Q4 2020 EARNINGS PRESENTATION

December 17, 2020

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 Section 27A of the Securities Act of 1933, as amended ("Securities Act"), Section 21E of the Securities Exchange Act of 1934, as amended ("Exchange Act"), and the Private Securities Litigation Reform Act of 1995. Such forward-looking statements only speak as of the date of this presentation and the company 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 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 fiscal year ended October 31, 2020. 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 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 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.

Fourth Quarter 2020 Summary

NAVISTAR

- Operating results improved sequentially, reflecting stronger economic and truck industry conditions
- Q4 net loss of $236 million includes $297 million of tax-effected significant items, resulting in adjusted net income of $61 million
- Generated Q4 adjusted EBITDA of $169 million and manufacturing free cash flow of $229 million
- Ended the year with manufacturing cash of $1.75 billion
- Launched new International HX severe service truck series in November
- Announced hydrogen fuel cell development project with Cummins
- Signed definitive merger agreement with TRATON

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

2020 Accomplishments

- Tremendous business accomplishments despite COVID-19 pandemic
  - Effectively maintained employee health and safety through enhanced protocols
  - Broke ground on capital investments in San Antonio and Huntsville
  - Formed new partnerships to provide customer solutions for emerging technologies
  - Plans to announce a new product every six months for the next three years
- Financial results improved in second half of 2020
  - Improved adjusted EBITDA each quarter of the year
  - Achieved adjusted EBITDA margin of 8.2% in fourth quarter
  - Generated $383 million of manufacturing free cash flow in the second half of 2020
- Market share built momentum and improved sequentially during 2020
  - Bus share up 2 points to 37.8%, second consecutive year as market leader
  - Severe Service share rose 1 point to 15.8%

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

Fourth Quarter and Annual 2020 Consolidated Results

NAVISTAR

($ in millions, except per share and units)	Quarters Ended October 31		Years Ended October 31	
	2020	**2019**	**2020**	**2019**
Chargeouts[A]	**13,200**	20,200	**50,400**	87,200
Sales and Revenues	**$ 2,065**	$ 2,780	**$ 7,503**	$ 11,251
Net Income[B]	**$ (236)**	$ 102	**$ (347)**	$ 221
Diluted Income Per Share[B]	**$ (2.36)**	$ 1.02	**$ (3.48)**	$ 2.22
Adjusted Net Income	**$ 61**	$ 114	**$ 10**	$ 423
Adjusted EBITDA	**$ 169**	$ 219	**$ 420**	$ 882
Adjusted EBITDA Margin	**8.2%**	7.9%	**5.6%**	7.8%

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

(A) Includes U.S. and Canada School buses and Class 6-8 trucks.
(B) Amounts attributable to Navistar International Corporation. Q4 2020 results include $297 million of tax-affected significant items. See REG G for more details.

Fourth Quarter 2020 Segment Results

NAVISTAR

($ in millions)

	Sales and Revenues		Segment Profit (Loss)	
	Quarters Ended October 31		Quarters Ended October 31	
	2020	**2019**	**2020**	**2019**
Truck	**$ 1,478**	$ 2,105	**$ (10)** [(A)]	$ 86
Parts	**496**	547	**129**	161
Global Operations	**87**	93	**12**	(10)
Financial Services	**47**	71	**14**	30

(A) During Q4 2020, the Truck segment recorded a charge of $58 million, including $8 million of legal and other fees, related to the Department of Justice litigation settlement.

Annual 2020 Segment Results

NAVISTAR

($ in millions)

	Sales and Revenues		Segment Profit (Loss)	
	Years Ended October 31		Years Ended October 31	
	2020	2019	2020	2019
Truck	$ 5,312	$ 8,585	$ (141)[(A)]	$ 269[(B)]
Parts	1,846	2,245	448	598
Global Operations	253	343	-	-
Financial Services	217	297	65	123

