

EXHIBIT

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CLASS SETTLEMENT AGREEMENT

This agreement (the “Class Settlement Agreement”) is made as of December 22, 2021, by and among (i) Carl Potts, Richard Zounes and Miller Rodgers, as class representatives, on behalf of themselves and the Modified Shy Class (defined below) (together, the “Class Representatives”), (ii) Navistar, Inc. (f/k/a Navistar International Transportation Corp.) and Navistar International Corporation (together, “Navistar”), and (iii) the Supplemental Benefit Program Committee of the Navistar Inc. Retiree Supplemental Benefit Program (the “SBC”) (each a “Party” and collectively the “Parties”).

This Class Settlement Agreement reflects the terms of a new proposed class-action settlement to resolve claims that have arisen since the entry of the original consent decree by the U.S. District Court for the Southern District of Ohio (the “Court”) in the matter captioned *Shy, et al. v. Navistar Inc., et al.*, Case No. C-3:92-cv-0333 (the “Shy Action”) on June 8, 1993 (as amended by Order of the Court dated August 11, 2021, the “1993 Consent Decree”). The terms memorialized herein are intended to result in the modification of the 1993 Consent Decree, as set forth further below, and to be binding on the members of the Modified Shy Class, as defined below. This Class Settlement Agreement is subject to approval by the Court, and members of the Modified Shy Class are to be given the best notice practicable under the circumstances and an opportunity to be heard and object to this Class Settlement Agreement.

RECITALS

A. Pursuant to the 1993 Consent Decree, Navistar and a class (the “Shy Class”) composed of most of Navistar’s active employees and retirees at the time (and their dependents), the International Union, United Automobile, Aerospace and Agricultural Implement Workers of America (the “UAW”) and several other unions, entered into the Shy Settlement Agreement (the “Shy Agreement”).

B. The Shy Agreement created, among other things, the Navistar International Transportation Corp. Retiree Health Benefit and Life Insurance Plan (now known as the Navistar, Inc. Retiree Health Benefit and Life Insurance Plan) (the “Shy Plan”), which provides health and life insurance benefits for certain retirees, including coverage for prescription drugs. Navistar, Inc. is the Administrator and a Named Fiduciary of the Health Benefit Program and Life Insurance Program components of the Shy Plan (collectively, the “Base Plan”), subject to the review authority of the Health Benefit Program Committee (the “HBPC”). Base Plan benefits are provided from a trust (the “Health Benefit Trust”), which is funded in part by certain monthly premiums paid by retirees. Each year, Navistar, Inc., in conjunction with the Base Plan’s actuary, calculates the Contributing Participants’ Annual Contribution (as defined in Appendix A-6 of the Shy Plan) (the “Retiree Contribution”) based, in part, on the cost of prescription drugs covered under Medicare Part D.

C. The Shy Agreement established a Supplemental Benefit Trust (the “Supplemental Trust”) administered by the SBC. Among other things, the Supplemental Trust contributes money to “buy down,” or reduce, the Retiree Contribution.

D. The SBC is also the Program Administrator and Named Fiduciary of the Retiree Supplemental Benefit Program component of the Shy Plan (the “Supplemental Benefit Program”) established under the terms of the Shy Agreement.

E. The Supplemental Trust is funded in part through contributions from Navistar, Inc. Pursuant to Section 7.1 of the Supplemental Benefit Program, Navistar is obligated to make certain contributions under the Supplemental Benefit Trust Profit Sharing Plan, attached to the Supplemental Benefit Program as Appendix B-6 (the “Profit Sharing Plan”), consisting of a portion of its Qualifying Profits (as that term is defined in the Profit Sharing Plan).

F. The Profit Sharing Plan terminates on the first day of the Supplemental Benefit Program’s Plan Year following the “Profit Sharing Cessation Date” (the “PSCD”) as defined in Section 7.2 of the Supplemental Benefit Program.

G. In March 2012, the SBC filed a Motion to Intervene in the Shy Action and then filed a complaint in 2014 with the Court (as amended, the “Complaint”), raising disputes under the Profit Sharing Plan regarding the calculation of Navistar’s profit sharing contributions for certain years.

H. In 2015, the United States Court of Appeals for the Sixth Circuit ruled that the disputes raised in the Complaint must be arbitrated under Section 8.4 of the Profit Sharing Plan.

