

NAVISTAR INTERNATIONAL CORP  
Form DEF 14A  
December 19, 2018  
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. \_ )

Filed by the Registrant:  X

Filed by a Party other than the Registrant:  \_\_\_\_\_

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 No fee required.

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- (2) Aggregate number of securities to which transaction applies:
- (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
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  - (4) Date Filed:
-



On the Cover

Representatives of the Navistar engineering team responsible for the development of the A26 engine.

(left to right)

Darren Gosbee, Vice President, Engineering

Laura Ricart, Chief Engineer, Vehicle Performance Integration

Jim Nachtman, A26 Design Lead Engineer

Joao Silva, A26 Chief Engineer (in front)

Artur Dudzik, Technical Specialist, Engine Validation

Lee Tran, Chief Engineer, Controls and Software

Sabrina Niemann, Chief Engineer, Engine & OBD Calibration

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

Date: Tuesday, February 12, 2019, 11:00 A.M. — Central Time

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

December 19, 2018  
To our stockholders:

On behalf of the Board of Directors of Navistar International Corporation, you are cordially invited to attend our 2019 Annual Meeting of Stockholders, which will be held on Tuesday, February 12, 2019 at 11:00 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;
- 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 19, 2018. 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 2019 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 17, 2018.

Your vote is important. Whether or not you plan to attend the 2019 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,

Richard E. Bond  
Secretary

IMPORTANT NOTICE OF INTERNET AVAILABILITY OF PROXY MATERIALS FOR THE STOCKHOLDERS  
MEETING TO BE HELD ON FEBRUARY 12, 2019: THE ANNUAL REPORT AND PROXY STATEMENT  
ARE AVAILABLE AT [HTTP://WWW.NAVISTAR.COM/NAVISTAR/INVESTORS](http://www.navistar.com/navistar/investors)

2019 Proxy Statement



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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 17, 2018. 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 12, 2019  
11:00 A.M. Central Time  
Navistar Corporate Headquarters  
2701 Navistar Drive, Lisle, Illinois 60532

Stockholder Action

Proposals for Your Vote	Board Voting Recommendation	Page
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## Director Nominees

Our Board of Directors (the "Board") recommends that you 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 14 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	63	April 2013		
José María Alapont Former Chairman, President and Chief Executive Officer of Federal-Mogul Corporation	68	October 2016	X	Finance and Nominating & Governance (Chair)
Stephen R. D'Arcy Partner, Quantum Group LLC	64	October 2016	X	Audit (Chair)
Vincent J. Intrieri Founder, President and Chief Executive Officer, VDA Capital Management LLC	62	October 2012	X	Finance (Co-Chair) and Nominating & Governance
Raymond T. Miller Principal, MHR Fund Management LLC	34	April 2018	X	Audit and Compensation
Mark H. Rachesky, M.D. Founder and President, MHR Fund Management LLC	59	October 2012	X	Finance (Co-Chair) and Nominating & Governance
Andreas H. Renschler Chief Executive Officer, TRATON AG	60	February 2017	X	Compensation and Nominating & Governance
Christian Schulz Chief Financial Officer, TRATON AG	41	August 2018	X	Finance
Kevin M. Sheehan Former President and Chief Executive Officer, Scientific Games	65	October 2018	X	Audit and Compensation
Dennis A. Suskind Retired General Partner, Goldman Sachs & Company	76	October 2016	X	Compensation (Chair) and Nominating & Governance

## Business Strategy

### Our 2018 Accomplishments

- Sales Momentum and Increased Market Share
- Launched Truck and Bus Products and Product Features

### Important to Key Markets

- Implemented the TRATON Strategic Alliance
- Improved Quality and Uptime
- Expanded OnCommand Connection Telematics
- Focus on Cost Management

- Our Expectations Going Forward
- Customer-Centric Focus
- Drive Operational Excellence
- Grow the Core Business
- Embrace Business Transformation
- Develop the TRATON Strategic Alliance
- Enhance Our Cross-Functional Teamwork and Winning Culture

## Corporate Governance Highlights

ü 10 of 11 directors are independent under our corporate governance guidelines and the New York Stock Exchange (“NYSE”) listing standards.

ü We have Co-Independent Lead Directors.

ü We have Board standing committees that are composed of 100% independent directors.

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 to re-coup incentive-based compensation in the event of an accounting restatement or intentional misconduct.

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 Our executives and directors are prohibited from engaging in short sales, derivatives trading and hedging transactions, and we impose restrictions on pledges and margin account use.

## 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 2018 Accomplishments

We continue to show positive progress on our top priorities as we move from a turn-around phase to a growth phase. In 2018, we ended with a significant volume increase and we were the only brand to increase Class 8 market share.

**Sales:** In 2018, we increased our Class 8 market share in a strong industry environment by nearly 2%, and our Core chargeout volumes ended at 73,900. Overall Class 6-8 retail market share was higher than the prior year. Our all-makes Fleetrite® brand experienced double-digit growth year over year for our overall Parts segment (U.S., Canada, Mexico and export).

**Product Launches:** We focused on our Core markets and investing in product development to increase customer value, improve our customers’ business and enhance customer experience.

