



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 positions as needed.

MEMBERSHIP:

The Committee shall be composed of no fewer than two Independent Directors (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 New York Stock Exchange (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. 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 public accountants, 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 independent consulting, legal and other advisors as the Committee deems appropriate in its sole discretion. The Committee shall have sole authority to approve related fees and retention terms.

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 directors of the Corporation appointed by it, 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. In addition to paragraph 1 above, review and recommend to the Independent Directors of the Board for any executive

officers of the Corporation (or any of its material direct subsidiaries) who are also Directors (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;

4. As to the Corporation (or any of its material direct subsidiaries), review and recommend to the Board the organization structure, the election of all corporate 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 of programs for assessment, selection, and succession planning for officers and key executives of the Corporation and its material direct subsidiaries, and programs for training and development of executive level employees of the Corporation taking into account such objectives as diversity;
7. 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 proxy statement or annual report on Form 10-K;
8. Prepare the Compensation Committee Report in accordance with the rules and regulations of the Securities and Exchange Commission for inclusion in the Corporation's proxy statement or annual report on Form 10-K;
9. Recommendations to the Board regarding the adoption of and amendments to stock-based plans and other plans involving the issuance of Corporation securities;
10. Oversee compliance with the requirements of the NYSE rules that stockholders approve equity compensation plans, with limited exceptions;
11. Conduct and present to the Board an annual performance evaluation of the Committee;
12. Reassess the charter of the Committee at least annually and present to the Board for its review and approval any proposed changes;
13. 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; and
14. Such other duties and responsibilities as may be assigned to the Committee by law, the Corporation's charter or by-laws or the Board.

AS ADOPTED BY THE BOARD OF DIRECTORS ON OCTOBER 21, 2008