Navistar Reports 1Q Profit, Before Engineering Integration Costs

Company on Track to Achieve FY11 Net Income at High End of Guidance; Order Receipts Support Market Recovery, Stronger Volumes

WARRENVILLE, Ill. (March 9) – Navistar International Corporation (NYSE: NAV) today reported adjusted net income attributable to Navistar International Corporation for the first quarter ended Jan. 31, 2011, totaled $12 million, equal to $0.16 diluted earnings per share, excluding the impact of costs to integrate its truck and engine engineering operation. Including the engineering integration costs, the net loss attributable to Navistar International Corporation for the 2011 first quarter was $6 million, equal to $0.08 diluted loss per share.

Earnings from operations were in line with full year expectations. Bolstered by the beginning of a solid recovery in its traditional North American markets, the company reaffirmed its guidance with a bias toward the higher end.

“We have significantly raised truck production schedules by up to 40 percent on various models to reflect increasing order activity. And, overall, we remain confident that we can deliver upon our commitments while still investing in our global business,” said Daniel C. Ustian, Navistar chairman, president and chief executive officer. “We see positive signs across all of our businesses. We believe industry volumes should be at the higher end of our range, military revenue will approach $2 billion, global volumes are expanding and so far we have contained challenges in commodity costs. Such that, we believe we can deliver results toward the higher side of our guidance.”

Navistar earned $2 million, equal to $0.03 diluted earnings per share in the year-ago first quarter, adjusted to exclude the impact of benefits from the Ford restructuring and related activity. Including the restructuring benefit, first quarter 2010 earnings were $19 million, equal to $0.26 diluted earnings per share. Sales and revenues for the 2011 first quarter were $2.7 billion, compared with $2.8 billion in the year-ago first quarter.

As previously indicated, Navistar forecasted its net income attributable to Navistar International Corporation for fiscal year ending Oct. 31, 2011, is expected to be between $388 million and $465 million, equal to $5 to $6 diluted earnings per share, excluding transition costs associated with the integration of the truck and engine engineering operation.

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, 2011, will be 260,000 units. Truck industry volume in fiscal 2010 was 191,300 units.

The company also said its military business is on target to achieve revenue of $2 billion for the year as Navistar Defense continues to win orders and fill its order backlog.

The company’s global strategy is unfolding as planned and the company, through its NC2 and Mahindra joint ventures, is currently producing and selling commercial truck products in India, Brazil, South Africa and Australia. Navistar has invested $27 million in global expansion with NC2 and Mahindra in the first quarter ended Jan. 31, 2011.

Summary Financial Results:

	First Quarter	
	2011	**2010**
(Dollars in Millions, except per share data)		
Sales & revenues, net………………………………….	$2,743	$2,809
Segment Results:		
Truck………………………………………………..	32	35
Engine…………………………… …………………	(8)	54
Parts………………………………………………..	56	79

Manufacturing segment profit(A)...........................	$80	$168
Income before tax expense.........	$6	$40
Net income (loss) attributable to Navistar International Corporation.................................	(6)	19
Diluted earnings (loss) per share attributable to Navistar International Corporation.................................	(0.08)	0.26
Adjusted net income attributable to Navistar International Corporation(A).	12	2
Adjusted diluted earnings per share attributable to Navistar International Corporation(A)...................	0.16	0.03

(A) Non-GAAP measure, see SEC Regulation G Non-GAAP Reconciliation for additional information.

Segment Results

Truck — For the first quarter ended Jan. 31, 2011, the truck segment realized a profit of $32 million, compared with a year-ago first quarter profit of $35 million. The first-quarter profit was aided by improvements in commercial revenue due to improved pricing across all the company's traditional classes partially driven by the use of 2010 emissions-compliant engine, but offset by $18 million of engineering integration costs related to restructuring activities at the company's Fort Wayne, Ind., engineering facility. Additionally there were $4 million in postretirement and contract termination benefits costs at its Springfield, Ohio, truck facility, impacting the truck segment in the first quarter.

Commercial units sold by the company's traditional United States and Canada Class 6-8 truck and school bus businesses decreased by 11 percent for the first quarter of fiscal 2011, compared with the prior year. First quarter military units also were down by more than 300 units.

During the first quarter, Navistar achieved a number of milestones, which comprise key building blocks for the future growth of the business. The company launched the International® MaxxPro® Recovery vehicle, its fully integrated Type A school bus, the IC Bus™ AE Series, and the International® ProStar®+ (Plus) with a MaxxForce® 15.

Engine — The engine segment reported a loss for the 2011 first quarter of $8 million as it completed its launch of a full lineup of 2010 compliant engines which required low-volume costs that will decline in the second half of fiscal 2011. In addition, South American diesel volumes were low in the first quarter because of holidays in Brazil, but volumes will increase substantially in the last nine months of fiscal 2011. Engine will also see the growth of it North American OEM business and it Pure Power Technologies components business in the second half of 2011 and engine segment results for fiscal 2011 are expected to exceed $100 million. Prior-year results included the impacts of the Ford North America contract which expired at the end of calendar year 2009.

After the close of the first quarter, Navistar submitted its MaxxForce 13 at 0.2 grams NOx to the U.S. Environmental Protection Agency for certification and launched the new line of MaxxForce® P brand power-generation diesel open-power units to serve global markets.

Parts — The parts segment continues to deliver solid profits. The commercial sector, in particular, grew 20 percent versus the year-ago first quarter. Military parts profits declined as a result of an inventory correction by the customer. Navistar expects this adjustment to be completed during the second quarter ending April 30, 2011, and the parts segment should return to the normalized annual rate of $400 million to $500 million at that time.

Financial Services — The 2011 first quarter results for the financial services segment have more than doubled to $32 million as the result of significant improvement in portfolio performance. This compares to a segment profit of $12 million in the year-ago first quarter. Provision for loan losses decreased $14 million relative to the prior year as the quality of our retail portfolio improved significantly. Earnings from the company's finance segment are expected to decline as its U.S. retail portfolio runs off as the company implements its strategic alliance with GE.

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, 2010, which was filed on December 21, 2010. 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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