NAVISTAR



Q4 2017 EARNINGS PRESENTATION

December 19, 2017

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NYSE: NAV

Safe Harbor Statement and Other Cautionary Notes

Information provided and statements contained in this presentation 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 presentation and Navistar International Corporation assumes no obligation to update the information included in this presentation. Such forward-looking statements include information concerning our possible or assumed future results of operations, including the results of our alliance with Volkswagen Truck & Bus and descriptions of our business strategy. These statements often include words such as "believe," "expect," "anticipate," "intend," "plan," "estimate," or similar expressions. These statements are not guarantees of performance or results and they involve risks, uncertainties, and assumptions. For a further description of these factors, see the risk factors set forth in our filings with the Securities and Exchange Commission, including our annual report on Form 10-K for the year ended October 31, 2017. Although we believe that these forward-looking statements are based on reasonable assumptions, there are many factors that could affect our results of operations and could cause actual results to differ materially from those in the 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.

The financial information herein contains audited and unaudited information and has been prepared by management in good faith and based on data currently available to the company.

Certain non-GAAP measures are used in this presentation to assist the reader in understanding our core manufacturing business. We believe this information is useful and relevant to assess and measure the performance of our core manufacturing business as it illustrates manufacturing performance. It also excludes financial services and other items that may not be related to the core manufacturing business or underlying results. Management often uses this information to assess and measure the underlying performance of our operating segments. We have chosen to provide this supplemental information to investors, analysts, and other interested parties to enable them to perform additional analyses of operating results. The non-GAAP numbers are reconciled to the most appropriate GAAP number in the appendix of this presentation.

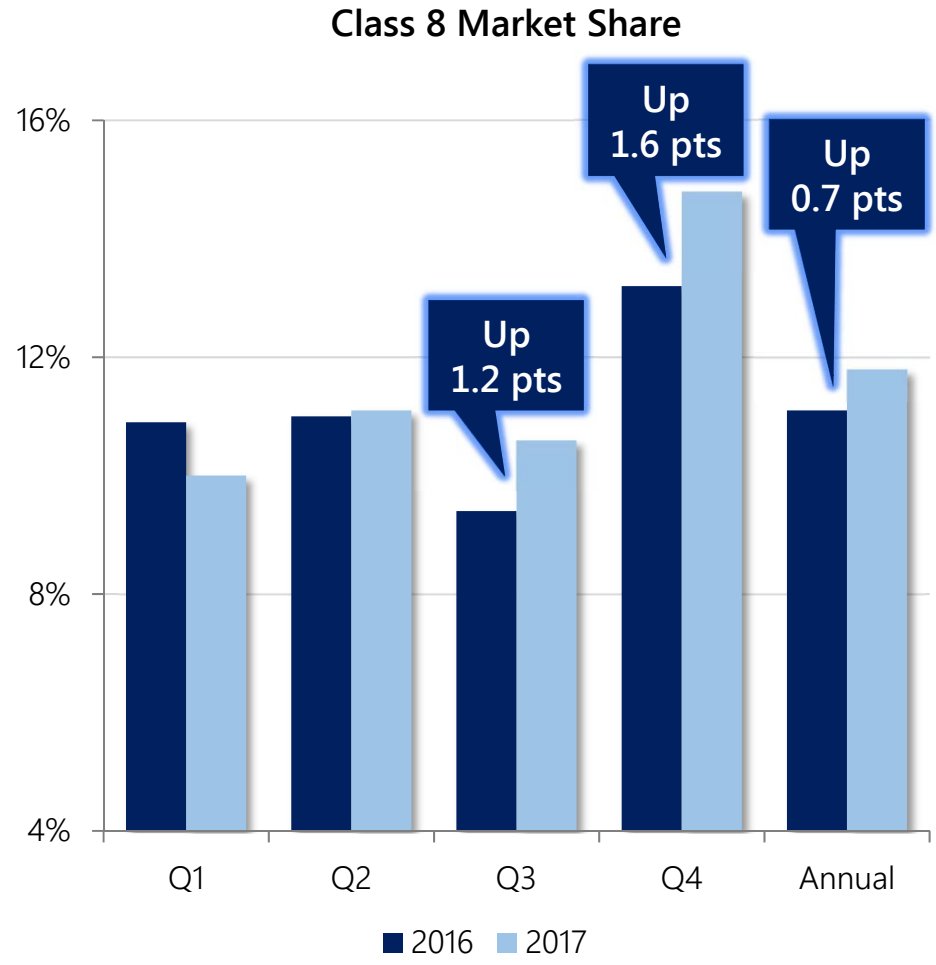
2017 Highlights – Back in the Black

- Full-year net income of $30 million
  - All segments profitable in the fourth quarter
  - Q4 adjusted EBITDA margin of 10.3%
- Stronger Core market share
  - Core market share increased 1.5 points
  - Market share grew in each truck category
- Improving Class 8 market conditions
- Senior Notes and Term-loan refinancing completed
- Used Truck and Warranty returning to normal levels
- Several joint product announcements with Volkswagen Truck & Bus (VW T&B)



Note: This slide contains non-GAAP information; please see the REG G in appendix for a detailed reconciliation.

