

Navistar Reports 1Q \$17M Net Income Despite Continued Weak Industry

Lower Manufacturing Costs, Higher Market Share Cited As Drivers

- Positive performance in all segments contribute to 1Q net income
- Company continues to increase market share, despite lower shipments

WARRENVILLE, Ill. (March 9, 2010) – Navistar International Corporation (NYSE: NAV) today reported financial results for its fiscal first quarter, ended Jan. 31, 2010. Net income attributable to Navistar International for the first quarter was \$17 million, equal to \$0.23 of diluted earnings per share in the face of lower revenues due in part to lower first-quarter military revenues. The first-quarter results reflect improved commercial performance and efforts to control costs over manufacturing expenses while the company continued its investments in the development of its 2010-emissions compliant engines.

“First quarter results reflect the progress we are making in the toughest of economic conditions and in a normally difficult seasonal quarter for our company due to fewer operating days,” said Daniel C. Ustian, Navistar’s chairman, president and chief executive officer. “And we were able to deliver those results while investing in the future. The last half of 2010 will provide opportunities for even better margins as we launch our 2010 EGR strategies.

“And as we move forward in 2010, we will continue to drive further cost improvements and are confident that the strategies we have put in place will help us achieve our goal for revenue and profitability, with \$20 billion in revenue and \$1.8 billion in manufacturing segment profit, when the market fully recovers,” Ustian added.

Navistar achieved a number of milestones, which comprise key building blocks for the future of the business. The company launched its first commercial trucks for the Indian market with joint venture partner Mahindra & Mahindra Ltd. (M&M). In December, Navistar also completed its acquisition of the concrete mixer manufacturing business of Continental Mfg. Company, Inc. In addition, the company saw its order share for its bus and Class 6-8 products grow to 51% for the first four months of the fiscal year. The company believes these initiatives and expansions will be key contributors to its future success.

“Our EGR message is resonating with the marketplace as evidenced by our continued strong market share levels,” said Ustian. “The breadth, depth and value of our product family is now being enhanced by an EGR solution that is gaining acceptance with the marketplace.”

During the 2010 first quarter, Navistar also managed research and development spending while at the same time positioning for tighter 2010 emission rules. Navistar said it is prepared for a successful engine launch in the months ahead as it continues on its path to meet the latest emissions requirements through its advanced EGR (exhaust gas recirculation) MaxxForce® engines. The company has already submitted several MaxxForce engine types to the U.S. Environmental Protection Agency for certification.

After the close of the first quarter, Navistar was awarded a U.S. military contract for \$752 million to provide 1,050 enhanced International® MaxxPro® Dash Mine Resistant Ambush Protected (MRAP) vehicles, which will include the DXM™ independent suspension solution. The company said the addition of an independent suspension solution further improves unit mobility and is one of several capability insertions that will be incorporated into new vehicles in the future. In addition, the company will launch its new Class 4-5 commercial truck later this week.

Summary Financial Results - First Quarter

<i>(Dollars in Millions, except per share data)</i>	2010	2009	Change
Sales & Revenues	\$2,809	\$2,970	(\$161)
Segment Results			
Truck	\$35	\$114	(\$79)
Engine	\$54*	(\$7)**	\$61
Parts	\$79	\$104	(\$25)
Manufacturing Segment Profit	\$168*	\$211**	(\$43)

Income Before Taxes	\$38*	\$37**	\$1
Net Income Attributable to Navistar International Corporation	\$17*	\$48**	(\$31)
Diluted Earnings Per Share Attributable to Navistar International Corporation	\$0.23*	\$0.67**	(\$0.44)

*Includes a benefit of \$17 million related to Ford and other related costs primarily due to the settlement of a portion of other contractual costs.

**Excludes the impact of the company's settlement with Ford and other related costs. See SEC Regulation G for additional information.

Total net income for the first quarter a year ago was \$234 million, equal to \$3.27 of diluted earnings per share, including the impact of the company's settlement with Ford and other related charges.

The company anticipates that total truck industry retail sales volume for Class 6-8 trucks and school buses in the United States and Canada for the year ending Oct. 31, 2010, will be in the range of 195,000 to 215,000 units. As previously reported, net income attributable to Navistar International Corporation for the fiscal year ending Oct. 31, 2010, should be in the range of \$127 million, or \$1.75 per diluted share, and \$163 million, or \$2.25 per diluted share. Future guidance will be re-evaluated pending scheduled finalization of the military's capability insertion.

Segment Results

Truck — For the first quarter ended Jan. 31, 2010, the Truck segment realized a 31 percent market share for its Class 6-8 trucks and school buses in the United States and Canada although quarterly shipments were low. For the first quarter, Truck reported a segment profit of \$35 million driven primarily by reductions in its product costs offset by lower MRAP sales, compared with a year-ago first quarter segment profit of \$114 million.

Engine — The Engine segment delivered a \$54 million segment profit in the 2010 first quarter on higher-than-expected demand in Brazil and from Ford in anticipation of the Dec. 31, 2009 expiration of the company's contract to supply diesel engines in the U.S. and Canada. This is compared with a year-ago first quarter segment profit of \$189 million, which was favorably impacted by the Ford settlement and other related charges. Other factors contributing to first-quarter profit included the growth of the company's South American business, an increase in price per engine and actions taken to contain SG&A expenses.

Parts — Despite flat industry volume, the commercial business delivered improvement in profits, which partially offset the impact of lower military sales. The Parts segment reported a first-quarter segment profit of \$79 million, compared with a year-ago segment profit of \$104 million.

Financial Services — Although the economic climate in the U.S. and Mexican markets remains challenging for the financing arm of Navistar, our dealers and our customers, the financial services segment continues to demonstrate year-over-year improvements as it delivered a first-quarter segment profit of \$12 million, compared with a segment loss of \$1 million a year ago. Navistar Financial Corporation (NFC) continues to demonstrate its ability to access diversified funding sources to help Navistar dealers and customers finance equipment. The company reported earlier today an expanded financing relationship under which GE Capital will become Navistar's preferred provider of retail financing solutions to support sales of Navistar trucks and school buses in the U.S.

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, 2009, which was filed on December 21, 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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[Complete Release with Financial Tables as a pdf](#)