**Truck:** In January 2018, we announced the International® HV™ Series Mid-Range Diesel which includes a bridge formula truck for the concrete industry. In March 2018, we announced the International® MV™ Series Mid-Range Diesel model, our new medium-duty truck.

**Bus:** In February 2018, we announced the newly updated IC Bus™ RE Series Type D school bus featuring remote diagnostics connectivity solutions. In July 2018, IC Bus™ became the first school bus original equipment manufacturer (OEM) to make electronic stability control and collision mitigation standard on all IC Bus models with air brakes.

**Strategic Alliance:** Our strategic alliance with TRATON Group continues to progress. Within the strategic alliance, the parties formed a joint venture to make recommendations for sourcing, evaluating and negotiating joint procurement opportunities.

The procurement joint venture has continued to give us access to global scale to achieve significant cost reductions. To date, our procurement joint venture has delivered over 90% of the target the parent companies had set for the first 24 months. It has identified a pipeline of additional projects to deliver the cumulative savings projected over the first five years.

¶The rest of the strategic alliance is on plan to deliver technology and other synergies:

Pursuing medium-duty vehicle electric powertrain.

Collaborating on fully integrated, next generation diesel big bore powertrains.

Collaborating on connected vehicle hardware and service solutions.

**Quality and Uptime:** Our focus on improving quality and uptime can best be seen in the reduction of dealer dwell time through improvements in diagnostic and repair procedures.

Warranty expense as a percentage of manufacturing revenue has decreased to 1.7%, from 2.4% in the prior year.

Our new product command center (“Command Center”) focuses on dwell time improvement for our new products. In 2018, the percent of repairs completed in 24 hours for our new A26 engine improved by 10 percentage points.

OnCommand Connection (“OCC”): OCC is our unique open architecture, all-brands remote diagnostics system focusing on improving vehicle uptime for our customers.

OCC supports the Command Center using proactive diagnostics and predictive tools.

We have over 600,000 vehicles actively reporting in OCC of which over 75% report via telematics.

We continue to add telematics partners to our portfolio.

In 2018, we launched OCC Telematics which includes access to the OCC Portal as a standard feature on our RH<sup>TM</sup>, LT<sup>TM</sup> and Lonestar products.

Cost Management: Focus on lowering material costs in our procurement and engineering organizations has resulted in improved margins.

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## Our Expectations Going Forward

Going forward, we believe we are well-positioned and have the right strategic vision in place to build upon our 2018 accomplishments. We intend to be the number one choice and the most customer focused, innovative and value driven truck and bus solution provider in the Americas. To do that, we will prioritize and focus on closing the gaps before setting the new standard. The strategic vision includes areas of focus centered around:

Customer-Centric

Operational Excellence

Core Business

Business Transformation

Strategic Alliance with TRATON Group

and

Cross-Functional Teamwork and a Winning Culture

By focusing on customer and market segmentation, we believe we will be able to better align our efforts with customer-specific applications and product requirements. We plan to continue to drive improvement of key performance metrics and we are committed to enhance customer value. We are operating with great care to execute flawless launches. We will further investigate electrification and build our eCommerce business to support our ease of doing business initiative. Together with our strategic alliance partner, TRATON Group, we expect to have a fully integrated proprietary powertrain as early as 2020, expect to launch the next generation connectivity module allowing feature sharing, and will launch an electric medium-duty truck and electric school bus. We intend to further develop our team-based organization, enhance collaborative work environments, and utilize visual management tools. We expect our financial performance to continue to improve due to savings from expected cost reduction actions and revenue growth.

TRATON Strategic Alliance

In February 2017, we entered into a strategic alliance with TRATON AG, formerly Volkswagen Truck & Bus AG ("TRATON") pursuant to a Stock Purchase Agreement dated as of September 5, 2016, by and among TRATON and us ("the Stock Purchase Agreement"), a License and Supply Framework Agreement and a Procurement JV Framework Agreement. Pursuant to the Stock Purchase Agreement, we issued and TRATON purchased 16.2 million shares of our common stock for an aggregate purchase price of \$256 million at \$15.76 per share (the "Share Issuance"), equal to a 19.9% stake in the Company at that time (16.8% on a fully-diluted basis as of December 17, 2018).

Also on September 5, 2016, we entered into a Stockholder Agreement with TRATON (the "Stockholder Agreement") which governs the rights and obligations of the parties with respect to TRATON's holdings in the Company following the Share Issuance, including the

right of TRATON to nominate two directors to serve on our Board. The Board approved the Share Issuance for purposes of Section 203 of the Delaware General Corporation Law ("DGCL") and the Company and TRATON entered into an agreement which permits TRATON 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").

During 2018 we continued the implementation of our alliance with TRATON by entering into additional commercial agreements under the License and Supply Framework Agreement, expanding the scope of the Procurement JV Framework Agreement and entering into certain other commercial agreements. A description of the transactions between the Company and TRATON during 2018 is set forth in the Related Party Transactions and Approval Policy portion of the Corporate Governance section of this proxy statement.