Class 8 Market Share Growing With Introduction of New Products





2017 annual Class 8 market share up 0.7 points to 11.8%

2017: Year End Review

Drive Operational Excellence

- Profitable through higher sales and cost management
- Used truck accelerating sales and reducting inventories
- VW T&B alliance proceeding to plan

Grow the Core Business

- Entire line of Class 8 products refreshed and International® A26 engine launched
- New innovative IC Bus features and powertrain solutions
- Parts private labels brands (Fleetrite® and ReNEWed®) sales grew double digits in 2017
- Next-generation, diesel big-bore powertrain collaboration with VW T&B

Offer Innovative Technology Solutions

- Electric Medium Duty truck and Bus (chargE™) products as early as 2019
- Converging connected services with RIO (VW T&B)
- 370,000 OnCommand® Connection active VINs

Return To Profitability In 2017

($ in millions, except per share and units)

	Quarters Ended October 31		Years Ended October 31	
	2017	**2016**	**2017**	**2016**
Chargeouts[(A)]	**17,000**	13,000	**57,300**	52,900
Sales and Revenues	**$2,598**	$2,063	**$8,570**	$8,111
Net Income (Loss)[(B)]	**$135**	($34)	**$30**	($97)
Diluted Income (Loss) Per Share[(B)]	**$1.36**	($0.42)	**$0.32**	($1.19)
Adjusted EBITDA	**$268**	$112	**$582**	$508
Adjusted EBITDA Margin	**10.3%**	5.4%	**6.8%**	6.3%

(A) Includes U.S. and Canada School buses and Class 6-8 trucks.
(B) Amounts attributable to Navistar International Corporation, net of tax.

Note: This slide contains non-GAAP information; please see the REG G in appendix for a detailed reconciliation.

All Segments Profitable in Q4

($ in millions)

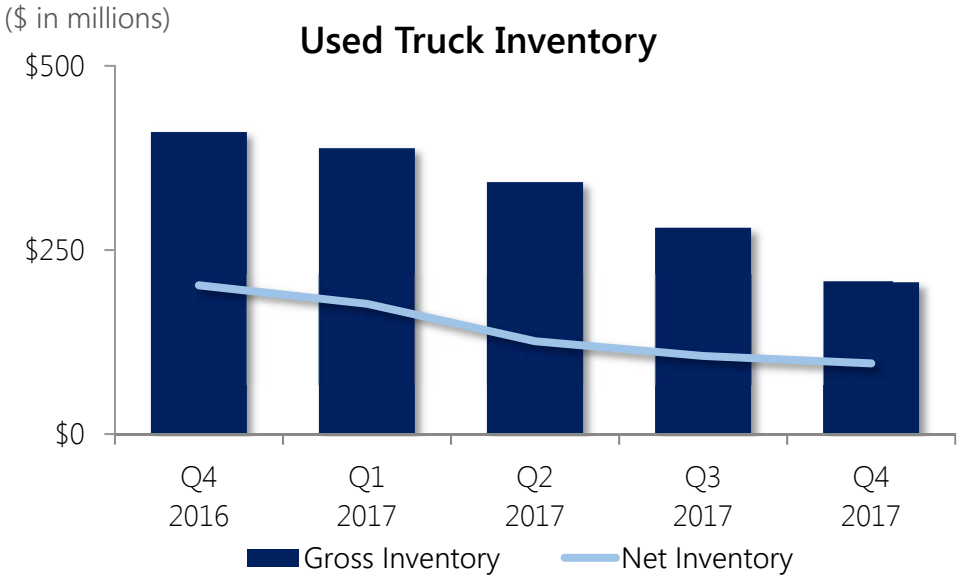
	Sales and Revenues		Segment Profit	
	Quarters Ended October 31		Quarters Ended October 31	
	2017	2016	2017	2016
Truck	**$1,853**	$1,396	**$112**	($61)
Parts	**$626**	$613	**$157**	$162
Global Operations	**$105**	$87	**$1**	($2)
Financial Services	**$63**	$58	**$26**	$23

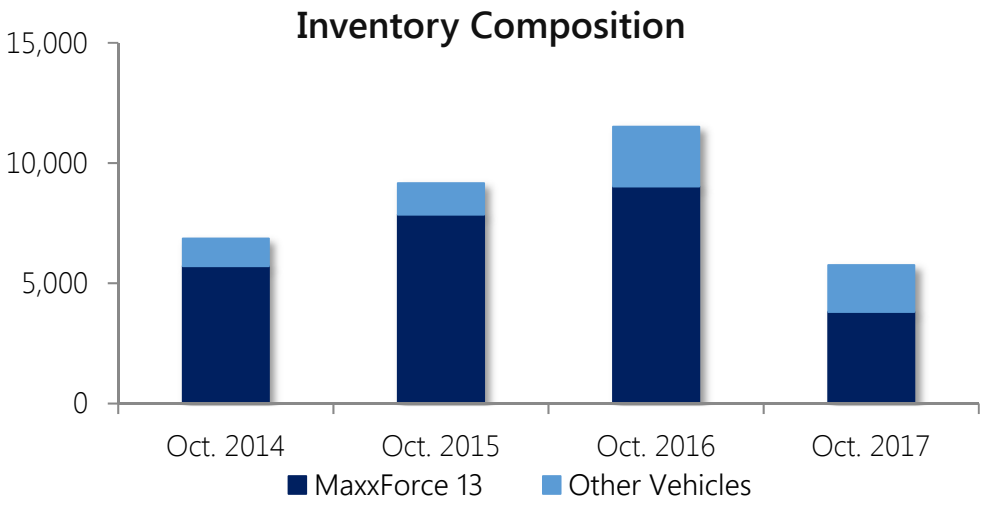
Annual Segment Results

($ in millions)

	Sales and Revenues		Segment Profit	
	Years Ended October 31		Years Ended October 31	
	2017	2016	2017	2016
Truck	**$5,809**	$5,403	**($6)**	($189)
Parts	**$2,392**	$2,427	**$616**	$640
Global Operations	**$309**	$341	**($7)**	($21)
Financial Services	**$235**	$235	**$77**	$100

