Industry Classification Standard (GICS®) sub-industry (Construction & Farm Machinery & Heavy Trucks — 20106010);
- Midwest location;
- Names Navistar as a peer group company;
- Similar gross margins; and
- Was included in the prior year's peer group.

Navistar's 2016 peer group consists of the following 20 companies:

Company Name	Trailing 4Q		Latest Quarter	Composite Percentile Rank
	Net Revenue	Total Assets	Enterprise Value	
	(\$ mil.)	(\$ mil.)	(\$ mil.)	
PACCAR	\$ 17,318	\$ 20,969	\$ 27,579	95%
Illinois Tool Works	\$ 17,772	\$ 15,136	\$ 24,537	88%
Cummins	\$ 13,475	\$ 15,709	\$ 49,338	86%
Delphi	\$ 16,227	\$ 12,122	\$ 21,382	81%
Goodyear	\$ 15,480	\$ 17,143	\$ 13,292	79%
Textron	\$ 13,886	\$ 15,167	\$ 15,671	77%
Lear	\$ 11,235	\$ 11,971	\$ 19,645	70%
Parker-Hannifin	\$ 18,639	\$ 10,277	\$ 9,836	72%
Dover	\$ 6,711	\$ 9,298	\$ 13,893	54%
BorgWarner	\$ 8,935	\$ 9,007	\$ 9,760	51%
Masco	\$ 7,313	\$ 5,373	\$ 12,353	46%
Navistar	\$ 8,536	\$ 5,719	\$ 6,941	44%
AGCO	\$ 7,276	\$ 7,541	\$ 6,237	40%
Trinity Industries	\$ 5,032	\$ 9,136	\$ 6,890	37%
Tenneco	\$ 8,475	\$ 4,406	\$ 4,430	30%
Terex	\$ 6,157	\$ 5,569	\$ 4,683	30%
Oshkosh	\$ 6,279	\$ 4,514	\$ 5,737	28%
Dana Inc.	\$ 5,754	\$ 4,613	\$ 3,338	19%
Joy Global	\$ 2,580	\$ 3,433	\$ 3,575	10%
Visteon	\$ 3,154	\$ 2,373	\$ 2,343	7%
SPX	\$ 1,697	\$ 1,990	\$ 1,304	0%
75th Percentile	\$ 14,285	\$ 12,876	\$ 15,027	
Mean	\$ 9,751	\$ 9,292	\$ 12,353	
Median	\$ 7,894	\$ 9,071	\$ 9,548	
25th Percentile	\$ 6,057	\$ 4,588	\$ 4,392	
Navistar Rank	53	% 37	% 42	%

With respect to the above table, please note as follows:

All financial and market data are taken from Standard & Poor's Capital IQ database.

SPX split into two companies during 2016, SPX Corp. and SPX Flow. The data provided is for SPX Corp.

All data shown as reviewed by the Compensation Committee at the time of the peer group approval.

External Market Compensation Review

The Compensation Committee reviews various components of our executive compensation program to ensure that (i) pay opportunities are competitive with the external market, (ii) there is an appropriate link between performance and pay and (iii) the program supports our stated compensation philosophy.

In 2016 our Compensation Committee reviewed total compensation levels and mix relative to the above described peer group and broader industry surveys published by Aon Hewitt and Towers Watson. Survey data is statistically regressed to recognize the different sizes of the participating organizations (based on annual revenues) as compared to the size of Navistar. Please refer to Appendices A and B of this proxy statement for a list of participants in Aon Hewitt's 2016 U.S. Total Compensation

Measurement (“TCM”) Executive Regression and Towers Watson’s 2016 CDB General Industry Executive Compensation Survey Report — U.S. Surveys.

We maintain our compensation philosophy of targeting the 50th percentile (market median), for base salary, short-term incentives, and long-term incentives, using a combination of peer group and market surveys. We consider an NEO to be within the competitive range if his base salary is within 80 to 120 percent of the market median. Under special circumstances, when we are recruiting for critical roles, we may target an NEO’s salary to a higher level.

Elements of Total Direct Executive Compensation

Pay Element	What it Does	Performance Measures
Base Salary	Provides competitive base salary, typically reviewed annually, balances risk-taking concerns with stockholder interests	Job scope, experience, performance and market data
Short-term Annual Incentive or AI	Provides a competitive incentive opportunity, aligns individual, business unit and company performance	The goals established for 2016 include market share, cost, EBIT, cash and quality
Long-Term Equity Incentives or LTI (including stock option grants)	Aligns executive and stockholder interests by tying compensation to share price appreciation, builds long-term stockholder value, cultivates stock ownership	2016 LTI awards were adjusted for each executive based upon an evaluation of both individual performance in addition to the scope of the position within the organization

Chief Executive Officer Total Direct Compensation or "TDC"

Mr. Troy A. Clarke was named as the President and CEO in April 2013. The Board, with the assistance of the independent compensation advisor, reviewed CEO pay levels of our peer group, as well as those of other manufacturing organizations with similar revenues. Consistent with our compensation philosophy and the market review for other company chief executive officers, the Compensation Committee targeted total compensation at the market median but believed the pay for the President and CEO should be weighted with the greatest emphasis on performance.

Mr. Clarke’s compensation is specifically structured to focus on performance over the longer term as part of our turnaround strategy. Mr. Clarke’s compensation package was negotiated with significant input from our stockholder-nominated directors.

In general, our practice excludes the use of employment contracts, except with respect to the Company's CEO. Previously, in connection with Mr. Clarke's appointment to President and CEO in April 2013, we entered into a three-year employment and services agreement with him (the "Employment Agreement"). Based on the Compensation Committee's evaluation of the performance of Mr. Clarke and the Company over this period, the Employment Agreement was renewed in April 2016 for another two years. The following table summarizes certain material terms of the 2016 Employment Agreement as well as certain other benefits received by Mr. Clarke.

Pay Element	Contractual Terms
Annual Base Salary	\$1,000,000
Short-term Annual Incentive or AI ⁽¹⁾	Target AI of 125% of Base Salary Maximum AI of 250% of Base Salary Value of \$4,463,667 in 2016 Eligible to participate in such grants in future years
Long-Term Incentive ⁽²⁾	
Total Direct Compensation	\$6,028,667 Eligible to participate in the Company plans, policies, perquisites and arrangements that are applicable to other senior officers of the Company, including life insurance equal to five times base salary and vacation equal to four weeks
Other Benefits	
Severance Provisions	In the event that Mr. Clarke's employment is terminated without Cause or due to constructive termination other than in connection

with a CIC,
he would
receive
severance of:
(i) two times
Mr. Clarke's
base salary
plus target AI
award, (ii) a
pro-rated
portion of the
AI award that
would have
been paid to
Mr. Clarke
had he
remained
employed at
the time such
payments are
made to the
employees
generally, (iii)
12 months
continued
health care
coverage with
an option to
purchase an
additional 12
months at the
cost of
coverage rate,
and (iv)
continued life
insurance for
24 months
after
termination.
In the event
that Mr.
Clarke's
employment
is terminated
without
Cause or due
to
constructive
termination
within either
90 days prior

to a CIC or within 24 months after a CIC, he would receive severance of: (i) two times Mr. Clarke's base salary plus target AI award, (ii) a pro-rated portion of the target AI award, (iii) 12 months continued health care coverage with an option to purchase an additional 12 months at the cost of coverage rate, and (iv) continued life insurance for 24 months after termination.

(1) No AI paid for 2014; 85% of target for 2015; 44% of target for 2016 (actual calculation 43.8%).

(2) Mr. Clarke was granted long-term incentive awards effective with the renewal of his Employment Agreement in April 2016; stock-settled RSUs and a performance based restricted cash unit award.

CEO Performance Evaluation

Traditionally, each year in December, the Compensation Committee and the independent members of the Board evaluate the CEO's performance for the prior year. This review is based on the CEO's achievement of goals set for the start of that year. The CEO presents information on the achievement of such goals solely to the independent members of the Board, who then discuss it in executive session without the CEO present. The independent members' evaluation of the CEO's performance then forms the basis for the decision on the CEO's short-term incentive award under our AI plan for the prior year and base salary for the new year. The Chairman of the Compensation Committee then informs the CEO of the performance evaluation and any compensation decisions resulting from that evaluation.

In December 2016, the independent members of the Board discussed and evaluated Mr. Clarke's accomplishments as CEO. These accomplishments include:

• The VW T&B alliance and GM commercial relationships

- The successful launch of new products and quality improvements
- The continued growth of OnCommand Connection
- Continued cost reductions
- Senior leadership growth and development

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Mr. Clarke received a base salary increase effective April 2016 upon renewal of his Employment Agreement. Based upon the Compensation Committee's determination of Mr. Clarke's and the Company's performance against the applicable AI goals, the Compensation Committee recommended that Mr. Clarke receive an AI award in the amount of 43.8% of target or \$547,500.

Mr. Clarke's primary goals for 2017 include the following:

- Close and implement the VW T&B alliance
- Improve the Company's financial performance
- Successful product launches and quality improvements
- Continued cost reductions
- Continued senior leadership growth and development

In December 2016, the Compensation Committee approved Mr. Clarke's CEO goals for 2017 as noted above. The initiatives supporting the above goals include improving market share, pursuing strategic opportunities, strengthening the Company's balance sheet and focusing on the development of Navistar leadership.

Summary of the Executive Salary Planning Approval Process

• The CEO makes base salary recommendations for the NEOs and most Section 16 Officers to the Compensation Committee. The CEO does not recommend nor is he involved in decisions regarding his own compensation.

• The Compensation Committee reviews the salary for the CEO and reviews, approves and/or adjusts the CEO's base salary recommendations for the other NEOs and Section 16 Officers included in the CEO's recommendation.

• The Compensation Committee then recommends, and the independent members of the Board approve or adjust, the salary recommendation for the CEO.

Consistent with pay-for-performance principles, in 2016, base salary performance increases were based upon NEO and Company performance. The table below summarizes the base salaries for our NEOs in 2016 as well as their previous base salaries.

NEO 2016 Base Salary

NEO	Current		Previous	
	Base Salary	Effective Date	Base Salary	Effective Date
Troy A. Clarke ⁽¹⁾	\$1,000,000	April 27, 2016	\$900,000	April 15, 2013
Walter G. Borst ⁽²⁾	\$749,840	February 1, 2016	\$721,000	February 11, 2015
William R. Kozek ⁽²⁾	\$598,000	February 1, 2016	\$575,000	November 6, 2014
Persio V. Lisboa ⁽²⁾	\$551,250	February 1, 2016	\$525,000	November 6, 2014
Steven K. Covey ⁽²⁾	\$615,940	February 1, 2016	\$598,000	February 11, 2015

(1) Mr. Clarke received a base salary increase upon renewal of his Employment Agreement in April 2016.

(2) Base salary increase due to an evaluation of performance effective February 1, 2016.

Goal Setting For Incentive Plans

On an annual basis, the Board reviews a multi-year strategic plan developed and presented by the management team. Based on that plan, an operating plan is developed for the subsequent year and reviewed by the Board. The Compensation Committee approves the AI plan targets on the basis of the annual operating plan, and the LTI plan targets on the basis of the strategic plan.

The operating plan is based upon returning the Company to profitability and competitiveness with the market and the strategic plan incorporates long-term growth targets.

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Annual Incentive

Navistar provides its executives with an annual incentive compensation opportunity through the AI plan, a short-term incentive plan designed to align a significant portion of their total cash compensation with the overall financial performance of the Company. Each executive's target award is determined based on a percentage of their base pay and organization level. For 2016, Mr. Clarke's target annual incentive opportunity is 125% of base salary. For other NEOs, target awards range from 65 to 75 percent of base salary.

2016 Annual Incentive

The AI plan for 2016 was based on the attainment of 100% corporate goals established and approved by the Compensation Committee. The AI plan is authorized under our stockholder approved 2013 Performance Incentive Plan (the "2013 PIP"). The AI plan has threshold, target, and distinguished goal ranges for NEOs from 40% to 125%. AI payout targets for NEOs range from 65% to 125% of base salary. Consolidated financial results between performance levels are interpolated on a straight-line basis to determine payment amounts.

Each AI financial performance metric is independent. Eligibility for payout is based on the attainment of each individual metric.

We added two design features; an adjusted EBITDA multiplier which scales the annual incentive up or down from the target level based upon actual financial performance of Navistar, and an individual performance factor.

We continued to leverage our AI scorecard using multiple performance metrics. This allowed the transparency and flexibility for NEOs to see how their individual achievements contribute to the overall effort and success of the Company.

Below is a summary of the 2016 AI performance goals, associated performance metrics, and level of goal achievement

2016 Performance Goal %	Target Allocation	% Allocation	Level Achieved
EBIT — 20%	Truck EBIT	10%	Below Threshold
	Parts EBIT	10%	Between Threshold & Target
	Heavy	10%	Below Threshold
Market Share — 30%	Medium	10%	Below Threshold
	Bus	5%	Below Threshold
	Severe Service	5%	Below Threshold
	Material Year Over Year	10%	Between Target & Distinguished
Cost — 25%	Manufacturing Year Over Year	5%	Between Target & Distinguished
	Structural Costs (excluding Annual Incentive)	10%	Distinguished
	Working Capital (excluding Used Truck Inventory)	5%	Distinguished
Cash — 15%	Gross Used Truck Inventory	10%	Between Threshold & Target
	Warranty Cash Spend	10%	Distinguished

2016 Annual Incentive Target Award Percentages and Amount Earned

Navistar met or exceeded the 2016 AI plan targets for many of the performance goals as shown in the table above while the Company was below target on other goals, yielding an overall payout percentage of 44% of target. The 2016 AI calculations are based on the actual payout at 43.8%. Below are the NEO payment amounts based upon 43.8% of target payouts.

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Named Executive Officer	Target as % of Base Salary	2016 AI Amount Earned
Troy A. Clarke	125%	\$547,500
Walter G. Borst	75%	\$246,322
William R. Kozek	75%	\$196,443
Persio V. Lisboa	75%	\$181,086
Steven K. Covey	65%	\$175,358

2017 Annual Incentive

In 2017, we will build on our progress and expect to achieve profitability by investing in great high-quality products, improving brand consideration, and delivering unique connected services. Our strategic direction focuses on implementing a customer-centric strategy, new product launches, financial performance and profitable improvements in market share.

Due to our success in driving business results in 2016, we created an AI plan that enables our strategy, and drives results for our employees, customers and shareholders. The table below illustrates the 2017 AI performance goals and metrics.

2017 Annual Incentive Targets

2017 Performance Goal	Goal %	Metric	Target
EBIT	10%	Parts EBIT	FY2016 Actual +\$25M
Market Share	30%	Weighted Average Market Share	FY2016 Actual +0.5%
Cost	30%	Total Cost Reduction	FY2016 Actual -\$50M
Liquidity	30%	Free Cash Flow	FY2016 Actual +\$50M

2017 AI design features include:

- Continuing the use of the adjusted EBITDA multiplier and an individual performance factor;

- Streamlining the number of metrics;

- Adding a liquidity metric; and

- A focus on year-over-year improvement.

The final payout as a percent of target will be calculated based upon level of attainment of the performance metrics multiplied by the adjusted EBITDA multiplier and the individual performance factor. Payout levels will be interpolated on a straight line basis between threshold, target, and distinguished levels.

Long-Term Incentives or "LTI"

Our objectives for including long-term incentives as part of our executive officer's total compensation package include:

- Aligning NEO and stockholder interests by tying compensation to share price appreciation;

- Building long-term stockholder value; and

Cultivating stock ownership.

LTI awards are governed by the 2013 PIP, which is an omnibus plan that allows for various awards such as cash, time and performance based stock options, stock appreciation rights, time and performance-based RSUs, RCUs, PSUs, DSUs and performance shares.

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The Compensation Committee approved LTI awards under the 2013 PIP for 2016 for eligible plan participants in February 2016. LTI awards granted to NEOs in 2016 were comprised of performance-based restricted cash units (RCUs), based on adjusted EBITDA and market share goals, and time-based RSUs, as indicated in the following table. The value of each NEO's LTI awards was split 50% in RCUs and 50% in RSUs.

