Navistar to Close Indianapolis Engine Plant, Foundry

WARRENVILLE, Ill. (January 27, 2009)—Navistar International Corporation (NYSE: NAV) will close its Indianapolis engine plant and Indianapolis Casting Corporation (ICC) foundry as a result of changes in its business relationship with Ford Motor Company, the facilities' primary customer. Ford and Navistar previously announced that they will end their diesel engine supply agreement. Navistar intends to cease operations at its Indianapolis campus as of July 31, 2009.

"This is a difficult decision because of the impact it has on our employees and the community where we live and work," said Eric Tech, vice president and general manager, Navistar Engine Group. "But the significant change in Ford's business plans has forced us to make this decision."

Navistar will continue to produce diesel engines for Ford through 2009. The companies also will continue to collaborate on a range of initiatives, including their existing Blue Diamond Truck and Parts joint ventures and their diesel engine supply agreement in South America.

"Over the past 30 years, Ford and Navistar dominated the diesel-powered, heavy-duty pickup truck market, providing value to both companies' customers and shareholders," Tech added. "While this phase of our relationship will end, we look forward to continuing to work together through our existing joint ventures and South American partnership."

Meanwhile, Navistar has continued to ensure the viability of its engine business through successful customer and product diversification efforts. These include expansion into China and India, as well as a broadening of product offerings through the introduction of the MaxxForce™ 11/13 and

recently announced plans to produce a proprietary 15-liter engine. In addition, the company's mid-range diesel engine business has grown beyond International Truck, due to the strength of Navistar's military business, as well as new business with global and OEM customers.

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