

U.S. DOT Secretary Visits Navistar's Melrose Park Engine Plant

Visit Spotlights Economic, Environmental Benefits of Diesel Hybrid Electric Commercial Vehicles

MELROSE PARK, Ill. (July 31, 2008) U.S. Department of Transportation Secretary Mary E. Peters today visited Navistar's Engine Group headquarters in Melrose Park, Ill., to evaluate first-hand the benefits of a burgeoning new technology available for the commercial transportation industry – diesel hybrid electric power. Navistar International Corporation (NYSE: NAV), through its subsidiaries, is the leading manufacturer of diesel hybrid commercial trucks, school buses and commercial vans.

The International®DuraStar™ Hybrid – a medium-duty utility truck that has been in service with ComEd for more than two years – along with a plug-in hybrid school bus from Navistar's subsidiary IC Bus, LLC, were demonstrated to Secretary Peters.

Navistar is the first truck and diesel engine company to enter production of hybrid commercial trucks and buses. As diesel fuel prices continue their volatility and engine emissions requirements tighten, the International DuraStar Hybrid is drawing widespread attention for its environmental advantages. The hybrid unit provides customers like utility companies, telecom companies and delivery companies with improved fuel efficiency and reduced engine emissions.

“Diesel hybrid technology from Navistar reduces fuel costs and reduces emissions,” said Patrick E. Charbonneau, vice president, Government Relations, Navistar. “The U.S. economy rides on the back of the truck industry and Navistar is the industry leader for fuel efficiency and clean technologies.”

The International DuraStar Hybrid diesel hybrid electric truck has the proven capability to provide dramatic fuel savings from 30-40 percent on a standard in-city pickup and delivery applications. The fuel efficiency can increase to more than 60 percent in utility-type applications when the engine can be shut off, but electric power still operates the vehicle. Diesel emissions are completely eliminated when the hybrid truck operates equipment (like overhead utility booms) solely on the truck's battery power, instead of allowing the engine to idle.

Navistar currently has more than 200 hybrid trucks and 20 hybrid school buses in operation around North America with very positive results.

The Hybrid Truck Users Forum, an association of utility companies, estimates that nearly 1,000 gallons of fuel can be saved annually by each utility truck if it were a hybrid unit. At the national average price of diesel near \$4.71 per gallon, that equates to a financial savings of nearly \$5,000 per truck per year.

The key challenge facing the trucking industry is the high initial cost to bring the hybrid technology to market. As International builds scale, hybrid truck prices are expected to decrease dramatically, similar to price reduction in computer technology and home electronics equipment over the years. Many customers have also been working to secure government funding to help offset the cost of the new technology. The Energy Policy Act of 2005 can provide tax credits of up to \$12,000 per unit.

In addition to production of the International DuraStar Hybrid, Navistar's contributions to advanced diesel-hybrid technology include:

- IC Bus recently announced it is the first and only bus manufacturer to begin production hybrid school buses. The buses improve fuel efficiency by 40 percent while reducing emissions by up to 90 percent.

- Scheduled delivery of the nation's first 19 plug-in hybrid school buses from IC Bus to 11 states under the efforts of Advanced Energy, a non-profit consortium of school districts, state energy agencies and student transportation providers.
- IC Bus's announcement in October 2006 that it is launching a new line of diesel-electric hybrid commercial buses.
- Navistar's partnership with the U.S. Environmental Protection Agency (EPA), the U.S. Army, UPS and Eaton Corporation to develop the first-ever series diesel hydraulic hybrid urban delivery vehicle.

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