



# Q1 2019 EARNINGS PRESENTATION

March 8, 2019

Information provided and statements contained in this report 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 report and the company assumes no obligation to update the information included in this report. 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, 2018. 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.

# First Quarter 2019 Highlights



- Revenue up 28%, led by 44% increase in Truck revenue
- Core market share up 1.8 points, led by a 6 point share increase in Class 6/7
- Core chargeouts up 50% to 18,900
- Backlogs rose 18% from year-end, doubled year-over-year
- Adjusted EBITDA up 66% to \$173 million
- Net income \$11 million, versus prior year loss
- Uptime leadership expanding through service partnership with Love's Travel Stops
- Standard & Poor's credit rating upgrade to B from B-
- Canadian pension annuity transaction further de-risks balance sheet
- Sales of 70% interest in Navistar Defense and interest in JND joint venture closed



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

Q1 2019 Earnings – 3/8/2019

NYSE: NAV 3

# Strong Growth in All Key Categories



(\$ in millions, except per share and units)

	Quarters Ended	
	January 31 <sup>(A)</sup>	
	2019	2018
Chargeouts <sup>(B)</sup>	18,900	12,600
Sales and revenues	\$ 2,433	\$ 1,905
Net income (Loss) <sup>(C)</sup>	\$ 11	\$ (73)
Diluted income per share (Loss) <sup>(C)</sup>	\$ 0.11	\$ (0.74)
Adjusted EBITDA	\$ 173	\$ 104
Adjusted EBITDA margin	7.1%	5.5%

(A) 2019 results reflect ASC 606 while 2018 results are as reported

(B) Includes U.S. and Canada School buses and Class 6-8 trucks.

(C) Amounts attributable to Navistar International Corporation.

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

Q1 2019 Earnings – 3/8/2019

NYSE: NAV

# All Segments Growing Profitability in Q1



(\$ in millions)

	Sales and Revenues <sup>(A)</sup>		Segment Profit (Loss)	
	Quarters Ended January 31		Quarters Ended January 31	
	2019	2018	2019	2018
Truck	\$ 1,797	\$ 1,251	\$ 90	\$ (7)
Parts	548	568	144	137
Global Operations	73	81	6	(7)
Financial Services	74	59	31	20

(A) 2019 results reflect ASC 606 while 2018 results are as reported

Q1 2019 Earnings – 3/8/2019

# Strong Industry Expected to Continue in 2019



	2018 Actual	2019 Guidance
Class 8	277K	265-295K
Class 6/7	99K	95K
School bus	33K	35K
Core markets industry	409K	395-425K



# Increasing 2019 Financial Guidance

	Prior 2019 Guidance	Updated 2019 Guidance
Revenue	\$10.5-\$11.0B	\$10.75-\$11.25B
Gross margin	19.0%-19.5%	19.0%-19.5%
Adjusted EBITDA	\$825-\$875M	\$850-\$900M
Manufacturing interest expense	\$225M	\$225M
Warranty spend greater than expense	\$90M	\$90M
Capital expenditures	\$150M	\$150M
Pension/OPEB contributions greater than expense	\$85M	\$85M
Core Market Share	18.5%	19.0%