2016 LTI Plan	Vesting	Performance Measures	Goals	Performance Vesting Criteria
Performance-Based RCUs ⁽¹⁾	3 year cliff	Adjusted EBITDA (35%)	(1) 2016 - \$600M (2) 2017 - \$650M (3) 2018 - \$750M (4) Cumulative - \$2,000M	Based on the Company's annual and cumulative EBITDA goals: Goal 1/4 met - payout of 17.5% Goal 2/4 met - payout of 35% Goal 3/4 met - payout of 52.5% Goal 4/4 met - payout of 70%
		Market Share (15%)	(1) 2016 - 17% (2) 2017 - 18% (3) 2018 - 19% (4) Cumulative - 18%	Based on the Company's annual and average market share goals: Goal 1/4 met - payout of 7.5% Goal 2/4 met - payout of 15% Goal 3/4 met - payout of 22.5% Goal 4/4 met - payout of 30%
Time-Based Restricted Stock Units ⁽²⁾	Ratably over 3 years	N/A	N/A	N/A

(1) The RCUs represent a cash plan with each RCU representing \$1. Vesting and/or payment is subject to service and performance conditions.

(2) These awards are share-settled.

2016 Long-Term Incentive Awards

The following table summarizes our 2016 long-term incentive grant for our NEOs.

NEO	Restricted Stock Units	Performance-Based RCUs	Targeted Economic Value
Troy A. Clarke ⁽¹⁾	139,366	\$2,500,000	\$4,463,667
Walter G. Borst ⁽²⁾	75,000	\$1,050,000	\$2,100,000
William R. Kozek ⁽²⁾	50,000	\$700,000	\$1,400,000
Persio V. Lisboa ⁽²⁾	50,000	\$700,000	\$1,400,000
Steven K. Covey ⁽²⁾	35,714	\$500,000	\$1,000,000

(1) Mr. Clarke was granted a mix of long-term incentive awards effective with the renewal of his Employment Agreement in April 2016.

(2) Long-term incentive awards granted in February 2016.

Executive Benefits and Perquisites

The following table summarizes the executive benefits and perquisites we provide to our NEOs:

NEO	Life Insurance ⁽¹⁾	Executive Flexible Perquisite Program ⁽²⁾	Pension/Retirement/401(k) Plans ⁽³⁾ RPSEMRORAPSRAPSERP					Retiree Medical Benefits and Retiree Life Benefits ⁽⁴⁾
Troy A. Clarke	•	•		•	•	•		
Walter G. Borst	•	•		•	•	•		
William R. Kozek	•	•		•	•	•		
Persio V. Lisboa	•	•		•	•	•		
Steven K. Covey	•	•	•	•	•	•	•	

(1) Life Insurance. We provide our executives Company-paid life insurance equal to five times base salary. The beneficiary of each individual policy is as designated by the executive.

(2) Executive Flexible Perquisites. This provides a cash stipend to each of our NEOs, the amount of which varies by executive, based upon the executive’s organization level. In certain circumstances, where a commercial flight is not available to meet an NEOs travel schedule, our NEOs and directors are authorized to use chartered aircraft for business purposes only. In 2016 for business purposes only, Troy Clarke used a chartered flight, which included himself and 4 other non-NEO business associates. On a separate occasion in 2016, Troy Clarke and Walter Borst used a chartered flight for business purposes. Although our NEOs used chartered flights for business purposes only, no income was imputed and no spouse or dependent accompanied them on these flights. A spouse may accompany an NEO while he is traveling on Company business. Although this occurs on a limited basis, the spouse’s travel expense is included in taxable compensation of the NEO.

Executive Flexible Perquisite — 2016

Named Executive Officer	Annual Flexible Perquisite Payment (\$)
Troy A. Clarke	46,000
Walter G. Borst	37,000
William R. Kozek	37,000
Persio V. Lisboa	37,000
Steven K. Covey	28,000

(3) Pension/Retirement/401(k) Plans

We began transitioning to defined contribution/401(k) plans as the primary retirement income program for all non-represented employees hired on or after January 1, 1996. These plans are as follows:

• Retirement Plan for Salaried Employees (“RPSE”). This is our tax-qualified defined benefit pension plan for salaried employees hired prior to January 1, 1996.

• Managerial Retirement Objective Plan (“MRO”). The MRO is our unfunded non-qualified defined benefit pension plan designed primarily to restore the benefits that executives, including our NEOs, would otherwise have received if the Internal Revenue Code (“IRC”) limitations had not applied to the RPSE.

• Retirement Accumulation Plan (“RAP”). This is our tax-qualified defined contribution/401(k) plan for salaried employees. Our NEOs receive age-weighted contributions and/or matching contributions depending on their eligibility for other retirement income programs and retiree medical coverage.

• Supplemental Retirement Accumulation Plan (“SRAP”). This is our non-qualified deferred compensation plan designed primarily to restore the contributions that participants would otherwise have received if the IRC limitations had not

applied to the RAP.

Supplemental Executive Retirement Plan (“SERP”). This is designed as a pension supplement to attract and retain key executives. The SERP is unfunded and is not qualified for tax purposes.

Effective January 1, 2014, Mr. Covey is eligible for the SRAP. Accruals under the MRO were frozen as of December 31, 2013. Future benefits will accrue under the SRAP.

Additional information on the pension/401(k) plans are provided in the Pension Benefits, Non-Qualified Defined Contribution and Other Non-Qualified Deferred Compensation sections of this proxy statement.

Retiree Medical Benefits and Retiree Life Insurance Coverage. Certain represented and non-represented employees, including certain NEOs, are eligible for retiree medical benefits and retiree life insurance coverage as part of a 1993 court approved settlement restructuring of our postretirement health care and life insurance benefits. (4) Non-represented employees hired on or after January 1, 1996, including all of our NEOs other than Mr. Covey, are not eligible for retiree medical benefits or retiree life insurance coverage under the 1993 settlement agreement or any other program.

Executive Stock Ownership Program

Our stock ownership guidelines are designed to increase an executive's equity stake in Navistar and more closely align his or her financial interests with those of the Navistar's stockholders. At year end 2016, our stock ownership guidelines applied to 32 executives, all of whom hold the title of vice president and above, including all of our NEOs.

Our Executive Stock Ownership Program requires stock ownership guideline multiples of six times salary for the President and CEO and three times salary for other senior executives and has the following features:

A requirement that an executive retain a certain amount of shares received pursuant to Company executive compensation programs (75% for the CEO and 50% for other executives) until the executive satisfies the stock ownership guideline multiples described above and;

A one-year holding period (75% for the CEO and 50% for other executives) of shares received pursuant to Company executive compensations programs after the executive satisfies the stock ownership guideline multiples described above;

Hedging and Pledging

The Company considers it improper and inappropriate for executives to engage in short-term or speculative transactions in Company securities. Navistar's policy on transactions in securities prohibits executives from short selling and trading in derivatives. All pledges, hedges, and margin account use must be pre-cleared through the Corporate Secretary or the General Counsel.

Recoupment (Clawback) Policy

The Company maintains a clawback policy. Under this policy, the Company may recover incentive-based compensation from an executive officer in the event of an accounting restatement due to material non-compliance with financial reporting requirements, as well as intentional misconduct.

Employment Contracts and Executive Severance Agreements

Except for our President and CEO, Troy A. Clarke, we do not have employment contracts with our executive officers. Employment with each of them is "at will." However, like many companies, to ensure stability and continuity of management, we provide our executive officers with an Executive Severance Agreement (an "ESA"), which provides for severance benefits in the event of a specified termination event such as an involuntary termination or a termination in connection with a change in control. Please refer to the Potential Payments Upon Termination or Change-in-Control section of this proxy statement for more information. A summary of Mr. Clarke's Employment Agreement appears in the Chief Executive Officer Compensation section of this proxy statement.

Tax and Accounting Implications

Policy on Deductibility of Compensation

Section 162(m) of the Internal Revenue Code ("IRC") provides that a public company generally may not deduct the amount of non-performance based compensation paid to certain executive officers that exceeds \$1 million in any one taxable year. However, this provision does not apply to performance-based compensation that satisfies certain legal requirements, including income from certain stock options and certain formula driven compensation. In general, the Compensation Committee has considered the effect of the IRC limitation and has structured AI plan awards and LTI

plan awards to NEOs in a manner intended to be exempt from the limitation. However, under certain circumstances the Compensation Committee may decide to grant compensation that is outside of the limits.

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Executive Compensation Tables

The table below summarizes the total compensation paid to or earned by each of our NEOs for the years ended October 31 for 2016, 2015 and 2014:

Summary Compensation Table

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Stock Awards (\$) ⁽¹⁾	Option Awards (\$) ⁽²⁾	Non-Equity Incentive Plan Comp (\$) ⁽³⁾	Change in Pension Value & Non-Qualified Deferred Comp Earnings (\$) ⁽⁴⁾	All Other Comp (\$) ⁽⁵⁾	Total (\$)
Troy A. Clarke President and Chief Executive Officer	2016	950,000	—	1,963,667	—	547,500	1,299,928	134,758	4,895,853
	2015	900,000	—	—	—	688,500	334,546	159,605	2,082,651
	2014	900,000	—	—	3,607,507	—	721,284	134,428	5,363,219
Walter G. Borst Executive Vice President and Chief Financial Officer	2016	742,630	—	537,750	—	246,322	77,855	135,564	1,740,121
	2015	715,750	—	1,049,994	1,052,996	459,638	219,993	141,668	3,640,039
	2014	700,000	425,000	1,150,005	1,134,158	525,000	991,008	117,320	5,042,491
William R. Kozek President, Truck and Parts	2016	592,250	—	358,500	—	196,443	238,079	87,992	1,473,264
	2015	575,000	—	699,996	701,998	366,563	570	107,830	2,451,957
Persio V. Lisboa President, Operations	2016	544,688	—	358,500	—	181,086	424,669	84,758	1,593,701
	2015	525,000	—	699,996	701,998	334,688	179,996	76,331	2,518,009
Steven K. Covey Senior Vice President and General Counsel	2016	611,455	—	256,069	—	175,358	144,319	85,644	1,272,845
	2015	592,250	—	499,996	501,431	330,395	438	94,027	2,018,537
	2014	575,000	—	399,991	394,487	—	122,704	61,741	1,553,923

The amounts reported in this column reflect the aggregate fair value of stock-based awards (other than stock options) granted in the year computed in accordance with FASB ASC Topic 718. These amounts may not be paid to or realized by the officer. The fair values of stock-based awards are estimated using the closing price of our (1) stock on the grant date. Stock-based awards settle in common stock on a one-for-one basis, or the cash equivalent of the common stock. The grant date fair values of each individual stock based award in 2016 are set forth in the 2016 Grant of Plan Based Awards table on page 49. Additional information about these values is included in Note 18 to our audited financial statements included in our Form 10-K for 2016.

The amounts reported in this column reflect the aggregate fair value of performance stock options, granted in the year computed in accordance with FASB ASC Topic 718, except that in compliance with SEC requirements, we reported the value at the grant date based upon the probable outcome of such conditions. These amounts may not be paid to or realized by the officer. Assumptions used in the calculation of these values are included in Notes to (2) our audited financial statements included in our Form 10-K for the respective year in which the options were granted. All of our NEOs, except for Mr. Clarke, received performance stock options in February 2015 which were evenly divided between Revenue Growth Performance targets and EBITDA Margin Performance goals and vest three years from the date of grant if certain EBITDA Margin and Revenue Growth targets over a three year period are met. The grant date fair value amounts for these awards assumed the highest level of performance condition would be met.

(3) The amounts reported in this column represent the 2016 AI plan award payment based on an actual payout at 43.8% of target. Awards are projected to be paid in March 2017.

(4)

This amount represents the change in the actuarial present value of the RPSE and MRO for Mr. Covey. This amount represents the change in actuarial present value of the SERP for Messrs. Clarke, Borst, Kozek and Lisboa. These amounts also represent the difference in the market interest rate under the IRC and the interest crediting rate of 7.5% per annum compounded on a daily basis on the SRAP for Messrs. Clarke, Borst, Kozek, Lisboa, and Covey. The 7.5% is the rate used to design the SRAP as a comparable replacement for the MRO. The interest credit rate constitutes an "above-market interest rate" under the IRC.

The table above under "All Other Compensation" reflects the following items: flexible perquisites cash allowances; (5) Company-paid life and AD&D insurance premiums; Company contributions to the RAP and the SRAP; and taxable spouse travel compensation to the NEOs in 2016.

NEO	Flexible Perquisites	Company Paid Life and AD&D Insurance	RAP	SRAP	Taxable Spouse Travel	Total
Clarke	\$ 46,000	\$ 20,154	\$ 26,225	\$ 41,275	\$ 1,104	\$ 134,758
Borst	\$ 37,000	\$ 8,728	\$ 26,225	\$ 63,611	—	\$ 135,564
Kozek	\$ 37,000	\$ 6,450	\$ 23,148	\$ 20,150	\$ 1,244	\$ 87,992
Lisboa	\$ 37,000	\$ 4,633	\$ 26,225	\$ 16,900	—	\$ 84,758
Covey	\$ 28,000	\$ 18,942	\$ 17,225	\$ 21,477	—	\$ 85,644

Grants of Plan-Based Awards Table — 2016

The following table provides information for each of our NEOs with respect to annual and long-term incentive award opportunities, including the range of potential payouts under non-equity incentive plans for the year ended October 31, 2016. Specifically the table presents the 2016 grants of AI plan awards, performance restricted cash units, and share settled restricted stock units. All of the awards were granted under the 2013 PIP.

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards			All Other Stock Awards: Number of Shares of Stock or Units # (1)	All Other Option Awards: Number of Securities Underlying Options (#)	Exercise or Base Price of Option Awards (\$/Sh)	Grant Date Fair Value of Stock and Option Awards (\$) (2)
		Threshold (\$)	Target (\$)	Maximum (\$)				
Troy A. Clarke								
Performance RCU - EBITDA(3)	4/22/2016	875,000	1,750,000	3,500,000				
Performance RCU - Market Share(3)	4/22/2016	375,000	750,000	1,500,000				
AI Plan Award - Cash(4)		500,000	1,250,000	1,875,000				
RSU	4/22/2016				139,366			1,963,667
Walter G. Borst								
Performance RCU - EBITDA(3)	2/10/2016	367,500	735,000	1,470,000				
Performance RCU - Market Share(3)	2/10/2016	157,500	315,000	630,000				
AI Plan Award - Cash(4)		224,952	562,380	843,570				
RSU	2/10/2016				75,000			537,750
William R. Kozek								
Performance RCU - EBITDA(3)	2/10/2016	245,000	490,000	980,000				
Performance RCU - Market Share(3)	2/10/2016	105,000	210,000	420,000				
AI Plan Award - Cash(4)		179,400	448,500	672,750				
RSU	2/10/2016				50,000			358,500
Persio V. Lisboa								
Performance RCU - EBITDA(3)	2/10/2016	245,000	490,000	980,000				
Performance RCU - Market Share(3)	2/10/2016	105,000	210,000	420,000				
AI Plan Award - Cash(4)		165,375	413,438	620,156				
RSU	2/10/2016				50,000			358,500
Steven K. Covey								
Performance RCU - EBITDA(3)	2/10/2016	175,000	350,000	700,000				
Performance RCU - Market Share(3)	2/10/2016	75,000	150,000	300,000				
AI Plan Award - Cash(4)		160,144	400,361	600,542				
RSU	2/10/2016				35,714			256,069
(1)								

Restricted Stock Units. The amounts shown for RSUs represent the number of RSUs awarded to the NEO's in the fiscal year under our 2013 PIP, as described more fully under the Long-Term Incentives section of this proxy statement. RSUs generally vest over a three year period with 1/3rd of the award vesting on each of the first three anniversaries of the date on which they are awarded, so that in three years the RSUs are 100% vested. The RSUs will be settled in shares at the time they vest.

The amounts shown do not reflect realized compensation by the NEOs. The amounts shown represent the value of (2) the stock settled RSUs granted to the NEOs based on the grant date fair value of the awards as determined in accordance with FASB ASC Topic 718.