I. CliftonLarsonAllen LLP (the “Arbitrator”) was appointed in 2015, and since then the matters raised in the Complaint have been the subject of an arbitration proceeding (the “Profit Sharing Arbitration”).

J. In the course of the Profit Sharing Arbitration, the SBC agreed that out of the years at issue (2001 to 2014) it sought an award only with respect to the calculations under the Profit Sharing Plan for the years ending October 31, 2006, 2008, 2009, 2010 and 2011 (the “Challenged Years”).

K. The SBC also has raised disputes regarding the profit sharing calculations for the years ending October 31, 2015, 2016, 2017, 2018, 2019 and 2020.

L. On February 5, 2021, the Arbitrator issued an Amended Final Award (the “Arbitration Award”) in the Profit Sharing Arbitration, in which the Arbitrator concluded that Navistar Inc.’s calculation of Qualifying Profits for the Challenged Years should be adjusted in certain respects and that Navistar, Inc. owed past due profit sharing contributions and pre-award interest totaling \$239 million. That same day, the SBC filed with the Court a Motion to Confirm Arbitration Award and Assess Interest (the “Motion to Confirm”).

M. On February 16, 2021, Navistar filed with the Court a Motion to Vacate and/or Stay Arbitration Award (the “Motion to Vacate”). The Motion to Vacate and Motion to Confirm remain pending with the Court, although both are currently stayed.

N. Additional disagreements have arisen between Navistar and the SBC regarding whether the PSCD has occurred, and if not, whether payment of some or all of the Arbitration Award would cause the PSCD to occur.

O. On October 21, 2016, Mr. Krzysiak (a current member of the SBC and the Shy Class) and Mr. LaCour (a former member of the SBC and a current member of the Shy Class) filed a complaint in the Court against Navistar in a civil action captioned *Krzysiak, et al. v. Navistar International Corporation, et al.*, S.D. Ohio Case No. 3:16-CV-00443-WHR (the “Krzysiak Action”). Plaintiffs in the Krzysiak Action assert that Navistar is improperly failing to account for Medicare Part D subsidies as a reduction in the cost of prescription drugs for purposes of calculating the Retiree Contribution. The Krzysiak Action remains pending before the Court.

P. The SBC is not a party to the Krzysiak Action, but it agrees with the positions advanced by the plaintiffs in the Krzysiak Action and has paid the plaintiffs’ attorneys’ fees and expenses. The SBC has also stated that Navistar’s conduct with regard to the Medicare Part D subsidies has the effect of increasing the Retiree Contribution, which in turn increases the amount payable by the Supplemental Trust to buy down that cost on behalf of beneficiaries and thereby causes harm to the Supplemental Trust.

Q. On October 14, 2021, the HBPC duly passed the “Subaccount A Resolution,” attached hereto as Exhibit A, regarding the funds in VEBA Subaccount A of the Health Benefit Trust.

R. On October 22, 2021, Navistar, the SBC, Mr. LaCour, Mr. Krzysiak and the UAW signed a Letter of Intent (the “LOI”) containing certain material terms of their agreement to reach a resolution of certain disputes and disagreements as specifically described in the LOI, including to provide for the amendment of the Supplemental Benefit Program to eliminate Navistar’s obligation to make profit sharing and post-PSCD contributions to the Supplemental Trust, in exchange for an immediate cash payment (collectively, the “Settlement”).

S. The Parties have agreed to certain modifications to the 1993 Consent Decree to reflect the terms of the Settlement. These agreed modifications are collectively set out in redline form on Exhibit B hereto and are referred to herein as the “Consent Decree Modifications.” The 1993 Consent Decree, as modified pursuant to the Consent Decree Modifications, is referred to as the “Modified Consent Decree,” and is attached hereto as Exhibit C.