Increased from prior guidance

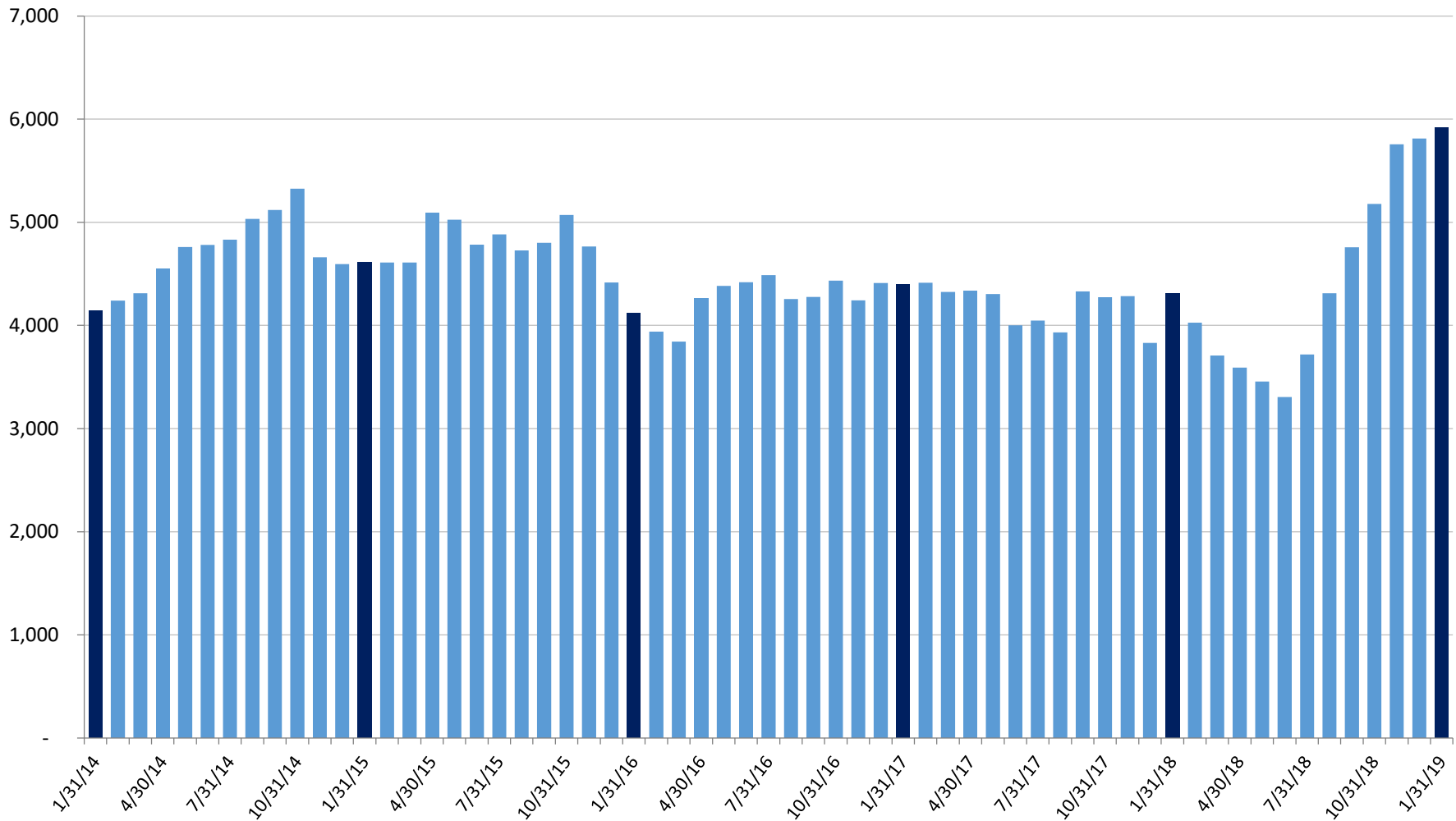


No change from prior guidance





# U.S. and Canada Dealer Stock Inventory\*



\*Includes U.S. and Canada Class 6-8 truck inventory, but does not include U.S. IC Bus.

# Retail Market Share in Commercial Vehicle Segments



	Three Months Ended				
	January 31, 2019	October 31, 2018	July 31, 2018	April 30, 2018	January 31, 2018
Core Markets (U.S. and Canada)					
Class 6 and 7 medium trucks.....	<b>25.5%</b>	24.9%	21.9%	26.3%	<b>19.6%</b>
Class 8 heavy trucks.....	<b>12.1%</b>	16.9%	12.7%	13.4%	<b>10.8%</b>
Class 8 severe service trucks.....	<b>11.7%</b>	16.5%	11.2%	11.7%	<b>12.2%</b>
Combined class 8 trucks.....	<b>12.0%</b>	16.8%	12.3%	12.9%	<b>11.2%</b>