Performance RCUs - EBITDA and Performance RCUs - Market Share. The amounts shown represent the threshold, target and maximum number of performance RCUs that we awarded in the fiscal year to the NEOs under our 2013 PIP, as described more fully under the Long Term Incentive section of this proxy statement. Our (3) NEOs only earn performance RCUs if average earnings before interest, taxes depreciation, and amortization over a three year performance period with yearly and cumulative goals (EBITDA Margin) meet certain target levels or if certain Market Share goals over a three

year period with yearly and cumulative goals are met. The RCUs represent a cash plan with each RCU representing \$1. These amounts may not be paid to or realized by the NEOs. The RCUs cliff vest as to 100% of the units awarded on the 3 year anniversary of the date the award was granted, subject to the service conditions and performance conditions being met.

The amounts set forth in this row represent the estimated cash payments to be awarded to our NEO's under the Company's 2016 AI Plan. The actual cash payments will be based on achievement at 43.8% of target. For (4) additional information regarding the 2016 cash AI awards, see the Annual Incentives section of this proxy statement. Under the AI plan, threshold is 40% of target, target is 100% and for purposes of this table maximum equals distinguished which is 150% of target.

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Outstanding Equity Awards at Year End 2016

The following table provides information on the holdings of stock options and stock awards by our NEOs as of the year ended October 31, 2016. The table includes unexercised and unvested stock option awards, performance stock options, unvested PSUs, unvested RSUs, and unvested performance shares. The vesting information for each grant is provided in the footnotes to this table, based on the stock option or stock award grant date. The market value of the stock awards is based on the closing price of our Common Stock as of October 31, 2016, which was \$22.30 per share. For additional information about the stock option awards and stock awards, see the description of Long-Term Incentive Compensation section of this proxy statement.

Name	Number of Securities Underlying Unexercised Options (#)		Option Awards ⁽¹⁾⁽⁴⁾		Stock Awards		Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Rights That Have Not Vested (\$)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Rights That Have Not Vested (\$)
	Exercisable	Unexercisable	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock Held that Have Not Vested (#) ⁽²⁾⁽⁴⁾	Market Value of Stock Held that Have Not Vested (\$)	Number of Unearned Shares, Rights That Have Not Vested (#) ⁽³⁾⁽⁴⁾
Troy A. Clarke	27,800	—	—	58.915	12/14/2017	1,831	40,831	—
	33,300	—	—	37.200	12/19/2018	48,146	1,073,656	—
	102,796	—	—	27.240	2/19/2020	139,366	3,107,862	—
	224,000	—	—	38.300	4/22/2020	—	—	—
	373,333	—	—	30.640	4/22/2020	—	—	—
	90,008	45,004	—	35.090	3/10/2021	—	—	—
	54,005	27,002	—	43.860	3/10/2021	—	—	—
Total:	905,242	72,006	—			189,343	4,222,349	—
Walter G. Borst	58,789	—	—	35.220	8/1/2020	32,142	716,767	32,773
	—	—	79,201	35.090	3/10/2021	75,000	1,672,500	18,973
	—	—	49,905	27.670	2/11/2022	—	—	18,974
	—	—	49,905	27.670	2/11/2022	—	—	—
Total:	58,789	—	179,011			107,142	2,389,267	70,720
William R. Kozek	27,045	—	—	31.190	6/17/2020	1,837	40,965	13,109
	—	—	31,680	35.090	3/10/2021	25,633	571,616	12,649
	—	—	33,270	27.670	2/11/2022	50,000	1,115,000	12,649
	—	—	33,270	27.670	2/11/2022	—	—	—
Total:	27,045	—	98,220			77,470	1,727,581	38,407
Persio V. Lisboa	3,255	—	—	22.655	12/16/2018	555	12,377	13,109
	3,300	—	—	58.915	12/14/2017	23,404	521,909	12,649
	5,200	—	—	37.200	12/19/2018	50,000	1,115,000	12,649
	32,895	—	—	27.240	2/19/2020	—	—	—
	—	—	31,680	35.090	3/10/2021	—	—	—

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	—	—	33,270	27.670	2/11/2022	—	—	—	—
	—	—	33,270	27.670	2/11/2022	—	—	—	—
Total:	44,650	—	98,220			73,959	1,649,286	38,407	856,477
Steven K. Covey	20,703	—	—	22.655	12/16/2018	845	18,844	11,399	254,198
	20,703	—	—	35.805	12/15/2016	23,104	515,219	9,035	201,481
	20,000	—	—	58.915	12/14/2017	35,714	796,422	9,035	201,481
	20,000	—	—	37.200	12/19/2018	—	—	—	—
	32,895	—	0	27.240	2/19/2020	—	—	—	—
	—	—	27,548	35.090	3/10/2021	—	—	—	—
	—	—	23,765	27.670	2/11/2022	—	—	—	—
	—	—	23,764	27.670	2/11/2022	—	—	—	—
Total:	114,301	—	75,077			59,663	1,330,485	29,469	657,160

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All stock options, other than performance stock options, became or will become exercisable under the following schedule: rd on each of the first three anniversaries of the date of grant. Performance stock options that expire on (1) February 19, 2020, March 10, 2021, or February 11, 2022, vest on the three year anniversary of the date of grant if performance conditions have been met. The Compensation Committee has certified that the performance conditions have been met in full on the performance options that expire on February 19, 2020. The value of all performance shares listed above were based on achieving performance goals at maximum level.

Amounts in this column represent RSUs. In general RSUs become vested as to rd of the shares granted on each of the first three anniversaries of the date of grant, except that RSUs granted to our NEO's in 2016 for partial payment (2) of 2015 AI vested over 3 years as follows: year 1 (60%), year 2 (30%) and year 3 (10%), for Mr. Clarke this award was in the amount of 48,146 shares. for Mr. Borst 32,142 shares, for Mr. Kozek 25,633 shares, for Mr. Lisboa 23,404 shares and for Mr. Covey 23,104 shares.

Amounts in this column represent EBITDA Margin performance shares or Revenue Growth performance shares, (3) which will be fully vested and eligible for payout three years from the date of grant provided applicable performance goals have been achieved. The value reported for each of the performance share awards was based on achieving performance goals at target level.

(4) The vesting dates of outstanding unexercisable stock options, performance stock options, RSUs, EBITDA Margin performance shares and Revenue Growth performance shares at October 31, 2016 are listed below.

Name	Type of Award	Grant Date	Number of Unexercised or Unvested Shares Remaining from Original Grant	Number of Shares Vesting and Vesting Date in 2017	Number of Shares Vesting and Vesting Date in 2018	Number of Shares Vesting and Vesting Date in 2019
Troy A. Clarke	Options	3/10/2014	45,004	45,004 on 3/10/2017		
	Options	3/10/2014	27,002	27,002 on 3/10/2017		
	RSUs	2/3/2014	1,831	1,831 on 2/3/2017		
	RSUs	2/1/2016	48,146	28,887 on 2/1/2017	14,444 on 2/1/2018	4,815 on 2/1/2019
	RSUs	4/22/2016	139,366	46,456 on 4/22/2017	46,455 on 4/22/2018	46,455 on 4/22/2019
Walter G. Borst	Options	3/10/2014	79,201	79,201 on 3/10/2017		
	Options	2/11/2015	49,905		49,905 on 2/11/2018	
	Options	2/11/2015	49,905		49,905 on 2/11/2018	
	Performance	3/10/2014	32,773	32,773 on 3/10/2017		
	Performance	2/11/2015	18,973		18,973 on 2/11/2018	
	Performance	2/11/2015	18,974		18,974 on 2/11/2018	
	RSUs	2/1/2016	32,142	19,285 on 2/1/2017	9,642 on 2/1/2018	3,215 on 2/1/2109
William R. Kozek	RSUs	2/10/2016	75,000	25,000 on 2/10/2017	25,000 on 2/10/2018	25,000 on 2/10/2019
	Options	3/10/2014	31,680	31,680 on 3/10/2017		
	Options	2/11/2015	33,270		33,270 on 2/11/2018	
	Options	2/11/2015	33,270		33,270 on 2/11/2018	
	Performance	3/10/2014	13,109			

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			13,109 on 3/10/2017		
Performance	2/11/2015	12,649			12,649 on 2/11/2018
Performance	2/11/2015	12,649			12,649 on 12/11/2018
RSUs	2/3/2014	1,837	1,837 on 2/3/2017		
RSUs	2/1/2016	25,633	15,379 pm 2/1/2017	7,690 on 2/1/2018	2,564 on 2/1/2019
RSUs	2/10/2016	50,000	16,667 on 2/10/2017	16,666 on 2/10/2018	16,667 on 2/10/2019

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Name	Type of Award	Grant Date	Number of Unexercised or Unvested Shares Remaining from Original Grant	Number of Shares Vesting and Vesting Date in 2017	Number of Shares Vesting and Vesting Date in 2018	Number of Shares Vesting and Vesting Date in 2019
Persio V. Lisboa	Options	3/10/2014	31,680	31,680 on 3/10/2017		
	Options	2/11/2015	33,270		33,270 on 2/11/2018	
	Options	2/11/2015	33,270		33,270 on 2/11/2018	
	Performance	3/10/2014	13,109	13,109 on 3/10/2017		
	Performance	2/11/2015	12,649		12,649 on 2/11/2018	
	Performance	2/11/2015	12,649		12,649 on 2/11/2018	
	RSUs	2/3/2014	555	555 on 2/3/2017		
	RSUs	2/1/2016	23,404	14,042 on 2/1/2017	7,021 on 2/1/2018	2,341 on 2/1/2019
Steven K. Covey	RSUs	2/10/2016	50,000	16,667 on 2/10/2017	16,666 on 2/10/2018	16,667 on 2/10/2019
	Options	3/10/2014	27,548	27,548 on 3/10/2017		
	Options	02/11/2015	23,765		23,765 on 2/11/2018	
	Options	02/11/2015	23,764		23,764 on 2/11/2018	
	Performance	3/10/2014	11,399	11,399 on 3/10/2017		
	Performance	2/11/2015	9,035		9,035 on 2/11/2018	
	Performance	2/11/2015	9,035		9,035 on 2/11/2018	
	RSUs	2/3/2014	845	845 on 2/3/2017		
	RSUs	2/1/2016	23,104	13,862 on 2/1/2017	6,931 on 2/1/2018	2,311 on 2/1/2019
	RSUs	2/10/2016	35,714	11,905 on 2/10/2017	11,904 on 2/10/2018	11,905 on 2/10/2019

Option Exercises and Stock Vested Table

The following table provides information regarding stock option exercises by our NEOs during the year ended October 31, 2016, including the number of shares of Common Stock acquired upon exercise and the value realized and the number of shares acquired upon the vesting of RSUs and PSUs and the value realized by the NEO before payment of any applicable withholding tax and broker commissions based on the fair market value (or market price) of our Common Stock on the date of exercise or vesting, as applicable. The PSUs were awarded under the Company's Executive Stock Ownership Program. Upon separation of employment by our NEOs, the PSUs will be settled for a number of shares of our Common Stock on a one-for-one basis.

Name	Option Awards		Stock Awards	
	Number of Shares Acquired upon Exercise (#)	Value Realized upon Exercise (\$)	Number of Shares Acquired upon Vesting (#)	Value Realized upon Vesting (\$) ⁽¹⁾
Troy A. Clarke	—	—	2,252	17,178
Walter G. Borst	—	—	18,480	235,066
William R. Kozek	—	—	1,836	12,742
Persio V. Lisboa	—	—	555	3,852
Steven K. Covey	—	—	844	5,857

The value realized upon vesting for Mr. Clarke is attributable to the vesting of cash settled RSUs, and PSUs during the year ended October 31, 2016. The value realized upon vesting for Mr. Borst is attributable to a combination of (1) share settled RSUs and PSUs that vested during the year ended October 31, 2016. The value realized upon vesting for Mr. Kozek, Mr. Lisboa and Mr. Covey is attributable to the vesting of cash settled RSUs during the year ended October 31, 2016.

Pension Benefits — 2016

The amounts reported in the table below equal the present value of the accumulated benefit at October 31, 2016, for the NEOs under each plan based on the assumptions described below the table:

Pension Benefits Table

Named Executive Officers	Plan Name	Number of Present Years of		Value of Accumulated Benefit (\$) ⁽¹⁾	Payments During Last Fiscal Year (\$)
		Credited Service (#)	Value of Accumulated Benefit (\$) ⁽¹⁾		
Troy A. Clarke	SERP	6.0	5,356,823	—	
Walter G. Borst	SERP	3.5	2,724,930	—	
William R. Kozek	SERP	3.7	1,767,123	—	
Persio V. Lisboa	SERP	18.0	1,420,791	—	
	RPSE	32.5	1,931,805	—	
Steven K. Covey	MRO	32.5	4,642,234	—	
	SERP	35.5	—	—	

(1) Unless otherwise noted, all present values reflect benefits payable at the earliest retirement date when the pension benefits are unreduced. Also unless otherwise noted, form of payment, discount rate (3.61%) and mortality (115% of RP2014 White Collar headcount-weighted table projected using Scale MP2016 with generational projection,

modified to converge to a 0.75 long-term improvement rate by 2032) is based on assumptions from the guidance on accounting for pensions. Additionally, SERP benefits have only been offset by benefits under Navistar sponsored retirement programs. At actual retirement these benefits will also be offset by benefits accumulated under programs for employment prior to Navistar.

Historically, we have provided our employees with retirement income programs. Over the years the programs have changed for various reasons. Effective January 1, 1996, we began transitioning from defined benefit retirement income programs to defined contribution retirement income programs as the primary vehicle to deliver those benefits. Effective January 1, 2014, we accelerated the transition by freezing the U.S. defined benefit retirement income programs. All U.S. employees now participate in our defined contribution retirement income programs.

The following briefly describes the various programs.

Navistar, Inc. Retirement Plan for Salaried Employees or ‘‘RPSE’’. The RPSE is a funded and tax-qualified defined benefit retirement program. The RPSE provides benefits primarily based on a formula that takes into account the employee’s years of service, final average earnings and a percentage of final average earnings per year of service (accrual rates). The table below summarizes the benefit accrual rates under the RPSE.

RPSE Benefit as Percent of Final Average Pay

	Prior to 1989	After 1988 Maximum	
Rate of Benefit Accrual per Year of Service up to December 31, 2013	2.4%	1.7%	60%

The eligible earnings are averaged over the highest 60 consecutive months within the final 120 consecutive months prior to retirement. Eligible earnings include base compensation and specifically exclude AI plan compensation. Thus any increase in payments under the AI plan will not increase benefits under the RPSE. Such compensation may not exceed an IRS-prescribed statutory limit applicable to tax-qualified plans (\$255,000 for 2013 since all U.S. defined benefit retirement income programs were frozen effective January 1, 2014).

The resulting benefit may commence at age 62 and is offset by a percentage of estimated or actual Social Security benefits. The percentage offset is equal to 1.7% for each year of service up to December 31, 2013 with a maximum offset equal to 60% of Social Security benefits.

The RPSE is available only to employees who were hired prior to January 1, 1996 and is closed to new participants. Additionally, effective January 1, 2005, service has been limited to the service accrued as of December 31, 2004, for participants who were under age 45 as of January 1, 2005. Effective January 1, 2014, service is limited to the service accrued as of December 31, 2013 for those whose service was not already limited to December 31, 2004. Effective January 1, 2014, final average earnings are limited to the highest 60 consecutive months within the final 120 consecutive months prior to December 31, 2013. Additionally, the Social Security Offset will be based on the Social Security laws in effect on December 31, 2013.

Benefits under the RPSE are subject to the limitations imposed under Section 415 of the IRC. The Section 415 limit for 2013 is \$205,000 per year for a single life annuity payable at an IRS prescribed retirement age. This ceiling may be actuarially adjusted in accordance with IRS rules for items such as employee contributions, other forms of distributions, and different starting dates.

Of the NEOs, only Mr. Covey participates in the RPSE.

Navistar, Inc. Managerial Retirement Objective Plan or ‘‘MRO’’. We offer the MRO to approximately 25 eligible managers and executive officers. The MRO provides for retirement benefits that are either not covered by or that are above those provided under our RPSE. The MRO is unfunded and is not qualified for tax purposes.

Benefits payable under the MRO are equal to the excess of (i) the amount that would be payable in accordance with the terms of the RPSE, disregarding the limitations imposed under the IRC over (ii) the retirement benefit actually payable under the RPSE, taking such IRC limitations into account. Benefits under the MRO are generally payable at

the same time and in the same manner as the RPSE, other than if a delay is required under IRC Section 409A.

