

International Newsroom

Navistar Re-files Lawsuit Against Ford Motor Company

Suit seeks "at least hundreds of millions of dollars"

WARRENVILLE, Ill. (February 28, 2008) Navistar International Corporation (Other OTC: NAVZ) has re-filed a lawsuit against Ford Motor Company for violating a diesel engine contract in which Ford promised that Navistar would be Ford's primary manufacturer and supplier of V-6 and V-8 diesel engines in North America, including diesel engines for Ford's F-150 pickup trucks. The suit, filed in the Circuit Court of Cook County, Ill., seeks "at least hundreds of millions of dollars."

Navistar originally sued Ford alleging breach of the contract in June 2007. Cook County Circuit Court Judge Dennis Burke dismissed that suit to allow for mediation of the dispute by a third-party. Navistar and Ford were unable to resolve the dispute through mediation, so Navistar now has re-filed the lawsuit.

According to the lawsuit, Ford will introduce a 4.4 liter diesel engine for production in North America by late 2009 or 2010 or possibly earlier. Ford intends to produce the engine itself for use in the F-150, and possibly other vehicles. The lawsuit states that Ford cannot manufacture the engine without violating its contract with Navistar. Reportedly, Ford will produce the engines at a Ford facility in Chihuahua, Mexico.

The lawsuit states that Navistar spent millions of dollars and devoted years of its employees' time to develop a next generation diesel engine named "Lion" for use in F-150 pickup trucks and other vehicles in which Ford had not previously offered diesel engines. Ford agreed that Navistar, which has been the exclusive diesel engine supplier for Ford's heavy-duty pickup trucks since 1979, would be the manufacturer and supplier of the new engines for the

North American vehicle market.

The lawsuit, filed February 26, is separate from previously reported litigation between the two companies. In 2007, Ford filed a lawsuit against Navistar involving engine pricing and warranty claims on Power Stroke® diesel engines. Navistar counter-sued, stating that pricing was consistent with contractual agreements, that the warranty claims were entirely without merit and that Ford has stopped honoring the terms of an agreement under which the engines were built. Navistar amended its counter-suit in May 2007 and asked for in excess of \$2 billion in damages.

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