Used Truck Inventory at 4-Year Low



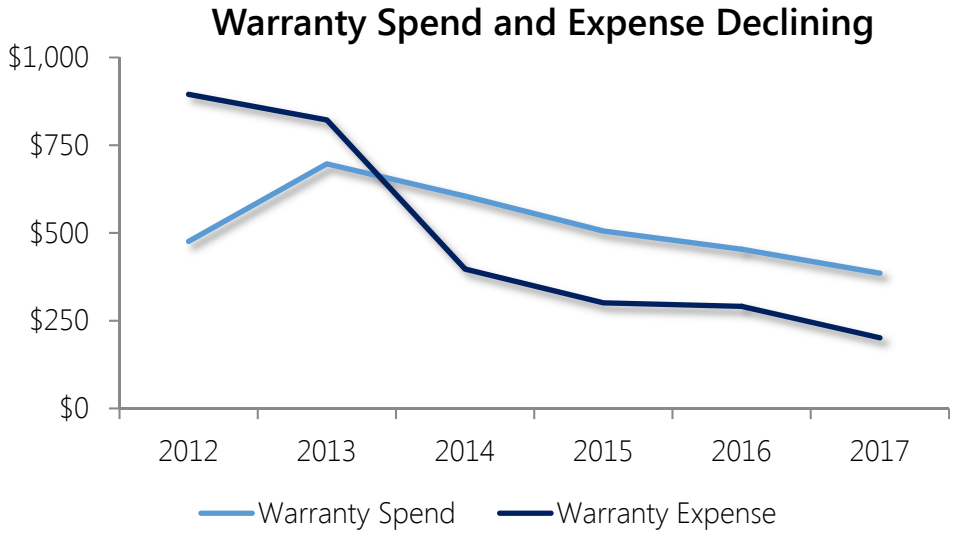


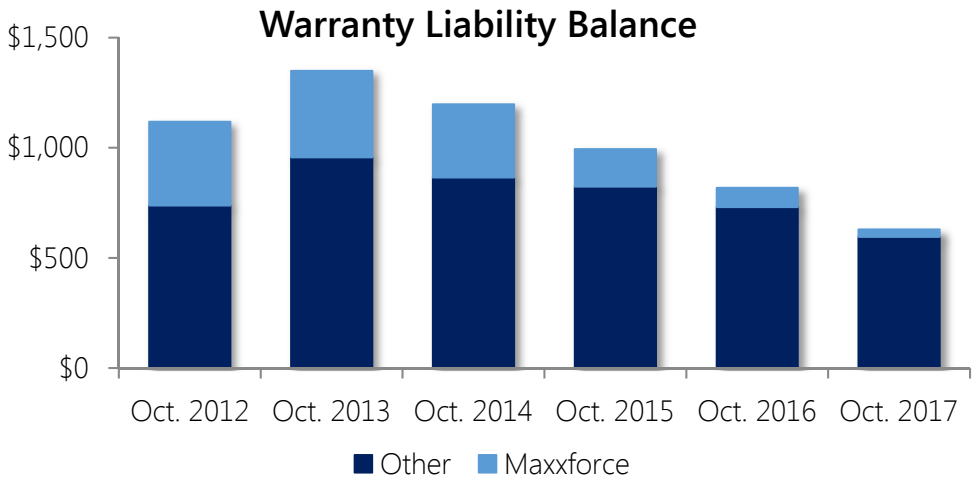
- Gross inventory balance: $206 million
  - Down 54% since peaking in Apr. 2016
- Net inventory balance: $96 million
- Sold over 3,300 trucks in Q4
  - Accelerated disposition of legacy trucks
- Q4 inventory reserve addition: $9 million
  - Challenging used truck pricing environment for the industry

Used truck gross inventory balance in range of normal operations

Lowest Annual Warranty Expense Since 2009

($ in millions)