#### Changes in the Composition of our Board

General (Retired) Stanley A. McChrystal did not stand for reelection at the 2018 Annual Meeting. Michael F. Sirignano resigned from the Board in April 2018 and was immediately replaced as an MHR Group (as defined below) nominee by Raymond T. Miller. Matthias Gründler resigned from the Board in May 2018 and was replaced as a TRATON nominee in August of 2018 by

Christian Schulz. Daniel A. Ninivaggi resigned from the Board in October 2018 and was immediately replaced as an Icahn Group (as defined below) nominee by Kevin M. Sheehan. With these changes, there was a 25% refreshment in the composition of our Board during 2018. During 2017, the two initial TRATON nominees replaced retiring directors Michael N. Hammes and James H.

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Keyes, Jeffrey A. Dokho replaced Dennis D. Williams as the UAW appointed member and Daniel A. Ninivaggi replaced Samuel J. Merksamer as an Icahn Group nominee. Currently, a twelfth director position remains open. Given a 33% and 25% refreshment in Board composition during 2017 and 2018, respectively, the

Board is assessing its current mix of skills and attributes and is uncertain when the twelfth director position will be filled. At the appropriate time for onboarding a twelfth director, the Board will take into consideration the need to strengthen the Board by providing a diversity of expertise, age, gender, race, ethnicity, education, and other attributes which contribute to diversity.

#### 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 current Icahn Group nominees serving as members of our Board are Vincent J. Intrieri and Kevin M. Sheehan. The current MHR Group nominees serving

as members of our Board are Dr. Mark H. Rachesky and Raymond T. Miller. Mr. Intrieri, Mr. Sheehan, Dr. Rachesky and Mr. Miller are nominated for re-election. In addition, pursuant to the Stockholder Agreement, TRATON was granted the right to nominate two directors to serve on our Board effective as of February 28, 2017, the date of the Share Issuance. The current TRATON nominees serving as members of our Board are Andreas H. Renschler and Christian Schulz. Mr. Renschler and Mr. Schulz are nominated for re-election. As a result, three (3) of our largest stockholders have Board representation and collectively hold six (6) of the eleven (11) seats currently filled on our twelve (12) seat Board.

#### Corporate Governance

During 2018, 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 February 2017, upon the election of Troy A. Clarke, our Chief Executive Officer, as Chairman, the Board appointed General (Retired) Stanley A. McChrystal as the Independent Lead Director. Currently, Vincent J. Intrieri and Mark H. Rachesky serve as Co-Independent Lead Directors. In addition to these actions, we believe that the following items, among others, contribute to a strong governance and compensation profile:

• 10 of 11 directors are independent under our Corporate Governance Guidelines and the NYSE listing standards.

• We have Co-Independent Lead Directors.

• We have Board standing committees that are composed of 100% independent directors.

• We have a declassified Board.

• 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 to recoup incentive-based compensation in the event of an accounting restatement or intentional misconduct.

• 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.

• Our executives and directors are prohibited from engaging in short sales, derivatives trading and hedging transactions, and we impose restrictions on pledges and margin account use.

## 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 70% of our stock is held by five of our stockholders. Three 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. We also engage in regular dialogue with our two 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 continue to focus on, and are aware of, investor concerns regarding the link between pay and performance. In 2017 we met our annual incentive metrics and accordingly, awards were paid at 119.8% of target. For 2018, Navistar met or exceeded the 2018 annual incentive plan targets for many of the performance goals while the Company was below target on other

goals, which will yield an overall payout percentage of 112.4% of target.

For a summary of our commitment to best practices in executive compensation and changes made in 2018, please see the Executive Summary section of the Compensation, Discussion and Analysis section of this proxy statement.

Highlights of the changes made in 2018 include:

Retained an Annual Incentive ("AI") plan that leverages our scorecard approach, retained the adjusted EBITDA multiplier, the individual performance factor, and market share and cost metrics, removed the EBIT (Parts EBIT) metric, added a quality metric and replaced Free Cash Flow with Operating Cash Flow

Key differentiators in our 2018 Long-Term Incentive ("LTI") plan include transitioning from an annual to a 3-year performance cycle and replacing the Market Share metric with Revenue Growth while retaining the current vehicles and mix of performance-based and time-based equity as well as retaining the use of adjusted EBITDA and the relative Total Shareholder Return ("TSR") multiplier

## 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 the year ended October 31, 2018. 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, we are obligated to file annual, quarterly, and current reports, proxy statements, and other information with the U.S. Securities and Exchange Commission (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 for the year ended October 31, 2018. 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

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 2019 Annual Meeting of Stockholders (the “Annual Meeting”). 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.

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 “Say-on-Pay” proposal, (iii) Proposal 3 — the ratification of the appointment of KPMG LLP (“KPMG”) as the Company’s independent registered public accounting firm, and (iv) 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.

How does the Board recommend that I vote?

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 ratification of the appointment of KPMG as our independent registered public accounting firm (Proposal 3).

Who can attend the Annual Meeting?

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 17, 2018;

An authorized proxy holder of a stockholder of record on December 17, 2018; 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.

What is a stockholder of record?

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.

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

The Board has set December 17, 2018, 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 17, 2018, there were approximately 98,932,337 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

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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.

How do I vote?

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](http://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.

How can I change or revoke my proxy?

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 11, 2019 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.