T. The Consent Decree Modifications include the following agreed addition to the definition of “Total Actual Drug Cost” in Appendix A-6 of the Shy Plan (the “Part D Credit Modification”):

Commencing with the Measurement Year to be used for determining the Contributing Participants’ Annual Contribution for the 2022 Plan Year, “Total Actual Drug Cost” shall equal (i) the sum of paid drug claims and administrative expenses and applicable HMO premiums (including an allocated portion of Plan Expenses based upon the ratio of paid drug claims to all paid drug and medical claims) for Contributing Participants and their Eligible Dependents for such Measurement Year, less (ii) the total amount of any subsidies, manufacturer rebates or similar payments for Medicare Part D Plans that are payable to and received by the Retiree Health Benefit and Life Insurance Plan for Plan Participants and their Eligible Dependents during the Measurement Year, including, but not limited to, the manufacturer discount under 42 CFR 423 Subpart W: Medicare Coverage Gap Discount Program (42 CFR 423.2300 – 42 CFR 423.2345); the federal reinsurance subsidy, the direct subsidy and the low income cost-sharing subsidy under 42

CFR 423 Subpart G: Payments to Part D Plan Sponsors for Qualified Prescription Drug Coverage (42 CFR 423.301 – 42 CFR 423.360); and the low income premium subsidy under 42 CFR 423 Subpart P: Premiums and Cost-Sharing Subsidies for Low-Income Individuals (42 CFR 423.771 – 42 CFR 423.800), less (iii) manufacturer rebates for non-Medicare Part D prescription drug plans that are payable to and received by the Retiree Health Benefit and Life Insurance Plan for Plan Participants and their Eligible Dependents during the Measurement Year.

U. Consistent with the LOI, on October 23, 2021, Navistar paid \$75 million to the Supplemental Trust as a partial prepayment of amounts to be paid under the Profit Sharing Settlement Agreement (defined below) (the “\$75 Million Prepayment”).

V. Consistent with the LOI, within one (1) business day of the execution of this Class Settlement Agreement, the Profit Sharing Settlement Agreement, and the Krzysiak Settlement Agreement (defined below), Navistar will pay \$25 million to the Supplemental Trust as a further partial prepayment of amounts to be paid under the Profit Sharing Settlement Agreement (the “\$25 Million Prepayment,” and, together with the \$75 Million Prepayment, the “Prepayments”).

W. After signing the LOI, the parties to the LOI cooperated in good faith to identify proposed class representatives and class counsel to represent the interests of the Shy Class with respect to the Settlement.

X. As a result of this process, on November 24, 2021, the SBC filed a motion (the “Class Representative Motion”) to appoint Messrs. Zounes and Rodgers as Class Representatives (in addition to Mr. Potts), and to appoint Markovits, Stock & DeMarco, LLC, as class counsel (“Class Counsel”). The Court granted the Class Representative Motion on December 10, 2021.

Y. The Class Representatives and Class Counsel have reviewed documents relating to this settlement, have consulted with experts, and have examined and considered the benefits to be provided to the Modified Shy Class members (defined below) under the Settlement as provided for in this Class Settlement Agreement. The Class Representatives and Class Counsel believe the proposed Settlement is fair, adequate, reasonable, and in the best interests of the Modified Shy Class members, taking into account the benefits provided to the Modified Shy Class members through the terms of the Class Action Settlement, the risks of continued litigation and possible trial and appeals, and the length of time and the costs that would be required to complete the litigation. The Class Representatives have reviewed the proposed amendment of the Supplemental Benefit Program concerning future profit sharing and agree to move for approval of the amendment to provide appropriate notice to the Modified Shy Class, as provided for in Section 9.1(c) of the Supplemental Benefit Program.

Z. The Parties entered into this Class Settlement Agreement after extensive arm’s length negotiations. The Parties agreed on the benefits to be provided to the Modified Shy Class described in this Class Settlement Agreement before agreeing upon Class Counsel’s attorneys’ fees and expenses.

AA. Upon the execution of this Class Settlement Agreement, Class Counsel will move for an order preliminarily: (1) approving this Class Settlement Agreement as fair, adequate and

reasonable to the settlement class; (2) modifying the Shy Class to reflect the current composition of that class (as so modified, the “Modified Shy Class”); (3) adding Modified Shy Class members Robert Bergmann and Fred Cortright as additional Class Representatives; (4) approving the form, content and method of notice to the Modified Shy Class; (5) establishing procedures and scheduling deadlines for notice to the Modified Shy Class members, and for Modified Shy Class members to object to the Settlement; (6) scheduling deadlines for the filing of papers in support of final approval and in support of attorneys’ fees and expenses; (7) setting a time and date for a hearing (the “Fairness Hearing”) for consideration of final approval of this Class Settlement Agreement as well as Class Counsel’s fees and expenses; (8) establishing other requirements and procedures necessary to effectuate the Settlement; and (9) seeking further modification of the 1993 Consent Decree consistent with the Settlement (the “Preliminary Approval Motion”). The Parties support the Preliminary Approval Motion. Class Counsel will also move pursuant to Section 9.1(c) of the Supplemental Benefit Program for approval of the amendment of the Supplemental Benefit Program concerning future profit sharing. The Parties support this motion.

