

# **NAVISTAR INTERNATIONAL CORPORATION COMPENSATION COMMITTEE CHARTER**

## **PURPOSE:**

The Compensation Committee (the "Committee") is established by the Board of Directors (the "Board" and each such director thereof a "Director") of Navistar International Corporation (the "Corporation") for the primary purpose of (i) making recommendations to the Board regarding the executive compensation arrangements for any of the Corporation's executive officers who are also Directors, (ii) establishing and overseeing the executive compensation arrangements for the other executive officers of the Corporation, (iii) producing a report on executive compensation for inclusion in the Corporation's proxy statement and (iv) overseeing the development and implementation of succession plans for senior executives and other positions as needed, with the exception of succession plans for the chief executive officer, which shall be the responsibility of the Nominating and Governance Committee.

## **MEMBERSHIP:**

The Committee shall be composed of no fewer than two Directors. Except as otherwise permitted under applicable New York Stock Exchange ("NYSE") rules, each member of the Committee shall be an Independent Director (as defined in the Board's Corporate Governance Guidelines and as set forth in the listing standards applicable to the Corporation, or if the Corporation's securities are not listed on a national securities exchange, as set forth in the committee standards adopted by the NYSE, and as both may be amended from time to time) who also are outside directors for purposes of Section 162 (m) of the Internal Revenue Code and non-employee directors for purposes of Section 16 of the Securities Exchange Act of 1934. In addition, each member of the Committee shall satisfy the additional independence requirements set forth in such standards for compensation committee members. Committee members shall be designated by the Board and shall serve until their successors shall be duly designated or until such member's early resignation or removal. Committee members may be replaced by the Board at any time with or without cause. The Committee shall be chaired by an Independent Director appointed by the Board.

## **MEETINGS:**

The Committee shall meet as often as it determines to be necessary or appropriate. All meetings of the Committee shall be held pursuant to the by-laws of the Corporation and shall be governed by the same rules regarding meetings (including meetings by telephone conference or similar communications equipment), action without meetings, notice, waiver of notice, and quorum and voting requirements as contained in the by-laws of the Corporation and applicable to the Board. The Committee shall cause to be kept adequate minutes of its proceedings and the results of Committee meetings shall be reported to the full Board.

## **AUTHORITY:**

In carrying out its responsibilities, the Committee shall have full access to the independent auditor, the internal auditors, any of the Corporation's attorneys and advisors and such executive and other personnel of the Corporation as in its judgment seems appropriate. The Committee shall have the authority to retain such compensation consultants, legal counsel and other advisors as the Committee deems appropriate in its sole discretion. Except as otherwise provided herein, the Committee shall recommend to the Board for its approval (1) the retention of such independent consulting, legal and other advisors as the Committee deems appropriate and (2) the retention terms, fees and expenses of such advisors, which fees and expenses shall be paid by the Corporation upon the Board's approval thereof.

Before selecting any compensation consultant, legal counsel or other advisor to be retained by the Committee (other than in-house counsel or a consultant, legal counsel or other advisor whose role is limited to certain activities specified in NYSE listing standards), the Committee shall evaluate that person's independence from management by considering the following factors:

- the provision of other services to the Corporation by the person that employs the compensation consultant, legal counsel or other advisor;
- the amount of fees received from the Corporation by the person that employs the compensation consultant, legal counsel or other advisor as a percentage of such person's or entity's total revenue;

- the policies and procedures of the person than employs the compensation consultant, legal counsel or other advisor that are designed to prevent conflicts of interest;
- any business or personal relationship of the compensation consultant, legal counsel or other advisor with a member of the Corporation;
- any stock of the Corporation owned by the compensation consultant, legal counsel or other advisor;
- any business or personal relationship of the compensation consultant, legal counsel, other advisor or the person employing the advisor with an executive officer of the Corporation; and
- any other factors that the Committee deems relevant to its assessment of the independence of the compensation consultant, legal counsel or other advisor.

Subject to consideration of the previous factors, the Committee is not precluded from obtaining advice and assistance from consultants, legal counsel or other advisors of its choosing, including one that are not independent.

