

# NAVISTAR REPORTS IMPROVED 2Q ADJUSTED NET INCOME; NARROWS FY11 GUIDANCE TO \$5.50-\$6.00 EPS BEFORE ENGINEERING INTEGRATION COSTS

## Stronger Industry Demand and Company Expansion Set Pace to Hit FY11 Guidance

WARRENVILLE, Ill. (June 7) – Navistar International Corporation (NYSE: NAV) today reported adjusted net income for the second quarter, ended April 30, 2011, of \$80 million, equal to \$1.02 diluted earnings per share, resulting from stronger industry demand and company expansion. Including the engineering integration costs, reported net income attributable to Navistar International Corporation for the 2011 second quarter was \$74 million, equal to \$0.93 diluted earnings per share. The company continues to execute its strategic plan and is well positioned to achieve fiscal year 2011 guidance.

“The second quarter results represent good earnings and strong cash flow from operations while building to deliver to our 2011 and beyond objectives,” said Daniel C. Ustian, Navistar chairman, president and chief executive officer. “We continue to see increasing customer acceptance of all our engine and vehicle families, confirming we have the right strategy in place and that we will deliver full year results toward the higher side of our previous guidance.”

Included in the above second-quarter earnings were \$19 million in equity losses from start-up costs related to the company’s separate joint ventures with NC2 and Mahindra. The company continues to implement its global business strategy and, through its NC2 and Mahindra joint ventures, is producing and selling commercial truck products in India, Brazil, South Africa and Australia.

Built around second quarter results and the outlook for the remainder of the year, Navistar tightened its forecasted adjusted net income attributable to Navistar International Corporation for fiscal year ending Oct. 31, 2011, to be between \$427 million and \$465 million, equal to \$5.50 to \$6.00 diluted earnings per share, excluding transition costs associated with the integration of the truck and engine engineering operation. Additionally, the company confirmed its full year forecast for manufacturing cash of \$1.43 billion.

“In the second quarter, our growth strategy continued to unfold as we introduced a number of products to the market place,” said Ustian. “Our core business has seen an increase in volume and our military and service parts continue to deliver strong results. We also delivered solid results while investing in our future and growing globally.”

Navistar earned \$43 million, equal to \$0.60 diluted earnings per share in the year-ago second quarter. Sales and revenues for the 2011 second quarter were \$3.4 billion, compared with \$2.7 billion in the year-ago second quarter.

Sales and revenues for the 2011 six months were \$6.1 billion, compared with \$5.6 billion in the year-ago six months. For the six months ended April 30, 2011, adjusted net income attributable to Navistar International Corporation was \$94 million, equal to \$1.22 diluted earnings per share, excluding the impact of engineering integration costs. Including the engineering integration costs, reported net income attributable to Navistar International Corporation for the 2011 six months was \$68 million, equal to \$0.87 diluted earnings per share.

For the six months ended April 30, 2010, adjusted earnings were \$45 million, equal to \$0.62 diluted earnings per share, excluding the impact of benefits from the Ford restructuring and related activity. Including the restructuring benefit, six months 2010 reported earnings were \$62 million, equal to \$0.86 diluted earnings per share.

## Summary Financial Results:

	Second Quarter		Six Months	
	2011	2010	2011	2010
		(Revised) <sup>(A)</sup>		(Revised) <sup>(A)</sup>
<i>(Dollars in Millions, except per share data)</i>				
Sales and revenues,	\$	\$ 2,743	\$ 6,098	\$ 5,552
net.....	3,355			

**Segment Results:**

Truck.....	92	76	124	111
Engine.....	2	15	(6)	69
Parts.....	74	58	130	137
Manufacturing segment profit <sup>(B)</sup> .....	\$ 168	\$ 149	\$ 248	\$ 317
Income before taxes.....	\$ 93	\$ 46	\$ 99	\$ 86
Net income attributable to Navistar International Corporation.....	74	43	68	62
Diluted earnings per share attributable to Navistar International Corporation.....	0.93	0.60	0.87	0.86
Adjusted net income attributable to Navistar International Corporation <sup>(B)</sup> ...	80	43	94	45
Adjusted diluted earnings per share attributable to Navistar International Corporation <sup>(B)</sup> .....	1.02	0.60	1.22	0.62

(A) Certain amounts have been revised to reflect a retrospective change in accounting principle. See Note 1, *Summary of significant accounting policies*, of our Form 10Q for additional information.

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

**Segment Results**

**Truck** — For the second quarter ended April 30, 2011, the truck segment realized a profit of \$92 million, compared with a year-ago second-quarter profit of \$76 million. Worldwide chargeouts were up on a stronger industry, while Navistar continues to introduce new products such as the International® TerraStar®.

The increase in second-quarter revenues was driven by higher commercial volumes, favorable pricing due to the use of 2010 emissions-compliant engines and increased military revenue associated with Mine Resistant Ambush Protected (MRAP) vehicle deliveries. Improvements in the core operations were partially offset by increased commodity pressures and fuel prices of approximately \$30 million. Additionally, 2010 second-quarter profits included \$30 million of value added tax recovery in Brazil.

**Engine** — The engine segment saw improved intercompany sales, mainly from the big bore product, a commercial truck industry recovery, and growth in rest-of-world OEM markets, such as Brazil. Segment profitability quarter-over-quarter decreased primarily due to increased engineering and warranty costs on legacy products. However, Navistar's 2010 product launch quality is superior to previous product introductions.

**Parts** — The parts segment continues to deliver solid profits, which is reflective of improved overall truck market share and an expanded engine product offering.

**Financial Services** — The financial services segment earned \$40 million in the second quarter of 2011 compared to \$16 million in the second quarter of 2010. This growth in earnings is due to an improvement in retail portfolio quality that resulted in a \$14 million decrease in provision for loan losses, as well as the benefit of lower borrowing costs on more than \$1 billion in retail debt refinancings.

**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](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, 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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