BB. Consistent with the LOI, and contemporaneously with the execution of this Class Settlement Agreement, Navistar and the SBC have entered into the “Profit Sharing Settlement Agreement,” attached hereto as Exhibit D, and Navistar and the plaintiffs in the Krzysiak Action have entered into the “Krzysiak Action Settlement Agreement,” attached hereto as Exhibit E.

CC. In exchange for the payments set out in the Profit Sharing Settlement Agreement and the Krzysiak Settlement Agreement, and the other consideration provided by Navistar, the Class Representatives have agreed to the provision of releases, to be binding on the Modified Shy Class, for the benefit of Navistar (as set forth on Exhibit F hereto, the “Class Releases”), all subject to notice, an opportunity to be heard and object, and approval by the Court.

DD. The Class Representatives and Class Counsel reviewed and analyzed the Settlement in its entirety and believe the Settlement to be in the best interests of the Modified Shy Class.

EE. The UAW also reviewed and analyzed the Settlement in its entirety and has agreed to support the Settlement.

FF. The Parties wish to effectuate and finalize the Settlement by cooperating in seeking Court approval of the Settlement, affording the Modified Shy Class the opportunity to be heard and object to the terms of the Settlement, and providing appropriate notice of the Supplemental Benefit Program amendment prior to approval by the Court.

Now therefore, intending to be legally bound, the Parties agree to the following:

Effectiveness

1. This Agreement and all associated attachments and exhibits are made for the sole purpose of settling the disputes between and among the Parties and are made in compromise of disputed claims. Because the Settlement resolves claims on a classwide basis, it must receive preliminary and final approval from the Court. Accordingly, the Parties enter into this Agreement on a conditional basis.

2. Preliminary Effectiveness. This Class Settlement Agreement will become effective on a preliminary basis (“Preliminary Effectiveness”) upon the earliest date on which both (i) it has been executed by all Parties and (ii) an Order granting the Preliminary Approval Motion, in substantially the form submitted to the Court with the Preliminary Approval Motion (the “Preliminary Approval Order”), has been entered.

3. Final Effectiveness. This Class Settlement Agreement will become effective on a final basis (“Final Effectiveness”) upon the earliest date on which all of the following are true: (i) Interim Effectiveness has been achieved and not terminated; (ii) an Order granting the Final Approval Motion (defined below), in a form to be agreed by the Parties and submitted with the Final Approval Motion (the “Final Approval Order”) has been entered; and (iii) the time for any appeal of the Final Approval Order has expired, or any appeal has been resolved with the effect of leaving the Final Approval Order materially undisturbed, with the time for any further appeal having expired (a “Final Order”). The period between Preliminary Effectiveness and Final Effectiveness shall be referred to as the “Preliminary Effectiveness Period.”

The Preliminary Effectiveness Period

4. Cooperation. During the Preliminary Effectiveness Period, and subject in all cases to their respective fiduciary duties, the Parties will cooperate together in good faith to effectuate the terms of the Settlement and achieve Final Effectiveness. This provision shall not be read to affect any cooperation obligation a Party may have under the LOI.

5. No Action Contrary to Settlement. During the Preliminary Effectiveness Period, no Party shall take any action in opposition to the Preliminary Approval Motion, the Final Approval Motion (as agreed by the Parties) or the terms of this Class Settlement Agreement, including, without limitation, by making any public filing or statement, by encouraging any third party to oppose the Preliminary Approval Motion or the Final Approval Motion or the relief sought therein, by supporting any objection to the Preliminary Approval Motion or the Final Approval Motion, or by taking any action that would inhibit or impair the approval or enforcement of this Class Settlement Agreement, the Consent Decree Modifications, the Class Releases, the Profit Sharing Settlement Agreement or the Krzysiak Settlement Agreement. The Parties may support the right of any person or group to be heard and object to the Preliminary Approval Motion or the Final Approval Motion, but may not support the merits of any such objection.