**Class 6/7**  
Medium-Duty



**Class 8**  
Heavy



**Class 8**  
Severe Service

# Worldwide Truck Chargeouts



	Three Months Ended January 31,		Change	% Change
	2019	2018		
<b>Core Markets (U.S. and Canada)</b>				
School buses.....	2,500	1,900	600	32%
Class 6 and 7 medium trucks .....	6,100	4,400	1,700	39%
Class 8 heavy trucks .....	7,800	4,200	3,600	86%
Class 8 severe service trucks.....	2,500	2,100	400	19%
<b>Total Core markets.....</b>	<b>18,900</b>	12,600	6,300	50%
Non "Core" defense.....	100	200	(100)	(50%)
Other markets(A).....	1,700	1,100	600	55%
<b>Total worldwide units.....</b>	<b>20,700</b>	13,900	6,800	49%
Combined class 8 trucks .....	10,300	6,300	4,000	63%

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 Export Truck and Mexico.

## Highlights

- Financial Services segment profit of \$31M for Q1 2019 vs. \$20M for Q1 2018
  - NFC<sup>1</sup> earned pre-tax profit of \$21.3M for Q1 2019 vs. \$9.2M for Q1 2018
- Segment financing availability of \$281M as of January 31, 2019
- Financial Services debt/equity leverage of 3.5:1 as of January 31, 2019
- Renewal of variable dealer note and retail accounts funding facilities during Q1 2019

NFC Facilities		
Dealer Floor Plan	Retail Notes	Bank and Term Loan B
<ul style="list-style-type: none"> <li>• <b>NFSC wholesale trust as of January 31, 2019</b> <ul style="list-style-type: none"> <li>– \$900M funding facility</li> <li>– Variable portion matures May 2020</li> <li>– Term portions mature June 2019 and September 2020</li> </ul> </li> <li>• <b>On balance sheet</b></li> </ul>	<p style="text-align: center;"><b>NAVISTAR<sup>®</sup></b> <b>CAPITAL</b> <i>Funded by BMO Financial Group</i></p> <ul style="list-style-type: none"> <li>• <b>Program management continuity</b></li> <li>• <b>Broad product offering</b></li> <li>• <b>Ability to support large fleets</b></li> <li>• <b>Access to less expensive capital</b></li> </ul>	<ul style="list-style-type: none"> <li>• <b>Revolver capacity of \$269M matures September 2021, Term Loan B of \$400M matures July 2025</b> <ul style="list-style-type: none"> <li>– Funding for retail notes, wholesale notes, retail accounts, and dealer open accounts</li> </ul> </li> <li>• <b>On balance sheet</b></li> </ul>

