

# Navistar Continues on Profitable Path Despite Tough Market Conditions

- **2Q Results Reflect Improved Performance of Core Business**
- **Navistar Reaffirms Fiscal 2010 Guidance in \$2.75-\$3.25 EPS Range**
- **2010 MaxxForce Advanced EGR Engines Launching**

**WARRENVILLE, Ill. (June 9)** – Navistar International Corporation (NYSE: NAV) reported solid second-quarter results as reflected by improvements in the performance of its core business as the company continues to navigate the difficult economic climate.

“Our expectations are to be profitable across the business cycle,” said Daniel C. Ustian, Navistar chairman, president and CEO. “The plans we have put in place for our core businesses are on track through the second quarter. We are confident that the foundation is in place to continue to support our profitability and grow our business.”

Even though the industry is at a nearly 50-year low, net income attributable to Navistar International Corporation for the second quarter ended April 30, 2010, was \$30 million, equal to \$0.42 of diluted earnings per share. As previously reported, earnings for its fiscal year ending Oct. 31, 2010, are expected to be in the range of \$2.75 to \$3.25 per diluted share. Revenues for the second quarter totaled \$2.7 billion.

“We remain confident for the remainder of the year about our ability to deliver fiscal 2010 results in the previously reported range,” said Ustian. “The orders we have received for our 2010-compliant products ensure that the business is well positioned for the rest of the year.”

The company said it is prepared for a successful launch of its MaxxForce® Advanced EGR (exhaust gas recirculation) engines as it continues on its path to meet the latest emissions requirements. During the quarter, key regulatory certifications were obtained for 2010 MaxxForce® 13 and MaxxForce® DT Advanced EGR big bore diesel and mid-range diesel engines.

Other significant milestones achieved in the quarter included improvements in Navistar’s cost structure, which were achieved through reductions in material costs and rationalization of its North American plants to create cost efficiencies in its Class 8 heavy truck and school bus production lines. The company also completed a retail funding alliance with GE Capital Corporation and GE Capital Commercial, Inc. in which GE will become the preferred source of retail customer financing for equipment offered by the company and its dealers in the United States to help it grow sales of trucks and school buses.

During the quarter, the company also began shipping a limited number of International® MaxxPro® Dash Mine Resistant Ambush Protected (MRAP) vehicles that include the DXM™ independent suspension solution, which were part of an order Navistar received in January from the U.S. military.

Total net income for the second quarter a year ago was \$12 million, equal to \$0.16 of diluted earnings per share, including the impact of costs related to the Ford settlement. For the first six months of fiscal 2010, net income was \$47 million, equal to \$0.65 of diluted earnings per share, compared with year-ago six months net income of \$246 million, equal to \$3.44 of diluted earnings per share, including the favorable effects from the settlement with Ford.

## Segment Results

**Truck** — For the second quarter ended April 30, 2010, the truck segment realized a profit of \$76 million, compared with a year-ago second quarter profit of \$56 million, which included substantial U.S. military sales as part of its MRAP vehicle program. The increase was driven primarily by improved commercial performance and continued material and manufacturing cost improvements offset partially by lower military sales. Commercial chargeouts in its traditional North American Class 6-8 truck and school bus business increased by 29 percent for the second quarter and 15 percent for the six-month period. Also contributing to the increase was the value added tax recovery of \$30 million in Brazil.

**Engine** — The engine segment had a \$15 million profit in the 2010 second quarter, which reflects increased demand in Brazil and the value added tax recovery of \$12 million in Brazil, partially offset by decreased volumes in North America due to the expiration of the company’s contract with Ford to supply diesel engines in the United States and Canada. This is compared with a year-ago second quarter loss of \$84 million, which was impacted by the Ford settlement and other related charges as the company began to transition out of its

business with Ford. Other factors contributing to second-quarter profit included a 54 percent increase in South American engine shipments over the year-ago second quarter, the impact of consolidation of the company's Blue Diamond Parts operations and increased intercompany activity aided by sales of its 11-liter and 13-liter MaxxForce engines.

**Parts** — The parts segment continues to deliver profits due to increased volumes in business in North America, which partially offset the impact of declines in U.S. military sales. The parts segment reported a second-quarter profit of \$58 million, compared with a year-ago profit of \$115 million, which was positively impacted by strong MRAP volumes.

**Financial Services** — The financial services segment delivered a profit of \$16 million and \$28 million, in the second quarter and six months ended April 30, 2010, respectively, compared with a profit of \$18 million and \$17 million in the year-ago second quarter and six month periods. The second-quarter results were positively impacted by the benefits of decreased interest expense and lower derivative expense offset by a decrease in revenues, as a result of declines in average receivable balances as the economic climate remains challenging to the company's customers and dealers.

#### **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. The company also provides truck and diesel engine service parts. Another affiliate offers financing services. Additional information is available at [www.Navistar.com/newsroom](http://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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