A pro-rated portion of AI plan payments is included in the definition of eligible compensation and the amount included is also subject to a cap determined as a percentage of the executive officer's annualized base salary. The pro-rated portion and the cap depend on the executive officer's organizational level in the Company.

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An executive must have been hired by us prior to January 1, 1996 to be eligible to participate in the MRO. Executive officers who were under the age of 45 as of December 31, 2004 no longer participate in the MRO. Instead, they now participate in the SRAP, which is described below. Normal retirement under the MRO is age 65 with at least 10 years of service. An executive may retire early with reduced benefits after having worked 10 years and is at least age 55 at retirement.

Service under the MRO is limited to the service accrued as of December 31, 2013 and final average earnings are limited to the highest 60 consecutive months within the final 120 consecutive months prior to December 31, 2013. Additionally the Social Security Offset will be based on the Social Security laws in effect on December 31, 2013. Effective January 1, 2014, all executives will participate in the SRAP, which is described below.

Of the NEOs, only Mr. Covey participates in the MRO.

Navistar, Inc. Supplemental Executive Retirement Plan or “SERP”. The SERP is designed as a pension supplement to attract and retain executive officers. Executive officers are eligible to participate in the SERP upon attainment of age 55 or upon their date of hire if later.

The SERP is unfunded and is not qualified for tax purposes. An eligible executive’s benefit under the SERP is equal to a percentage of his or her final average compensation. The final average compensation is computed similarly to that in the MRO plan. The following table summarizes the determination of the total percentage of final average compensation, which is the sum of the accrual rates described below.

	Up to Age 55	On or After Age 55
Each Year of Age	1/2%	1%
Each Year of Service	1/2%	1%

In no event shall the total percentage be greater than 50%.

The resulting benefit is offset by 50% of the executive’s Social Security benefit, and any defined benefit pension plan (qualified or non-qualified) of the Company or any prior employer. The benefit is also offset by the actuarial equivalent of any of our defined contribution pension plans (qualified or non-qualified) or that of any prior employer that is funded by the employer’s contributions and is an integral part of the employer’s retirement program. Normal retirement age is 65. An executive may retire early with reduced benefits after having worked 5 years and is at least age 55.

All of the NEOs are eligible to participate in the SERP. However, because the 50% of final average compensation limit is lower than the target benefit provided under the MRO, generally no MRO participant will receive a benefit from the SERP.

Other Retirement Income Programs. We also sponsor the Navistar, Inc. 401(k) Plan for Represented Employees or “REP” and the Navistar, Inc. Retirement Accumulation Plan or “RAP”. Represented employees are allowed to defer a portion of their compensation to the REP up to the IRC limitations. All employees are allowed to defer a portion of their compensation to the RAP up to the IRC limitations. Employees that do not receive any additional service accruals under RPSE receive non-elective employer retirement contributions equal to a percentage of compensation ranging from 2% up to 6.5% based on their age at the beginning of the calendar year. Additionally, employees that do not participate in our retiree medical plan receive matching contributions equal to 50% of the first 6% of employee elective pre-tax deferrals. For those executives whose employer contributions would be limited by the IRC, the SRAP (described below) provides for contributions in excess of the IRC limitations. This plan is described in more detail within the Non-Qualified Deferred Compensation section of this proxy statement.

All of the NEOs receive non-elective age-weighted contributions in the RAP and also participate in the SRAP.

We do not grant extra pension service.

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Non-Qualified Deferred Compensation Plans

The table below provides information on the non-qualified deferred compensation that our NEOs participated in during the year ended October 31, 2016.

Non-Qualified Deferred Compensation Table

Named Executive Officers	Executive Contributions in Last Fiscal Year (\$)	Registrant Contributions in Last Fiscal Year ⁽¹⁾ (\$)	Aggregate Earnings In Last Fiscal Year ⁽²⁾ (\$)	Aggregate Balance As of Last Fiscal Year End ⁽³⁾ (\$)
Troy A. Clarke	N/A	41,275	79,920	413,088
Walter G. Borst	N/A	63,611	112,759	373,185
William R. Kozek	N/A	20,150	4,344	65,934
Persio V. Lisboa	N/A	16,900	10,956	108,658
Steven K. Covey	N/A	21,477	39,731	137,555

(1) Our contributions represent any notional contribution credits to the SRAP during the year.

“Aggregate Earnings in Last Fiscal Year” represent the notional interest credited during the year for participants in the SRAP, if applicable, plus the change in value from the beginning of the year to the end of the year in the PSUs and/or DSUs held by each NEO. For the SRAP, “Aggregate Earnings in Last Fiscal Year” is the interest credited to each NEO from the beginning of the year until the end of the year at a 7.5% interest crediting rate. “Aggregate Earnings in Last Fiscal Year” for purposes of the PSU is the aggregate change in value of the PSUs held during the year.

(2) The “Aggregate Balance as of Last Fiscal Year End” consists of the sum of each NEO’s notional account balance in the SRAP at the end of the year and the value at year end of the outstanding PSUs and/or DSUs.

We sponsor the following non-qualified deferred compensation programs:

Navistar, Inc. Supplemental Retirement Accumulation Plan or “SRAP”. The SRAP provides executive officers with contributions equal to the amount by which their annualized non-elective age-weighted contributions to the RAP are limited by the IRC. The SRAP is unfunded and is not qualified for tax purposes.

A bookkeeping account balance is established for each participant. The account balance is credited with notional contributions and notional interest. The SRAP does not permit any executive to electively defer any of their base compensation or bonus. However, any increase in payments under the AI plan will increase contributions to the SRAP because contributions are a function of compensation.

The interest crediting rate is 7.5% per annum compounded on a daily basis. This is the rate used to design the SRAP as a comparable replacement for the MRO. The interest crediting rate constitutes an “above-market interest rate” under the IRC.

An executive officer is eligible to participate in the SRAP if the executive officer was hired on or after January 1, 1996 or was hired prior to January 1, 1996 and subsequently ceased participation in the MRO.

Executive officers who were hired prior to January 1, 1996 and who subsequently ceased participation in the MRO received an adjustment to their notional contributions. The adjustment is a “Points Multiplier” designed to provide them with value from the SRAP comparable to what they would have received had they continued to participate in the MRO until they reached age 62.

Effective January 1, 2014, all executive officers are eligible for the SRAP due to the freezing of the MRO.

At retirement, each participant may elect to receive the bookkeeping account balance by either or some combination of (1) a lump-sum payment or (2) annual installments over a period of 2 to 20 years. However, if the executive officer also participated in the SERP, he/she must receive the SRAP account balance in the form of an annuity. This is a requirement under IRC Section 409A. The NEO cannot withdraw any amounts from such NEO's bookkeeping account balance until such NEO either retires or otherwise terminates employment with us.

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All of the NEOs participate in the SRAP.

Premium Share Units or “PSUs”. In general, our Executive Stock Ownership Program as in effect during 2013 required all of our executive officers to acquire, by direct purchase or through salary or annual bonus reduction, an ownership interest in Navistar by acquiring a designated amount of our Common Stock at specified times. Participants were required to hold such stock for the entire period in which they are employed by us. PSUs may have been awarded under the 2013 PIP to participants who completed their ownership requirement on an accelerated basis. PSUs vest in equal installments on each of the first three anniversaries of the date on which they are awarded. Each vested PSU will be settled by delivery of one share of Common Stock. Such settlement will occur within 10 days after a participant’s termination of employment or at such later date as required by IRC Section Rule 409A. All of the NEOs participate in the Executive Stock Ownership Program and were eligible to acquire PSUs. The Executive Stock Ownership Program was amended effective November 1, 2013 to eliminate an executive’s ability to earn PSUs.

Deferred Share Units or “DSUs”. Under our Executive Stock Ownership Program in effect for 2013 and prior years, executives were able to defer their cash bonus into DSUs. DSUs are credited into the participants' account at the then current market price. The DSUs are generally distributed to the participant in the form of our Common Stock at the date specified by the participant at the time of his or her election to defer. During the deferral period, the participant had no right to vote the Common Stock, no right to receive any dividend declared on the Common Stock and no other rights as a stockholder. If an executive officer elected to defer a cash bonus, the number of shares shown for such NEO includes these DSUs. These DSUs vest immediately. The number of shares shown as owned for each NEO (and all Executive Officers as a group) also includes PSUs that were awarded pursuant to the Executive Stock Ownership Program. Our Executive Stock Ownership Program eliminated an executive’s ability to defer their cash bonus into DSUs. Likewise, under our Non-Employee Directors Deferred Fee Plan, directors may defer all or a portion of their annual retainer into DSUs. If a director elected to defer a portion of his annual retainer and/or meeting fees into DSUs, these DSUs are shown as owned.

Potential Payments Upon Termination or Change-in-Control

The amount of compensation payable to each of the NEOs upon voluntary termination, termination with or without cause, involuntary termination in the event of a Change in Control, or termination as a result of death, disability or retirement are shown in the Estimated Cash Payments Upon Termination table of this proxy statement. Unless otherwise indicated, the amounts shown assume that such termination was effective October 31, 2016, are based on the terms of the applicable plans and agreements that were in effect on October 31, 2016, assume that the executive officer has satisfied all relevant prerequisites for eligibility for such payments and benefits and are estimates of the amounts which would be paid out to the executive officer following his termination. The actual amounts of payments and benefits can only be determined at the time the relevant termination event occurs.

To assure stability and continuity of management, we entered into ESAs with each of our executive officers with the exception of our CEO who has an Employment Agreement.

Executive Severance Agreements or “ESAs”

The Board approved certain revisions to the ESA template in 2014. All of our NEOs, with the exception of Mr. Clarke who is covered by an employment agreement, are covered under the 2014 ESA version. The following summarizes certain of the material provisions:

The expiration date of the agreement period post-Change in Control will be the date that occurs eighteen (18) months after the date of the CIC;

A CIC will not occur if certain “Excluded Persons” (including Mark H. Rachesky, Icahn Enterprises and employee or retirement benefit plans or trusts sponsored or established by the Company) become the “Beneficial Owner” of securities representing 50% or more of the combined voting power of the Company’s then-outstanding securities;

The level of ownership of securities required to trigger a CIC is 50% or more of the combined voting power of the Company’s then-outstanding securities;

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A termination will be deemed to occur after a CIC if it occurs during the agreement period or during the eighteen (18) month period immediately following the CIC; this represents a decrease from thirty-six (36) months post-CIC;

A diminution of authority sufficient to trigger a termination for “Good Reason” occurs if the executive officer experiences a decrease in his or her organizational level or a change to his or her reporting structure that requires the executive to report to a supervisor whose organizational level is below the executive’s current organizational level;

- The executive officer’s obligations (i) not to disclose confidential, secret, proprietary or privileged information pertaining to the business of the Company, (ii) to refrain from making any defamatory, disparaging, slanderous, libelous or derogatory statements about the Company and (iii) to cooperate and provide assistance to the Company in connection with litigation or any other matters, continue at all times during the agreement period of the ESA and at all times following the executive officer’s termination of employment for any reason;

The Compensation Committee may require the executive officer to repay incentive pay previously received from the Company if the Compensation Committee determines that repayment is due on account of a restatement of the Company’s financial statements or for another reason under the Company’s Clawback Policy;

Continued life insurance coverage decreased from a 24 month period to an 18 month period following termination;

The ESA will not become effective unless and until the executive officer signs a written release agreement in a form acceptable to the Company. In the event of a termination under the ESA, the executive officer’s eligibility for separation payments and benefits is conditioned on the executive officer’s timely signing, and not revoking, a written release agreement in a form acceptable to the Company; and

No payments are eligible for IRC Section 280G excise tax gross-up.

Summary of the Circumstances, Rights and Obligations Attendant to Each Type of Termination Under the ESA

All executive officers are “at-will” employees of the Company, except for the Company’s CEO who has an Employment Agreement. The “at-will” relationship between the executive officer and the Company means that either party may terminate the employment relationship at any time, and for any reason. Depending on the circumstances of the executive’s termination from the Company, the executive may be eligible for certain separation payments and benefits as summarized below. Under the 2013 PIP, individual equity award agreements, and the ESA:

Voluntary Termination by Executive and Involuntary (Termination for “Cause”) by us: We are not obligated to provide the executive with any additional or special compensation or benefits upon a voluntary termination by the executive or termination for “Cause” by us. All compensation, bonuses, benefits, and perquisites cease upon a voluntary termination by the executive or termination for “Cause” by us. In general, in the event of either such termination, an executive officer would:

Be paid the value of unused and accrued vacation;

Not be eligible for an AI payment if the termination occurred prior to year-end or if the termination occurred after year end and prior to the payment date;

Be able to exercise vested stock options for three months or twelve months depending on the date of grant, following a voluntary termination;

Forfeit any unvested time and performance-based stock options;

Forfeit any unvested restricted stock and time and performance-based RSUs;

Forfeit any unvested cash-settled performance shares; and

Forfeit any unvested RCUs.

As defined in the ESA, “Cause” generally means the reason for the executive’s involuntary termination of employment was (i) willful misconduct involving an offense of a serious nature that is demonstrably and materially injurious to the Company, monetarily or otherwise, (ii) conviction of, or entry of a plea of guilty or nolo contendere to, a felony as defined by the laws of the United States of America or by the laws of the State or other jurisdiction in which the executive is so convicted, or (iii) continued failure to substantially perform required duties for the Company (other than a failure due to physical or mental disability).

The executive officer would not receive any cash severance in the event of either a voluntary termination of employment or involuntary termination for “Cause” by us.

Retirement and Early Retirement: If an executive officer terminates employment due to retirement, then the officer would generally be eligible to receive:

- The value of unused and accrued vacation;
- Monthly income from any defined benefit pension plans, both tax-qualified and non-tax-qualified, that the executive participated in solely to the extent provided under the terms of such plans;
- Lump sum distributions from any defined contribution plans, both tax-qualified and non-tax-qualified, that the executive participated in solely to the extent provided under the terms of such plans; and
- A pro-rata portion of cash-settled performance shares and RCUs.

Retirement and early retirement are defined in the respective plans in which the executive officer participates. In addition, if an executive meets the “qualified retirement” definition under the 2004 PIP and 2013 PIP or Award Agreement (as applicable) and holds outstanding stock options, he or she may exercise those stock options to the extent that those stock options are exercisable or become exercisable in accordance with their terms, at any time during the term of the option grant. If he or she holds restricted stock or RSUs, they will continue to vest according to the terms of the restricted stock grant. If he or she holds PSUs, vesting accelerates and the shares will be issued after retirement.

Termination Without “Cause” by us or “Good Reason” Termination: If the employment of an executive officer is terminated either due to either a termination by us without “Cause” or by the executive for “Good Reason” (as defined below), in each case either before the date of a Change in Control (as defined in the ESA) or more than 18 months after the date of the most recent Change in Control, then the executive would generally be eligible to receive the following:

- An amount equal to one-hundred to two-hundred percent (100% to 200%) of the total of (i) the executive’s annual base salary in effect at the time of termination and (ii) the executive’s AI plan award at target level (the “Severance Pay”);
- Continued health insurance for the 24-month period following termination; provided that for the first 12 month period, the executive shall pay for such coverage at no greater after tax costs to the executive than the after-tax cost to the executive officer immediately prior to the date of termination and for the remaining 12-month period, the executive officer shall pay for such coverage on a monthly cost of coverage basis;
- Pro-rata annual incentive for the number of months of fiscal year eligible participation which is based upon actual results and will only be paid if and at the same time that the Company pays AI plan awards to active employees;
- Continued life insurance coverage for the 18-month period following termination;
- Outplacement services;
- Retention of any flexible perquisite allowance actually paid to the executive officer on or before the time of termination;
- A lump sum cash payment equal to the value of unused and accrued vacation;
- Such pension and post-retirement health and life insurance benefits due to the executive officer upon his or her termination pursuant to and in accordance with the respective Company-sponsored benefit plans, programs, or policies under which they are accrued and/or provided (including grow-in rights as provided under the terms of the applicable plan, program or policy);
- The right to exercise vested stock options for three months or twelve months, depending upon date of grant; and
- Forfeit any unvested cash-settled performance shares, any unvested RCUs, any unvested time and performance based stock options and any unvested restricted stock, time and performance based RSUs or PSUs.