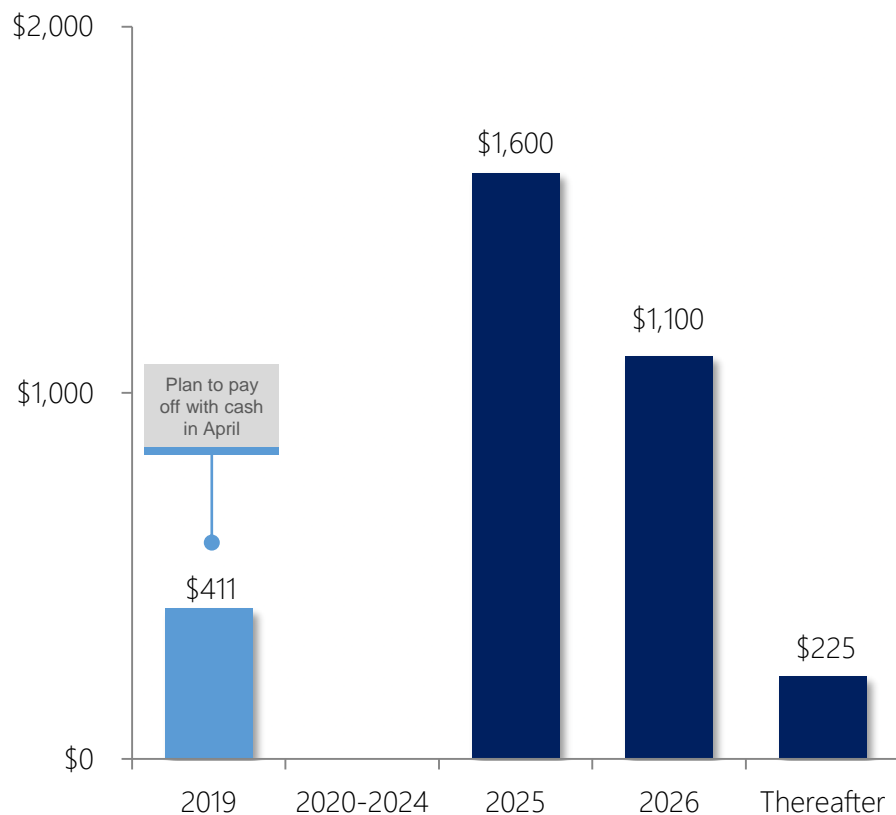
<sup>1</sup>Navistar Financial Corporation (NFC) is the U.S. financial entity of Navistar’s Financial Services segment.

# Strong Cash Balance to Address Near-Term Manufacturing Debt

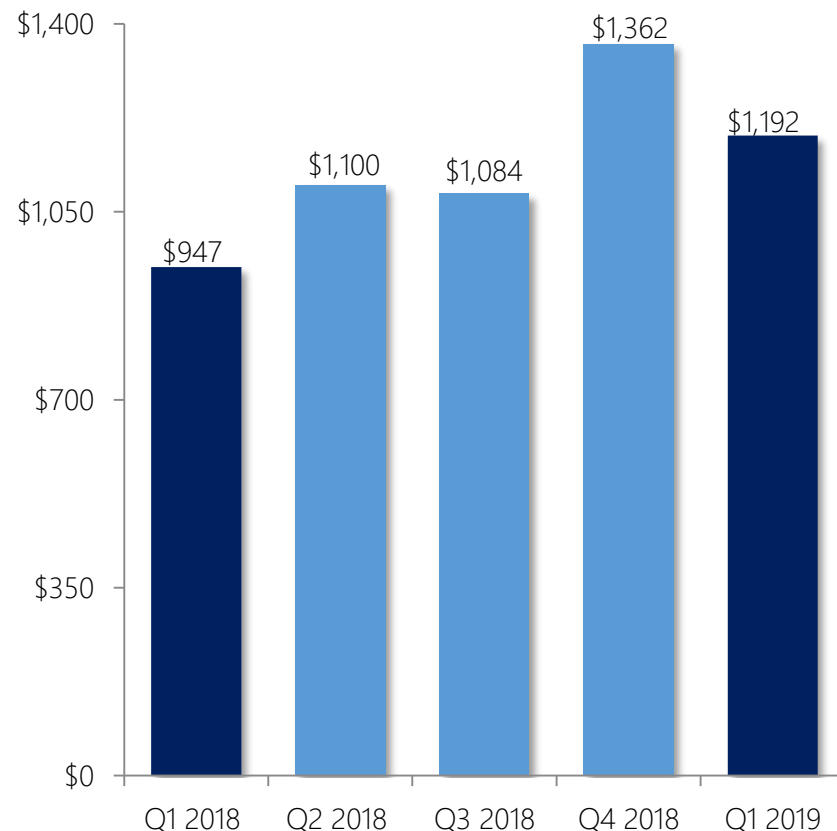


(\$ in millions)

### Limited Near-Term Manufacturing Debt Maturities<sup>(A)</sup>



### Manufacturing Cash Balance<sup>(B)</sup>



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

(A) Total manufacturing debt of \$3.3B as of January 31, 2019. Graph does not include financed lease obligations and other, totaling \$65 million.