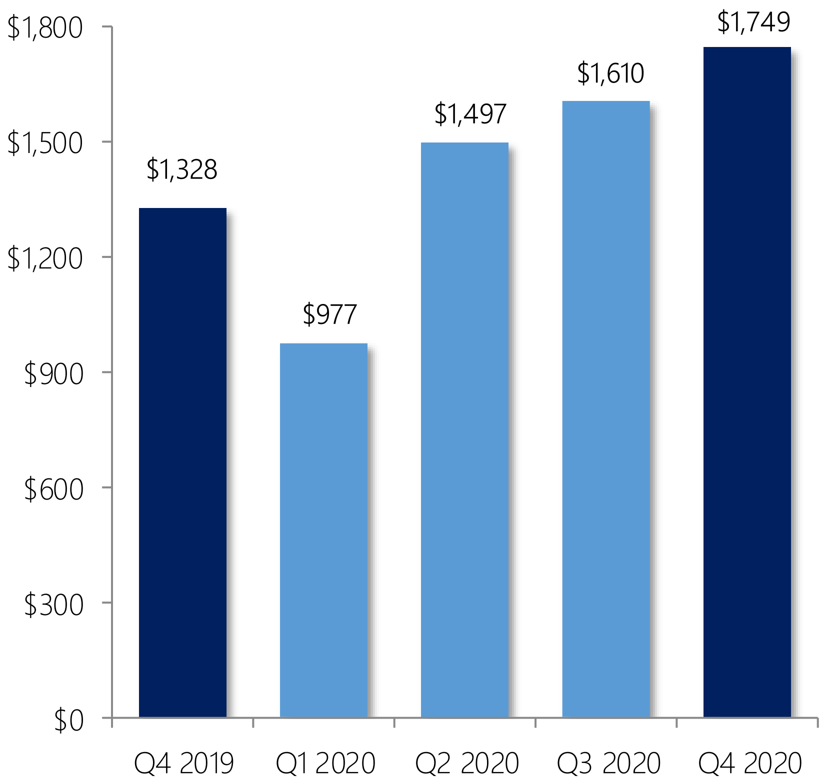
(A) During 2020, the Truck segment recorded a charge of $58 million, including $8 million of legal and other fees, related to the Department of Justice litigation settlement.

(B) During 2019, the Truck segment recognized a net charge of $129 million related to the MaxxForce Advanced EGR engine class action settlement and related litigation, and a gain of $51 million related to the sale of a majority interest in the Navistar Defense business.

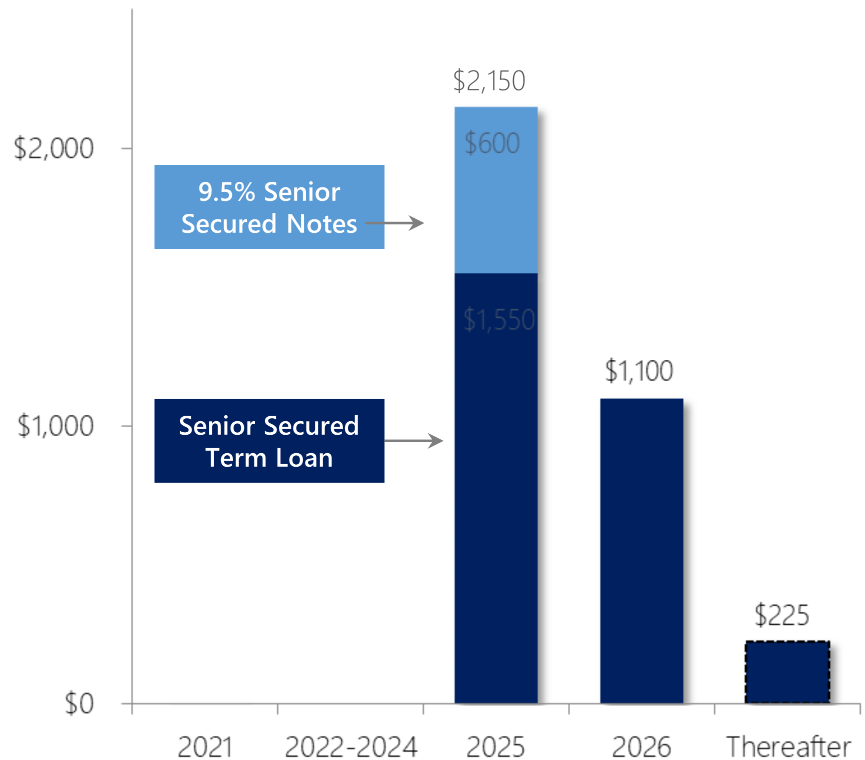
Strong Cash Balance, No Near-Term Manufacturing Debt Maturities

($ in millions)

Manufacturing Cash Balance[(A)]



Manufacturing Debt Maturities[(B)]



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

(A) Amounts include manufacturing cash and cash equivalents. Q4 2020 ending consolidated equivalent cash balance was $1.8 billion. Amounts exclude restricted cash.

