

# Navistar Announces North America Restructuring to Drive Greater Manufacturing Flexibility

## Company confirms capacity to meet future demand

WARRENVILLE, Ill. (August 2, 2011) — Navistar International Corporation (NYSE: NAV) announced today it intends to close its Chatham, Ontario, truck manufacturing operation, which has been idled since June 2009. The company also announced plans to rationalize and better integrate its RV and chassis businesses.

The Chatham facility has been idled and employees have been on layoff status for the past two years due to the company's inability to reach a collective bargaining agreement with the Canadian Auto Workers. As a result, Chatham production has already been absorbed by other Navistar truck plants.

"From a capacity standpoint, we are well positioned to meet demand expected in the last half of 2011 and further increases in 2012," said Dee Kapur, president, Navistar Truck Group. "We're seeing tremendous benefit from our flexible manufacturing strategy, which allows us to build more trucks—and a wider variety of them—at various plants."

Navistar also announced plans to significantly scale back operations at its Monaco headquarters and motor coach manufacturing plant in Coburg, Ore., which will impact approximately 450 people. All motor coach production will be consolidated at Monaco's Wakarusa, Ind., manufacturing facility, and certain Monaco headquarters functions will be consolidated at Navistar's new corporate campus in Lisle, Ill. The company plans to continue producing towables and retain certain finance and information systems operations in Oregon, as well as maintain a RV service center there.

The company's Workhorse Custom Chassis subsidiary plans to close its Union City, Ind., chassis plant, impacting about 225 employees. These operations will be consolidated into other existing Navistar facilities for greater efficiency and productivity.

Meanwhile, combining all motor coach production in Wakarusa will add about 400 jobs at that facility.

"We understand the impact these decisions have on our employees," Kapur said. "We will treat people with respect and provide support to help them with their transitions."

The planned restructuring and asset impairment activities related to the Chatham closure is expected to result in charges of \$100 million to \$130 million, of which the majority is related to pension and retiree healthcare costs. The actions related to the Monaco/Workhorse consolidation may result in charges of approximately \$100 million, which are predominantly related to expected asset impairments. Most of the restructuring charges are expected to occur in the third and fourth quarters 2011, with the remainder taking place in 2012. The company expects ongoing savings of \$20 million to \$30 million annually once all of the actions are implemented.

## 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 Statements

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 any anticipated charges that may be incurred or other efficiencies that may be achieved as a result of the above closures. 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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