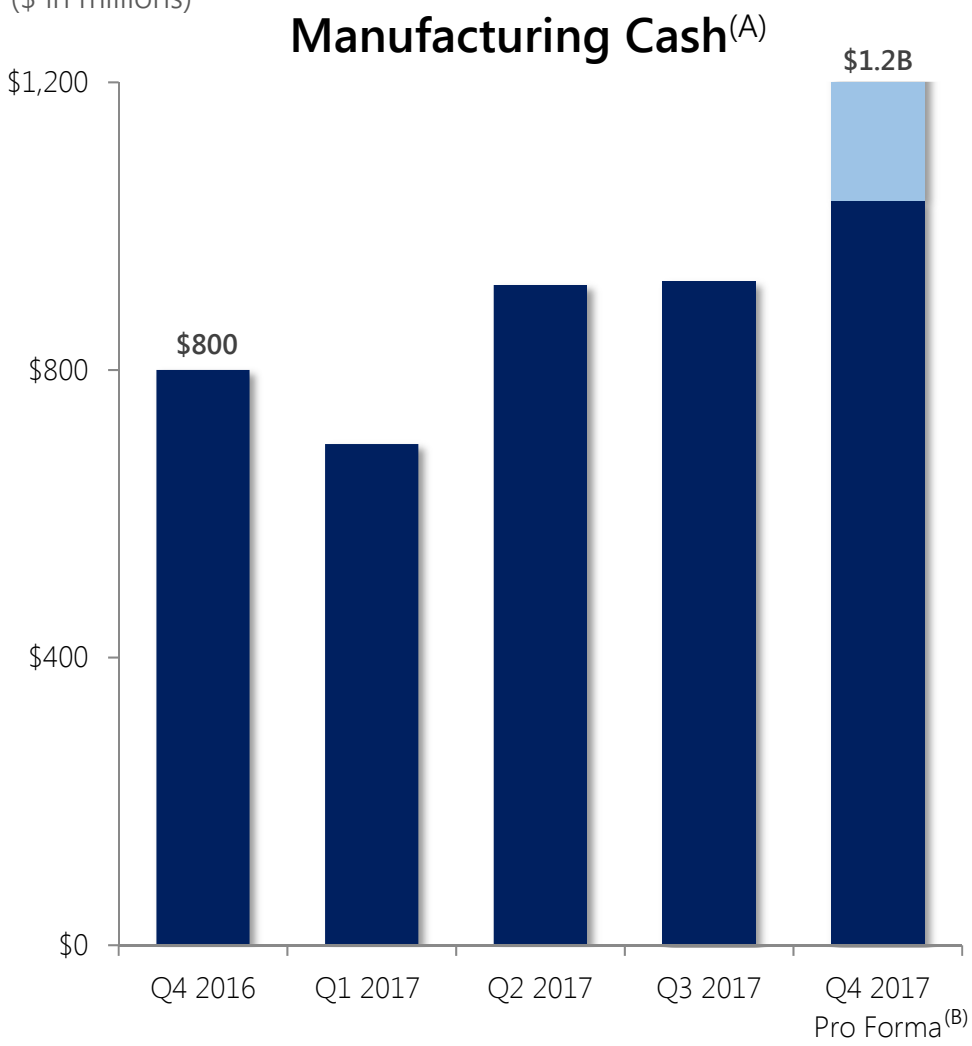


- Q4 warranty expense (excluding pre-existing) as a percentage of revenue: 2.1%
- New product quality driving warranty results
- Warranty liability balance: $629 million
  - Down 53% since Oct. 2013

Warranty liability approaching pre-EGR levels

Strong Liquidity to Address Near-Term Maturities

($ in millions)



- 2017 Q4 cash balance
  - Consolidated cash: $1.1 billion(A)
  - Manufacturing cash: $1.0 billion(A)
- Pro Forma(B) cash of $1.2 billion with incremental proceeds from November refinancing transactions
  - Incremental cash expected to be used to repay maturing 2018 Convertible Notes

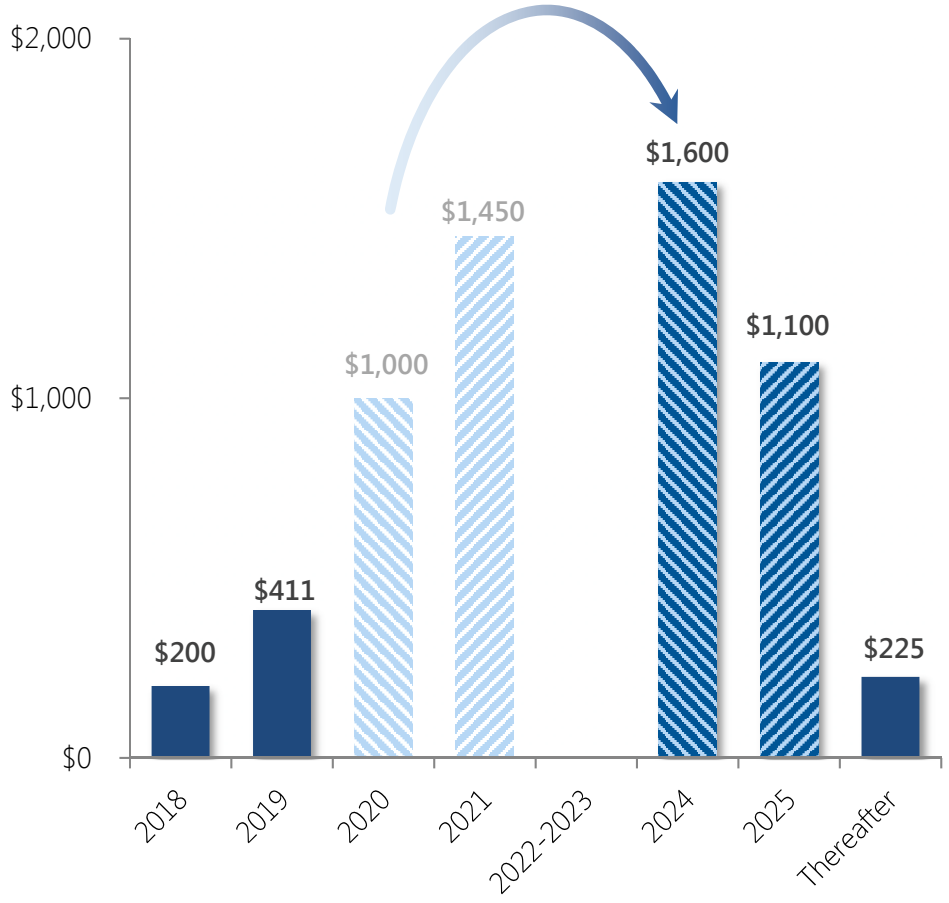
Solid cash positon heading into 2018

(A) Amounts include manufacturing cash, cash equivalents, and marketable securities.
(B) Reflects November capital markets transactions.
Note: This slide contains non-GAAP information; please see the REG G in appendix for a detailed reconciliation.

Proactively Managed Debt Maturities

($ in millions)

Manufacturing Debt Maturity Schedule(A/B)



- $200 million and $411 million Convertible Notes, mature in October 2018 and April 2019, respectively
- $1.6 billion Term Loan credit facility(B), matures in 2024
  - Replaces $1 billion Term Loan facility due 2020
- $1.1 billion 6.625% Senior Notes(B), matures in 2025
  - Replaces $1.45 billion 8.25% Senior Notes due 2021
- $225 million Tax Exempt Bonds, mature in 2040

Extended maturities and lowered interest expense

(A) Total manufacturing debt of $3.4B as of October 31, 2017. Graph does not include financed lease obligations and other, totaling $173 million. Pro Forma manufacturing debt balance of $3.6B. Dates are based on calendar year.

(B) Reflects November capital market transactions.