(B) Amounts include manufacturing cash, cash equivalents, and marketable securities. Q1 2019 consolidated equivalent cash balance was \$1.24 billion. Amounts exclude restricted cash.

# 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 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 2019 and beyond pension funding requirements?

A: For the three months ended January 31, 2019 and 2018, we contributed \$131 million and \$21 million, respectively, to the U.S. and Canadian pension plans (the "Plans") to meet regulatory funding requirements. During the first quarter of 2019, the company contributed a substantial portion of our 2019 minimum required funding. The company currently anticipates additional contributions of approximately \$9 million to the Plans during the remainder of 2019. 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. The company currently expects that from 2020 through 2022, the company will be required to contribute \$175 million to \$200 million per year to the Plans, 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 2019 and could gradually increase as the company utilizes available net operating losses (NOLs) and tax credits in future years.

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

**A:** As of October 31, 2018, the Company had deferred tax assets for U.S. federal NOLs valued at \$560 million, state NOLs valued at \$178 million, and foreign NOLs valued at \$241 million, for a total undiscounted cash value of \$979 million. In addition to NOLs, the Company had deferred tax assets for accumulated tax credits of \$212 million and other deferred tax assets of \$1.1 billion resulting in net deferred tax assets before valuation allowances of approximately \$2.3 billion. Of this amount, \$2.2 billion was subject to a valuation allowance at the end of FY2018.

## Q7: How does your FY 2019 Class 8 industry outlook compare to ACT Research?

**A:**

Reconciliation to ACT - Retail Sales	2019	
ACT*	294,000	
CY to FY Adjustment	9,200	
"Other Specialty OEMs" included in ACT's forecast; we do not include these specialty OEMs in our forecast or in our internal/external reports	(6,000)	
Total (ACT comparable Class 8 Navistar)	297,200	
Navistar Industry Retail Deliveries Combined Class 8 Trucks	265,000	295,000
Navistar Difference from ACT	(32,200)	(2,200)
*Source: ACT N.A. Commercial Vehicle Outlook - February 2019	(10.8%)	(0.7%)

## 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)	Quarters Ended				
	Jan. 31, 2019	Oct. 31, 2018	Jul. 31, 2018	Apr. 30, 2018	Jan. 31, 2018
Consolidated Net Cash from Operating Activities.....	\$ (240)	\$ 449	\$ (83)	\$ (21)	\$ (76)
Less: Net Cash from Financial Services Operations.....	25	(124)	33	(220)	161
Net Cash from Manufacturing Operations <sup>(A)</sup> .....	(265)	573	(116)	199	(237)
Plus: Capital Expenditures.....	(43)	(34)	(25)	(23)	(30)
<b>Manufacturing Free Cash Flow.....</b>	<b>\$ (308)</b>	<b>\$ 539</b>	<b>\$ (141)</b>	<b>\$ 176</b>	<b>\$ (267)</b>

(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: (\$ in millions)	Truck	Parts	Global Operations	Financial Services	Corporate and Eliminations
<b>Three Months Ended January 31, 2019</b>					
Truck products and services(B)(C).....	\$ 1,677	\$ —	\$ —	\$ —	\$ 3
Truck contract manufacturing.....	18	—	—	—	—
Used trucks.....	51	—	—	—	—
Engines.....	—	66	45	—	—
Parts.....	1	480	16	—	—
Extended warranty contracts.....	29	—	—	—	—
<b>Sales of manufactured products, net.....</b>	<b>\$ 1,776</b>	<b>\$ 546</b>	<b>\$ 61</b>	<b>\$ —</b>	<b>\$ 3</b>
Retail financing(D).....	—	—	—	35	—
Wholesale financing(D).....	—	—	—	12	—
<b>Sales and revenues, net.....</b>	<b>\$ 1,776</b>	<b>\$ 546</b>	<b>\$ 61</b>	<b>\$ 47</b>	<b>\$ 3</b>

(A) The table is reported in external revenue.

