

Navistar Acquires Engine Components Business From Continental, Forms New Operating Company

WARRENVILLE, Ill. (Nov. 2, 2009) – Navistar, Inc., concluded an agreement to acquire certain assets and the membership interests of Continental Diesel Systems US, LLC, to manufacture key fuel injection components for its MaxxForce® diesel engines. As part of Navistar's industry leadership strategy, the company also will establish a dedicated research and development facility to support Navistar's diesel power system components. The company, renamed Pure Power Technologies, LLC, will further vertically integrate research and development, engineering and manufacturing capabilities to produce world-class diesel power systems and advanced emissions control systems.

"Pure Power Technologies allows Navistar to seamlessly integrate development and production of our power system component technology as we continue to grow globally," said Daniel C. Ustian, Navistar chairman, president and chief executive officer. "This supports our industry leadership strategy to produce great products and will serve as a components technology incubator for Navistar's MaxxForce® brand engines."

Based in Columbia, South Carolina, Pure Power Technologies will operate a research and development center there as well as a manufacturing plant in nearby Blythewood, South Carolina. The Columbia and Blythewood facilities are former Continental assets. Further, the acquisition of these Continental facilities by Navistar prevents their closing as previously announced by Continental. Navistar and Continental will be working on a product transition plan between now and January to assure the needs of both companies are met.

"Housing our advanced manufacturing technology team near the R&D campus

will be a key differentiator for Pure Power Technologies. This will enhance our ability to quickly bring new technologies to market,” said Eric Tech, president, Navistar Engine Group.

“The combined strengths that make up Pure Power Technologies will enable breakthrough performance, lean and rapid development cycles and lower overall system costs,” said Ustian. “These are critical to our business, as customers around the world continue to demand greater engine performance, more efficient power sources and cleaner running vehicles and equipment.”

“The acquisition of Continental’s diesel systems business by Navistar is a win-win situation for all parties,” said Gregg Wiggins, senior vice president NAFTA Powertrain Division for Continental. “Navistar will acquire key fuel injection technologies used in their diesel engine manufacturing business and many of the employees in the Blythewood and Columbia locations will have an opportunity to gain positions in this new entity.”

“Navistar is a true innovator in the design of truck engines, and the company’s newest venture will augment South Carolina’s ever-growing automotive sector. It is especially gratifying to see Continental and Navistar come to an agreement that will keep existing facilities open and bring new opportunities for the future. Indeed, the company’s decision to invest in South Carolina is another strong sign that our business-friendly climate, skilled workforce and exceptional market access continue to attract new investors to our state. We welcome Navistar and Pure Power Technologies to the South Carolina business community and look forward to a long and mutually beneficial relationship with them in the years ahead,” said Joe Taylor, Secretary of Commerce.

Central SC Alliance President and CEO Mike Briggs stated, "Our team is very pleased with today's important announcement by Navistar. This is quite a

testimonial to the company's faith in the highly-skilled workforce that exists at the plant. The Alliance worked very closely with Richland County Council and the South Carolina Department of Commerce in an effort to retain these advanced manufacturing jobs."

Richland County Council Chairman Paul Livingston said, "Today, we are in a global competition to find and save jobs. We are excited to have retained the manufacturing and research and development functions that have been located in Richland County for the past several years. We certainly recognize the possibility for future growth and development and look forward to working with Navistar again. Further, we greatly appreciate Navistar's corporate citizenship and continued involvement in the community."

Pure Power Technologies supports a number of Navistar's strategic business goals: Ensure the continued delivery of innovative MaxxForce® brand engines to the North American on-highway marketplace, including MaxxForce Advanced EGR emissions technology for 2010 and beyond; grow in other automotive and industrial segments in NAFTA countries; partner with new OEM customers in established and emerging markets under Euro emissions regulations; create a global platform for continuous improvement in product quality, performance and fuel-efficiency; develop common quality and manufacturing processes across our engine operations and joint ventures; and support Navistar Global Truck Group and Navistar Global Bus division in non-NAFTA growth areas.

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