

International Newsroom

Navistar's IC Bus Implements Commodity Surcharge Due To Historical Highs Of Commodity Costs
Efforts to mitigate price increases through manufacturing efficiencies absorb some, but not all costs

WARRENVILLE, IL (June 29, 2011) – Market conditions and global demand have raised commodity prices to historical highs, forcing Navistar's IC Bus to implement a commodity surcharge on its bus models, effective September 15, 2011.

Market prices, which have retreated some but remain higher than the 2009 and 2010 levels, combined with global expansion and investor speculation are driving prices higher. The continued increase in the price of metals, which are essential to bus production, is necessitating price increases up to \$1,495.

Prices have soared for commodities essential to bus manufacturing, such as rubber, steel, copper, and Platinum. IC Bus is diligently working to alleviate the higher commodity prices by absorbing as many costs as possible through manufacturing efficiencies and by challenging operational costs with its supply base.

“Our efforts to mitigate price increases through manufacturing efficiencies have allowed for us to absorb some of the increases, but we could not absorb them all,” said John McKinney, president, IC Bus. “Global commodity increases are affecting all manufacturing, and unfortunately, they are beyond our control, leaving us no choice but to share those additional costs with the customer.”

Steel and its derivatives account for more than 41% of the material value of a bus. Steel prices have increased between 60%-116% since 2009. Platinum, which make up almost 11 percent of a bus's material value, have gone up 46%

since 2009. In addition, the cost of rubber, accounting for 5 percent of the material value of a bus, has increased by 183% since 2009. The cost of lead is also 64% higher than it was in 2009.

“These costs have a significant, direct impact on the raw materials needed to build buses,” McKinney said. “We will continue to closely monitor market conditions and do everything possible to manufacture the best quality buses at the most efficient prices for our customers.”

About IC Bus

IC Bus, LLC of Warrenville, Ill., is an affiliate of Navistar International Corporation (NYSE: NAV). The nation’s largest integrated manufacturer of school busses, IC Bus is a global leader in passenger protection, chassis design, engines and ergonomics. The company is also a producer of commercial buses. All IC Bus™ buses are sold, serviced and supported through a renowned dealer network that offers an integrated customer program encompassing parts, training and service. Additional information is available site at www.icbus.com.

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