As defined in the ESA, “Good Reason” means the occurrence of any of the following events or conditions: (i) we reduce the executive officer’s base salary by ten percent (10%) or more (either upon one reduction or during a series of

reductions over a period of time); provided, that such reduction neither comprises a part of a general reduction for the executive officer's then-current peers as a group (determined as of the date immediately before the date on which the executive officer becomes subject to such material reduction) nor results from a deferral of the executive officer's base salary, or (ii) a demotion in position (including a decrease in organization level) resulting in the material diminution of the executive officer's authority (including, but not limited to, the budget over which the executive officer retains authority), duties, or responsibilities within

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the Company except, in case of each of (i) or (ii), in connection with the involuntary termination of the executive officer's employment for Cause.

Termination Related to a Change in Control: If the employment of an executive officer is involuntarily terminated for any reason other than for "Cause" or if a "Constructive Termination" (as defined below) occurs within 18 months after a Change in Control, then the executive would generally be eligible to receive the following:

- An amount equal to (i) a pro rata portion of the executive officer's AI plan award at target level, which payment shall be in lieu of any payment to which the executive officer may otherwise have been entitled to receive under a Change in Control-sponsored incentive or bonus plan (the "CIC Prorated Bonus"), plus (ii) a multiplier ranging from 150% to 300% of the sum of the executive officer's annual base salary in effect at the time of termination and the executive officer's AI award at target level (the "CIC Severance Pay"). The CIC Severance Pay and the CIC Prorated Bonus shall be paid in a lump sum on the payment date;
- Continued health insurance for the 24-month period following termination; provided that for the first 12 month period, the executive officer shall pay for such coverage at no greater after tax costs to the executive officer than the after tax cost to the executive officer immediately prior to the date of termination and for the remaining 12-month period, the executive officer shall pay for such coverage on a monthly cost of coverage basis;
- Continued life insurance coverage for the 18-month period following termination;
- Outplacement services;
- Tax counseling and tax preparation services;
- Retention of any flexible perquisite allowance actually paid to the executive officer on or before the time of termination;
- A lump sum cash payment equal to the value of unused vacation;
- Acceleration of the exercisability of options that would otherwise have vested over a period of three years from the date of the Change in Control had the executive officer continued employment for that period;
- Acceleration of the vesting of cash-settled performance shares and RCUs at the target performance level; and
- A lump sum cash payment equal to the difference in (i) the actuarial present value of the executive officer's non-tax-qualified pension benefits assuming the executive officer was 18 months older and had 18 more months of service, over (ii) the actuarial present value of the executive officer's non-tax-qualified pension benefits at the date of termination. The lump sum payout of the supplemental pension benefits is offset by the value of any ongoing payments.

As defined in the ESA, "Constructive Termination" means the occurrence of any of the following events or conditions: (i) a material diminution in the executive officer's authority (including, but not limited to, the budget over which the executive retains authority), duties or responsibilities, (ii) the executive officer's base salary or total incentive compensation opportunity is reduced by 10% or more, (iii) a material breach of the executive officer's ESA, and (iv) the executive officer is required to be based anywhere more than 45 miles from the location of either the executive's office (if other than the Company's headquarters) or Company's headquartered offices.

The table below states the multiplier of the sum of annual base salary plus AI plan award at target level used in each NEO's severance formula under a termination without Cause by us or by the NEO for Good Reason and a termination in a Change in Control and the ESA version or employment agreement they are covered under for 2016.

NEO	Multiplier – Involuntary Not for Cause or Good Reason Termination	Multiplier – Change in Control
Troy A. Clarke ⁽¹⁾	200%	200%
Walter G. Borst	200%	300%
William R. Kozek	200%	300%
Persio V. Lisboa	200%	300%

Steven K. Covey 150% 300%

Mr. Clarke does not have an ESA. Per his Employment Agreement, in the event his employment with the Company is terminated (i) by the Company without Cause, or (ii) by executive due to Constructive Termination, as (1) defined in his Employment Agreement, then in addition to accrued obligations, he is eligible for the sum of 200% of his base salary plus target annual incentive.

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Disability and Death: If an executive officer is disabled and is prevented from working for pay or profit in any job or occupation, he or she may be eligible for our ‘‘Non-Represented Employee Disability Benefit Program’’ which provides for short-term and long-term disability (‘‘LTD’’) benefits. Our executive officers are not covered under a separate program. While covered under LTD, an executive officer is eligible for 60 percent of his or her base salary reduced (or offset) by other sources of income, such as social security disability. In the event of a total and permanent disability as defined by this program, an executive officer may exercise outstanding stock options any time within three years after such termination. In the event an executive officer has restricted stock, or RSUs, the restricted stock or RSUs will continue to vest according to the terms of the grant. In the event an executive officer has PSUs, vesting accelerates and the shares are issued immediately. In addition, while classified as disabled, the executive officer continues to accrue benefits under the defined benefit plans.

In the event of an executive officer’s death, a beneficiary of the executive officer may exercise an outstanding stock option at any time within a period of two years after death. Restricted stock, RSUs or PSUs will vest as of the date of death and all restrictions lapse and the restricted stock, RSUs or PSUs will be immediately transferable to the executive officer’s beneficiary or estate. The executive officer’s beneficiary will also be eligible for a pro-rata payment under the AI plan based upon the number of months the executive officer was an active employee during the year. The executive officer’s beneficiary will also receive surviving spouse benefits under the defined benefit and defined contribution plans solely to the extent provided in those plans.

The table below shows the estimated cash payments that our NEOs would receive if their employment was terminated under various circumstances based on the terms of the plans and agreements that were in effect as of October 31, 2016.

Estimated Cash Payments Upon Termination

NEO	Severance Amount/Cash Payment (\$)	Unvested Option (\$) ⁽¹⁾	Restricted Stock/ Units (\$) ⁽²⁾	Performance Shares (\$) ⁽³⁾	Benefit Continuation (\$) ⁽⁴⁾	Outplacement Counseling (\$) ⁽⁵⁾	Total (\$)
Troy A. Clarke							
Without Cause or Good Reason Termination ⁽⁶⁾	4,500,000	—	108,155	—	56,335	19,000	4,683,490
Change in Control ⁽⁶⁾⁽¹¹⁾	5,750,000	—	4,358,669	2,500,000	56,335	19,000	12,684,004
Disability ⁽⁷⁾	600,000	—	4,358,669	—	—	—	4,958,669
Death ⁽⁸⁾	—	—	4,358,669	—	—	—	4,358,669
Voluntary and Involuntary for Cause Termination	—	—	—	—	—	—	—
Walter G. Borst							
Without Cause or Good Reason Termination ⁽⁹⁾	2,624,440	—	231,162	—	36,770	19,000	2,911,372
Change in Control ⁽¹⁰⁾⁽¹¹⁾	8,746,304	—	2,620,428	2,627,056	36,770	19,000	14,049,558
Disability ⁽⁷⁾	449,904	—	2,620,428	—	—	—	3,070,332
Death ⁽⁸⁾	—	—	2,620,428	—	—	—	2,620,428
Voluntary and Involuntary for Cause Termination	—	—	—	—	—	—	—
William R. Kozek							
Without Cause or Good Reason Termination ⁽⁹⁾	2,093,000	—	—	—	44,610	19,000	2,156,610
Change in Control ⁽¹⁰⁾⁽¹¹⁾	3,588,000	—	1,727,581	1,556,476	44,610	19,000	6,935,667
Disability ⁽⁷⁾	358,800	—	1,727,581	—	—	—	2,086,381

NEO	Severance Amount/Cash Payment (\$)	Unvested Option (\$) ⁽¹⁾	Restricted Stock/Units (\$) ⁽²⁾	Performance Shares (\$) ⁽³⁾	Benefit Continuation (\$) ⁽⁴⁾	Outplacement Counseling (\$) ⁽⁵⁾	Total (\$)
Death ⁽⁸⁾	—	—	1,727,581	—	—	—	1,727,581
Voluntary and Involuntary for Cause Termination	—	—	—	—	—	—	—
Persio V. Lisboa							
Without Cause or Good Reason Termination ⁽⁹⁾	1,929,375	—	62,217	—	33,408	19,000	2,044,000
Change in Control ⁽¹⁰⁾⁽¹¹⁾	3,374,335	—	1,711,503	1,556,476	33,408	19,000	6,694,722
Disability ⁽⁷⁾	330,750	—	1,711,503	—	—	—	2,042,253
Death ⁽⁸⁾	—	—	1,711,503	—	—	—	1,711,503
Voluntary and Involuntary for Cause Termination	—	—	52,740	—	—	—	52,740
Steven K. Covey							
Without Cause or Good Reason Termination ⁽⁹⁾	1,524,452	—	614,365	—	30,699	19,000	2,188,516
Change in Control ⁽¹⁰⁾⁽¹¹⁾	3,449,264	—	1,410,787	1,157,159	30,699	19,000	6,066,909
Disability ⁽⁷⁾	369,564	—	1,410,787	—	—	—	1,780,351
Death ⁽⁸⁾	—	—	1,410,787	—	—	—	1,410,787
Voluntary and Involuntary for Cause Termination	—	—	—	—	—	—	—

The per share value for options is equal to the difference between the option exercise price and the closing price as of the last day of the fiscal year (October 31, 2016), which was \$22.30 per share. Please refer to the Outstanding Equity Awards Table of this proxy statement for more information on this subject as the amounts in these columns represent awards that have already been granted to the NEOs in previous years.

The value of restricted stock, RSU or PSU is based on the October 31, 2016 closing price of \$22.30 per share. Please refer to the Outstanding Equity Awards Table of this proxy statement for more information on this subject as the amounts in this column represent awards that have already been granted to the NEOs in previous years. Amounts indicated for voluntary and involuntary for Cause termination represent deferred shares that have already been earned.

This amount includes the value of all unvested cash-settled performance shares based on a Change in Control effective October 31, 2016 with a closing price of \$22.30. Additionally, this amount includes RCUs. The value of the RCU grants are as follows: for Mr. Clarke \$2,500,000, Mr. Borst \$1,050,000, Mr. Kozek \$700,000, Mr. Lisboa \$700,000 and Mr. Covey \$500,000. No amounts are included for performance shares for without Cause or Good Reason, disability or death, because the performance shares remain subject to performance requirements even after such termination.

Benefits include 12 months continued health care coverage with an option to purchase an additional 12 months at the cost of coverage rate. Benefits also include 18 months of continued life insurance coverage for all NEOs (per their ESAs) terminated without Cause, with Good Reason or following a Change in Control.

This amount represents our cost for NEO outplacement counseling and services.

Mr. Clarke does not have an ESA. In the event Mr. Clarke's employment and service with the Company terminate for any reason, including due to his death or disability, Mr. Clarke will be entitled to unpaid and accrued payments and benefits.

If Mr. Clarke's employment and service with the Company is terminated by the Company without Cause or by Mr. Clarke due to a Constructive Termination, as defined in his Employment Agreement, then in addition to his accrued obligations and the accelerated vesting of his options, subject to Mr. Clarke's execution of a release (without revocation), Mr. Clarke will be entitled to the following:

1. A lump sum severance payment equal to 200% of the sum of his base salary and AI target;

2. Twelve months continued health care coverage with an option to purchase an additional 12 months at the cost of coverage rate;
3. 24 months continued life insurance coverage;
4. Outplacement services;
5. Retention of any remaining flexible perquisite allowance already paid;
6. Company-paid tax counseling and tax forms preparation services up to and including the taxable year of Mr. Clarke in which the termination occurred; and

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7. Pro-rata portion of the earned AI award that would have been payable to Mr. Clarke for the Company's fiscal year in which the termination occurred, based on actual performance effective October 31

If Mr. Clarke's employment and service with the Company is terminated by the Company without Cause or by Mr. Clarke due to a Constructive Termination, in either case, during the 24 months after the date of the then-most recent "Change in Control" as defined in his Employment Agreement, Mr. Clarke will be entitled to the same benefits referenced above in items 1-7 except with respect to item 7 above, instead of the pro-rata portion of the AI award it will be the pro-rata portion of the target AI award.

(7) This amount is 60% of annualized base salary as of October 31, 2016 and is not offset by other sources of income, such as Social Security. It represents the amount that would be paid annually over the term of the disability.

Surviving spouse benefits are payable under the applicable pension plan. Mr. Covey is a participant in the defined (8) benefit pension plan that provides a surviving spouse benefit. Messrs. Clarke, Borst, Kozek and Lisboa participate in our defined contribution plans and a defined benefit plan that provides a surviving spouse benefit.

(9) This calculation, as described in the ESA, is 150 to 200 percent of the sum of the NEO's annual base salary plus AI target.

The IRC Section 280G excise tax gross-up upon a Change in Control was eliminated. The Change in Control (10) calculation, as defined in the ESA, is 300% of the sum of the executive's annual base salary plus AI target plus pro-rata AI.

Included in the Severance Amount/Cash Payment figure above for Change in Control is the lump sum cash payment equal to the difference in (i) the actuarial present value of the NEOs non-tax qualified pension benefits assuming the executive was 18 months older and had 18 months more of service, over (ii) the actuarial present (11) value of the NEOs' non-tax qualified pension benefits at the date of termination. The figures are as follows: for Mr. Kozek \$2,200,621, Mr. Lisboa \$77,301 and Mr. Borst \$3,656,328. The figure for Mr. Covey is also \$0 as he has reached the maximum rate of accrual under the non-tax qualified pension benefit. The figure for Mr. Clarke is \$0 as Mr. Clarke's Employment Agreement does not have a provision for this lump sum cash payment.

Compensation Risk

The Company performed, and the Compensation Committee reviewed, a risk assessment to determine whether our compensation policies, practices, plans and programs were “reasonably likely to have a materially adverse effect” on the Company. Approximately 30 compensation-related topics were reviewed during 2016, including but not limited to, programs governed by the 2013 PIP. A matrix was created for management's use that summarized the program reviewed, as well as associated mitigating factors. Management discussed the analysis internally and with our compensation consultant, and discussed final results with the Compensation Committee. The Company and the Compensation Committee believe that the following are factors that mitigate the likelihood of excessive risk taking.

- Compensation Committee approval of overall compensation philosophy and plan design
- Compensation mix of base salary, short-term and long-term incentives

General Description

- Market competitive analysis conducted using the comparator group
- Market analysis based on individual job
- Aligns executives' interests with stockholders

Executive Stock Ownership Plan

- Ownership requirement of 1x base pay for executives, 3x base pay for senior executives and 6x base pay for CEO
- Holding periods for at least one year following the vesting date of equity awards; even after ownership requirements have been attained

2016 Annual Incentive Plan

- Design focused on five key financial performance metrics enabling our strategy and driving results for our employees, customers and stockholders
- Performance-based equity awards are made at the discretion of the Compensation Committee and are intended to focus participants on the long-term growth of the Company

2016 Long-Term Incentive Awards

- LTI awards are calculated based on actual grant date values
- LTI values primarily based upon external market data

Executive Severance

- Agreements ("ESAs") The Change-in-Control definition in our ESAs excludes funds affiliated with designated board members

- Good Reason in our ESAs requires a decrease in the executive's organizational level or a change to his or her reporting structure that requires the executive to report to a supervisor whose organizational level is below the executive's current organizational level

- Agreement period post Change in Control decreased to eighteen months

- Capital expenditure approval policies and procedures that control the possibility of engaging in unintended risk

- Other Controls and Procedures
Sarbanes Oxley / Internal Controls procedures and processes adopted by the Company

- Clawback policy that requires the repayment of short and long-term incentive based compensation as a result of a financial restatement or intentional misconduct

Compensation of Directors

Director Fees and Equity Compensation for 2016

In recent years, our non-employee director pay has been low in comparison to our peer group of companies. In 2016, during our annual review of director compensation, our analysis of competitive survey data and peer group proxy information, confirmed that our non-employee director total direct compensation was still below median, with our total cash compensation and our total equity compensation being slightly below median. We also noted that our committee chair retainers and our Chairman retainer fees are competitive. Notwithstanding these findings, the Board determined not to make any changes to non-employee director compensation in light of recent Company financial performance.

