

Navistar Reports Solid 4Q Profit; Results Impacted by New Labor Agreement Costs
New UAW 4-Year Contract Hailed as Solid Investment in the Future

WARRENVILLE, Ill. (Dec. 22) – Navistar International Corporation (NYSE: NAV) today reported profitable results for the fourth quarter ended Oct. 31, 2010, propelled by the improved performance of its core business and military sales. Results included costs related to the ratification of the new UAW contract, which provides the company the ability to ensure a competitive cost structure across its production platforms and clears the way for future bottom-line improvements.

“The North American truck market has been depressed for three years now and the company has been able to provide good profits while investing in the future growth,” said Daniel C. Ustian, Navistar chairman, president and chief executive officer. “The company is well positioned to take advantage of the growing North American market as well as expanding globally.”

“Going forward, we anticipate investments in our global operations will deliver profits by fiscal 2011 and provide solid returns to our bottom line in 2012 and 2013,” said Ustian. The company has invested more than \$55 million in global expansion in 2010.

Net income attributable to Navistar International Corporation for the fourth quarter ended Oct. 31, 2010, totaled \$39 million, equal to \$0.54 of diluted earnings per share, which includes \$10 million, equal to \$0.14 diluted earnings per share from separation and layoff costs related to the new, four-year contract agreement with the UAW. Net income for the fourth quarter a year ago was \$86 million, equal to \$1.19 of diluted net income per share. Revenues for the fourth quarter totaled \$3.37 billion, compared with \$3.29 billion in the year-ago fourth quarter.

Fourth-quarter results were in line with the company's earlier projection that it would deliver more than 17,000 2010-emission compliant vehicles in the United States and Canada. In addition, in the past month, the company also won new delivery orders for 250 International® MaxxPro® Mine Resistant Ambush Protected (MRAP) Recovery vehicles and an additional 175 International® MaxxPro® Dash vehicles DXM™ independent suspension. Also the company submitted its 15-liter, 2010 MaxxForce® 15 engine for regulatory certification.

The company anticipates that total truck industry retail sales volume for Class 6-8 trucks and school buses in the United States and Canada for the year ending Oct. 31, 2011, will be in the range of 230,000 to 250,000 units.

Summary Financial Results:

Fourth Quarter Year EndA

2010 2009 2010 2009

(Dollars in Millions, except per share data)

Sales & revenues, net..... \$3,372 \$3,285 \$12,145 \$11,569

Segment Results:

Truck..... 86 5 424 147

Engine..... (17) 103 51 253

Parts..... 77 124 266 436

Manufacturing segment profitB..... 146 232 741 836

Income before taxes and extraordinary gain.....

..... 51 109 290 359

Net income attributable to Navistar

International Corporation..... 39 86 223 320

Diluted earnings per share attributable

to Navistar International Corporation..... 0.54 1.19 3.05 4.46

A. The company revised its previously reported consolidated balance sheet as of Oct. 31, 2009 and consolidated statements of stockholders' deficit for the years ended Oct. 31, 2009 and 2008 to reflect the correction of errors identified in those statements. The errors originated in periods prior to 2008 and the corrections are not considered material to any previously reported consolidated financial statements. The 2009 and 2008 impact of these errors, totaling \$10 million, was recognized in the company's results for 2010 as they were not material to our financial results for 2009 and 2008. The revisions did not impact the consolidated statements of cash flows for those periods.

B. See SEC Regulation G for additional information.

For fiscal 2010, net income was \$223 million, equal to \$3.05 of diluted earnings per share, including the UAW separation and layoff costs of \$10 million, equal to \$0.14 of diluted earnings per share, compared with fiscal 2009 net income of \$320 million, equal to \$4.46 of diluted earnings per share, including the favorable effects from the settlement with Ford of \$160 million, equal to \$2.23 of diluted earnings per share.

Segment Results

Truck — For fiscal 2010, the truck segment realized a profit of \$424 million, compared with a fiscal 2009 profit of \$147 million. The increase was aided by improvements in commercial markets, in spite of 50-year industry lows, as well as materials and cost reduction from the company's manufacturing strategy. Commercial units sold by the company's traditional United States and Canada Class 6-8 truck and school bus businesses increased by 11 percent for fiscal 2010, compared with the respective prior year.

Engine — The engine segment reported a profit for fiscal 2010 of \$51 million due to a 34 percent increase in South American engine shipments over fiscal 2009 and the increased ownership of the company's Blue Diamond Parts operations. Results were offset by decreased volumes in North America

associated with the expiration of the company's contract with Ford and ongoing expenses associated with the launch of the company's 2010-emission compliant engines. This is compared with segment profit of \$253 million in fiscal 2009, which included a \$160 million impact from the Ford settlement and other related charges as the company began to transition from its business with Ford.

Parts — Navistar's commercial parts business grew 15 percent along with the company's increase in market share in the Class 6-8 truck and bus business. However, total segment profit was down in fiscal 2010 due to a large decline in military sales. For fiscal 2010, the parts segment reported a profit of \$266 million compared with a year-ago profit of \$436 million. The parts segment continues to deliver solid profits due to increased volumes in North America, partially offsetting the impact of declines in U.S. military sales. Military sales were reduced by \$489 million in 2010 versus the prior year due to the completion of MRAP fielding orders in late 2009. The company anticipates sales will improve in 2011 as sustainment orders are realized and Navistar begins to deliver on MRAP capability insertion programs.

Financial Services — The 2010 year-end results for the financial services segment have more than doubled to \$95 million as the result of significant improvement in portfolio performance and reduction in borrowing costs. This compares to a segment profit of \$40 million in fiscal 2009.

Forward-Looking Statement

Information provided and statements contained in this report that are not purely historical are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, Section 21E of the Securities Exchange Act of 1934, as amended, and the Private Securities Litigation Reform Act of 1995. Such forward-looking statements only speak as of the date of this report and the company assumes no obligation to update the

information included in this report. Such forward-looking statements include information concerning our possible or assumed future results of operations, including descriptions of our business strategy. These statements often include words such as “believe,” “expect,” “anticipate,” “intend,” “plan,” “estimate,” or similar expressions. These statements are not guarantees of performance or results and they involve risks, uncertainties, and assumptions. For a further description of these factors, see Item 1A, Risk Factors of our Form 10-K for the fiscal year ended October 31, 2010, which was filed on December 22, 2010. Although we believe that these forward-looking statements are based on reasonable assumptions, there are many factors that could affect our actual financial results or results of operations and could cause actual results to differ materially from those in the forward-looking statements. All future written and oral forward-looking statements by us or persons acting on our behalf are expressly qualified in their entirety by the cautionary statements contained or referred to above. Except for our ongoing obligations to disclose material information as required by the federal securities laws, we do not have any obligations or intention to release publicly any revisions to any forward-looking statements to reflect events or circumstances in the future or to reflect the occurrence of unanticipated events.

[Download the entire release with all financial tables as a pdf here](#)

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