Guidance Summary

	2017 Actual	2018 Guidance
Class 8 industry	207K	**220-250K**
Core markets industry	328K	**345-375K**
Revenue	$8.6B	**$9.0-$9.5B**
Adjusted EBITDA	$582M	**$675-$725M**
Manufacturing cash	$1.0B	**~$1.0B(A)**

Note: This slide contains non-GAAP information; please see the REG G in appendix for a detailed reconciliation.
(A) 2018 manufacturing cash guidance of $1 billion reflects expected repayment of 2018 convertible debt

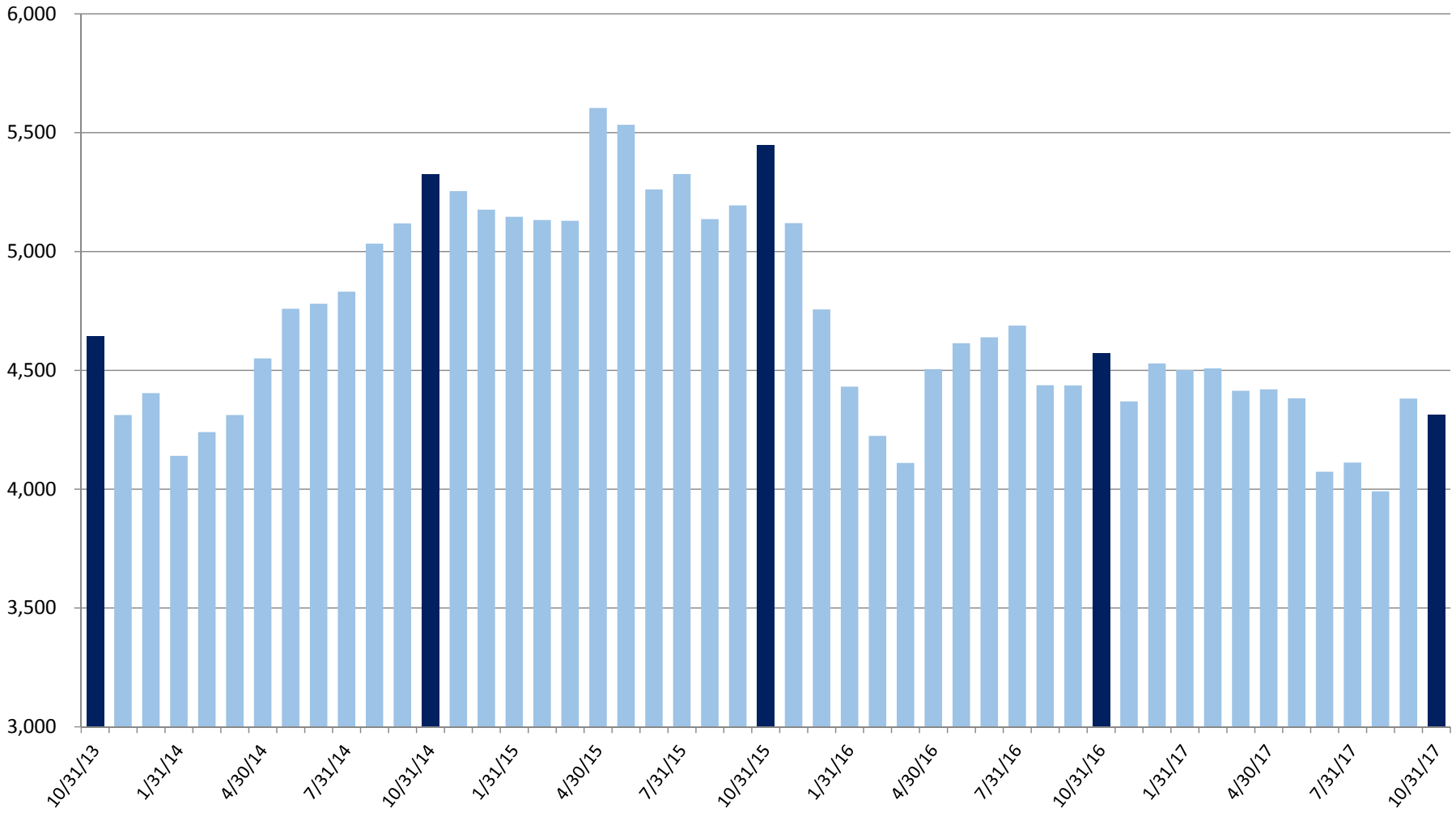
Significant Cash Flow Drivers

	2017		2018
	Guidance	Actuals	Guidance
Manufacturing interest expense	$245M	$269M	**$230M**
Capital expenditures	$150M	$102M	**$200M**
Warranty spend greater than expense	$150M	$184M	**$125M**
Pension/OPEB contributions greater than expense	$60M	$75M	**$100M**

Appendix



U.S. and Canada Dealer Stock Inventory*



*Includes U.S. and Canada Class 4-8 truck inventory, but does not include U.S. IC Bus.

Retail Market Share in Commercial Vehicle Segments

	Years Ended October 31,		
	2017	2016	2015
Core Markets (U.S. and Canada)			
School buses	**32 %**	34 %	38 %
Class 6 and 7 medium trucks	**25 %**	21 %	23 %
Class 8 heavy trucks	**11 %**	10 %	11 %
Class 8 severe service trucks	**13 %**	13 %	15 %
Total Core Markets	**17 %**	16 %	16 %
Combined class 8 trucks	**12 %**	11 %	12 %



Worldwide Truck Chargeouts

	Three Months Ended October 31,			%	Years Ended October 31,			%
	2017	2016	Change	Change	2017	2016	Change	Change
Core Markets (U.S. and Canada)								
School buses(A)	**2,900**	2,700	200	7%	**11,300**	11,200	100	1%
Class 6 and 7 medium trucks	**5,200**	4,200	1,000	24%	**20,900**	17,800	3,100	17%
Class 8 heavy trucks	**6,500**	4,000	2,500	63%	**16,800**	16,300	500	3%
Class 8 severe service trucks(B)	**2,400**	2,100	300	14%	**8,300**	7,600	700	9%
Total Core markets	**17,000**	13,000	4,000	31%	**57,300**	52,900	4,400	8%
Non "Core" military	**300**	100	200	200%	**800**	500	300	60%
Other markets(C)	**3,900**	4,000	(100)	-3%	**10,800**	9,900	900	9%
Total worldwide units	**21,200**	17,100	4,100	24%	**68,900**	63,300	5,600	9%
Combined class 8 trucks	**8,900**	6,100	2,800	46%	**25,100**	23,900	1,200	5%

We define chargeouts as trucks that have been invoiced to customers. The units held in dealer inventory represent the principal difference between retail deliveries and chargeouts. The above table summarizes our approximate worldwide chargeouts.

