Continuing Weak Market, Increased Provision for Income Tax Expense Contributed to 3Q Loss for Navistar

Company Still Sees Solid Profitability for Fiscal 2009 with Significant 3Q Market Share Gains, Operating Costs Down, Cash Balances Up and Expansion Plans on Target
• Manufacturing Segment Profit of $110 million for 3Q
• Fiscal year 2009 guidance set at $4.95 to $5.25 per diluted share, including the effects of the Ford settlement
• 2009 industry volumes expected at 165,000 to 185,000 units

WARRENVILLE, Ill. (Sept. 9, 2009) – Confronted by hard economic conditions and the worst truck market since 1962, Navistar International Corporation (NYSE: NAV) today reiterated the company will be profitable for its fiscal year ending Oct. 31, 2009, despite reporting a loss for the third quarter ended July 31, 2009.

"While we are lowering our guidance, we still expect to be strongly profitable at $4.95 to $5.25 per share and I am encouraged by the results of the company and our commitment to generate positive results for our shareholders during these challenging economic times," said Daniel C. Ustian, Navistar chairman, president and chief executive officer. "The third quarter is traditionally our most challenging quarter, but we remain focused on the long-term success of the company. Therefore, we elected not to implement drastic short-term cost cutting actions that would have impacted our ability to deliver long-term results."

Manufacturing segment profit was $110 million and $604 million, including the impacts of the Ford settlement, net of related charges, for the third quarter and first nine months of 2009, respectively, compared with $473 million and $881 million in the year-ago periods. Due to changes in production schedules between foreign entities, improved results in foreign operations, and other special items, the company has revised its full-year tax estimates, resulting in a $30 million charge in the third quarter.

Navistar reported a net loss for the current third quarter of $12 million, equal to $0.16 per diluted share, including increased provisions for income taxes, on $2.51 billion in revenues, compared with net income of $331 million, equal to $4.47 per diluted share, on $3.95 billion in revenues in the third quarter a year ago. Included in the results is the impact of the asset acquisition of the recreational vehicle (RV) manufacturing business of Monaco Coach Corporation, which resulted in an extraordinary gain of $23 million, or $0.33 per diluted share, in the third quarter. The gain is a result of the company being able to acquire the RV inventories out of bankruptcy and the effects of purchase accounting with the fair value of the acquired assets.

For the nine months ended July 31, 2009, the company demonstrated solid progress in its business strategy by delivering net income of $234 million, equal to $3.27 per diluted share, on revenues of $8.28 billion, including the impact of the Ford settlement and related charges, compared with net income of $477 million, equal to $6.52 per diluted share, on revenues of $10.85 billion in the same period a year ago.

Navistar reported manufacturing cash balances on July 31, 2009, of $751 million compared with $594 million in the prior quarter ended April 30, 2009. Cash flow from operations was positive, as were the net effect of other changes, including working capital, offset by capital investments and the purchase of Monaco. The company continues to project manufacturing cash balances ranging from $700 million to $800 million by year end.

Based on projections for increased income tax expenses and its forecast for the remainder of the year, Navistar lowered its guidance for net income for its fiscal year ending Oct. 31, 2009, to a revised range of $182 million, or $2.55 per diluted share, to $207 million, or $2.85 per diluted share, excluding the Ford settlement and related charges. Including the impact of the Ford settlement, net of related charges, earnings should be in the range of $4.95 to $5.25 per diluted share.

The company continues to project that total truck industry retail sales volume for Class 6-8 trucks and school buses in the United States and Canada for the fiscal year ending Oct. 31, 2009, will total between 165,000 and 185,000 units. Industry volumes reached a recent high of 454,700 units in 2006 due to accelerated purchases of trucks ("pre-buy") in anticipation of higher prices due to stricter emissions standards imposed by the Environmental Protection Agency in 2007. However, the industry is anticipating only a minimal pre-buy in 2009 ahead of 2010 emissions requirements. For 2010, the company anticipates that industry volumes will be in the range of 175,000 to 215,000 units.

Continuing on its path to meet the latest emissions requirements through its advanced EGR (exhaust gas recirculation) MaxxForce® engines, the company said it is on track with its 2010 engine testing and will be prepared for a successful engine launch in the months ahead.

Navistar continues to invest in product leadership and remains focused on key growth initiatives that drive business value. The third quarter of 2009 saw the advancement of the company's 2010 emissions approach with the certification by the California Air Resources Board (CARB) and its plan to develop and manufacture an all-electric vehicle through its strategy of leveraging what the company has and what others have built. This period also saw the launch of several new products, such as the International® Husky Tactical Support Vehicle for the U.K. Ministry of Defense, and the progression of several initiatives that the company believes will be key contributors to its future success.

Segment Results

Truck — For the third quarter ended July 31, 2009, the truck segment reported a segment loss of $28 million, compared with segment profit of $417 million in the year-ago period, which included major U.S. military sales as part of our Mine Resistant Ambush Protected (MRAP) vehicle program. Navistar increased its traditional market share across most classes during the third quarter and first nine months ended July 31, 2009. The market share of its Class 8 heavy duty vehicle has been bolstered by a 10 percentage point growth in the third quarter and an 8 percentage point growth in the nine months, compared to the same periods in 2008. The increases are primarily driven by the growing popularity of the most fuel efficient Class 8 truck on the road — the International® ProStar®, the continued purchase of trucks by larger fleets and U.S. military procurements.

Engine — Despite lagging engine unit volumes, the Engine segment delivered a $45 million segment profit in the 2009 third quarter, including a one-time gain on the change in equity ownership in Blue Diamond Parts, compared with a year-ago third quarter segment profit of $5 million. The impacts of the global economic climate resulted in limited demand for diesel engines and are being mitigated by actions taken to reduce the segment's selling, general and administrative expenses. Total engine unit volumes declined by 15,700 units in the third quarter and 89,200 units in the first nine months of 2009.

Parts — Strengthened by continued strong sales to the U.S. military, the Parts segment reported a third quarter segment profit of $93 million, an increase of 82 percent, on sales totaling $491 million, compared with a segment profit of $51 million on sales of $444 million in the year-ago quarter.

Financial Services — The financial services segment made progress on its strategy to renew Navistar Financial Corporation's (NFC) maturing facilities by completing the renewal of a $650 million dealer floor plan funding facility. The segment continues to demonstrate quarter-over-quarter improvements as it delivered a segment profit of $20 million in the latest quarter, compared with a segment loss of $1 million in the year-ago period.

About Navistar

Navistar International Corporation (NYSE: NAV) is a holding company whose subsidiaries and affiliates produce International® brand commercial and military trucks, MaxxForce® brand diesel engines, IC Bus™ brand school and commercial buses, Monaco RV brands of recreational vehicles, and Workhorse® brand chassis for motor homes and step vans. It also is a private-label designer and manufacturer of diesel engines for the pickup truck, van and SUV markets. The company also provides truck and diesel engine service parts. Another affiliate offers financing services. Additional information is available at www.Navistar.com/newsroom.

Forward-Looking Statement

Information provided and statements contained in this report that are not purely historical are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, Section 21E of the Securities Exchange Act of 1934, as amended, and the Private Securities Litigation Reform Act of 1995. 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 Item 1A, Risk Factors of our Form 10-K for the fiscal year ended October 31, 2008, which was filed on December 30, 2008 as modified by Item 1A, Risk Factors of our Form 10-Q for the third quarter ended July 31, 2009, which was filed on September 9, 2009 . 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.

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