6. Interim Amendments to Settlement. During the Preliminary Effectiveness Period, and subject to any applicable notice and Court approval requirements, the Parties may agree in writing to any changes to this Class Settlement Agreement and/or the relief sought in the Preliminary Approval Motion, and the remaining provisions of this Class Settlement Agreement shall remain in effect upon such agreement.

7. During the Preliminary Effectiveness Period:

- a. Navistar (including Navistar Inc., in its capacity as Shy Plan administrator) shall:
 - i. not take any action to progress or prosecute the Motion to Vacate;

- ii. continue to comply with the Profit Sharing Plan (and any amounts paid pursuant to the Profit Sharing Plan for plan years after October 31, 2020, will be credited as set out in the Profit Sharing Settlement Agreement and recited in paragraph 14 below, including by reducing Navistar's interest burden), except that Navistar's obligations to obtain a review of profit sharing data from a certified public accounting firm and provide the results of that review to the SBC and the UAW under section 8.2 of the Profit Sharing Plan shall be waived; and
 - iii. Calculate the Retiree Contribution for the 2022 Plan Year (and onward, if applicable) in accordance with the agreed language of the Part D Credit Modification; and
- b. the SBC shall:
- i. not take any action to progress or prosecute the Motion to Confirm;
 - ii. not increase the monthly spend toward the Retiree Contribution that it pays on behalf of beneficiaries;
 - iii. not alter the level of benefit buydowns provided by the Supplemental Benefit Plan from those applicable for 2021 as set forth in the October 2020 letter from the SBC to the Shy Plan participants, except that the SBC may reduce deductibles applicable to medical benefits provided under the Shy Plan to \$0; and
 - iv. other than as provided herein, not make any payments to further enhance benefits beyond the Shy Plan level of benefits in effect for the plan year beginning November 1, 2020, including reimbursement of beneficiaries' Medicare Part B premiums. The SBC may continue to make payments for consulting, investment, administrative, and legal fees and costs.
- c. Except as otherwise set forth herein or separately ordered by the Court, the 1993 Consent Decree shall remain effective in its current form until Final Effectiveness has been achieved.

8. In addition, the Parties agree and acknowledge that, pending Final Effectiveness, beginning with the plan year beginning November 1, 2021, the Retiree Contribution shall be lowered in the manner and on the terms specified in the Subaccount A Resolution (Exhibit A hereto).

9. The Parties agree that Class Counsel will seek, conditionally and for settlement purposes, a "Modified Shy Class" defined as follows:

Present participants (including spouses and dependents) and those eligible to become participants, whether upon retirement or election (including eligible spouses and dependents), in the Navistar International Transportation Corp. Retiree Health Benefit and Life Insurance Plan (n/k/a the Navistar, Inc. Retiree

Health Benefit and Life Insurance Plan). This includes all eligible present retirees, individuals eligible upon retirement or election, and participating, eligible, or future-eligible spouses and dependents in the Navistar International Transportation Corp. Retiree Health Benefit Program (n/k/a the Navistar, Inc. Retiree Health Benefit Program), the Navistar International Transportation Corp. Retiree Life Insurance Program (n/k/a the Navistar, Inc. Retiree Life Insurance Program), and the Navistar International Transportation Corp. Retiree Supplemental Benefit Program (n/k/a the Navistar, Inc. Retiree Supplemental Benefit Program).

For the avoidance of doubt, the definition of “Modified Shy Class” and the Parties’ agreement to seek approval of the Modified Shy Class are not intended to expand eligibility for benefits under any benefit plan(s), all of which remains governed by the terms of the applicable benefit plan(s).

10. CAFA Notices. As soon as practicable, but no later than ten (10) days after the Preliminary Approval Motion is filed with the Court, Navistar shall serve notices as required by the notice provisions of the Class Action Fairness Act.