(B) Total manufacturing debt of $3.5 billion as of October 31, 2020. Graph does not include financed lease obligations and other, totaling $54 million.

Appendix

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Days Sales Inventory On-Hand

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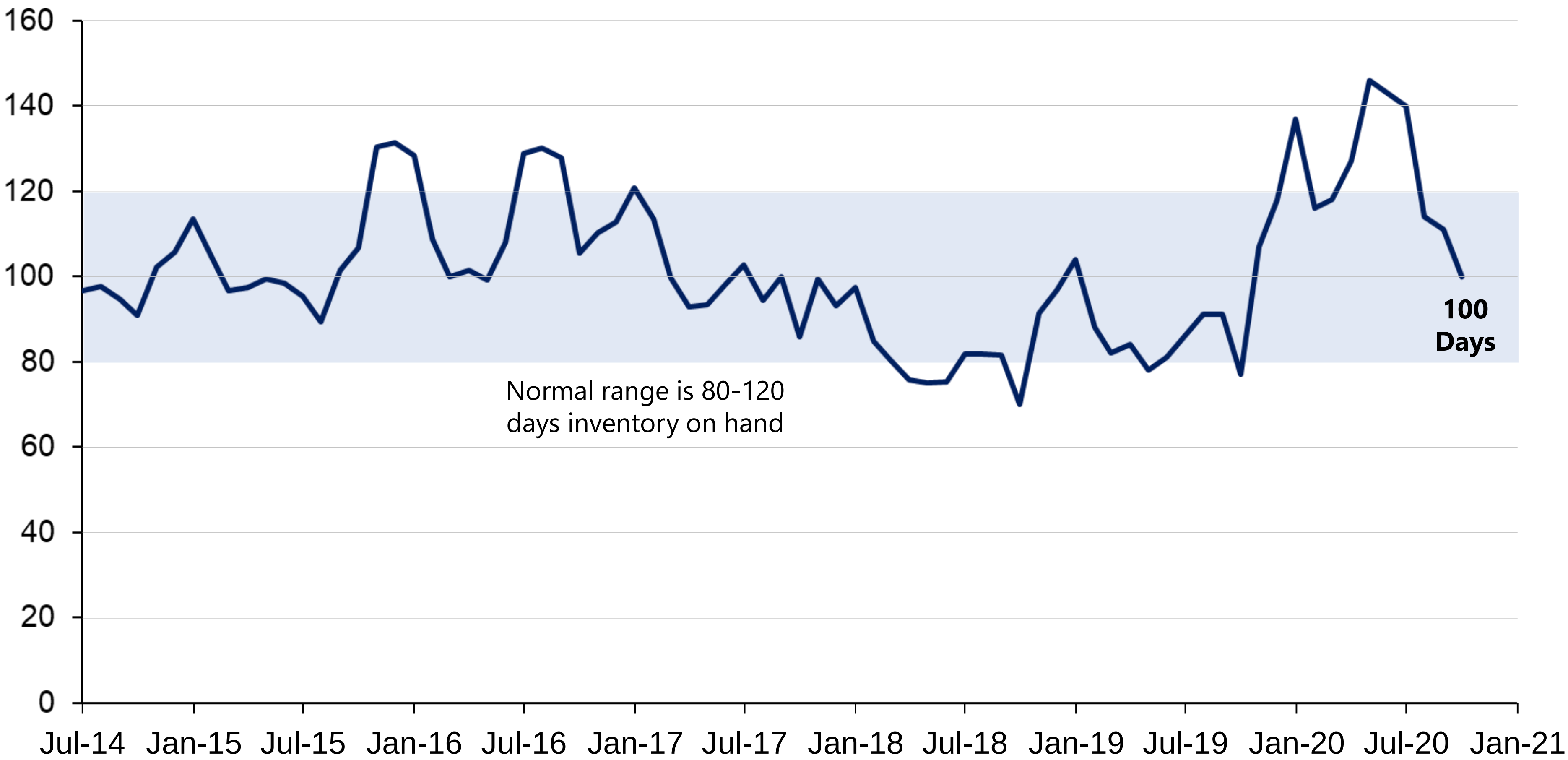

