

First Student Announces Potential \$1.2 Billion Purchase Agreement With Navistar, Inc.'s IC Bus



CINCINNATI (May 14, 2008) In one of the largest fleet purchase deals the school bus industry has ever seen, First Student, Inc., North America's leader in student transportation and subsidiary of FirstGroup America, has signed an agreement for IC Bus, LLC to supply CE Series school buses through 2010, with further options to purchase additional buses through 2012. Including option years, the deal could be worth up to \$1.2 billion. IC Bus, headquartered in Warrenville, Ill., is North America's largest integrated manufacturer of school buses, supplying school, commercial and specialty buses.

“Safety and quality are at the core of what we do. As the leading provider of student transportation in North America, we are committed to ensuring that our fleet meets our high standards of safety and quality and is environmentally and technologically advanced. This agreement to purchase CE Series school buses from IC Bus over the next three years will enhance our fleet and our service to our customers,” said Carey Paster, CEO and president Sales, Marketing and Commercial Development of FirstGroup America.

The first of the buses to be purchased over the next three years is scheduled for delivery this summer from the IC Bus plant in Tulsa, Okla. The IC Bus CE Series school buses are Type C school buses, also known as “conventional” school buses that are most common in the industry and feature a front-mounted engine. Powered by fuel efficient International® MaxxForce™ diesel engines, CE Series school buses are renowned for their durability, reliability, and serviceability, while providing the latest innovation for passenger and driver protection and comfort.

“Two great global companies are coming together to provide superior products and services for the most precious cargo of the United States and Canada – our school children,” said John McKinney, vice president and general manager, IC Bus. “We are proud to announce this partnership to deliver the school buses that will help First Student meet the transportation needs of more than four million school children.”

The new IC Bus buses meet 2007 U.S. emissions standards, making them among the cleanest buses on the road today. In fact, research shows buses that meet the 2007 EPA standard are 60 times cleaner than buses built before 1990.

All of the buses ordered by First Student will be built to its customers’ specifications and equipped with front safety crossing gates, electronic child

check reminder system, and steering wheel mounted door and warning light controls to meet First Student's mandatory safety requirements.

"As the market leader in school transportation in North America, we are committed to being the best. At First Student we are proud of our safety record, on time performance and dedicated personnel. Our ongoing investment in the upgrade of our fleet is just one more way we strive to be first in safety and service," adds Paster.

About First Student, Inc.

First Student, Inc., the U.S. subsidiary of FirstGroup America, is the largest provider of school bus transportation in North America. With a fleet of 60,000 yellow school buses, First Student safely transports nearly 4 million students to and from school every day across the U.S. and Canada. First Student is dedicated to providing the safest and most efficient student transportation service in North America. For more information, please visit www.firststudentinc.com.

About FirstGroup America

FirstGroup America, headquartered in Cincinnati, is North America's largest transportation company. With 98,000 employees, FirstGroup America operates First Student, the largest provider of student transportation in the U.S. and Canada; First Transit, the largest private provider of transit management and contracting services; First Services, the largest private sector provider of fleet maintenance services, and Greyhound bus lines. Parent corporation FirstGroup PLC is the world's leading transportation company, serving more than 2.5 billion passengers per year throughout the U.K. and North America. For more information, visit www.firstgroupamerica.com.

About IC Bus, LLC

IC Bus, LLC is a wholly owned affiliate of Navistar International Corporation

(Other OTC: NAVZ). The nation's largest integrated manufacturer of school buses, IC Bus is a leader in passenger protection, chassis design, engines and ergonomics. The company is also a producer of commercial buses. All IC Bus buses are sold, serviced and supported through a renowned dealer network that offers an integrated customer program encompassing parts, training and service.

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