We define our Core markets to include U.S. and Canada School bus and Class 6 through 8 trucks. Our Core markets include CAT-branded units sold to Caterpillar under our North America supply agreement during 2016.

(A) The School bus chargeouts include buses classified as B, C, and D and are being reported on a one-month lag.
(B) Chargeouts include CAT-branded units sold to Caterpillar under our North America supply agreement during 2016.
(C) Other markets primarily consist of Export Truck and Mexico.

Highlights

- Financial Services segment profit of $26 million for Q4 2017 and $77 million YTD
- U.S. financing availability of $438 million as of October 31, 2017
- Financial Services debt/equity leverage of 3.2:1 as of October 31, 2017
- 4-year extension of revolving bank credit facility in September

Dealer Floor Plan

- **NFSC wholesale trust as of October 31, 2017**
  - $975M funding facility
  - Variable portion matures May 2018
  - Term portions mature September 2018 and June 2019
- **On balance sheet**

Retail Notes

NAVISTAR® CAPITAL
Funded by BMO Financial Group

- **Program management continuity**
- **Broad product offering**
- **Ability to support large fleets**
- **Access to less expensive capital**

Bank Facility

- **Revolver capacity of $269M extended to September 2021, term portion of $76M matures June 2018**
  - Funding for retail notes, wholesale notes, retail accounts, and dealer open accounts
- **On balance sheet**

Frequently Asked Questions

Q1: What is included in Corporate and Eliminations?

A: The primary drivers of Corporate and Eliminations are Corporate SG&A, pension and OPEB expense (excluding amounts allocated to the segments), annual incentive, manufacturing interest expense, and the elimination of intercompany sales and profit between segments.

Q2: What is included in your equity in loss of non-consolidated affiliates?

A: Equity in loss of non-consolidated affiliates is derived from our ownership interests in partially-owned affiliates that are not consolidated.

Q3: What is your net income attributable to non-controlling interests?

A: Net income attributable to non-controlling interests is the result of the consolidation of subsidiaries in which we do not own 100%, and is primarily comprised of Ford's non-controlling interest in our Blue Diamond Parts joint venture.

Q4: What are your expected 2017 and beyond pension funding requirements?

A: In 2017 and 2016, we contributed $112 million and $100 million, respectively, to our U.S. and Canadian pension plans (the "Plans") to meet regulatory minimum funding requirements. In 2018, we expect to contribute approximately $134 million to meet the minimum required contributions for all plans. Future contributions are dependent upon a number of factors, principally the changes in values of plan assets, changes in interest rates, the impact of any future funding relief. We currently expect that from 2019 through 2021, we will be required to contribute approximately $140 million to $190 million per year to the Plans, depending on asset performance and discount rates.

Q5: What is your expectation for future cash tax payments?

A: Our cash tax payments are expected to remain low in 2018 and will gradually increase as we utilize available net operating losses (NOLs) and tax credits in future years.

Frequently Asked Questions

Q6: What is the current balance of net operating losses as compared to other deferred tax assets?

A: As of October 31, 2017, the Company had deferred tax assets for U.S. federal NOLs valued at $988 million, state NOLs valued at $152 million, and foreign NOLs valued at $243 million, for a total undiscounted cash value of $1.4 billion. In addition to NOLs, the Company had deferred tax assets for accumulated tax credits of $262 million and other deferred tax assets of $1.8 billion resulting in net deferred tax assets before valuation allowances of approximately $3.5 billion. Of this amount, $3.3 billion was subject to a valuation allowance at the end of FY2017.

Q7: How does your FY 2018 Class 8 industry outlook compare to ACT Research?

A:

Reconciliation to ACT – Retail Sales	2018	
ACT*	284,000	
CY to FY adjustment	(6,431)	
Exclusion of ACT category: "Other Specialty OEMs"	(6,000)	
Total (ACT comparable Class 8 Navistar)	271,569	
Navistar Industry Retail Deliveries Combined Class 8 Trucks	220,000	250,000
Navistar difference from ACT	(51,569)	(21,569)
*Source: ACT N.A. Commercial Vehicle Outlook – November 2017	-19.0%	-7.9%

Q8: Please discuss the process from an order to a retail delivery?

A: Orders* are customers' written commitments to purchase vehicles. Order backlogs* are orders yet to be built as of the end of a period. Chargeouts are vehicles that have been invoiced to customers. Retail deliveries occur when customers take possession and register the vehicle. Units held in dealer inventory represent the principal difference between retail deliveries and chargeouts.

* Orders and units in backlog do not represent guarantees of purchases and are subject to cancellation.

Frequently Asked Questions

Q9: How do you define manufacturing free cash flow?

A:

(in millions)	Year Ended Oct. 31, 2017	Quarters Ended Oct. 31, 2017	July 31, 2017	Apr. 30, 2017	Jan. 31, 2017
Consolidated Net Cash from Operating Activities	**$ 109**	**$ 277**	$ (61)	$ (129)	$ 22
Less: Net Cash from Financial Services Operations	**107**	**87**	(95)	(136)	251
Net Cash from Manufacturing Operations (A)	**2**	**190**	34	7	(229)
Capital Expenditures (B)	**(102)**	**(9)**	(27)	(20)	(46)
Manufacturing Free Cash Flow	**$ (100)**	**$ 181**	$ 7	$ (13)	$ (275)

(A) Net of adjustments.