Includes US and Canada Class 6-8 company and dealer truck inventory, but does not include IC Bus

*Calculation is based on the 3-month rolling average of inventory-to-retail sales ratio

Retail Market Share in Commercial Vehicle Segments

	Years Ended October 31,		
	2020	2019	2018
Core Markets (U.S. and Canada)			
School buses	**37.8%**	35.8%	33.2%
Class 6 and 7 medium trucks	**21.0%**	27.0%	23.3%
Class 8 heavy trucks	**9.5%**	13.8%	13.7%
Class 8 severe service trucks	**15.8%**	14.8%	12.9%
Combined class 8 trucks	**11.4%**	14.1%	13.5%

Class 6/7
Medium-Duty

Class 8
Heavy

Class 8
Severe Service

Worldwide Truck Chargeouts

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	Three Months Ended October 31, 2020	Three Months Ended October 31, 2019	Change	% Change	Years Ended October 31, 2020	Years Ended October 31, 2019	Change	% Change
Core Markets (U.S. and Canada)								
School buses	**3,000**	3,300	(300)	-9%	**11,100**	13,000	(1,900)	-15%
Class 6 and 7 medium trucks	**3,100**	5,800	(2,700)	-47%	**15,400**	29,200	(13,800)	-47%
Class 8 heavy trucks	**4,600**	7,300	(2,700)	-37%	**13,700**	33,100	(19,400)	-59%
Class 8 severe service trucks	**2,500**	3,800	(1,300)	-34%	**10,200**	11,900	(1,700)	-14%
Total Core markets	**13,200**	20,200	(7,000)	-35%	**50,400**	87,200	(36,800)	-42%
Non "Core" defense	**-**	-	-	*N/A*	**-**	100	(100)	-100%
Other markets(A)	**4,500**	5,000	(500)	-10%	**15,600**	19,200	(3,600)	-19%
Total worldwide units	**17,700**	25,200	(7,500)	-30%	**66,000**	106,500	(40,500)	-38%
Combined class 8 trucks	**7,100**	11,100	(4,000)	-36%	**23,900**	45,000	(21,100)	-47%

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.

(A) Other markets primarily consist of Class 4/5 vehicles, Export Truck, Mexico, and post-sale Navistar Defense. Other markets include certain Class 4/5 vehicle chargeouts of 2,600 and 3,000 General Motors ("GM")-branded units sold to GM for the quarters ended October 31, 2020 and 2019, respectively, and 7,300 and 9,000 for the years ended October 31, 2020 and 2019, respectively.

Financial Services Segment

Highlights

- Financial Services segment profit of $14M for Q4 2020 and $65M 2020
- Segment financing availability of $814M as of October 31, 2020
- Financial Services debt/equity leverage of 2.8:1 as of October 31, 2020
- Repaid $300M two-year dealer funding notes that matured in September 2020

NFC[1] Facilities

Dealer Floor Plan

- **NFSC wholesale trust as of October 31, 2020**
  - $950M funding facility
  - Variable portion matures May 2021
  - Term portions mature May 2021 and July 2022
- **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 Facilities

- **Bank revolver capacity of $748M matures May 2024**
  - Funding for retail notes, wholesale notes, retail accounts, and dealer open accounts
- **$200M TRAC Facility extended to June 2021**
- **On balance sheet**

[1] Navistar Financial Corporation (NFC) is the U.S. financial entity of Navistar's Financial Services segment.

Frequently Asked Questions

NAVISTAR

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 and profit sharing, manufacturing interest expense, and the elimination of intercompany sales and profit between segments.

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

A: Equity in income of non-consolidated affiliates is derived from the 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 the company does 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 2021 and beyond pension funding requirements?