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.

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

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 3) 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) and the Say-On-Pay proposal (Proposal 2), 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.”

What is the quorum requirement for the Annual Meeting?

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.

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

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 “withhold” 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 (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 3 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 ten directors and stockholders may not cumulate votes in the election of directors. If you abstain from voting on Proposal 1, 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 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 (Proposals 2 and 3).

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 our Board'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.

What is householding?

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 if you hold shares through that broker or bank. In this practice known as "householding," you were deemed to have consented to receiving only one annual report and proxy statement for your household. Householding benefits both you and the Company 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.

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.

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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.

When are stockholder proposals or nominations due for the 2020 Annual Meeting of Stockholders?

In order to be included in the Company’s proxy materials for our 2020 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 21, 2019. 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 2020 annual meeting of stockholders, the Company’s Corporate Secretary must receive such notice no earlier than September 15, 2019, and no later than October 15, 2019.

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.

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

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.

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.

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

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.

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## PROPOSAL 1 — ELECTION OF DIRECTORS

At the Annual Meeting, ten directors will be nominated for election. An eleventh director is appointed by the United Automobiles, Aerospace and Agricultural Implement Workers of America (the “UAW”) pursuant to a 1993 settlement agreement we entered into in connection with the restructuring of our postretirement health care and life insurance benefits and is not elected by the stockholders. Currently, a twelfth director position is vacant. Given the substantial refreshment in Board composition during 2017 and 2018, the Board intends to conduct a search process to identify the best candidate to fill this twelfth Board seat at a future date. 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 current nominees are Mr. Vincent J. Intrieri and Mr. Kevin M. Sheehan. The MHR Group’s current nominees are Dr. Mark H. Rachesky and Mr. Raymond T. Miller. Moreover, in connection with the TRATON alliance, and pursuant to the terms of the Stockholder Agreement, two persons nominated by TRATON were initially elected to our Board effective February 28, 2017 upon consummation of the Share Issuance. TRATON’s current nominees are Mr. Andreas H. Renschler and Mr. Christian Schulz.

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.

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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 Federal-Mogul Corporation until 2013. He was the 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 has been a director of Ferroglobe Plc., a public silicon, manganese and special alloys producer company since January 2018 and a director of Ashok Leyland, a public commercial trucks, vans, buses and defense manufacturing company since January 2017. Mr. Alapont also serves as a member of the board of Hinduja Investment and Project Services Limited, a private investment and service group, since 2016 and a director of Hinduja Automotive Limited, a private automotive holding group, since November 2014. He has served as a director of Manitowoc Company, a public crane manufacturing company, since March 2016 and was a director of Mentor Graphics Corp., a public electronic design automation company, from 2011 to 2012. Mr. Alapont holds a degree in Industrial Engineering from the Valencia Technical School and a degree in Philosophy from the University of Valencia, Spain.

José María Alapont\*

Age: 68

Director since: October 2016

Committees: Finance and

Nominating & Governance (Chair)

Skills and Qualifications

Mr. Alapont brings broad executive and leadership experience of more than 30 years serving several automotive manufacturing companies, together with his significant experience as a member of other public and private company boards. Mr. Alapont's particular knowledge and experience in a variety of areas, including corporate finance, 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 and treasury matters and union and labor relations, well qualify 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 was a Partner at 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 has served 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: 64

Director since: October 2016

Skills and Qualifications

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.

Committees: Audit (Chair)





Biographical Information

Vincent J. Intrieri\*

Age: 62

Director since:  
October 2012  
(Co-Independent  
Lead Director  
since October  
2018)

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

In January 2017, Mr. Intrieri founded VDA Capital Management LLC, a private investment firm, where he currently serves as President and Chief Executive Officer. Mr. Intrieri was employed by Icahn related entities from October 1998 to December, 2016 in various investment related capacities. Mr. Intrieri served as Senior Managing Director of Icahn Capital LP, the entity through which Carl C. Icahn manages private investment funds from January 2008 to December 2016. In addition, Mr. Intrieri was 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 from November 2004 to December 2016. 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; 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 Dynegy 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; chairman of the board and a director of Viskase Companies, Inc., a meat casing company, from April 2003 to March 2011; and a director of Conduent Incorporated, a business process services company that was launched following its separation from Xerox, from January 2017 to May 2018. 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 Mr. Icahn. Mr. Icahn also has or previously had non-controlling interests in Hertz, Transocean, Forest Laboratories, Navistar, Chesapeake Energy, Dynegy 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.

Skills and Qualifications

Mr. Intriери possesses strong skills and experience in accounting, corporate governance, finance, mergers and acquisitions and treasury matters. Mr. Intriери'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.

Biographical Information

Raymond T. Miller*	Mr. Miller is a Principal at MHR Fund Management LLC, an investment 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, where he is responsible for sourcing and managing investments and portfolio companies. Prior to joining MHR
Age: 34	Fund Management LLC in 2011, Mr. Miller spent five years at Guggenheim Partners Investment Management LLC investing across capital structures in a variety of industries. Mr. Miller currently
Director since: April 2018	serves as a director of Erickson, Inc., a leading aerospace manufacturer and global provider of aviation services, and holds a B.B.A, with high distinction, from the Stephen M. Ross School of Business at the University of Michigan.
Committees: Audit and Compensation	Skills and Qualifications  Mr. Miller possesses strong corporate finance and business expertise which well qualifies him to serve on our Board.

