Navistar Moves Beyond Traditional Markets With New Global Initiatives

• Global product expansion: New transit bus launched in Mexico is first Navistar product expressly developed for global markets.
• Global dealer expansion: New dealerships in Qatar and Oman expand Middle East locations to 33.
• Sustainable military business: New $24 million contract for International MaxxPro Dash demonstrates continued commitment to responsive adaptation to changing military needs.
• Reorganization of truck segment aligns with market conditions

WARRENVILLE, Ill. (November 13, 2008) – Navistar International Corp (NYSE: NAV) today announced four tangible signs of traction in its strategy for profitable growth as it expanded its global product lineup and dealer network, added to its portfolio of military contracts, and improved its cost competitiveness.

“At a time when the commercial truck industry is severely down in North America, we are growing beyond the cyclicality of our traditional markets,” said Daniel C. Ustian, chairman, president and CEO of Navistar. “We are continuing to grow our commercial truck revenue outside the U.S. and Canada. And we are building a sustainable business of at least $2 billion a year selling military vehicles to the U.S. and its allies.”

Navistar Debuts its First Product Designed for Market Outside U.S.
At Expo Transporte in Guadalajara, Mexico, Navistar today debuted a mid-sized commercial bus for Mexico and Latin America, with additional potential for other export markets.

“The midibus represents an important milestone for our global business,” Ustian said. “It is the first Navistar vehicle specifically designed and developed for global markets.”

Unlike other vehicles Navistar currently sells in global markets, which are derivatives of existing products the company sells in North America, the midibus will be targeted from the start for Latin America and other global markets.

The midibus also stands as a symbol of Navistar’s global expansion and reach, having been designed jointly by the company’s Truck Development and Technology Center in Fort Wayne, Indiana, and Mahindra Engineering Services in Pune, India. The midibus engine was designed and will be built by the company’s MWM International Motores unit in Brazil.

Navistar Expands Middle Eastern Dealer Network

Navistar continues to expand its global business, enhancing its presence in the Middle East with two new dealerships in Qatar and Oman.

Currently, Navistar is represented by 15 full-service dealerships in 33 locations in the region, including Saudi Arabia and the United Arab Emirates. The company is also represented by three dealerships in Iraq, which play an integral role in providing after sales support to the U.S. military vehicles supplied by Navistar Defense.

“Expansion into global markets represents significant near-term growth opportunities for us,” said David Johanneson, Navistar’s group vice president, global sales, marketing and distribution. “Our distribution strategy in the Middle East is an example of how we’re executing our global growth strategy.”

Latest Navistar Defense Contract Demonstrates Responsiveness

The urgent needs of the U.S. Armed Force for armored vehicles suitable for the unique terrain in Afghanistan call for accelerated production and vehicle enhancements for International® MaxxPro™ Dash. Navistar Defense, LLC has been awarded a contract for $24.8 million for MaxxPro gunner restraints and an accelerated production schedule for the Dash, a lighter and more maneuverable variant of Navistar Defense's Mine Resistant Ambush Protected (MRAP) vehicle. Work under the contract will be performed at the company's West Point, Miss., assembly plant and will be completed by the end of June 2009.

"The core of Navistar Defense's strength is the ability to leverage our company's engineering, manufacturing and sustainment expertise to rapidly deliver vehicles and enhancements to meet rapidly changing military needs of U.S. and its Allies," said Archie Massicotte, president, Navistar Defense.

MaxxPro Dash is the sixth variant in 18 months from Navistar's MaxxPro MRAP vehicle platform. Since the initial contract in May 2007, Navistar has won more than $3 billion in contracts to produce a total of 6,044 MaxxPro vehicles.

Navistar will also compete to meet urgent requirements from the United Kingdom and other NATO countries where interest has been expressed in the survivability characteristics of the International® MaxxPro™ and MXT™ vehicles.

Focus on Efficiencies and Cost Competitiveness

The company said that the restructuring of its truck operations announced November 10 will enable it to maximize efficiencies and improve the cost structure of truck operations.

"With the significant growth of our defense business and the abundance of

other growth opportunities around the world, we are integrating and aligning our operations for maximum impact in the marketplace," Ustian said. "Our realignment will enable us to make the most of our opportunities while gaining efficiencies throughout the company."

Some job reductions are expected as functions are consolidated and streamlined to align with market conditions, but final numbers have not been determined.

The company also disclosed Tuesday in an SEC Form 8-k an earnings impairment related to capacity for production of V-8 and V-6 diesel engines due to current economic conditions and significantly lower future outlook for these engines. These charges are primarily non-cash in nature and therefore do not count toward the company's fixed charge coverage ratio.

The company also noted that its pension fund contributions will not be materially affected in 2009 by the recent stock market turbulence.

Finally, to continue solid access to funding to help the company's dealers and customers buy trucks, Navistar Financial Corporation, a wholly owned subsidiary of Navistar International Corporation signed an agreement in October extending its $100 million retail accounts conduit funding facility. This facility is used to support the purchase of fleet accounts receivable, creating additional liquidity for the parent company and Navistar Financial. The liquidity is provided through one of Navistar Financial's relationship bank's multi-seller conduit facilities. Earlier in October, Navistar Financial Corporation announced an early renewal of its $800 million dealer floor plan funding facility.

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