A: In 2020 and 2019, we contributed $35 million and $140 million, respectively, to our U.S. and Canadian pension plans (the "Plans") to meet regulatory minimum funding requirements. In 2020, we deferred $157 million of previously expected contributions until the first quarter of 2021 under the provisions of the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act"). In 2021 we expect to contribute approximately $320 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, and the impact of any future funding relief. We currently expect that in 2022 and 2023, we will be required to contribute approximately $170 million and $160 million per year, respectively, depending on asset performance and discount rates.

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

A: Cash tax payments are expected to remain low in 2021 and could gradually increase as the company utilizes available net operating losses (NOLs) and tax credits in future years.

Frequently Asked Questions

NAVISTAR

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

A: As of October 31, 2020, the Company had deferred tax assets for U.S. federal NOLs valued at $495 million, state NOLs valued at $165 million, and foreign NOLs valued at $141 million, for a total undiscounted cash value of $801 million. In addition to NOLs, the Company had deferred tax assets for accumulated taxa credits of $183 million and other deferred tax assets of $1.2 billion resulting in net deferred tax assets before valuation allowances of approximately $2.2 billion. Of this amount, $2.0 billion was subject to a valuation allowance at the end of FY2020.

Q7: What adjustments do you make to the ACT forecast to align with company's presentation?

A:

Reconciliation to ACT – Retail Sales	2021
ACT*	271,400
CY to FY adjustment	(6,400)
"Other Specialty OEMs" included in ACT's forecast; we do not include these specialty OEMs in our forecast or in our internal/external reports	(4,500)
Total (ACT comparable Class 8 Navistar)	260,500

*Source: ACT N.A. Commercial Vehicle Outlook – December 2020

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.

Q9: How do you define manufacturing free cash flow?

A:

($ in millions)	Year Ended Oct. 31 2020	Quarters Ended Oct. 31, 2020	Jul. 31, 2020	Apr 30, 2020	Jan. 31, 2020
Consolidated Net Cash from Operating Activities	**$ 474**	**$ 342**	$ 250	$ (217)	$ 99
Less: Net Cash from Financial Services Operations	**544**	**80**	71	(17)	410
Net Cash from Manufacturing Operations(A)	**(70)**	**262**	179	(200)	(311)
Less: Capital Expenditures	**148**	**33**	25	31	59
Manufacturing Free Cash Flow	**$ (218)**	**$ 229**	$ 154	$ (231)	$ (370)

(A) Net of adjustments required to eliminate certain intercompany transactions between Manufacturing operations and Financial Services operations.

Q10: What is your revenue by product type(A)?

A:

($ in millions)	Truck	Parts	Global Operations	Financial Services	Corporate and Eliminations	Total
Three Months Ended October 31, 2020						
Truck products and services(A)	$ 1,218	$ —	$ —	$ —	$ 3	$ 1221
Truck contract manufacturing	129	—	—	—	—	129
Used trucks	64	—	—	—	—	64
Engines	—	51	72	—	—	123
Parts	1	443	16	—	—	460
Extended warranty contracts	28	—	—	—	—	28
Sales of manufactured products, net	1,440	494	88	—	3	2,025
Retail financing(B)	—	—	—	35	(2)	33
Wholesale financing(B)	—	—	—	7	—	7
Financial revenues	—	—	—	42	(2)	40
Sales and revenues, net	$ 1,440	$ 494	$ 88	$ 42	$ 1	$ 2,065

A. Includes other markets primarily consisting of Bus, Export Truck and Mexico.
B. Retail financing and Wholesale financing revenues in the Financial Services segment include interest revenue of $58 million and $31 million, respectively, for the year ended October 31, 2020.

Outstanding Debt Balances

NAVISTAR

($ in millions)	October 31, 2020	October 31, 2019
Manufacturing operations		
Senior Secured Term Loan Credit Agreement, due 2025, net of unamortized discount of $5 and $6, respectively, and unamortized debt issuance costs of $8 and $10, respectively	$ 1,543	$ 1,556
9.5% Senior Secured Notes, due 2025, net of unamortized debt issuance costs of $11	589	-
6.625% Senior Notes, due 2026, net of unamortized debt issuance costs of $13 and $15, respectively	1,087	1,085
Loan Agreement related to 4.75% Tax Exempt Bonds, due 2040, net of unamortized debt issuance costs of $2	223	-
Loan Agreement related to 6.75% Tax Exempt Bonds, due 2040, net of unamortized debt issuance costs of $5	-	220
Financed lease obligations	45	60
Other	9	11
Total Manufacturing operations debt	3,496	2,932
Less: Current portion	45	32
Net long-term Manufacturing operations debt	$ 3,451	$ 2,900