(B) Includes other markets primarily consisting of Bus, Export Truck and Mexico. Also includes revenue of \$3 million related to certain third-party financings initially recorded as borrowings, and operating lease revenue of \$1 million.

(C) Includes military sales of \$62 million. In December 2018, we completed the previously announced sale of a 70% equity interest in Navistar Defense.

(D) Retail financing and Wholesale financing revenues in the Financial Services segment include interest revenue of \$13 million and \$12 million, respectively, for the three months ended January 31, 2019.



# Outstanding Debt Balances



(\$ in millions)	January 31, 2019	October 31, 2018
<b>Manufacturing operations</b>		
Senior Secured Term Loan Credit Agreement, due 2025, net of unamortized discount of \$7 and unamortized debt issuance costs of \$11 at both dates.....	\$ 1,566	\$ 1,570
6.625% Senior Notes, due 2026, net of unamortized debt issuance costs of \$16 and \$17 respectively .....	1,084	1,083
4.75% Senior Subordinated Convertible Notes, due 2019, net of unamortized discount of \$2 and \$5, respectively, and unamortized debt issuance costs of \$1 at both dates .....	408	405
Loan Agreement related to 6.75% Tax Exempt Bonds, due 2040, net of unamortized debt issuance costs of \$5 at both dates.....	220	220
Financed lease obligations.....	52	122
Other .....	13	26
Total Manufacturing operations debt.....	3,343	3,426
Less: Current portion .....	437	461
Net long-term Manufacturing operations debt.....	\$ 2,906	\$ 2,965
(\$ in millions)	January 31, 2019	October 31, 2018
<b>Financial Services operations</b>		
Asset-backed debt issued by consolidated SPEs, at fixed and variable rates, due serially through 2023, net of unamortized debt issuance costs of \$4 at both dates .....	\$ 992	\$ 948
Senior secured NFC Term Loan, due 2025, net of unamortized discount of \$2, and unamortized debt issuance costs of \$4 at both dates.....	393	394
Bank credit facilities, at fixed and variable rates, due dates from 2019 through 2025, net of unamortized debt issuance costs of \$1 and \$2, respectively .....	616	519
Commercial paper, at variable rates, program matures in 2022.....	62	75
Borrowings secured by operating and finance leases, at various rates, due serially through 2024	88	105
Total Financial Services operations debt.....	2,151	2,042
Less: Current portion.....	505	485
Net long-term Financial Services operations debt.....	\$ 1,646	\$ 1,556

# 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 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 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.

**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



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

(\$ in millions)	Jan. 31, 2019	Oct. 31, 2018	Jul. 31, 2018	Apr. 30, 2018	Jan. 31, 2018
<b>Manufacturing Operations:</b>					
Cash and cash equivalents.....	\$ 1,151	\$ 1,261	\$ 989	\$ 1,060	\$ 671
Marketable securities.....	41	101	95	40	276
<b>Manufacturing Cash, Cash equivalents, and Marketable securities.....</b>	<b>\$ 1,192</b>	<b>\$ 1,362</b>	<b>\$ 1,084</b>	<b>\$ 1,100</b>	<b>\$ 947</b>
<b>Financial Services Operations:</b>					
Cash and cash equivalents.....	\$ 50	\$ 59	\$ 33	\$ 40	\$ 28
Marketable securities.....	-	-	-	-	-
<b>Financial Services Cash, Cash equivalents, and Marketable securities.....</b>	<b>\$ 50</b>	<b>\$ 59</b>	<b>\$ 33</b>	<b>\$ 40</b>	<b>\$ 28</b>
<b>Consolidated Balance Sheet:</b>					
Cash and cash equivalents.....	\$ 1,201	\$ 1,320	\$ 1,022	\$ 1,100	\$ 699
Marketable securities.....	41	101	95	40	276
<b>Consolidated Cash, Cash equivalents, and Marketable securities.....</b>	<b>\$ 1,242</b>	<b>\$ 1,421</b>	<b>\$ 1,117</b>	<b>\$ 1,140</b>	<b>\$ 975</b>