The following table describes components of non-employee director compensation in effect during fiscal and calendar 2016 (unless otherwise noted):

Compensation Element	Calendar Year 2015 Compensation Program
Annual Retainer:	\$120,000 retainer; \$100,000 paid in cash, \$20,000 paid in restricted stock
Additional Chairman of the Board Annual Retainer:	\$140,000
Committee Chairman	\$20,000 for Audit Committee
Additional Annual Retainer:	\$10,000 for Compensation Committee \$10,000 for Finance Committee \$10,000 for Nominating and Governance Committee
Committee Member	
Additional Annual Retainer:	None
Attendance Fees:	None
Stock Options:	5,000 shares annually (the exercise price is equal to the fair market value of our Common Stock on the date of grant).
Other Benefits:	We also pay the premiums on directors' and officers' liability insurance policies covering the directors and reimburse directors for expenses related to attending Board and committee meetings and director continuing education seminars.
Special Committees:	Determined on a case by case basis.

The following table provides information concerning the compensation of our non-employee directors for 2016. Directors who are employees of the Company receive no compensation for their services as directors or as members of the Board or a committee thereof. For a complete understanding of the table, please review the footnotes and the narrative disclosures that follow the table.

2016 Director Compensation Table

Name	Fees				Total (\$)
	Earned or Paid in Cash (\$) ⁽¹⁾⁽²⁾⁽³⁾	Stock Awards (\$) ⁽²⁾⁽³⁾⁽⁴⁾⁽⁵⁾⁽⁶⁾	Option Awards (\$) ⁽⁵⁾⁽⁶⁾⁽⁷⁾	All Other Compensation (\$)	
Jose Maria Alapont	5,870	—	—	—	5,870
Stephen R. D'Arcy	5,870	—	—	—	5,870
Michael N. Hammes	110,006	19,994	25,750	—	155,750
Vincent J. Intrieri	105,000	20,000	25,750	—	150,750
James H. Keys	260,006	19,994	25,750	—	305,750

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Stanley A. McChrystal	—	120,000	25,750	—	145,750
Samuel J. Merksamer	100,000	20,000	25,750	—	145,750
Mark H. Rachesky	—	125,000	25,750	—	150,750
Michael F. Sirignano	—	130,000	25,750	—	155,750
Dennis A. Suskind	5,870	—	—	—	5,870
Dennis D. Williams ⁽⁸⁾	120,000	—	—	—	120,000

Amounts in this column reflect fees earned by our non-employee directors in 2016. Mr. Alapont, Mr. D'Arcy and (1)Mr. Suskind were appointed to the board on October 14, 2016, and as such their fees were pro-rated for actual time served on the Board during 2016.

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Under our Non-Employee Directors Deferred Fee Plan (the “Deferred Fee Plan”), our directors who are not employees receive an annual retainer, payable quarterly, at their election, either in shares of our Common Stock or in cash. A director may elect to defer any portion of such compensation until a later date in DSUs or in cash. Each such election is made prior to December 31st for the next succeeding calendar year or within 30 days of first joining the Board. Vincent J. Intrieri, General Stanley A. McChrystal, Samuel J. Merksamer, Dr. Mark H. Rachesky, and Michael F. Sirignano, elected to defer the receipt of some or all of their compensation received for their retainer fees in 2016. Mr. Intrieri, deferred 100% of his first quarter retainer normally paid in restricted stock and received 1,597.444 DSUs. General McChrystal deferred receipt of 100% of his quarterly retainer fees in DSUs and has received 8,523.226 DSUs through September 30, 2016. Mr. Merksamer deferred 100% of his first quarter retainer normally paid in restricted stock and received 1,597.444 DSUs. Dr. Rachesky deferred receipt of 100% of his quarterly retainer fees, except the portion payable in restricted stock, in calendar year 2016 and received 7,281.360 DSUs through September 30, 2016. Mr. Sirignano deferred receipt of 100% of his quarterly retainer fees in calendar year 2016 and has received 9,194.748 DSUs through September 30, 2016. The amount of DSUs for Mr. Intrieri, General McChrystal, Mr. Merksamer, Dr. Rachesky, and Mr. Sirignano has been credited as stock units in an account under each of their names at the then current market price of our Common Stock. The units issued to Mr. Intrieri, General McChrystal and Mr. Merksamer during 2016 will be converted into Common Stock and issued within 60 days after their separation from service on the Board. The units issued to Dr. Rachesky and Mr. Sirignano during 2016 will be converted into Common Stock and issued within 60 days after January 1, 2017. Effective April 1, 2016, each non-employee director received 1,597 shares of restricted stock in lieu of \$20,000 of their first quarter retainer, except for Mr. Intrieri, General McChrystal, Mr. Merksamer and Mr. Sirignano who each elected to defer receipt of their shares in DSUs, as described in footnote 2 above. The grant date fair value of the restricted stock and DSUs were determined in accordance with FASB ASC Topic 718. Mr. Williams, does not personally receive compensation for his service on the Board, as noted under footnotes 5 and 8 below. Mr. Alapont, Mr. D’Arcy and Mr. Suskind were not members of the Board when the first quarter retainers were paid. For additional information regarding assumptions underlying valuation of equity awards see the consolidated financial statements in our Annual Report on Form 10-K for the year ended October 31, 2016. The aggregate number of shares subject to stock awards granted by the Company that were outstanding for each non-employee director as of October 31, 2016, including DSUs owned by Mr. Intrieri, Mr. Keyes, General McChrystal, and Mr. Merksamer is indicated in the table below. All of these stock awards and DSUs are 100% vested:

Name	Total Number of Stock Awards Outstanding (#)
Jose Maria Alapont	—
Stephen R. D’Arcy	—
Michael N. Hammes	5,261
Vincent J. Intrieri	4,099
James H. Keyes	22,706
General Stanley A. McChrystal	27,560
Samuel J. Merksamer	3,452
Mark H. Rachesky	20,469
Michael F. Sirignano	17,923
Dennis A. Suskind	—
Dennis D. Williams	—

(5) At the request of the UAW, the UAW representative director, Dennis D. Williams, does not receive stock or stock option awards. Mr. Alapont, Mr. D’Arcy and Mr. Suskind were not members of the Board when the stock option

grants were made.

The values in this column reflect the grant date fair value as determined in accordance with FASB ASC Topic 718.

- (6) For additional information see the consolidated financial statements in our Annual Report on Form 10-K for the year ended October 31, 2016 regarding assumptions underlying valuation of equity awards.
- (7) The number of options granted in 2016 and the aggregate number of stock options outstanding for each non-employee director as of October 31, 2016 are indicated in the table below.

Name	Total Stock Option Awards Outstanding at 2016 Year End (#)	Option Awards Granted During 2016 (#)	Grant Date Fair Value of Grant Price (\$)	Grant Date Fair Value of Grant Price (\$) ^(a)
Michael N. Hammes	35,400	5,000	10.60	25,750
Vincent J. Intrieri	20,000	5,000	10.60	25,750
James H. Keyes	36,600	5,000	10.60	25,750
General Stanley A. McChrystal	25,000	5,000	10.60	25,750
Samuel J. Merksamer	20,000	5,000	10.60	25,750
Mark H. Rachesky	20,000	5,000	10.60	25,750
Michael F. Sirignano	10,000	5,000	10.60	25,750

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These amounts do not reflect compensation realized by our directors. The amounts shown represent the value of the stock options based on the grant date fair value of the award as determined in accordance with FASB ASC Topic 718. The stock options generally vest over a three year period with rd vesting on each of the first three anniversaries (a) of the date on which they are awarded, so that in three years the stock options are 100% vested. The stock options granted on December 8, 2015 expire seven years after the date of grant. For additional information regarding assumptions underlying valuation of equity awards see the consolidated financial statements in our Annual Report on Form 10-K for the year ended October 31, 2016.

At the request of the UAW, the organization which recommended Mr. Williams to the Board, the entire cash (8) portion of Mr. Williams' annual retainer is contributed to a trust which was created in 1993 pursuant to a restructuring of our retiree health care and life insurance benefits.

Share Ownership Requirements for Non-Employee Directors

To encourage directors to own our shares, \$20,000 of each director's annual retainer is paid in the form of restricted stock each year. The stock is priced as of the date the first quarterly disbursement of the annual retainer is due. The restricted stock portion of the annual retainer is provided pursuant to the 2013 PIP. For additional information regarding the 2013 PIP, see Note 18, Stock-based compensation plans, to our consolidated financial statements included in our Form 10-K for the fiscal year ended October, 31, 2016. Directors are expected to own shares equivalent to three times their annual cash retainer within five years of being designated as a Board member.

Deferred Fee Plan For Non-Employee Directors

Under our Non-Employee Directors Deferred Fee Plan, directors may defer fees otherwise payable in the form of cash or restricted stock. The amount otherwise payable in cash may be deferred in cash or in DSUs. Any amount deferred in cash is generally paid to the director, with interest at the prime rate, at the date specified by the director at the time of his election to defer. The amount otherwise payable in restricted stock may be deferred in DSUs. Any amount deferred in DSUs is credited into the director's account at the then current market price. Such units are generally distributed to the director in the form of our Common Stock at the date specified by the director at the time of his election to defer. Elections to defer are made in the calendar year prior to the year in which the fees are earned.

Compensation Committee Interlocks and Insider Participation

None.

EQUITY COMPENSATION PLAN INFORMATION

This table provides information regarding the equity securities authorized for issuance under our equity compensation plans as of October 31, 2016.

Plan Category ⁽¹⁾	(a) Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights	(b) Weighted- Average Exercise Price of Outstanding Options, Warrants and Rights	(c) Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column(a))
Equity compensation plans approved by stockholders	5,059,816	(2) \$ 35.51	(3) 1,984,673
Equity compensation plans not approved by stockholders ⁽⁶⁾	28,333	(6)(7) N/A	(3) —
Total	5,088,149	N/A	1,984,673

This table does not include information regarding our 401(k) plans. Our 401(k) plans consist of the following:

(1) Navistar, Inc. 401(k) Plan for Represented Employees and Navistar, Inc. Retirement Accumulation Plan. As of October 31, 2016, there were 1,499,014 shares of Common Stock held in these plans.

This number includes stock options, DSUs and PSUs (as described in the Executive Stock Ownership Program discussed below) granted under our 2004 PIP; and stock options, performance stock options, RSUs, DSUs, PSUs and performance units granted under our 2013 PIP. Stock options awarded to employees for the purchase of Common Stock from the 2004 PIP and the 2013 PIP were granted at the fair market value of the stock on the date of grant, generally have a 10-year contractual life, except for options granted under the 2004 PIP after December 15, 2009 and options granted under the 2013 PIP which have a contractual life of 7-years, and generally become exercisable as to one-third of the shares on each of the first three anniversaries of the date of grant, so that in three years the shares are 100% vested. Performance stock options granted under the 2013 PIP generally do not become

(2) exercisable until after the three year anniversary of the date of grant and only if performance conditions are met.

Performance Options granted to our CEO on April 22, 2013 and March 10, 2014, vest upon achievement of performance conditions at measurement date. The terms of awards of RSUs granted under the 2013 PIP were established by the Board or committee thereof at the time of issuance. The 2004 PIP expired on February 18, 2013, and as such no further awards may be granted under the 2004 PIP. As of October 31, 2016, 1,713,346 stock option awards, 1,338 DSUs, and 22,863 PSUs remain outstanding for shares of Common Stock reserved for issuance under the 2004 PIP, and 2,660,444 stock options, including performance options, 612,578 RSUs, 36,769 DSUs and 12,478 PSUs remain outstanding for shares of Common Stock reserved for issuance under the 2013 PIP. For more information on the 2013 PIP see footnote 5 below.

RSUs, DSUs, and PSUs settled in shares do not have an exercise price and are settled only for shares of our Common Stock on a one-for-one basis. These awards have been disregarded for purposes of computing the

(3) weighted-average exercise price. For more information on DSUs and PSUs see the discussion under the paragraph below entitled “The Ownership Program.” There were no options, warrants, or rights outstanding under the unapproved plans as of October 31, 2016.

(4) Our 2004 PIP was approved by the Board and the independent Compensation and Governance Committee on October 21, 2003, and, subsequently by our stockholders on February 17, 2004. Our 2004 PIP was amended on December 14, 2004, and approved by stockholders on March 23, 2005. The plan was subsequently amended on

December 13, 2005, April 16, 2007, June 18, 2007, May 27, 2008, December 16, 2008, January 9, 2009, December 15, 2009, and April 19, 2010. The 2004 PIP replaced, on a prospective basis, our 1994 PIP, the 1998 Supplemental Stock Plan, both of which expired on December 16, 2003, and our 1998 Non-Employee Director Stock Option Plan (collectively, the “Prior Plans”). A total of 3,250,000 shares of Common Stock were reserved for awards under the 2004 PIP. On February 16, 2010, our stockholders approved an amendment to increase the number of shares available for issuance under the 2004 PIP from 3,250,000 to 5,750,000. Shares subject to awards under the 2004 PIP, or the Prior Plans after February 17, 2004 and before February 19, 2013, that were canceled, expired, forfeited, settled in cash, tendered to satisfy the purchase price of an award, withheld to satisfy tax obligations or otherwise terminated without a delivery of shares to the participant again became available for awards.

The 2013 PIP was approved by the Board and the Compensation Committee on December 11, 2012 and by our stockholders on February 19, 2013. Our 2013 PIP was amended on February 11, 2015. The 2013 PIP replaced on a prospective basis the 2004 PIP and the Prior Plans, and awards may no longer be granted under the 2004 PIP or the Prior Plans. A total of 3,665,500 shares of Common Stock were reserved for awards under the 2013 PIP. Shares (5) subject to awards under the 2013 PIP, the 2004 PIP or the Prior Plans after February 19, 2013, that are canceled, expired, forfeited, settled in cash, tendered to satisfy the purchase price of an award, withheld to satisfy tax obligations or otherwise terminated without a delivery of shares to the participant again become available for awards. This number represents the remaining number of unused shares from the year ended October 31, 2016, which are available for issuance.

The following plans were not approved by our stockholders: The Executive Stock Ownership Program (the “Ownership Program”), and The (6) Non-Employee Directors Deferred Fee Plan (the “Deferred Fee Plan”), except that any DSUs awarded out of the Deferred Fee Plan on or after September 30, 2013, are now issued out of the 2013 PIP. Below is a brief description of the material features of each plan, but in each case the information is qualified in its entirety by the text of such plans.

The Ownership Program. On June 16, 1997, the Board approved the terms of the Ownership Program, and on April 17, 2001, October 15, 2002, August 30, 2004, December 16, 2008, January 9, 2009 the Board approved certain amendments thereto. In general, the Ownership Program requires all of our officers and senior managers to acquire, by direct purchase or through salary or annual bonus reduction, an ownership interest in Navistar by acquiring a designated amount of our Common Stock at specified timelines. Participants are required to hold such stock for the entire period in which they are employed by the Company. Participants may defer their cash bonus or defer salary into DSUs. These DSUs vest immediately. There were 2,365 DSUs deferred under the Ownership Program (albeit 1,338 DSUs were granted under the 2004 PIP and 1,027 DSUs were granted under the 2013 PIP) and outstanding as of October 31, 2016. PSUs may also be awarded to participants who complete their ownership requirement on an accelerated basis. PSUs vest as to one-third of the shares on each of the first three anniversaries of the date of grant, so that in three years the shares are 100% vested. There were 38,432 PSUs earned under the Ownership Program (albeit 3,091 PSUs were granted under the Ownership Program, 22,863 PSUs were granted under the 2004 PIP and 12,478 PSUs were granted under the 2013 PIP) and outstanding as of October 31, 2016. Each vested DSU and PSU will be settled by delivery of one share of Common Stock. Such settlement will occur within 10 days after a participant's termination of employment. DSUs and PSUs are no longer granted under the Ownership Program or the 2004 PIP, but instead are granted under the 2013 PIP. Effective November 1, 2013, the Ownership Program was amended and restated to, among other things, eliminate an executive's ability to earn PSUs or defer their cash bonus into DSUs.