(B) Capital Expenditures are reported on a cash basis. In 2017, capital expenditures excluded amounts that were not yet paid, which was an increase over the prior year by $27 million.

Q10: What were your Worldwide Engine Shipments in the period?

A:

(in units)	Three Months Ended October 31, 2017	2016	Change	% Change	Years Ended October 31, 2017	2016	Change	% Change
OEM sales-South America	**6,800**	5,700	1,100	19%	**21,300**	30,600	(9,300)	-30%
Intercompany sales	**3,500**	3,900	(400)	-10%	**11,300**	16,900	(5,600)	-33%
Other OEM sales	**800**	800	-	0%	**2,600**	3,800	(1,200)	-32%
Total Core Markets	**11,100**	10,400	700	7%	**35,200**	51,300	(16,100)	-31%

Outstanding Debt Balances

(in millions)	October 31, 2017	October 31, 2016
Manufacturing operations		
Senior Secured Term Loan Credit Facility, as amended, due 2020, net of unamortized discount of $7 and $14, respectively, and unamortized debt issuance costs of $9 and $7, respectively	$ 1,003	$ 1,009
8.25% Senior Notes, due 2022 net of unamortized discount of $13 and $15, respectively, and unamortized debt issuance costs of $14 and $12, respectively	1,423	1,173
4.50% Senior Subordinated Convertible Notes, due 2018, net of unamortized discount of $5 and $10, respectively, and unamortized debt issuance costs of $1 at both dates	194	189
4.75% Senior Subordinated Convertible Notes, due 2019, net of unamortized discount of $14 and $24, respectively, and unamortized debt issuance costs of $3 and $4, respectively	394	383
Loan Agreement related to 6.5% Tax Exempt Bonds, due 2040, net of unamortized debt issuance costs of $5 at both dates	220	220
Financed lease obligations	130	52
Other	43	70
Total Manufacturing operations debt	3,407	3,096
Less: Current portion	286	71
Net long-term Manufacturing operations debt	$ 3,121	$ 3,025

(in millions)	October 31 , 2017	October 31, 2016
Financial Services operations		
Asset-backed debt issued by consolidated SPEs, at fixed and variable rates, due serially through 2023, net of unamortized debt issuance costs of $5 and $6, respectively	$ 849	$ 753
Bank credit facilities, at fixed and variable rates, due dates from 2017 through 2023, net of unamortized debt issuance costs of $2 and $3, respectively	616	861
Commercial paper, at variable rates, program matures in 2022	92	96
Borrowings secured by operating and finance leases, at various rates, due serially through 2022	94	98
Total Financial Services operations debt	1,651	1,808
Less: Current portion	883	836
Net long-term Financial Services operations debt	$ 768	$ 972

SEC Regulation G Non-GAAP Reconciliation

SEC Regulation G Non-GAAP Reconciliation:

The financial measures presented below are unaudited and not in accordance with, or an alternative for, financial measures presented in accordance with U.S. generally accepted accounting principles ("GAAP"). The non-GAAP financial information presented herein should be considered supplemental to, and not as a substitute for, or superior to, financial measures calculated in accordance with GAAP and are reconciled to the most appropriate GAAP number below.

Earnings (loss) Before Interest, Income Taxes, Depreciation, and Amortization ("EBITDA"):

We define EBITDA as our consolidated net income (loss) attributable to Navistar International Corporation, net of tax, plus manufacturing interest expense, income taxes, and depreciation and amortization. We believe EBITDA provides meaningful information to the performance of our business and therefore we use it to supplement our GAAP reporting. We have chosen to provide this supplemental information to investors, analysts and other interested parties to enable them to perform additional analyses of operating results.

Adjusted EBITDA:

We believe that adjusted EBITDA, which excludes certain identified items that we do not consider to be part of our ongoing business, improves the comparability of year to year results, and is representative of our underlying performance. Management uses this information to assess and measure the performance of our operating segments. We have chosen to provide this supplemental information to investors, analysts and other interested parties to enable them to perform additional analyses of operating results, to illustrate the results of operations giving effect to the non-GAAP adjustments shown in the below reconciliations, and to provide an additional measure of performance.

Manufacturing Cash, Cash Equivalents, and Marketable Securities:

Manufacturing cash, cash equivalents, and marketable securities represents the Company's consolidated cash, cash equivalents, and marketable securities excluding cash, cash equivalents, and marketable securities of our financial services operations. We include marketable securities with our cash and cash equivalents when assessing our liquidity position as our investments are highly liquid in nature. We have chosen to provide this supplemental information to investors, analysts and other interested parties to enable them to perform additional analyses of our ability to meet our operating requirements, capital expenditures, equity investments, and financial obligations.

Gross Margin consists of Sales and revenues, net, less Costs of products sold.

Structural Cost consists of Selling, general and administrative expenses and Engineering and product development costs.

Free Cash Flow consists of Net cash from operating activities and Capital Expenditures.

SEC Regulation G Non-GAAP Reconciliation

Manufacturing segment cash, Cash equivalents, and Marketable securities reconciliation:

(in millions)	Oct. 31, 2017	Jul. 31, 2017	Apr. 30, 2017	Jan. 31, 2017	Oct. 31, 2016
Manufacturing Operations:					
Cash and cash equivalents	$ 666	$ 868	$ 747	$ 506	$ 761
Marketable securities	370	55	171	191	39
Manufacturing Cash, Cash equivalents, and Marketable securities	$ 1,036	$ 923	$ 918	$ 697	$ 800
Financial Services Operations:					
Cash and cash equivalents	$ 40	$ 43	$ 24	$ 67	$ 43
Marketable securities	0	7	7	7	7
Financial Services Cash, Cash equivalents, and Marketable securities	$ 40	$ 50	$ 31	$ 74	$ 50
Consolidated Balance Sheet:					
Cash and cash equivalents	$ 706	$ 911	$ 771	$ 573	$ 804
Marketable securities	370	62	178	198	46
Consolidated Cash, Cash equivalents, and Marketable securities	$ 1,076	$ 973	$ 949	$ 771	$ 850

Manufacturing Pro Forma includes $200 million incremental cash from November capital markets transactions:

On November 6, 2017, we issued $1.1 billion aggregate principal amount of 6.625% senior notes due 2025 ("2025 Notes"). The proceeds from the offering were used to repurchase a portion of our existing Senior Notes under the tender offer, to pay accrued and unpaid interest thereon, and pay the associated prepayment premiums, certain transaction fees and expenses incurred in connection with the new 2025 Notes.