# SEC Regulation G Non-GAAP Reconciliations

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



(\$ in millions)	Quarters Ended January 31,	
	2019	2018
Net income (loss) attributable to NIC.....	\$ 11	\$ (73)
<i>Plus:</i>		
Depreciation and amortization expense.....	48	55
Manufacturing interest expense (A).....	56	58
<i>Adjusted for:</i>		
Income tax benefit (expense).....	19	(15)
<b>EBITDA.....</b>	<b>\$ 96</b>	<b>\$ 55</b>

(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 January 31,	
	2019	2018
Interest expense.....	\$ 85	\$ 79
Less: Financial services interest expense.....	29	21
<b>Manufacturing interest expense.....</b>	<b>\$ 56</b>	<b>\$ 58</b>

(\$ in millions)	Quarters Ended January 31,	
	2019	2018
<b>EBITDA (reconciled above).....</b>	<b>\$ 96</b>	<b>\$ 55</b>
<i>Adjusted for significant items of:</i>		
Adjustments to pre-existing warranties (A).....	(7)	(6)
Asset impairment charges (B).....	2	2
Restructuring of manufacturing operations (C) .....	—	(3)
EGR product litigation (D).....	—	1
Gain on sales (E).....	(59)	—
Debt refinancing charges (F).....	—	46
Pension settlement (G).....	142	9
Settlement gain (H).....	(1)	—
Total adjustments.....	77	49
<b>Adjusted EBITDA.....</b>	<b>\$ 173</b>	<b>\$ 104</b>
Adjusted EBITDA margin.....	7.1%	5.5%

For more detail on the items noted, please see the footnotes on slide 21.

Q1 2019 Earnings – 3/8/2019

NYSE: NAV 20

# Significant Items Included Within Our Results



(\$ in millions)	Quarters Ended January 31,	
	2019	2018
<i>Expense (income):</i>		
Adjustments to pre-existing warranties (A).....	\$ (7)	\$ (6)
Asset impairment charges (B).....	2	2
Restructuring of manufacturing operations (C).....	—	(3)
EGR product litigation (D).....	—	1
Gain on sales (E).....	(59)	—
Debt refinancing charges (F).....	—	46
Pension settlement (G).....	142	9
Settlement gain (H).....	(1)	—

- (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) In the first quarter of 2019, we recorded \$2 million of asset impairment charges relating to certain assets under operating leases. In the first quarter of 2018, we recorded \$2 million of impairment charges related to the sale of our railcar business in Cherokee, Alabama.
- (C) In the first quarter of 2018, we recorded benefits of \$3 million for restructuring in our Truck and Global segments.
- (D) In the first quarter of 2018, we recognized an additional charge of \$1 million for a jury verdict related to the MaxxForce engine EGR product litigation in our Truck segment.
- (E) In the first quarter of 2019, we recognized a gain of \$54 million related to the sale of a majority interest in the Navistar Defense business in our Truck segment. In the first quarter of 2019, we also recognized a gain of \$5 million related to the sale of our joint venture in China with Anhui Jianghuai Automobile Co in our Global Operations segment.
- (F) In the first quarter of 2018, we recorded a charge of \$46 million for the write off of debt issuance costs and discounts associated with the repurchase of our previously existing 8.25% Senior Notes and the refinancing of our previously existing Term Loan.
- (G) In the first quarter of 2019 and 2018, we purchased group annuity contracts for certain retired pension plan participants resulting in plan remeasurements. As a result, we recorded pension settlement accounting charges of \$142 million and \$9 million, respectively, in Other expense, net.
- (H) In the first quarter of 2019, we recorded interest income of \$1 million in *Other expense, net* derived from the prior year settlement of a business economic loss claim relating to our former Alabama engine manufacturing facility.