The Deferred Fee Plan. Under the Deferred Fee Plan, directors may elect to receive all or a portion of their annual retainer fees (in excess of their mandatory one-fourth restricted stock grant (as discussed above)) and meeting fees in cash or restricted stock, or they may defer payment of those fees in cash (with interest) or in DSUs. Deferrals in the deferred stock account are valued as if each deferral was vested in Common Stock as of the deferral date. As of October 31, 2016, there were 60,987 outstanding deferred stock units under the Deferred Fee Plan (including 35,742 DSUs awarded under the 2013 PIP).

(7) Includes 3,091 PSUs granted under the Ownership Program and 25,242 deferred stock units granted under the Deferred Fee Plan; all of which were outstanding as of October 31, 2016.

PROPOSAL 3 — ADVISORY VOTE ON FREQUENCY OF VOTE ON EXECUTIVE COMPENSATION

In addition to the non-binding advisory vote on executive compensation, the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the "Dodd-Frank Act") also enables our stockholders to express their preference for having a say on pay vote every one, two, or three years or abstain. This non-binding "frequency" vote is required at least once every six years beginning with our 2011 annual meeting of stockholders, and as such, is again required at this Annual Meeting.

After careful consideration of this proposal, our Board has determined that an advisory vote on executive compensation that occurs annually is the most appropriate alternative for the Company, and therefore our Board recommends that you vote for a one-year interval for the advisory vote on executive compensation.

In formulating its recommendation, our Board considered that an advisory vote on executive compensation every year will allow our stockholders to provide us with their direct input on our compensation philosophy, policies and practices as disclosed in the proxy statement every year. Setting a one year period for holding this stockholder vote will enhance stockholder communication by providing a clear, simple means for the Company to obtain information on investor sentiment about our executive compensation philosophy.

You may cast your vote on your preferred voting frequency by choosing the option of one year, two years, three years or abstain from voting when you vote in response to the resolution set forth below.

“RESOLVED, on an advisory basis, that the stockholders' preferred frequency as to which the Company is to hold a stockholder advisory vote to approve the compensation of the named executive officers, as disclosed pursuant to Item 402 of Regulation S-K, shall either be once every year, once every two years or once every three years, as determined by whichever frequency-option receives the highest number of votes cast.”

The option of one year, two years or three years that receives the highest number of votes cast by stockholders will be the frequency for the advisory vote on executive compensation that has been selected by stockholders. However, because this vote is advisory and not binding on the Board in any way, the Board may decide that it is in the best interests of our stockholders and the Company to hold an advisory vote on executive compensation more or less frequently than the option approved by our stockholders.

YOUR BOARD OF DIRECTORS RECOMMENDS A VOTE FOR “ONE YEAR”

PROPOSAL 4 — RATIFICATION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board is asking our stockholders to ratify the Audit Committee's appointment of KPMG as the Company's independent registered public accounting firm for the fiscal year ending October 31, 2017. KPMG has been the Company's auditors since 2006. For additional information regarding the Company's relationship with KPMG, please refer to the Audit Committee Report and the Independent Registered Public Accounting Firm Fee Information contained below.

If the appointment of KPMG as our independent registered public accounting firm for 2017 is not ratified by our stockholders, the adverse vote will be considered a direction to the Audit Committee to consider other auditors for next year. However, because of the difficulty in making any substitution of auditors after the beginning of the current year, the appointment for 2017 will stand, unless the Audit Committee finds other good reason for making a change.

Representatives of KPMG will be present at the Annual Meeting and will have the opportunity to make a statement if they desire to do so. The representatives will also be available to respond to questions at the Annual Meeting.

YOUR BOARD OF DIRECTORS RECOMMENDS A VOTE "FOR" PROPOSAL 4.

AUDIT COMMITTEE REPORT

Management of the Company has the primary responsibility for the integrity of the accounting, auditing and financial reporting practices of the Company, including the system of internal controls. KPMG, our independent registered public accounting firm, is responsible for performing an independent audit of the Company's consolidated financial statements and internal controls over financial reporting in accordance with standards established by the Public Company Accounting Oversight Board (United States) and issuing a report thereon. The Audit Committee's responsibility is to monitor these processes. In this regard, the Audit Committee meets periodically with management, the internal auditors and our independent registered public accounting firm. The Audit Committee has the authority to conduct or authorize investigations into any matters within the scope of its responsibilities and the authority to retain such outside counsel, experts and other advisors as it determines appropriate to assist it in conducting any such investigations. The Audit Committee is responsible for selecting and, if appropriate, replacing our independent registered public accounting firm.

The Audit Committee discussed with KPMG the overall scope and execution of the independent audit and reviewed and discussed the audited financial statements with management. Discussions about the Company's audited financial statements included KPMG's judgments about the quality and acceptability of the accounting principles, the reasonableness of significant judgments and the clarity of disclosures in the financial statements. The Audit Committee

also discussed with KPMG other matters required by Public Company Accounting Oversight Board Auditing Standards

No. 16. KPMG provided to the Audit Committee the written disclosures and the letter required by the applicable requirements of the Public Company Accounting Oversight Board regarding the independent registered public accounting firm's communications with the Audit Committee concerning independence and the Audit Committee discussed the independence of the independent registered public accounting firm with management and KPMG. The Audit Committee concluded that KPMG's independence had not been impaired.

Based on the above-mentioned review and discussions with management and KPMG, and subject to the limitations on the roles and responsibilities of the Audit Committee referred to above and in the Audit Committee's written charter, the Audit Committee recommended to the Board that the Company's audited consolidated financial statements be included in its Annual Report on Form 10-K for the year ended October 31, 2016 for filing with the SEC. In addition, the Audit Committee engaged KPMG to serve as the Company's independent registered public accounting firm for

2017.

Members of the Audit Committee

James H. Keyes, Stephen R. D'Arcy,
Samuel J. Merksamer, Michael F. Sirignano and Dennis D. Williams

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INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FEE INFORMATION

The following table presents aggregate fees billed or expected to be billed by KPMG, our independent registered public accounting firm, for audit services and fees for professional services incurred for the fiscal years ended October 31, 2016 and 2015, on our behalf:

	2016 ⁽¹⁾	2015 ⁽¹⁾
Audit fees	\$11.1	\$12.0
Audit-related fees	0.1	0.2
Tax fees	0.2	—
All other fees	—	—
Total fees	\$11.4	\$12.2

⁽¹⁾ In millions.

A description of the types of services provided in each category is as follows:

Audit Fees — These are fees for professional services for the audit of our annual consolidated financial statements, limited review of our quarterly consolidated financial statements, and services that are normally provided in connection with statutory and regulatory filings. This includes fees for the audit of NFC.

Audit-Related Fees — These are fees for the assurance and related services that are reasonably related to the performance of the audit or review of our financial statements, including procedures related to our and NFC's financing transactions.

Tax Fees — These are fees for professional services rendered for tax compliance, tax advice and tax planning.

All Other Fees — These are fees for permissible services provided by KPMG that do not meet the above categories. For 2015 and 2016, the Company did not incur any other fee.

The Audit Committee pre-approved all audit and non-audit services provided to us in accordance with the Audit Committee's pre-approval policy. In accordance with the Audit Committee's pre-approval policy, the Audit Committee annually considers for pre-approval all proposed audit and non-audit services which are known early in the year to be performed in the coming year by our independent registered public accounting firm and the estimated fees for such services. Additional fees related to certain audit-related or non-audit services proposed to be provided by our independent registered public accounting firm may be pre-approved by management, so long as the fees for such additional services individually or in the aggregate do not exceed \$400,000 in any 12-month period, and are reported to the Audit Committee at the next regularly scheduled committee meeting. Other proposed audit-related or non-audit services (not within the scope of the approved engagement) may be considered and, if appropriate, pre-approved by the chair of the Audit Committee if the related additional fees are estimated to be less than \$250,000, otherwise the Audit Committee must pre-approve all additional audit-related and non-audit services to be performed by our independent registered public accounting firm. In making its decision to utilize our independent registered public accounting firm, the Audit Committee considers whether the provision of such services is compatible with maintaining that firm's independence and to that end receives certain representations from the firm regarding their independence and permissibility under applicable laws and regulations related to non-audit services provided by the firm to us.

OTHER MATTERS

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires our directors and executive officers and persons who own beneficially more than ten percent of a registered class of our equity securities to file reports of holdings and transfers of Company stock with the SEC and to provide copies of those reports to Navistar. Based solely on our review of copies of those reports received by us or written representations that all such reports were timely filed, we believe that our directors, executive officers and greater than ten percent beneficial stockholders made all required filings on time.

Availability of Form 10-K and Annual Report to Stockholders

As permitted by the SEC, we are delivering our Proxy Statement and Annual Report via the Internet. On or about December 21, 2016, we mailed to our stockholders a Notice of Internet Availability of Proxy Materials containing instructions on how to access our Proxy Statement and Annual Report and authorize a proxy to vote their shares online or by telephone. If you wish to request a printed or electronic copy of this Proxy Statement and our Annual Report, you should follow the instructions included in the Notice. The Notice is not a proxy card or ballot. You may review Company filings with the SEC by visiting the Company's website at <http://www.navistar.com/navistar/investors/financials/sec>.

Matters Raised at the Meeting not Included in this Proxy Statement

We do not know of any matters to be acted upon at the Annual Meeting other than those discussed in this proxy statement. If any other matter is presented, proxy holders will vote on the matter in their discretion.

ADMISSION AND TICKET REQUEST PROCEDURE

Admission

Admission is limited to stockholders of record on December 19, 2016 or a stockholder's authorized proxy holder or a representative. In each case, the individual must have an admission ticket and valid photo identification to be admitted to the Annual Meeting. In addition, stock ownership will be verified.

Admission Ticket for Registered Holders

If your shares of Common Stock are registered in your name and you received your proxy material by mail, an admission ticket is attached to your proxy card.

If your shares of Common Stock are registered in your name and (i) you received or accessed your proxy materials electronically over the Internet, and you plan on attending the Annual Meeting, click the appropriate box on the electronic proxy card or (ii) follow the telephone instructions and when prompted, "if you plan to attend the meeting in person," press 1, and an admission ticket will be held for you at the registration desk at the Annual Meeting. You will need a valid photo identification to pick up your ticket.

Admission Ticket for Beneficial Holders

If your shares of Common Stock are held in a bank or brokerage account, you may obtain an admission ticket in advance by submitting a request by mail to our Corporate Secretary, 2701 Navistar Drive, Lisle, Illinois 60532 or by facsimile to (630) 753-7546.

Ticket Request Deadline

Ticket requests for all Beneficial Holders and for Beneficial Holders and Registered Holders appointing a representative to attend and/or vote on his/her behalf, must include all information specified in the applicable table below and be submitted in writing and received by the Company on or before February 13, 2017. No requests will be processed after that date.

To Submit Request

Submit requests by mail to our Corporate Secretary, 2701 Navistar Drive, Lisle, Illinois 60532 or by facsimile to (630) 753-7546. Ticket requests by telephone will not be accepted.

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Authorized Proxy Representative

A registered stockholder may appoint, and a beneficial stockholder may request that its registered holder (i.e., its broker or bank) appoint, a representative to attend the Annual Meeting and/or vote on his/her behalf. The admission ticket must be requested by the stockholder but will be issued in the name of the authorized representative. Individuals holding admission tickets that are not issued in their name will not be admitted to the Annual Meeting. Stockholder information specified below and a written proxy authorization must accompany the ticket request.

Registered Stockholders

(if appointing a representative to attend and/or vote on his/her behalf)

For ownership verification provide:

- name(s) of stockholder
- address
- phone number
- social security number and/or stockholder account number; or
- a copy of your proxy card showing stockholder name and address

Also include:

- name of authorized proxy representative, if one appointed
- address where tickets should be mailed and phone number

Beneficial Holders

For ownership verification provide:

- a copy of your January brokerage account statement showing Navistar stock ownership as of the record date (12/19/16);
- a letter from your broker, bank or other nominee verifying your record date (12/19/16) ownership; or
- a copy of your brokerage account voting instruction card showing stockholder name and address

Also include:

- name of authorized proxy representative, if one appointed
- address where tickets should be mailed and phone number

2016 Aon Hewitt US TCM Total Compensation Executive Regression - Participant List - Appendix A

2U Inc
3M Company
A. O. Smith Corporation
Abbott Laboratories
AbbVie Inc.
Activision Blizzard
Acushnet Company
Adobe Systems Incorporated
ADT Corp
Aegion Corp.
Agilent Technologies, Inc.
Allegion S&S US Holding Company Inc
Alliant Energy Corporation
ALSAC-St. Jude's
Altria Group, Inc.
Ameren Corporation
American Air Liquide Inc.
American Blue Ribbon Holdings, LLC
American Electric Power Company, Inc.
American Heart Association
American Signature, Inc
AMSTED Industries Incorporated
Amway Corp.
Andersen Corporation
Anheuser-Busch Companies, Inc.
ANN INC.
Applied Materials, Inc.
Arkansas Electric Cooperatives
Armstrong World Industries, Inc.
Ascena Retail Group, Inc.
AT&T Inc.
Aurora Health Care, Inc.
Automatic Data Processing, Inc.
Avery Dennison Corporation
Avis Budget Group, Inc.
Avon Products, Inc.
BAE Systems, Inc.
Bain & Company, Inc.
Ball Corporation
Baxter International Inc.
Beam Suntory Inc.
Beckman Coulter, Inc.
Belden Inc.
Black Angus Steakhouse
Black Hills Corporation
Bloomin Brands
Blue Diamond Growers

BNSF Railway Company
Boddie Noell Enterprises Inc
Bojangles Restaurants, Inc.
BorgWarner Inc.
Brady Corporation
BreitBurn Energy Partners L.P.
Bristol-Myers Squibb Company
Broadcom Corporation
Broadridge Financial Solutions, Inc.
Brunswick Corporation
Buckeye Partners, L.P.
Bush Brothers & Company
Cafe Rio Inc
Callaway Golf Company
Calpine Corporation
Calumet Specialty Products Partners, L.P.
Campbell Soup Company
Capella Education Company
Cardtronics, Inc.
Career Education Corporation
CareFusion Corporation
Cargill, Incorporated
Caterpillar Inc.
CBRE
CDW Corporation
CenterPoint Energy, Inc.
CF Industries, Inc.
Chart Industries, Inc.
Chicago Bridge & Iron Company N.V.
Chipotle Mexican Grill, Inc.
Chrysler Group LLC
CHS Inc.
Church & Dwight Company, Inc.
Ciena Corporation
Clearwater Paper Corporation
Cleco Corporation
CMS Energy Corporation
Colgate-Palmolive Company
ConAgra Foods, Inc.
Consolidated Edison
Convergys Corporation
Cooper-Standard Holdings Inc.
Covanta Holding Corporation
Crestwood Midstream Partners LP
Cubic Corporation
Cummins Inc.
Curtiss-Wright Corporation
Daimler Trucks North America LLC
Dairy Queen
Darden Restaurants, Inc.
Deere & Company

Deloitte & Touche L.L.P.
Delphi Corporation

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Denso International America, Inc.
Dex Media
Diageo North America, Inc.
Diamond Foods, Inc.
Dine Equity Inc.
Direct Energy Services Inc
Dolby Laboratories, Inc.
Dole Packaged Foods, LLC
Dollar General Corporation
Dot Foods, Inc.
Dover Corporation
Drew Marine USA Inc
Dst Systems, Inc.
DTE Energy Company
Duke Energy Corporation
Dunkin' Brands, Inc.
E. I. du Pont de Nemours and Company
Eastman Kodak Company
Eaton Corporation
Ecolab Inc.
EDF Renewable Energy (also known as enXco, Inc.)
Edison International
Edwards Lifesciences
Eli Lilly and Company
Elkay Manufacturing Company
Emerson Electric Co.
Enbridge Energy Partners
Energy Transfer Partners, L.P.
EnergySolutions
EnLink Midstream (formerly Crosstex Energy)
Enterprise Products Partners L.P.
Equifax Inc.
ESCO Technologies Inc.
Essilor of America, Inc.
Express Scripts, Inc.
Federal Aviation Administration
Fellowes, Inc.
Ferrara Candy Company
Ferrellgas Partners, L.P.
FirstEnergy Corp.
Fiserv, Inc.
Florida Municipal Power Agency
Flowserve Corporation
Fortune Brands Home & Security
Freescale Semiconductor, Inc.
GAF Materials Corporation
GATX Corporation
Gemological Institute of America
General Dynamics Corporation
General Mills, Inc.