11. Class Notice. The Preliminary Approval Motion will seek approval of the following Notice Plan, administered by Navistar under the supervision of Class Counsel:

- a. On or by the Notice Date (defined below), Navistar shall mail, by first class U.S. Mail, a “Long Form Notice” substantially in the form attached hereto as Exhibit G, to all Modified Shy Class members for whom Navistar has a mailing address. For any Long Form Notice that is returned without a forwarding address, Navistar will attempt to obtain a current address using the National Change of Address database maintained by the U.S. Postal Service. Long Form Notices returned with forwarding addresses or where current addresses can be found will be resent as soon as practicable.
- b. On or by the Notice Date, Navistar shall send, via email, an email notice substantially in the form attached hereto as Exhibit H, to all Modified Shy Class members for whom Navistar has an email address.
- c. On or by the Notice Date, Navistar shall cause to be published, via PRNewswire, a publication notice substantially in the form attached hereto as Exhibit I.
- d. On or by the Notice Date, Navistar will establish a settlement website, located at www.navistar.com/ShySettlement, available for Modified Shy Class members to learn more about the Class Action Settlement. The website will have a “Frequently Asked Question” notice substantially in the form of the Long Form Notice, links to important documents including this Class Settlement Agreement, and a link to a toll-free hotline that Modified Shy Class members can call to have questions answered. Contact information for Class Counsel will be provided in the event Modified Shy Class members have questions that cannot otherwise be resolved by the information provided.

- e. On or by the Notice Date, Navistar will establish a toll-free hotline, reasonably staffed during most business hours with persons knowledgeable about the Settlement, so that Modified Shy Class members can have questions answered.

12. Final Approval. Class Counsel, supported by the Parties, will request in the Preliminary Approval Motion a schedule leading to a Fairness Hearing, at which Class Counsel will request entry of the Final Approval Order. The proposed schedule, assuming the Preliminary Approval Order is granted on January 20, 2022, would be:

- a. A “Notice Date” of February 9, 2022;
- b. An objection deadline of April 11, 2022, with the same deadline for the filing of a notice of appearance by any objector’s counsel;
- c. A deadline of March 27, 2022 for the filing of the Final Approval Motion, and for the filing of Class Counsel’s fee and expense application;
- d. A deadline of May 26, 2022 for Class Counsel’s replies to objections;
- e. A deadline of May 26, 2022 for Navistar’s report to the Court regarding the Notice Plan;
- f. A Fairness Hearing on or after June 9, 2022.

If the Preliminary Approval Order is entered later or earlier than January 20, 2022, these dates will be adjusted accordingly. Dates falling on weekends or federal holidays will be extended until the following non-holiday weekday.

Settlement Payments

13. The “Payment Date” shall be three (3) business days after each of the following is true:

- a. Final Effectiveness has occurred; and
- b. The Court has entered an Order dismissing the Krzysiak Action with prejudice, and such Order has become a Final Order.

14. Consistent with the Profit Sharing Settlement Agreement (Exhibit D hereto), on or before the Payment Date, Navistar will pay or cause to be paid to the Supplemental Trust \$556 million in cash, less certain credits, plus an additional interest amount, as follows:

- a. The \$75 Million Prepayment and the \$25 Million Prepayment will be credited;
- b. Any amount paid by Navistar under the Profit Sharing Plan for any plan year after the plan year ending October 31, 2020, will be credited;
- c. Navistar will pay the difference between \$556 million and the credits identified in subparagraphs (a) and (b); and

- d. Navistar will pay an additional amount equal to the sum of daily simple interest accruals for the period beginning August 11, 2021, and ending on the day before the Payment Date, where each day's interest accrual is equal to 0.01369863% (i.e., 5% per annum) of the difference between \$192 million and the amounts that have been paid by Navistar as of such day under the Profit Sharing Plan for any plan year after October 31, 2020.

15. Consistent with the Krzysiak Action Settlement Agreement (Exhibit E hereto), on or before the Payment Date, Navistar will pay or cause to be paid the following amounts in cash:

- a. \$17 million to the VEBA Subaccount A of the Health Benefit Trust; and
- b. \$3 million to the Supplemental Trust (in addition to the amounts payable under the Profit Sharing Settlement Agreement).

16. For the avoidance of doubt, the payments specified in paragraphs 14 and 15 above are recitations of, and not in addition to, the payments required under the Profit Sharing Settlement Agreement and the Krzysiak Action Settlement Agreement. Furthermore, no such payment shall count toward any future contribution or payment obligation of Navistar or the Employers to the Health Benefit Trust under the Health Benefit Program or Life Insurance Program or the Health Benefit Trust Agreement (as such terms are defined in the 1993 Consent Decree).

