



SUPPLIER WARRANTY REQUIREMENTS

Navistar Supplier Warranty Requirements

Supplier agrees to warrant its Product(s) (consisting of all products provided by Supplier to Navistar pursuant to the Supply Agreement or Contracts with Supplier, as may be amended from time to time by the parties) against defects in design, materials, workmanship, or occurring in connection with the manufacture of its Product(s), or any combination of these. Supplier's warranty includes the same warranty against such defects in components or parts supplied by any tier suppliers as part of the Product(s).

In terms of duration, Supplier's warranty period shall meet or exceed the following defined limits applicable for the Product.

Component Classification		Years	Mileage
Chassis Components		3	360,000
Special Component Coverage	Internal Combustion Engine Components		
	HD Engines	10	650,000
	MD Engines	10	350,000
	Battery Electric Vehicle "BEV" Components EV Motors, Interface, Converting, and Wiring	5	350,000

Supplier agrees to waive the time and mileage limitation to which the foregoing warranties are subject in the event that after the applicable warranty period has expired, defects of the same or similar nature have been discovered in a statistically significant portion of Supplier's Product(s).

Reimbursement for Warranty Claims.

- A. Subject to the warranty terms above, Supplier shall reimburse Navistar for the following warranty claim costs determined by Navistar to be the responsibility of Supplier:
- i. All material costs associated with a warranty claim, which includes parts/materials not supplied by Supplier, at Navistar's acquisition cost; plus
 - ii. Navistar's Handling Allowance (Navistar to Dealer) in effect at the time of failure for all parts associated with a claim; plus
 - iii. Dealer's approved labor rate multiplied by Navistar's appropriate Standard Repair Time ("SRT") or reasonable time if no SRT is published; plus
 - iv. Freight charges associated with the delivery of replacement parts; plus
 - v. Charges associated with subcontractors (i.e.; towing); plus
 - vi. Cost of repairs (labor and materials) of any progressive damage to other components caused by Supplier's defective Product.

If Supplier requests parts to be returned for Product review, Supplier shall reimburse Navistar for the following costs regardless of responsibility of the warranty claim:

- i. Freight costs incurred by Navistar to have failed material returned to the Navistar Product Review Center (“PRC”); plus
- ii. Processing costs incurred by Navistar to have failed material processed at the Navistar PRC; plus
- iii. Freight costs to have failed material returned to Supplier.

Supplier agrees to provide the required shipping information to the PRC within three (3) business days from the shipment request date from Navistar. Failure of Supplier to respond within three (3) days of such occurrence may, at Navistar’s discretion, result in scrapping of parts and an immediate debit to Supplier for the total warranty claim cost pursuant to the terms and conditions of this Warranty Agreement.

- B. Supplier agrees to participate in periodic warranty Product(s) reviews. By doing so, Supplier agrees to review a percentage of the warranty claims submitted to Navistar for any given time period as determined and directed by Navistar. Navistar will establish a responsibility ratio, which sets forth each party’s respective responsibility for warranty claims (“Responsibility Ratio”). The Responsibility Ratio will be determined as a result of the Product review, calculated as the warranty claims costs for which Supplier is responsible divided by the total warranty claims costs reviewed. The Responsibility Ratio will be applied to the determined population of warranty claims, resulting in the warranty claim amount owed by Supplier to Navistar for those claims. The Responsibility Ratio will remain in effect until the parties conduct another Product review for purposes of establishing an updated Responsibility Ratio.

For warranty claims where Product returns are not available, including, but not limited to, claims from Navistar’s major fleet customers and claims filed outside of the contiguous United States and Canada, Navistar and Supplier will share warranty responsibility fifty percent (50%) / fifty percent (50%) until such time as a Responsibility Ratio has been established.

For Product(s) reviewed where a failure has occurred and root causes cannot be identified or is undetermined, Navistar and Supplier will share warranty claim responsibility fifty percent (50%) / fifty percent (50%).

For Products found to have been returned from Navistar’s dealers without a detectable defect or No Trouble Found (NTF), Navistar and Supplier will share warranty claim costs per the percentages shown:

		Supplier	Navistar
Share Rate	Supplier Design	70%	30%
	Navistar Design	30%	70%

- C. In the event that defects in Supplier’s Product result in Navistar issuing an authorized field change or a safety recall, Supplier will reimburse Navistar for reasonable administrative and repair expenses, including, but not limited to parts operation and reliability and quality expenses, in addition to the reimbursement for warranty claim costs specified above in Section A. Supplier

agrees to participate in the issue resolution process to the extent required by Navistar. This may include, but is not limited to, engineering support and dealer and fleet support systems.

- D. If Navistar agrees to reimburse a customer for Product failures beyond the warranty period or terms in order to show good will and/or maintain customer satisfaction, Supplier agrees to negotiate in good faith with Navistar regarding reimbursement for these expenses to Navistar on a case-by-case basis. Such negotiations will be in addition to Supplier's reimbursement obligations as set forth above in Section A.
- E. Supplier agrees to utilize the Navistar Supplier Warranty Portal ("Portal") to review and respond to all warranty claims within fifteen (15) days of the later to occur between the date when (a) such claim is presented to Supplier within the Portal or (b) failed Product(s) are returned to Supplier, if applicable. Failure of Supplier to respond within fifteen (15) days of such occurrence may, at Navistar's discretion, result in an immediate debit to Supplier for the total warranty claim cost pursuant to the terms and conditions of this Warranty Agreement. Navistar reserves the right to make final determination of the responsibility of all warranty claims. Supplier's reimbursement for warranty claims is due at the time of final determination of responsibility by Navistar. Warranty claim cost will be debited to Supplier when due.