International Newsroom

Navistar Files Counter-complaint Against Ford That Asks For Damages

Warrenville, Illinois - May 02, 2007
Navistar International Corporation (Other OTC: NAVZ) announced today that it has filed a counter-complaint against Ford Motor Company for breach of contract and is seeking damages.

Navistar filed its counter-complaint following a hearing before Judge John J. McDonald of the Circuit Court of Oakland County, Michigan. The hearing related to a lawsuit filed by Ford against Navistar involving 2007 engine pricing and prior period warranty claims. Navistar counter-sued, stating that pricing is consistent with contractual agreements, that the warranty claims are entirely without merit and that Ford has stopped honoring the terms of an agreement under which engines were built. Navistar amended its counter-complaint in today's filing. Two previous hearings have been held and Judge McDonald has asked the two companies to meet privately to see if a settlement to the dispute could be reached prior to a trial.

At today's hearing, Judge McDonald set a schedule for discovery and other events in the case. Navistar's principal operating company, International Truck and Engine Corporation, has been the exclusive diesel engine supplier for Ford's heavy-duty pickup trucks since 1979 and recently launched a new 6.4L Power Stroke® diesel engine that meets 2007 emissions standards while increasing performance, durability and fuel economy.

Ford, using International-manufactured Power Stroke® diesel engines, has enjoyed leadership market share of close to 50 percent for many years. Navistar believes the new Power Stroke 6.4L diesel engines provide Ford the opportunity to maintain or improve this leadership position.

The amended counter-complaint filed today states that Ford's breach is based on indications that Ford plans to develop its own diesel engine for introduction prior to 2012. Ford's failure to honor the contract, which runs through 2012, entitles Navistar to damages that have been preliminarily calculated to more than $2 billion, the complaint states. In addition, Navistar states that Ford's actions are interfering with supply-base agreements.

---

https://news.international.com/news?item=36