Navistar Reports 3Q $137M Net Income on Improved Performance of Core Businesses, Strong Military Sales

3Q Results Show Improved Performance from Core Businesses in Difficult Economy

WARRENVILLE, Ill. (Sept. 8) – Driven by continued advances in its core business, increased military sales and improvements in its cost structure, Navistar International Corporation (NYSE: NAV) reported profitable results for the third quarter ended July 31, 2010.

“Third-quarter results showed a continuation of the company’s ability to be profitable in difficult economic conditions. Beyond strong military sales, we saw improved performance from our core businesses in truck, engine and particularly service parts,” said Daniel C. Ustian, Navistar chairman, president and chief executive officer.

Even though the industry continues at a nearly 50-year low, net income attributable to Navistar International Corporation for the third quarter ended July 31, 2010, totaled $137 million, equal to $1.83 of diluted earnings per share. Revenues for the third quarter totaled $3.2 billion. Net loss for the third quarter a year ago was $12 million, equal to $0.16 of diluted net loss per share.

“All of our businesses continue to perform well,” said Ustian. “We are encouraged by the results of the third quarter and expect to deliver full year results toward the upper end of our earnings guidance. In addition, we are experiencing several successful product launches and are actively delivering 2010-compliant products to our customers.”

While the company is reducing revenue guidance, primarily as a result of deferring military revenue to fiscal 2011, the company has found other measures to stay within previously anticipated earnings guidance. The company is reaffirming its guidance of $2.75 to $3.25 per diluted share on lower full-year revenue of $12 billion. The North American traditional industry demand is expected between 190,000 to 195,000 units for Navistar’s fiscal year ending Oct. 31, 2010, an increase of between 9 percent and 12 percent from fiscal 2009.

For the first nine months of fiscal 2010, net income was $184 million, equal to $2.51 of diluted earnings per share, compared with year-ago nine months net income of $234 million, equal to $3.27 of diluted earnings per share, including the favorable effects from the settlement with Ford of $176 million.

Segment Results

Truck — For the 2010 third quarter, the truck segment realized a profit of $227 million, compared with a year-ago third quarter loss of $28 million. The increase was aided by substantial military sales as part of the company’s International® MaxxPro® Dash Mine Resistant Ambush Protected (MRAP) vehicle and the military commercial off-the-shelf truck programs, improved commercial performance and continued material and manufacturing cost improvements. Commercial units sold in the company’s traditional United States and Canada Class 6-8 truck and school bus business increased by 7 percent for the third quarter and 12 percent for the nine-month period, compared with the respective prior year periods.

Engine — The engine segment nearly broke even for the third quarter in the face of the ongoing expenses associated with the launch of three families of the company’s 2010-compliant engines. In addition, the results were augmented by the 29 percent increase in its South American engine shipments over the year-ago third quarter and the increased ownership of the company’s Blue Diamond Parts operations while offset by decreased volumes in North America due to the expiration of the company’s contract with Ford. This is compared with a year-ago third quarter profit of $45 million, which was impacted by the Ford settlement and other related charges as the company began to transition from its business with Ford.

Parts — The parts segment reported a 2010 third-quarter profit of $52 million, compared with a year-ago profit of $93 million, which was positively impacted by strong MRAP parts volumes. The parts segment continues to deliver profits due to increased volumes in business in North America, partially offsetting the impact of declines in U.S. military sales.

Financial Services — The third-quarter results for the financial services segment have improved as a result of lower borrowing costs and lower selling, general and administrative expenses related to the Navistar Capital alliance. This was the first full quarter under the new Navistar Capital—the company’s alliance with GE Capital—and it is progressing consistent with expectations.

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.

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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