17. In addition to the foregoing payments, Navistar has agreed to the inclusion of the Part D Credit Modification as part of the Consent Decree Modifications.

Class Releases

18. The Final Approval Order shall provide that, upon payment of each of the amounts set forth in paragraphs 14 and 15 above, the “Class Releases” attached hereto as Exhibit F will be deemed effective and binding on the Modified Shy Class and its members.

Consent Decree Modifications

19. Upon Final Effectiveness, the 1993 Consent Decree will be deemed modified in accordance with the Consent Decree Modifications identified on Exhibit B hereto. These changes include, without limitation:

- a. The elimination of the Profit Sharing Plan and Navistar's obligations with respect thereto; and
- b. The Part D Credit Modification.

For the avoidance of doubt, the foregoing descriptions of the Consent Decree Modifications are for ease of reference, and are qualified entirely by the Consent Decree Modifications and the Modified Consent Decree, as set out on Exhibits B and C hereto. In the event of a conflict between the foregoing descriptions and the Consent Decree Modifications/Modified Consent Decree, the Consent Decree Modifications/Modified Consent Decree shall control.

Other Terms

20. **Class Counsel Fees and Expenses.** Navistar agrees to pay the fees and expenses of Class Counsel in this matter, subject to a \$750,000 cap that Navistar and Class Counsel agree upon and believe is reasonable. If this Class Settlement Agreement is approved by the Court, the fees of Class Counsel will be subject to review by the Court as part of the settlement process. Navistar agrees to pay the fees and expenses of Class Counsel whether or not this Class Settlement Agreement is ultimately approved. Payment to Class Counsel will be made following Court review, if any, or upon the occurrence of the Reset Date (defined below). Once the Class Settlement Agreement is approved or the Reset Date has occurred and the work of Class Counsel is complete, Class Counsel will make a request for fees and expenses of a specific amount.

21. **Term.**

- a. If the Court declines to enter the Preliminary Approval Order for any reason, or if the Preliminary Approval Order has not been entered by March 30, 2022, this Class Settlement Agreement will be null and void *ab initio* (unless the Parties mutually agree in writing to an extension of the March 30, 2022 date); provided that, in such an event, the parties to the LOI shall not be relieved of any obligations thereunder.
- b. This Class Settlement Agreement will expire and terminate automatically, without the need for any notice, upon the earlier of (a) the occurrence of the Reset Date (defined below) (in which case the provisions of paragraph 24 shall remain in effect), (b) Final Effectiveness, and (c) written agreement of each of the Parties.
- c. This Class Settlement Agreement may be terminated by any Party in accordance with the provisions of Paragraph 28.

22. **Court Rejection.** If at any time the Court enters an Order declining to approve any part of the Settlement and/or the Final Approval Motion (“Court Rejection”), Navistar, the SBC and the Class Representatives shall promptly confer and cooperate in good faith to determine whether the terms of the Settlement and/or the Final Approval Motion may be modified to their mutual satisfaction and the satisfaction of the UAW, and, if such a resolution can be reached, promptly seek approval of the modified Settlement and/or file a revised Final Approval Motion. In the event Navistar, the SBC and the Class Representatives cannot agree on such modification(s) within 60 days of Court Rejection, or if a Final Order approving the modified Settlement and/or Final Approval Motion is not obtained within 120 days of Court Rejection, the Reset Date shall be deemed to have occurred.

23. **Failure to Obtain Court Approval.** If Final Effectiveness has not been achieved on or by October 31, 2022 (other than as a result of Court Rejection), the Parties shall promptly confer with the Court to try and determine the cause for the failure to obtain Court Approval, and shall thereafter cooperate in good faith to resolve any issues that may be identified by the Court. If, despite these efforts, Final Effectiveness is not obtained by December 31, 2022, the Reset Date shall be deemed to have occurred on that date.