On November 6, 2017, we signed a definitive credit agreement relating to a seven-year senior secured term loan credit facility in an aggregate principal amount of $1.6 billion ("Term Loan Credit Agreement"), guaranteed by Navistar International Corporation and twelve of its subsidiaries. A portion of the proceeds from the Term Loan Credit Agreement were used to repay all outstanding loans under our existing Term Loan, to redeem the remaining portion of the outstanding Senior Notes and to pay accrued and unpaid interest thereon, and pay certain transaction fees and expenses incurred in connection with the new Term Loan Credit Agreement. The remainder of the proceeds of the term loan credit facility will be used for ongoing working capital purposes and general corporate purposes.

SEC Regulation G Non-GAAP Reconciliations

Earnings (loss) before interest, taxes, depreciation, and amortization ("EBITDA") reconciliation

(in millions)	Quarters Ended October 31, 2017	Quarters Ended October 31, 2016	Years Ended October 31, 2017	Years Ended October 31, 2016
Profit (loss) attributable to NIC, net of tax	$ 135	$ (34)	$ 29	$ (97)
Plus:				
Depreciation and amortization expense	54	61	223	225
Manufacturing interest expense (A)	68	60	265	247
Less:				
Income tax expense	-	(8)	(10)	(33)
EBITDA	$ 257	$ 95	$ 527	$ 408

(A) Manufacturing interest expense is the net interest expense primarily generated for borrowings that support the manufacturing and corporate operations, adjusted to eliminate interest expense of our Financial Services segment. The following table reconciles Manufacturing interest expense to the consolidated interest expense:

(in millions)	Quarters Ended October 31, 2017	Quarters Ended October 31, 2016	Years Ended October 31, 2017	Years Ended October 31, 2016
Interest expense	$ 89	$ 81	$ 351	$ 327
Less: Financial services interest expense	21	21	86	80
Manufacturing interest expense	$ 68	$ 60	$ 265	$ 247

(in millions)	Quarters Ended October 31, 2017	Quarters Ended October 31, 2016	Years Ended October 31, 2017	Years Ended October 31, 2016
EBITDA (reconciled above)	$ 257	$ 95	$ 527	$ 408
Less significant items of:				
Adjustments to pre-existing warranties (A)	3	8	(1)	78
Asset impairment charges (B)	-	10	13	27
Restructuring (C)	7	(1)	13	10
EGR product litigation (D)	—	—	31	—
Gain on sale (E)	—	—	(6)	—
Debt refinancing charges (F)	1	—	5	—
One-time fee received (G)	—	—	—	(15)
Total adjustments	11	17	55	100
Adjusted EBITDA	$ 268	$ 112	$ 582	$ 508
Adjusted EBITDA Margin	10.3%	5.4%	6.8%	6.3%

For more detail on the items noted, please see the footnotes on slide 27.

Significant Items Included Within Our Results

(in millions)	Quarters Ended October 31, 2017	Quarters Ended October 31, 2016	Years Ended October 31, 2017	Years Ended October 31, 2016
Expense (income):				
Adjustments to pre-existing warranties (A)	3	8	(1)	78
Asset impairment charges (B)	-	10	13	27
Restructuring (C)	7	(1)	13	10
EGR product litigation (D)	—	—	31	—
Gain on sale (E)	—	—	(6)	—
Debt refinancing charges (F)	1	—	5	—
One-time fee received (G)	—	—	—	(15)
Accelerated depreciation	—	—	—	2

(A) Adjustments to pre-existing warranties reflect changes in our estimate of warranty costs for products sold in prior periods. Such adjustments typically occur when claims experience deviates from historic and expected trends. Our warranty liability is generally affected by component failure rates, repair costs, and the timing of failures. Future events and circumstances related to these factors could materially change our estimates and require adjustments to our liability. In addition, new product launches require a greater use of judgment in developing estimates until historical experience becomes available.

(B) During 2017, we recorded $13 million of asset impairment charges in our Truck segment relating to assets held for sale of our Conway, Arkansas fabrication business and for certain assets under operating leases. During 2016, the charges primarily included $17 million related to certain long-lived assets and $8 million related to certain operating leases. We also determined that $1 million of trademark asset carrying value was impaired.

(C) During 2017, we recorded a charge of $13 million. We recorded $41 million of charges related to our plan to cease production at our Melrose Park Facility, a net benefit of $43 million related to the resolution of the closing agreement for our Chatham, Ontario plant, and the release of $1 million in OPEB liabilities in connection with the sale of our fabrication business in Conway, Arkansas. We recorded $6 million of restructuring charges in Brazil related to cost reduction actions consisting of personnel costs for employee separation and related benefits. During 2016, we recorded $7 million of charges related to the 2011 closure of our Chatham, Ontario plant.

(D) During 2017, we recognized a charge of $31 million for a jury verdict related to Maxxforce engine EGR product litigation in our Truck segment.

(E) During 2017, we recognized a gain of $6 million related to the sale of a business line in our Parts segment.

(F) During 2017, we recorded a charge of $5 million related to third party fees and debt issuance costs associated with the repricing of our Term Loan and the refinancing of the revolving portion of the NFC bank credit facility in our Financial Services segment.

(G) During 2016, we received a $15 million one-time fee from a third party.