Biographical Information

Mark H. Rachesky, M.D.*	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 is the chairman of the board of directors of Loral Space & Communications Inc., a public satellite communications company, Lions Gate Entertainment Corp., a public entertainment company and Telesat Canada, a private satellite company. He has served as a director of Loral Space & Communications Inc. since 2005, Lions Gate Entertainment Corp. since 2009 and Telesat Canada since 2007. In addition, Dr. Rachesky has served on the Board of Directors of Titan International, Inc., a public wheel, tire and undercarriage systems and components company, since 2014, and Emisphere Technologies, Inc., a public biopharmaceutical company, since 2005. 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.
Age: 59	
Director since: October 2012 (Co-Independent Lead Director since October 2018)	
Committees: Finance (Co-Chair) and Nominating & Governance	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 qualify him to serve on our Board.

Biographical Information

Andreas H. Renschler\*

Age: 60

Director since: February 2017

Committees: Compensation and Nominating & Governance

Mr. Renschler has been Chief Executive Officer of TRATON AG, a leading commercial vehicle manufacturer, since February 2015. He has also served as a member of the Board of Management of Volkswagen AG since February 2015. He served as a member of the Daimler AG Board of Management in charge of Manufacturing and Procurement at Mercedes-Benz Cars & Mercedes-Benz Vans from April 2013 to January 2014. Mr. Renschler began his career at Daimler-Benz AG in 1988. Following various posts at Daimler-Benz AG, he led the M Class unit, serving as President and CEO of Mercedes-Benz US. Later he served as Senior Vice President, Executive Management Development, at DaimlerChrysler AG and President of smart GmbH in the same year. He was assigned to Mitsubishi Motors in Japan in 2004 and was subsequently named a member of the Daimler AG Board of Management with responsibility for the Daimler Trucks Division.

Skills and Qualifications

Mr. Renschler has broad experience as a Chief Executive Officer, executive officer and board member of other automotive manufacturing companies. He possesses strong skills and experience in accounting, corporate governance, distribution (domestic and international), finance, human resources, compensation, employee benefits, manufacturing (domestic and international), marketing, mergers and acquisitions, purchasing, sales (domestic and international) and union/labor relations matters, which well qualifies him to serve on our Board.

Biographical Information

Christian Schulz\*

Age: 41

Director since: August 2018

Committees: Finance

Mr. Schulz has been the Chief Financial Officer and a member of the Board of Management of TRATON AG since June 2018. Previously he was in charge of Corporate Development, Strategy and Mergers & Acquisitions at TRATON AG from January 2017 to June 2018. As part of this role, he led the advancement of both TRATON AG's strategic development and its strategic partnership.

Prior to joining TRATON AG, Mr. Schulz spent five years as Director of Controlling Operations worldwide at Mercedes-Benz Cars and its shareholdings abroad from 2011 to 2017. Mr. Schulz was the Controlling Director for Purchasing, Production, and R&D at Mitsubishi Fuso in Japan from 2008 to 2010. His previous roles included management responsibilities in the fields of finance and controlling at Daimler Group, including serving as Chief Financial Officer of the transmissions plant in Gaggenau, Germany.

Skills and Qualifications

Mr. Schulz possesses strong financial expertise, having served in key management roles in fields of finance, controlling and business development within the automotive manufacturing business. His background and experience well qualify him to serve on our Board.



Biographical Information

Kevin M. Sheehan\*

From August 2016 to June 2018, Mr. Sheehan served as the President and Chief Executive Officer at Scientific Games a gaming and lottery company. From February 2015 through August 2016, Mr. Sheehan taught full time as the John J. Phelan, Jr. Distinguished Visiting Professor of Business at Adelphi University. Mr. Sheehan previously held several senior positions with Norwegian Cruise Line Holdings Ltd., a global cruise company, from November 2007 to January 2015. These positions included President from August 2010 to January 2015; Chief Executive Officer from November 2008 to January 2015; and Chief Financial Officer from November 2007 to September 2010. Mr. Sheehan also previously served as Chairman of the Board and Chief Executive Officer of Cendant Corporation's Vehicle Services Division from March 2003 to March 2005, which included global responsibility for Avis Rent A Car, Budget Rent A Car, Budget Truck, PHH Vehicle Management, First Fleet and Wright Express.

Age: 65

Director since: October 2018

Mr. Sheehan has served as a director of Hertz Global Holdings, Inc. since August 2018 where he currently serves on the Finance and IT committees, Dave & Buster's, Inc. since 2013 where he currently chairs the Audit Committee and serves on the Finance Committee, and New Media Investment Group Inc. since November 2013 where he chairs the Audit Committee and serves on the Compensation Committee. From 2013 to 2017, he was a director of Bob Evans Farms, Inc. where he served on the Audit Committee. Mr. Sheehan is a graduate of Hunter College and New York University Graduate School of Business and is a Certified Public Accountant.