24. **Reset Date.** Upon the occurrence of any Reset Date:

- a. The Parties' obligations under paragraphs 1 through 20 of this Class Settlement Agreement shall be null and void;
- b. the SBC and Navistar may request that the Court rule on the Motion to Confirm and the Motion to Vacate; and
- c. any Prepayment that Navistar has made as of the Reset Date shall operate as a credit towards any final judgment entered against Navistar as a result of the proceedings arising out of the Arbitration Award. To the extent this credit exceeds the amount of any final judgment or in the event the Arbitration Award is vacated in whole or in part, the excess shall be treated as a credit against (i) Navistar's 2021 and future obligations under the Profit Sharing Plan, if any, and/or (ii) Navistar's post-PSCD obligations under Section 7.2 of the Supplemental Benefit Program, in Navistar's sole discretion.

The provisions of this paragraph 24 shall survive any termination of this Class Settlement Agreement that results from the occurrence of the Reset Date.

25. Governing Law and Jurisdiction. This Class Settlement Agreement shall be governed by the laws of the State of Illinois without regard to its conflict of law provisions. In the event of any dispute arising out of or in connection with this agreement, the Court shall have exclusive jurisdiction to resolve such dispute(s).

26. Integration / Entire Agreement. This Class Settlement Agreement, together with the Profit Sharing Settlement Agreement and the Krzysiak Settlement Agreement, form the entire agreement of the Parties (as applicable) regarding the Settlement, and all prior communications, whether oral or written, by or among any of the Parties shall be of no further effect or evidentiary value.

27. Non-reliance. Each Party acknowledges that, in executing this Class Settlement Agreement, it has not relied on any representation or statement made by any other Party, except as expressly set forth herein.

28. Severability. Should any material provision of any of this Class Settlement Agreement, the Profit Sharing Settlement Agreement, or the Krzysiak Settlement Agreement be deemed unenforceable or contrary to law by a court of competent jurisdiction, any Party may cause the termination of this Agreement with immediate effect by written notice to the other Parties, provided that in such an event, Navistar shall have the right to credit any payments made in connection with the Settlement as provided in paragraph 24.

29. Modification of Agreement. This Class Settlement Agreement may only be amended by written agreement of each of the Parties, with due notice to the Modified Shy Class and approval of the Court; provided that the Parties may agree to ministerial and/or clerical amendments without such notice and approval.

30. Failure to Enforce. The failure by any Party to enforce any provision of this Class Settlement Agreement at any time, or for any period of time, shall not be construed as a waiver of any right of enforcement the Party may have.

31. No Third-party Beneficiaries. The provisions of this Class Settlement Agreement are intended solely for the benefit of each Party hereto and the members of the Modified Shy Class, and their respective successors or permitted assigns, and it is not the intention of the Parties to confer third-party beneficiary rights upon any other person; provided that the UAW shall be considered a third-party beneficiary for purposes of paragraph 22.

32. Interpretation. This Class Settlement Agreement has been negotiated and reviewed by the Parties with the advice of counsel, and in the event of an ambiguity its provisions are not to be construed against or in favor of any Party. The Parties agree that none of the Parties shall be considered the primary drafter of this Class Settlement Agreement, or any part of it, for purposes of any rule or doctrine of construction or interpretation.

33. No Admission. This Settlement Approval and Consent Decree Modification shall not be construed as an admission as to any Party's liability or the merits of any Party's claims or legal positions regarding the subject matter of this Class Settlement Agreement.

[SIGNATURE BLOCKS TO FOLLOW]

Navistar, Inc.

 0/6/0 Curt A. Kramer

By: Curt A. Kramer

Its: Senior Vice President and General Counsel

Navistar International Corporation

 0/6/0 Curt A. Kramer

By: Curt A. Kramer

Its: Senior Vice President and General Counsel

The Supplemental Benefit Program Committee of the Navistar, Inc. Retiree Supplemental Benefit Program

By:

Its:

Navistar, Inc.

By:

Its:

Navistar International Corporation

By:

Its:

The Supplemental Benefit Program Committee of the Navistar, Inc. Retiree Supplemental Benefit Program



By: Ted Scallet

Its: Counsel

Class Representatives

/s/ Carl Potts

Carl Potts

and

/s/ Richard Zounes

Richard Zounes

and

/s/ Miller Rodgers

Miller Rodgers

Class Counsel

W. B. Markovits
Terence R. Coates
Markovits, Stock & DeMarco, LLC

Class Representatives

Carl Potts

and

Richard Zounes

and

Miller Rodgers

Class Counsel



W. B. Markovits
Terence R. Coates
Markovits, Stock & DeMarco, LLC