#### **SUBCOMMITTEES:**

In fulfilling its responsibilities, the Committee shall be entitled to delegate any or all of its responsibilities to a subcommittee of the Committee and, to the extent not expressly reserved to the Committee by the Board, or by applicable law, rule or regulation, to any other committee of the Board, which may or may not be composed of members of the Committee; provided, however, that all subcommittee members must be composed entirely of members who satisfy the membership criteria as set forth above.

#### **RESPONSIBILITIES:**

In furtherance of its purpose, the Committee shall have the following authority and responsibilities:

1. Review and approve the corporate goals and objectives relevant to Chief Executive Officer (the "CEO") compensation, evaluate at least once a year the CEO's performance in light of these established goals and objectives and, together with the other Independent Directors of the Board, determine and approve the CEO's compensation level based upon this evaluation;
2. In accordance with the Corporate Governance Guidelines, the chair of the Committee also shall chair the meetings of the Independent Directors to evaluate the CEO;
3. Review and recommend to the Independent Directors of the Board for any executive officers of the Corporation (or any of its material subsidiaries) who are also Directors (i) their salary and other compensation arrangements and/or perquisites, (ii) any employment agreements, severance agreements, change-in-control agreements or change-in-control provisions affecting any elements of their compensation and benefits and (iii) the adoption of and material changes to their benefit programs, equity-based awards and incentive-compensation awards or arrangements;
4. As to the Corporation (or any of its material subsidiaries), review and recommend to the Board the organization structure, the election of all executive officers and the designation of their titles and responsibilities;
5. For those executive officers of the Corporation (or any of its material direct subsidiaries) who are not also Directors, review and approve (i) their salary and other compensation arrangements or perquisites, (ii) any employment agreements, severance agreements, change-in-control agreements or change-in-control provisions affecting any elements of their compensation and benefits and (iii) the adoption of and material changes to their benefit programs, equity-based awards and incentive-compensation awards or arrangements;
6. Review and approve the Corporation's compensation strategy to ensure that it promotes stockholder interests and supports the Corporation's strategic and tactical objectives, and that it provides appropriate rewards and incentives for management and employees of the Corporation, and does not cause or encourage excessive or inappropriate risk taking;

7. Review and approve the peer group of companies against which to benchmark the Corporation's total compensation practices for designated key executives, and periodically review an analysis of the competitiveness of the Corporation's compensation arrangements;
8. Review with management the Corporation's discussion and analysis on compensation (the "CD&A"), and based on that review, recommend to the Board that the CD&A be included in the Corporation's annual proxy statement or annual report on Form 10-K;
9. Prepare the Compensation Committee Report in accordance with the rules and regulations of the Securities and Exchange Commission for inclusion in the Corporation's annual proxy statement or annual report on Form 10-K;
10. Engage the compensation consultant that advises the Committee, as it deems appropriate, and approve the consultant's fees and terms of engagement after considering the independence factors discussed in the section "Authority" above;
11. With the exception of succession planning for the chief executive officer of the Corporation (which shall be the responsibility of the Nominating and Governance Committee), review of programs for assessment, selection, and succession planning for executive officers and key executives of the Corporation and its material subsidiaries, and programs for training and development of executive level employees of the Corporation taking into account such objectives as diversity, and oversee any associated risks;
12. Provide recommendations to the Board regarding the adoption of and amendments to stock-based plans, other than retirement plans covered by ERISA, and other plans involving the issuance of Corporation securities or that requires stockholder approval;
13. Oversee compliance with the NYSE stockholder approval requirements with respect to equity compensation plans;
14. Conduct and present to the Board an annual performance evaluation of the Committee;
15. Periodically reassess and provide directives for action regarding the Corporation's executive compensation recoupment policy;
16. Reassess the charter of the Committee at least annually and present to the Board for its review and approval any proposed changes;
17. Provide recommendations to the Board regarding any proposal received from any stockholder concerning any of the foregoing matters which the stockholder proposes to present for action by the Corporation's stockholders;
18. Provide recommendations to the Board regarding the Corporation's advisory vote on executive compensation ("say-on-pay") and how frequently the Corporation should provide stockholders a say-on-pay vote; and
19. Perform such other duties and responsibilities as may be assigned to the Committee by law, the Corporation's certificate of incorporation or by-laws or the Board.

AS ADOPTED BY THE BOARD OF DIRECTORS ON APRIL 22, 2014