Committees: Audit and Compensation

Skills and Qualifications

Mr. Sheehan has broad experience as a Chief Executive Officer of several large, diversified corporations and as a member of the board of directors of other public companies. He has experience as a Chief Financial Officer of several global businesses, has a Masters degree in finance and taxation, and is a certified public accountant. Mr. Sheehan possesses particular expertise, knowledge, and strong skills in accounting, corporate governance, finance, mergers and acquisitions, and treasury matters, which strengthens the Board's collective knowledge, capabilities, and experiences and well qualifies him to serve on our Board.

Biographical Information

Dennis A. Suskind\*

Age: 76

Director since: October 2016

Mr. Suskind is a retired General Partner of Goldman Sachs & Company, a multinational finance company that engages in global investment banking. 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 where he chairs the Risk Committee and also serves on the Audit Committee. Mr. Suskind has also served on the board of Bridge Bancorp Inc. since July 2002 where he is Vice Chairman and chairs the Governance Committee

Committees: Compensation (Chair) and Nominating & Governance

Skills and Qualifications

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.

Additional Director Who Is Not Elected by the Stockholders

Biographical Information

Jeffrey A. Dokho\* \*\*

Age: 44

Director since: April 2017

Committees: Audit and Finance

Mr. Dokho is currently the Assistant Director of the United Automotive Workers' (UAW) Research Department, where he directs a group of financial analysts and oversees the union's financial research and analysis. Mr. Dokho has worked on many high-profile contract negotiations between the UAW and large multinational companies and plays a leading role in the development and implementation of profit sharing plans, including those currently in place for UAW members at General Motors Company, Ford Motor Company and Fiat Chrysler Automobiles N.V. Before joining the UAW in 2006, Mr. Dokho was a Senior Analyst at Lear Corporation, a tier 1 supplier to the automotive industry. While at Lear, Mr. Dokho focused largely in mergers & acquisitions and joint ventures. From 2000 to 2002, Mr. Dokho provided both audit and business risk consulting to clients in a wide range of industries, including defense and manufacturing while at Ernst & Young, a global public accounting firm. Prior to Ernst & Young, Mr. Dokho conducted regulatory compliance audits at the National Futures Association, the self-regulatory organization for the U.S. derivatives industry. Mr. Dokho received a B.A. in Accounting from Michigan State University and is a licensed Certified Public Accountant in the state of Michigan.

Skills and Qualifications

Mr. Dokho possesses a broad range of experience in accounting, financial analysis, business risk consulting, mergers and acquisitions and profit-sharing plan design and implementation, including in the automotive sector.

\* 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 2018, the following related-person transactions occurred:

Carl C. Icahn. As a 16.9% stockholder of the Company as of December 17, 2018, Carl C. Icahn is a related person. During the first eleven months of 2018, Mr. Icahn owned 100% of Federal-Mogul Corporation (“Federal-Mogul”). Mr. Icahn sold his entire interest in Federal Mogul to a third party on or about October 1, 2018. Navistar purchased goods and services from Federal-Mogul throughout 2018 at a cost of approximately \$16,401,884. Navistar received standard terms and conditions and received no unique payment terms or special concessions. Because Mr. Icahn owned Federal-Mogul in 2018, Mr. Icahn has an indirect material interest in this transaction. The Audit

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Committee and the Board considered the factors described above and in December 2018 the Board, upon the recommendation of the Audit Committee, ratified the ongoing transactions with Federal-Mogul on the basis that the Navistar/Icahn/Federal-Mogul relationship is in the best interests of the Company.

TRATON, Andreas H. Renschler and Christian Schulz. The Company and its subsidiaries have historically had a series of commercial relationships with TRATON and its affiliates and subsidiaries, and the parties entered into additional transactions prior to and during 2018. The total aggregate value of these transactions amounted to approximately \$157,367,629 during 2018. As of December 17, 2018, TRATON is a 16.8% stockholder of the Company and is therefore a related person. Messrs. Renschler and Schulz, who are members of our Board, are also the Chief Executive Officer and Chief Financial Officer, respectively, of TRATON. By virtue of their positions as officers of TRATON, Messrs. Renschler and Schulz are deemed to have an indirect material interest in the Company's transactions with TRATON. The related person transactions which existed, were entered into or are currently being proposed between the Company and TRATON during 2018 and the first two months of 2019 ("the TRATON Transactions") are as follows:

1. Navistar pays MAN Truck & Bus AG ("MAN"), an indirect subsidiary of TRATON, a royalty for the use of certain base technology associated with our current A26 diesel engine and our discontinued 13 liter diesel engine. The royalty payment for 2018 was €1,775,800 (US\$2,108,738).

2. MWM International Motores, S.A. ("MWM"), one of our Brazil operating subsidiaries, purchases various parts from MAN and its direct and indirect subsidiaries. In 2018, the amount paid for such parts, including commissions, was US\$406,791.

3. MWM contract manufactures the D08 engine (6.9 and 4.6 liter) for MAN Latin America Indústria e Comércio de Veículos Ltda. ("MAN Latin America"), an indirect subsidiary of TRATON, sells block cylinders and loose engines to MAN Latin America and sells various spare parts to MAN Latin America and Volkswagen AG. The revenue and deferred revenue associated with this relationship during 2018 was approximately US\$146,205,319 and US\$828,872, respectively.

