

BAE Systems – Navistar Defense Team Selected for Technology Demonstration Phase of Joint Light Tactical Vehicle Program



ARLINGTON, Virginia (October 30, 2008) – BAE Systems, through its Ground Systems line of business, and teammate Navistar Defense, LLC have been awarded a \$40.5 million contract to participate in a 27-month technology demonstration phase of the Joint Light Tactical Vehicle (JLTV) program.

JLTV is the U.S. multi-service initiative for fielding a family of future light tactical vehicles. The BAE Systems-Navistar team was one of three teams selected for the technology demonstration program.

“We have matured our concept through a full year of engineering, prototyping and testing, and incorporated real operational lessons from MRAP. As a result, we believe we have an agile yet highly protected vehicle that is very close to being fielded in the war fight,” said Raj Rajagopal, president of Land & Armaments, Ground Systems. “From the human engineered crew compartment to the advanced ballistic hull, every part of our JLTV prototype was built with the soldier and marine in mind, providing unmatched survivability and mission effectiveness.”

During the demonstration phase, the BAE Systems-Navistar team will submit seven prototype vehicles and four trailers for evaluation and testing by the Army.

The BAE Systems-Navistar JLTV proposal is named the Valanx. Valanx is a family of v-hulled, blast-resistant vehicles that optimize what's referred to as the "iron triangle" – payload, protection and performance – to meet all requirements of the JLTV program. There are several variations of the Valanx designed to meet scouting, general mobility, infantry carrying, ambulatory and other needs for combat troops.

Vehicle models for the various Valanx variations will be designed and fabricated during 2009 and tested in 2010, leading to the selection of two teams for a JLTV system development and demonstration (SDD, Milestone B) in 2011.

"We believe the Valanx provides the foundation for a family of vehicles that will offer unmatched strength, protection and support for the Warfighter for

decades to come," said Kevin Thomas, director, product creation for Navistar Defense, an affiliate of Navistar International Corporation. "Our team is eager to move forward and continue our partnership with the Joint Services as they determine the best tactical vehicle solution for our men and women in uniform."

The Valanx design incorporates lessons learned from the U.S. Department of Defense's Mine Resistant Ambush Protected (MRAP) vehicle program and features the latest in lightweight, advanced armor and a v-shaped hull design to provide unmatched crew protection. The vehicle will out-perform existing tactical systems by providing exportable power that exceeds JLTV requirements and existing MRAP capabilities. Its modular design maximizes commonality across JLTV variants and enables the seamless integration of future technologies.

The team unveiled its first Valanx prototype in February 2008.

The BAE Systems Ground Systems-Navistar team builds off the two company's current leadership in armored and tactical vehicle development and support, which includes the team working together for the benefit of the joint U.S. customer on programs like MRAP. Combined, the BAE Systems Ground Systems-Navistar team maximizes JLTV program value through proven capabilities, lean manufacturing and extensive worldwide logistics support.

The team also includes Arvin Meritor to manufacture the lightweight independent suspension and drivetrain solutions for the Valanx. The company is a leading designer and manufacturer of automotive advanced mobility systems and is the largest axle supplier to the U.S. military.

The BAE Systems-Navistar team draws on top talent from across the country. Sites participating in the development include: York, Pennsylvania; Ontario, San Diego and Santa Clara, California; Dearborn Heights, Sterling Heights and Troy, Michigan; Minneapolis, Minnesota; Johnson City, New York; Austin, Texas; Nashua, New Hampshire; Reston, Virginia; Melrose Park and Warrenville, Illinois; Fort Wayne, Indiana; West Point, Mississippi; Huntsville, Alabama; and Laurinburg and York, South Carolina.

Learn more about the Valanx at www.thevalanx.com.

About BAE Systems

BAE Systems is the premier global defense and aerospace company delivering a full range of products and services for air, land and naval forces, as well as advanced electronics, information technology solutions and customer support services. With approximately 100,000 employees worldwide, BAE Systems' sales exceeded £15.7 billion (US \$31.4 billion) in 2007.

About Navistar Defense

Navistar Defense is an affiliate of Navistar International Corporation (NYSE: NAV), a holding company whose subsidiaries and affiliates produce International® brand commercial and military vehicles, MaxxForce™ brand diesel engines, IC brand school and commercial buses, and Workhorse® brand chassis for motor homes and step vans. Navistar is also 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 parts and service. Another affiliate offers financing services.