($ in millions)	October 31, 2020	October 31, 2019
Financial Services operations		
Asset-backed debt issued by consolidated SPEs, at fixed and variable rates, due serially through 2022, net of unamortized debt issuance costs of $3 and $4, respectively	$ 724	$ 991
Bank credit facilities, at fixed and variable rates, due dates from 2020 through 2025, net of unamortized debt issuance costs of less than $1 at both dates	940	1,059
Commercial paper, at variable rates, program matures in 2022	-	84
Borrowings secured by operating and finance leases, at various rates, due serially through 2024	170	122
Total Financial Services operations debt	1,834	2,256
Less: Current portion	595	839
Net long-term Financial Services operations debt	$ 1,239	$ 1,417

SEC Regulation G Non-GAAP Reconciliation

NAVISTAR

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 plus manufacturing interest expense, income taxes, and depreciation and amortization. We believe EBITDA provides meaningful information as 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 Net Income and Adjusted EBITDA:

We believe that adjusted net income and 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 and Cash Equivalents:

Manufacturing cash and cash equivalents, and free cash flow represents the Company’s consolidated cash and cash equivalents, excluding cash, and cash equivalents of our financial services operations. 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.

Manufacturing Free Cash Flow consists of Net cash from operating activities and Capital Expenditures, all from our Manufacturing operations

Adjusted EBITDA margin is calculated by dividing adjusted EBITDA by Sales and revenues, net.

SEC Regulation G Non-GAAP Reconciliation

NAVISTAR

Manufacturing Operations Cash and Cash Equivalents Reconciliation:

($ in millions)	Oct. 31, 2020	Jul. 31, 2020	Apr. 30, 2020	Jan. 31, 2019	Oct. 31, 2019
Manufacturing Operations:					
Cash and Cash Equivalents	$ 1,749	$ 1,610	$ 1,497	$ 977	$ 1,328
Manufacturing Cash and Cash Equivalents	$ 1,749	$ 1,610	$ 1,497	$ 977	$ 1,328
Financial Services Operations:					
Cash and Cash Equivalents	$ 94	$ 38	$ 50	$ 23	$ 42
Financial Services Cash and Cash Equivalents	$ 94	$ 38	$ 50	$ 23	$ 42
Consolidated Balance Sheet:					
Cash and Cash Equivalents	$ 1,843	$ 1,648	$ 1,547	$ 1,000	$ 1,370
Consolidated Cash and Cash Equivalents	$ 1,843	$ 1,648	$ 1,547	$ 1,000	$ 1,370

SEC Regulation G Non-GAAP Reconciliations

Earnings (Loss) Before Interest, Taxes, Depreciation, and Amortization ("EBITDA") Reconciliation

(in millions)	Quarters Ended October 31, 2020	Quarters Ended October 31, 2019	Years Ended October 31, 2020	Years Ended October 31, 2019
Income attributable to NIC, net of tax	$ (236)	$ 102	$ (347)	$ 221
Plus:				
Depreciation and amortization expense	53	49	199	193
Manufacturing interest expense (A)	55	47	199	207
Adjusted for:				
Income tax expense	69	(10)	59	(19)
EBITDA	$ (197)	$ 208	$ (8)	$ 640

(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, 2020	Quarters Ended October 31, 2019	Years Ended October 31, 2020	Years Ended October 31, 2019
Interest expense	$ 69	$ 69	$ 268	$ 312
Less: Financial services interest expense	14	22	69	105
Manufacturing interest expense	$ 55	$ 47	$ 199	$ 207