General Motors Company
Genesis Energy LLC
GNC Corporation

Gordon Food Service
Great River Energy
Gruma Corporation
H&R Block
H. P. Hood Inc.
H.B. Fuller Company
Halliburton Company
Hallmark Cards, Inc.
Hamra Enterprise
Hanesbrands Inc.
Harland Clarke
Haworth, Inc.
HCA Holdings, Inc.
HD Supply
Hendrickson
Herman Miller, Inc.
Hillshire Brands
Hilton Worldwide
HNTB¹
Hooters of America
Hormel Foods Corporation
Hubbell Incorporated
Huntington Ingalls Industries
Hyatt Hotels Corporation
Hy-Vee, Inc.
Illinois Tool Works Inc.
IMS Health Inc.
Ingersoll-Rand plc
Ingram Industries Inc.
Ingredion (Former Name Corn Products International, Inc.)
International Paper Company
Intersil
Iron Mountain Incorporated
ITT Corporation
J. C. Penney Company, Inc.
J. R. Simplot Company
James Hardie
Johns Manville Corporation
Johnson & Johnson
Johnson Controls, Inc.
Jones Lang LaSalle Incorporated
Joy Global Inc.
Kellogg Company
Kelly Services, Inc.
Kimberly-Clark Corporation
Kinder Morgan, Inc.
Kohler Company

Kohl's Corporation
KONE, Inc.
Krispy Kreme Doughnuts Inc
Kronos Incorporated
L.L. Bean, Inc.

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L-3 Communications Holdings, Inc.
Lafarge North America Inc.
Lam Research
Land O'Lakes
Laureate Education, Inc.
Leggett & Platt, Incorporated
Leidos Holdings, Inc.
Lennox International Inc.
Linear Technology
Lockheed Martin Corporation
L'Oreal USA, Inc.
Lowe's Companies, Inc.
Magellan Midstream Partners, L.P.
Markwest Energy Partners
Marriott International, Inc.
Martin Marietta Materials, Inc.
Mary Kay Inc.
Masco Corporation
Mattel, Inc.
McCormick & Company, Incorporated
McDonald's Corporation
McKesson Corporation
Mead Johnson Nutrition Company
Mednax, Inc
Mercedes Benz USA LLC
Merck & Co., Inc.
MGE Energy, Inc.
Milliken & Company
Mittal Steel USA Inc.
Mohawk Industries, Inc.
Mondelez International, Inc.
Mueller Water Products, Inc.
Navigant Consulting, Inc.
Navistar International
NCR Corporation
Nestle Purina Petcare Company
Nestle USA, Inc.
New York Power Authority
NewMarket Corporation
NewPage Corporation
NIKE, Inc.
Nintendo of America, Inc.
NiSource Inc.
Nordstrom, Inc.
Northrop Grumman Corporation
Northshore University Healthsystem
Northwest Natural Gas Company
NorthWestern Corporation
Novo Nordisk Inc.
NRG Energy, Inc.

NuStar Energy LP
Office Depot, Inc.
OGE Energy Corp.

Oglethorpe Power Corporation
Olin Corporation
On The Border Mexican Grill
One Gas, Inc.
ONEOK, Inc.
Oracle Corporation
Owens Corning
P.F. Chang's China Bistro, Inc.
Packaging Corporation of America
Papa John's International, Inc.
Papa Murphy's International
Parker-Hannifin Corporation
Pentair, Inc.
Pernod Ricard USA
PG&E Corporation
Pinnacle West Capital Corporation
Pitney Bowes Inc.
PJM Interconnection LLC
PNM Resources, Inc.
Polaris Industries Inc.
PolyOne Corporation
ProBuild Holdings, Inc.
Public Company Accounting Oversight Board
Public Service Enterprise Group Incorporated
Public Utility District 1 of Chelan County
PVH Corp.
Quad-Graphics, Inc.
Quest Diagnostics Incorporated
Randstad North America L.P.
Raytheon Company
Realogy Corporation
Recommunity Recycling
Regis Corporation
Revlon, Inc.
Reynolds American Inc.
Rich Products Corporation
Rio Tinto Alcan
Rite Aid Corporation
Robert Bosch LLC
Robert Half
Rockwell Automation, Inc.
Rolls-Royce North America Holdings Inc.
Rowan University
Ryder System, Inc.
S. C. Johnson & Son, Inc.
Sabic Innovative Plastics US LLC
Sabre Industries, Inc.

Samsung Electronics America, Inc.
Sandia National Laboratories
SCANA Corporation
Scholle Corporation
Schreiber Foods, Inc.
Science Applications International Corporation

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Scientific Games Inc.
Sears Holdings Corporation
SemGroup Corp
Seminole Electric Cooperative, Inc.
Sempra Energy
Simpson Manufacturing Co., Inc.
Sodexo, Inc.
Sonic Corp.
Sonoco Products Company
Spectra Energy Corp
Sports Authority Inc.
SPX Corporation
Stage Stores, Inc.
Standard Motor Products, Inc.
Staples, Inc.
Steelcase Inc.
Summit Midstream Partners, LP
SUPERVALU INC.
Sypris Solutions, Inc.
SYSCO Corporation
Target Corporation
TE Connectivity Ltd.
Tecumseh Products Company
Teds Montana Grill
Teledyne Technologies Incorporated
Tenneco Inc.
Terex Corporation
Texas Instruments Incorporated
TGI Friday's¹²³
The Bama Companies, Inc
The Clorox Company
The Coca-Cola Company
The Estee Lauder Companies Inc.
The Hershey Company
The Krystal Company
The Marcus Corporation
The Marmon Group LLC
The MITRE Corporation
The Nielsen Company
The Ohio State University
The ServiceMaster Company
The Sherwin-Williams Company
The Stanley Works
The Timken Company
The Valspar Corporation
The Walt Disney Company
The Wendy's Company
The Williams Companies, Inc.
Timken Steel
TreeHouse Foods, Inc

Trinchero Family Estates
True Value Company
Trugreen Chemlawn

Tyson Foods, Inc.
UIL Holdings Corporation
Unilever United States Inc.
United Continental Holdings, Inc.
United Launch Alliance, LLC
United Parcel Service
United Stationers Inc.
United Technologies Corporation
USD Partners LP
USG Corporation
Valero Energy Corporation
Valmont Industries, Inc.
VF Corporation
Viad Corp
Visteon Corporation
Vulcan Materials Company
W. L. Gore & Associates, Inc.
W.W. Grainger, Inc.
Wabash National Corporation
Waste Management, Inc.
Waters Corporation
Wegmans Food Markets, Inc.
Wellhead Electric Company, Inc.
WESCO International, Inc.
Westinghouse Electric Company LLC
White Castle System Inc.
WhiteWave Foods
Wisconsin Electric Power Company
Wolters Kluwer U.S.
Woodward Inc.
World Wrestling Entertainment
Wyndham Worldwide Corporation
Xylem, Inc
Yazaki North America, Inc.
YKK Corporation of America

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Towers Watson
 2016 CDB General Industry Executive Compensation
 Survey Report - U.S. Participant List - Appendix B

A.O. Smith	Berry Plastics	Cintas
AbbVie	Best Buy	Clearwater Paper Corporation
Accenture	Big Lots	Coca-Cola
ACH	Biogen, Inc.	Coca-Cola Enterprises
Adecco	Blount International	Colgate-Palmolive
ADT Security Services	BMC Software	Columbia Sportswear
Agilent Technologies	Bob Evans Farms	Comcast
Agrium	Bombardier Transportation	CommScope
Aimia	BorgWarner	Communications Systems
Air Products and Chemicals	Boston Scientific	Compass
Alcoa	Brembo	ConAgra Foods
Alexander & Baldwin	Bridgestone Americas	Continental
Alexion Pharmaceuticals	Bristol-Myers Squibb	Automotive Systems
Altria Group	Broadridge Financial Solutions	Convergys
Amadeus North America	Brown-Forman	Cooper Standard
American Express Global Business Travel	Brunswick	Automotive
American Sugar Refining	Bunge	Corning
Americas Styrenics	Burlington Northern Santa Fe	Cott Corporation
AmerisourceBergen	Bush Brothers & Company	Covestro
AMETEK	CA Technologies	Cox Enterprises
Amgen	Cablevision Systems	Crown Castle
AMSTED Industries	Cabot	CSC
Amway	Calgon Carbon	CSX
Andersons	Capsugel	Cubic
Ansell	Cardinal Health	Cumberland Gulf Group
Arby's Restaurant Group	Cargill	Curtiss-Wright
Archer Daniels Midland	Carlson	Cushman & Wakefield
Arkema	Carnival	CVR Energy
ARM	Casey's General Stores	D&B
Armstrong World Industries	Catalent Pharma Solutions	Danaher
Arrow Electronics	Catalyst Paper Corporation	Darden Restaurants
Asbury Automotive Group	CDI	Dean Foods
Ashland	CDK Global	Dell
AstraZeneca	CDW	Delta Air Lines
AT&T	Celanese	Deluxe
Automatic Data Processing	Celestica	Dematic Group
Avnet	CenturyLink	Dentsply Sirona
Axiall Corporation	Cepheid	DHL Supply Chain
BAE Systems	CEVA Logistics	Diageo North America
Baker Hughes	CGI Technologies and Solutions	Diebold
Ball	CH2M Hill	DJO Global, Inc.
		Domtar
		Donaldson

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Barrick Gold of North America
Beam Suntory
Bechtel Nuclear, Security & Environmental
Beckman Coulter
Becton Dickinson
Bemis

Charter Communications
Chemours Company
Chemtura
Chicago Bridge & Iron (CB&I)
CHS
Cimpress

Dot Foods
Dow Chemical
DuPont
E.W. Scripps
Eastman Chemical
Eastman Kodak

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eBay	Hasbro	Keysight Technologies
Ecolab	HAVI Group	Keystone Foods
Edwards Lifesciences	HD Supply	Kimberly-Clark
Eisai	Hearthside Food Solutions	Kinross Gold
Elementis	Henry Schein	Koch Industries
Eli Lilly	HERC	Kodak Alaris
Encana Services Company	Herman Miller	Kohler
Endo	Hershey	L-3 Communications
EnPro Industries	Hertz	Lafarge North America
Epson America	Hexcel	Land O'Lakes
Equifax	Hexion	Lear
Ericsson	Hilton Worldwide	Ledcor Group of Companies
ESCO	Hitachi Data Systems	Leggett and Platt
Estee Lauder	HNI	Lehigh Hanson
Esterline Technologies	HNTB	Leidos
Experian Americas	Hoffmann-La Roche	Lend Lease
Express Scripts	Hormel Foods	Lenovo
Federal-Mogul	Host Hotels & Resorts	Leprino Foods
Ferrovial	Houghton Mifflin Harcourt Publishing	Level 3 Communications
FIS	HP Inc.	Lexmark
Flowers Foods	Hunt Consolidated	LG Electronics
Flowserve	Husky Injection Molding Systems	Liberty Global
Fluor	IBM	Lifetouch
FOCUS Brands	IDEX Corporation	Lincoln Electric
Ford	IDEXX Laboratories	Lockheed Martin
Forsythe Technology	iHeartMedia	Lonza
Frontier Communications	IMS Health	L'Oreal
Fujitsu	INEOS Olefins & Polymers USA	Lubrizol
G&K Services	Ingenico	Lutron Electronics
GAF Materials	Ingevity	LyondellBasell
Gap	Ingredion	Magellan Midstream Partners
Garmin	Intel	Makino
Gates	Intelsat	Marriott International
General Atomics	International Flavors & Fragrances	Mars Incorporated
General Cable	International Game Technology	Martin Marietta Materials
General Dynamics	International Paper	Mary Kay
General Mills	Irvine	Masco
General Motors	Itron	Materion Corporation
Gilead Sciences	J. Crew	Mattel
Glatfelter	Jabil Circuit	Matthews International
GlaxoSmithKline	Jack in the Box	McCain Foods USA
GLOBALFOUNDRIES	Jacobs Engineering	McKesson
Goodyear Tire & Rubber	JetBlue Airways	McLane Company
Graco	Johns Manville	Medtronic
Green, Tweed and Co.	Johnson & Johnson	Merck & Co
H.B. Fuller	K. Hovnanian Companies	Meredith
Hallmark Cards	KB Home	Meritor
Halozyne Therapeutics	KBR	Merrill
Hanesbrands	Kellogg	Metrie
Haribo	Kelly Services	Mettler-Toledo

Harley-Davidson	Kennametal	Micron Technology
Harman International Industries	Kerry Group	Microsoft
Harsco	Keurig Green Mountain	MillerCoors

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Molex	Quintiles	Starbucks
Molson Coors Brewing	R.R. Donnelley	Steelcase
Monsanto	Rackspace	Stolt-Nielsen
Mosaic	Ralph Lauren	Stryker
Motorsport Aftermarket Group	Rayonier Advanced Materials	Sucampo Pharmaceuticals
MTS Systems	Regency Centers	SunCoke Energy
Multi-Color	Regeneron Pharmaceuticals	SunOpta
Mylan	Revlon	SuperValu Stores
Navigant Consulting	Reynolds Packaging	SWM International (Schweizer-Mauduit)
Navistar International	Ricoh Americas	Sysco Corporation
NBTY	Rio Tinto	Takeda Pharmaceuticals
NCR	Ritchie Brothers Auctioneers	Talisman Energy USA
Neoris	Rockwell Automation	Target
New York Times	Rockwell Collins	Taubman Centers
Newell Rubbermaid	Rolls-Royce North America	TE Connectivity
Newmont Mining	Royal Caribbean Cruises	TeleTech
Nike	Ryder System	Tempur Sealy
Nissan North America	S.C. Johnson & Son	Teradata
Norfolk Southern	Sabre Corporation	Terex
Nortek	Sage Software	Textron
Northrop Grumman	SAIC	Thermo Fisher Scientific
Novartis	Saint-Gobain	ThyssenKrupp
Novelis	Samsung	Tiffany & Co.
Nu Skin Enterprises	Sanofi	Time Warner
Nuance Communications	SAS Institute	Time Warner Cable
Occidental Petroleum	Sasol USA	Timken
Orbital ATK	Scholastic	TimkenSteel
Oshkosh	Schreiber Foods	T-Mobile USA
Osram Sylvania	Schwan Food Company	Tobii Dynavox
Outerwall	Scotts Miracle-Gro	Toro
Owens Corning	Scripps Networks Interactive	Total System Service (TSYS)
Oxford Instruments America	Sealed Air	TransUnion
Panasonic of North America	Sensient Technologies	Travel Leaders Group
PAREXEL	ServiceMaster Company	Travelport
Parker Hannifin	SGS - Societe Generale de Surveillance	Tribune Media
Parmalat	Sherwin-Williams	TripAdvisor
Parsons Corporation	Siemens	TRW Automotive
PayPal	Smith & Nephew	Tupperware Brands
PepsiCo	Snap-on	Tyson Foods
Pfizer	Snyder's Lance	Underwriters Laboratories
Philip Morris	Sodexo	Unilever United States
Pitney Bowes	Sonic Corp	Unisys
Polaris Industries	Sonoco Products	United States Cellular
PolyOne	Sony	United States Steel
Potash	Sony Electronics	United Technologies Corporation (UTC)
Praxair	Southwest Airlines	UPS
PulteGroup	Spirit AeroSystems	USG Corporation
Puratos	SPX Corporation	Valero Energy
Purdue Pharma	SPX FLOW	Vantiv
Quaker Chemical	St. Jude Medical	Vectrus

Qualcomm
Quest Diagnostics

Stanley Black & Decker
Stantec

Ventura Foods
Verizon

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Vertex Pharmaceuticals	Walt Disney	Wilsonart
Viacom	Waste Management	Wood Mackenzie
Viad	Watts Water Technologies	Worthington Industries
Vista Outdoor	Welltower	Xilinx
Visteon	Wendy's Group	Xylem
Vizient	West Pharmaceutical Services	YP
Vulcan Materials	Westinghouse Electric	Zebra Technologies
VWR International	WestRock	Zimmer Biomet
W.R. Grace	Weyerhaeuser	
Walmart	Whirlpool	

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