4. Global Truck & Bus Procurement LLC (the "Procurement JV"), a joint venture entity, was formed and commenced operations in 2017. Owned 51% by TRATON, LLC (formerly known

as Volkswagen Truck & Bus, LLC), a subsidiary of TRATON, and 49% by International Truck and Engine Investments Corporation ("ITEIC"), an indirect subsidiary of the Company, the purpose of the Procurement JV is to make sourcing recommendations to TRATON and Navistar. The Procurement JV's annual operating budget is funded on a cost plus basis. In 2018, the parties each made operating cost payments to the Procurement JV in the amount of \$2,301,428.

5. Certain of our subsidiaries have entered into agreements, or are currently proposing to enter into agreements, with certain indirect subsidiaries of TRATON with respect to supplying us with big bore diesel engines with after-treatment and transmissions; a prototype Battery Electric Vehicle system; and certain consulting and /or engineering services in connection with our development and building of a prototype electric school bus, an electric battery for medium duty trucks, and a transmission for use with A26 engines. Payments made by us under these agreements during 2018 totaled US\$5,409,769.

Each of the TRATON Transactions was the result of arms-length negotiations with no unique concessions on pricing or other terms and conditions, and certain of the transactions are of long-term strategic importance to the Company.

The Audit Committee and the Board considered these factors and in December 2018 the Board, upon the recommendation of the Audit Committee and with Messrs. Renschler and Schulz not participating since they have an

indirect material interest, approved and ratified the TRATON Transactions on the basis that the Navistar/TRATON relationship is in the best interests of the Company.

Walter Borst. As an executive officer of the Company, Walter Borst is a related person. Mr. Borst currently serves as a trustee of Kettering University. The Company has pledged a charitable gift to Kettering University in the amount of \$2,000,000 to be paid in five annual payments of \$400,000. The gift will fund technology research, scholarships for STEM students, and the naming rights for Kettering University's corporate common space. In December 2018, the Audit Committee and the Board reviewed, approved and ratified the Kettering University charitable pledge.

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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 ten of our eleven directors, namely Dr. Rachesky and Messrs. Alapont, D'Arcy, Dokho, Intrieri, Miller, Renschler, Schulz, Sheehan and Suskind, 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 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 member 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. This process included a review of the continuing development of Navistar's commercial relationships with TRATON for which Messrs. Renschler and Schulz serve as the Chief Executive Officer and Chief Financial Officer, respectively. More information on the TRATON relationship is set forth in the Related Party Transactions and Approval Policy portion of the Corporate Governance section of this proxy statement.

## 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 decided to select one of our independent directors to serve as Chairman. Upon that director's retirement at the 2017 Annual Meeting, the Board determined that it was an appropriate time to appoint Mr. Clarke as Chairman. Mr. Clarke would continue to serve as the CEO as well. Accordingly, also at the 2017 Annual

Meeting, General Stanley McChrystal was selected as the Independent Lead Director. However, General McChrystal elected to not stand for re-election at the 2018 Annual Meeting. The Board continued to believe that this leadership structure was in the best interests of the Company and its stockholders, but it did not immediately identify a successor Independent Lead Director. After careful consideration and discussion by and among the Nominating and Governance Committee and the full Board, on October 16, 2018, Vincent J. Intrieri and Mark H. Rachesky were selected as the Co-Independent Lead Directors.

## 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

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reviewing and discussing the Company's policies and guidelines with respect to risk assessment and risk management. It also focuses on the Company's 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.

### Nominating Directors

You may recommend any person as a candidate for director for election at our 2020 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 15, 2019, and no later than October 15, 2019, 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.

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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 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 October 2018, 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 2018, the full Board met 9 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 chairs 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 2018 each of the directors attended 75% or more of all the meetings of the Board and the committees on which he serves with the exception of Andreas H. Renschler. The average attendance of all directors at meetings of the Board and the committees on which they served in 2018 was 94%. We encourage all Board members to attend all meetings, including the Annual Meeting. Ten of our eleven directors who were directors at the time of our 2018 annual meeting of stockholders attended that meeting with two of the ten participating by teleconference.



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 8 meetings in 2018. The Compensation Committee conducted an evaluation of its performance in October 2018.

Finance Committee — The Finance Committee reviews the Company's financing requirements, procedures by which projections and estimates of cash flow are

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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 7 meetings in 2018. The Finance Committee conducted an evaluation of its performance in October 2018.

**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 8 meetings in 2018. The Nominating and Governance Committee conducted an evaluation of its performance in October 2018.

#### 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](mailto: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.