(in millions)	Quarters Ended October 31, 2020	Quarters Ended October 31, 2019	Years Ended October 31, 2020	Years Ended October 31, 2019
EBITDA (reconciled above)	$ (197)	$ 208	$ (8)	$ 640
Adjusted for significant items of:				
Adjustments to pre-existing warranties (A)	14	(4)	40	3
Asset impairment charges (B)	3	1	28	7
Restructuring of manufacturing operations (C)	(3)	13	2	14
MaxxForce Advanced EGR engine lawsuits (D)	—	1	—	129
Legal settlements (E)	58	—	58	—
Shy profit-sharing accrual (F)	289	—	289	—
Gain on sale (G)	—	—	—	(56)
Debt refinancing charges (H)	5	—	5	6
Pension settlement (I)	—	—	7	142
Settlement gain (J)	—	—	(1)	(3)
Total adjustments	366	11	428	242
Adjusted EBITDA	$ 169	$ 219	$ 420	$ 882
Adjusted EBITDA Margin	8.2%	7.9%	5.6%	7.8%

For more detail on the items noted, please see the footnotes on slide 22.

SEC Regulation G Non-GAAP Reconciliation

Adjusted Net Income Reconciliation:

($ in millions)	Quarter Ended, Oct 31 2020	Quarter Ended, Oct 31 2019	Year Ended, Oct 31 2020	Year Ended, Oct 31 2019
Net income from continuing operations attributable to NIC	$ (236)	$ 102	$ (347)	$ 221
Adjusted for significant items of:				
Adjustments to pre-existing warranties (A)	14	(4)	40	3
Asset impairment charges (B)	3	1	28	7
Restructuring of manufacturing operations (C)	(3)	13	2	14
MaxxForce Advanced EGR Engine lawsuits (D)	—	1	—	129
Legal Settlements (E)	58	—	58	—
Shy profit-sharing accrual (F)	289	—	289	—
Gain on sale (G)	—	—	—	(56)
Debt refinancing charges (H)	5	—	5	6
Pension settlement (I)	—	—	7	142
Settlement gain (J)	—	—	(1)	(3)
Total adjustments	366	11	428	242
Tax effect (K)	(69)	1	(71)	(40)
Adjusted net income attributable to NIC	$ 61	$ 114	$ 10	$ 423

For more detail on the items noted, please see the footnotes on slide 22.

SEC Regulation G Non-GAAP Reconciliation

(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 historical 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 2020, we recorded $28 million of asset impairment charges, comprised of $16 million of asset impairment charges related to certain assets under operating leases and certain other long-lived assets in our Truck segment and $12 million of asset impairment charges related to long-lived assets in our Brazil asset group in our Global Operations segment. During 2019, we recorded $7 million of asset impairment charges relating to certain assets under operating leases in our Truck segment. During 2018, we recorded $14 million of impairment charges related to the exit of our railcar business in Cherokee, Alabama, certain long-lived assets and certain assets under operating leases in our Truck and Financial Services segments.

(C) During 2020, we recorded net restructuring charges of $2 million due to restructuring activity throughout the organization. During 2019, we recorded charges of $14 million primarily related to cost reduction actions recorded in Costs of product sold and Restructuring charges in our Global Operations segment.

(D) During 2019, we recognized a net charge of $129 million related to the MaxxForce Advanced EGR engine class action settlement and related litigation in our Truck segment.

(E) During 2020, we recorded a charge of $58 million, including $8 million of legal and other fees, related to a proposed legal settlement with the Department of Justice, related to Navistar Defense.

(F) During 2020, we recorded a charge of $289 million related to the Shy profit-sharing accrual.

(G) During 2019, we recognized a gain of $51 million related to the sale of a majority interest in the Navistar Defense business in our Truck segment, and a gain of $5 million related to the sale of our joint venture in China with JAC in our Global Operations segment.

(H) During 2020 we recorded a charge of $5 million for the write-off of debt issuance costs and discounts associated with the 6.75% Tax Exempt Bonds. During 2019, we recorded a charge of $6 million for the write-off of debt issuance costs and discounts associated with the NFC Term Loan.

(I) During 2020 and 2019, we purchased group annuity contracts for certain retired pension plan participants resulting in plan remeasurements. As a result, we recorded pension settlement charges of $7 million and $142 million, respectively, in Other expense, net in Corporate.

(J) During 2020 and 2019, we recorded interest income of $1 million and $3 million, respectively, in Other expense, net derived from the prior year settlement of a business economic loss claim.

(K) Tax effect is calculated by excluding the tax impact of the non-GAAP adjustments from the tax provision calculations.