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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

or via the Internet at

<https://iwf.tnwgrc.com/navistar/>

Audit Committee

c/o Corporate Secretary

Navistar International Corporation      [Audit.committee@navistar.com](mailto:Audit.committee@navistar.com)

2701 Navistar Drive

Lisle, Illinois 60532

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## PERSONS OWNING MORE THAN FIVE PERCENT OF COMPANY COMMON STOCK

This table indicates, as of December 17, 2018, 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 <sup>(A)</sup>
Carl C. Icahn c/o Icahn Associates Corp., 767 Fifth Avenue, Suite 4700 New York, NY 10153	16,729,960 <sup>(B)</sup>	16.9%
TRATON AG Dachauer Str. 641 80995 Munich, Germany	16,629,667 <sup>(C)</sup>	16.8%
Mark H. Rachesky, M.D. 40 West 57 <sup>th</sup> Street, 24 <sup>th</sup> floor New York, NY 10019	16,282,835 <sup>(D)</sup>	16.5%
Franklin Resources, Inc. One Franklin Parkway San Mateo, CA 94403-1906	11,354,911 <sup>(E)</sup>	11.5%
GAMCO Investors, Inc. et. al. One Corporate Center Rye, NY 10580-1435	8,508,735 <sup>(F)</sup>	8.6%

(A) Applicable percentage ownership is based upon 98,932,337 shares of Common Stock outstanding as of December 17, 2018.

(B) As reported in Schedule 13D/A, as filed with the SEC on March 17, 2017, by High River Limited Partnership (“High River”), Hopper Investments LLC (“Hopper”), Barberry Corp. (“Barberry”), Icahn Partners Master Fund LP (“Icahn Master”), 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 3,345,991 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 5,446,990 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 7,936,979 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.

As reported in a Schedule 13D/A filed with the SEC on April 18, 2018, by Volkswagen Truck and Bus GmbH (“VW T&B”) and Volkswagen AG (“Volkswagen” and together with VW T&B, the “Reporting Persons”). The (C) Reporting Persons are each the beneficial owners of 16,629,667 shares of Common Stock. In August 2018, VW T&B changed its name to TRATON AG (“TRATON”). TRATON and Volkswagen have shared power to vote and to dispose of 16,629,667 shares of Common Stock. TRATON is a wholly-owned subsidiary of Volkswagen.

As reported in a Schedule 13D/A filed with the SEC on April 18, 2018 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”), and as further supplemented by reports filed on Form 4 by Dr. Rachesky, pursuant to Section 16(a) of the Securities Exchange Act of 1934. 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 (D) 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 16,282,835 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) 25,934 shares of Common Stock held directly by Dr. Rachesky; (iii) 1,901 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 30,000 shares of Common Stock granted to Dr. Rachesky in his capacity as a director.

As reported in a Schedule 13G/A filed with the SEC on February 7, 2018, by Franklin Resources, Inc. (“FRI”), (E) 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 February 16, 2018, by Gabelli Funds, LLC, GAMCO Asset Management, Inc., Teton Advisors, Inc., Gabelli & Company Investment Advisers, Inc., MJG Associates, Inc., MJG-IV Limited Partnership, GGCP, Inc., GAMCO Investors, Inc., Associated Capital Group, 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 2,747,509 shares of Common Stock, GAMCO Asset Management Inc. has sole voting power with regard to 5,322,926 shares of Common Stock and sole dispositive power with regard to 5,678,826 shares of Common Stock, Teton Advisors, Inc. has sole voting and dispositive power with regard to 20,000 shares of Common Stock, Gabelli & Company Investment Advisers, Inc. has sole voting and dispositive power with regard to 2,200 shares of Common Stock, MJG Associates, Inc. has sole voting and dispositive power with regard to 2,000 shares 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 no voting or dispositive power with regard to any shares of Common Stock, GAMCO Investors, Inc. has no voting or dispositive power with regard to any shares of Common Stock, Associated Capital Group, Inc. has no voting or dispositive power with regard to any shares of common stock, and Mario J. Gabelli has sole voting and dispositive power with regard to 56,200 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 & Company Investment Advisers, Inc. is deemed to have beneficial ownership of the Common Stock owned beneficially by G. research, Inc. Associated Capital Group, 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 the Gabelli Foundation, Inc. See the Schedule 13D/A filed by the Gabelli Reporting Persons for certain disclaimers of beneficial ownership.



## 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, 2018 by: (i) each of our directors or nominees for director; (ii) each of our NEOs; and (iii) all of our directors, nominees for director, and 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 <sup>(A)</sup>	Number of DSUs, PSUs or RSUs Convertible into Common Stock <sup>(B)</sup>	Obtainable Through Stock Option Exercise	Total	Percent of Class
José María Alapont - Director	968	—	5,000	5,968	*
Walter G. Borst - EVP and CFO	62,969	10,366	96,850	170,185	*
Troy A. Clarke - Chairman, President & CEO	105,200	46,643	1,028,960	1,180,803	1.2
Stephen R. D'Arcy - Director	1,383	—	5,000	6,383	*
Jeffrey A. Dokho <sup>(C)</sup> - Director	—	—	—	—	*
Vincent J. Intrieri - Director	592	7,977	30,000	38,569	*
Curt A. Kramer - SVP and General Counsel	2,385	—	3,157	5,542	*
Persio V. Lisboa - EVP and COO	25,532	2,790	59,242	87,564	*
William V. McMenamín - President, Financial Services and Treasurer	21,051	12,496	21,034	54,581	*
Raymond T. Miller - Director	—	1,386	—	1,386	*
Mark H. Rachesky <sup>(D)</sup> - Director	16,250,934	1,901	30,000		