

Navistar Reports 3Q Profit; Announces Stock Repurchase

WARRENVILLE, Ill. (September 7, 2011) – Navistar International Corporation (NYSE: NAV) today reported net income for the third quarter, ended July 31, 2011, of \$1.4 billion, equal to \$18.24 diluted earnings per share. These results include an income tax valuation allowance release and costs associated with the restructuring of North American manufacturing operations and engineering integration. Excluding these items, adjusted net income attributable to Navistar International Corporation for the 2011 third quarter was \$61 million, equal to \$0.79 diluted earnings per share.

“The industry continued its recovery in the third quarter, and our results reflect this strengthening as well as our continued investments for future growth. We introduced new products for our growing global presence, invested in our engineering integration and heavy engine strategies, and took additional actions to reduce costs and further increase our manufacturing flexibility,” said Daniel C. Ustian, Navistar chairman, president and chief executive officer.

“As a result, we are well positioned to deliver a strong fourth quarter, achieve our adjusted full-year earnings of \$5 to \$6 per share, and enter 2012 with positive momentum.”

Included in the third quarter results were charges of \$137 million for the company’s plans to close its Chatham, Ontario operations; restructuring of its custom products business unit; and costs associated with engineering integration. Results also include \$1.48 billion in net tax benefit from an income tax valuation allowance release.

“Our proven ability to deliver consistent earnings, even in the toughest of times, coupled with our future growth prospects gives us the confidence that we can capture the benefits of these deferred tax assets. As a result, Navistar is now in its best equity position in the last ten years,” said Ustian. “Given our strong cash position, we are launching a significant buyback of our stock, which we believe is currently undervalued. We are also evaluating additional return on capital options and look forward to announcing them early in 2012.”

The company plans to undertake share repurchases of up to \$175 million – approximately 5 percent – of Navistar’s common stock in the upcoming months using a combination of approaches to execute the repurchase including open market repurchases and an accelerated repurchase program. The company has sufficient liquidity for this transaction

and plans to use excess cash reserves for the repurchase.

Navistar reports its adjusted net income attributable to Navistar International Corporation guidance for fiscal year ending Oct. 31, 2011, to be between \$388 million and \$465 million, equal to \$5.00 to \$6.00 diluted earnings per share. Additionally, the company confirmed its full year forecast for manufacturing cash of \$1.2 to \$1.4 billion.

The company earned \$117 million, equal to \$1.56 diluted earnings per share in the year-ago third quarter. Sales and revenues for the 2011 third quarter were \$3.5 billion, compared with \$3.2 billion in the year-ago third quarter.

Summary Financial Results:

	Third Quarter		Nine Months	
	2011	2010	2011	2010
<i>(Dollars in Millions, except per share data)</i>				
Sales and revenues.....	\$3,537	\$3,221	\$9,635	\$8,773
Segment Results:				
Truck.....	\$(75)	\$227	\$49	\$338
Engine.....	32	(1)	26	68
Parts.....	70	52	200	189
Manufacturing segment profit(A).....	\$27	\$278	\$275	\$595
Income before taxes.....	\$(54)	\$148	\$45	\$234
Net income attributable to Navistar International Corporation.....	1,400	117	1,468	179
Diluted earnings per share attributable to Navistar International Corporation.....	18.24	1.56	19.04	2.44
Adjusted income attributable to Navistar International Corporation(A).....	61	107	155	152

Adjusted diluted earnings per share attributable to

Navistar International Corporation(A).....	0.79	1.44	2.01	2.08
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(A) Non-GAAP measure, see SEC Regulation G Non-GAAP Reconciliation for additional information.

Sales and revenues for the 2011 nine months were \$9.6 billion, compared with \$8.8 billion in the year-ago nine months. For the nine months ended July 31, 2011, net income attributable to Navistar International Corporation was \$1.5 billion, equal to \$19.04 diluted earnings per share, including the \$1.48 billion impact of the release of a portion of the income tax valuation allowance, restructuring of North American manufacturing operations charges of \$122 million and engineering integration costs of \$41 million. Excluding the impacts of these items, adjusted net income attributable to Navistar International Corporation for the 2011 nine months was \$155 million, equal to \$2.01 diluted earnings per share.

For the nine months ended July 31, 2010, adjusted earnings were \$152 million, equal to \$2.08 diluted earnings per share, excluding the impact of benefits from the Ford restructuring and related activities. Including the impact of benefits from the Ford restructuring and related activities, nine months 2010 reported earnings were \$179 million, equal to \$2.44 diluted earnings per share.

Segment Results

Truck — For the third quarter ended July 31, 2011, the truck segment recorded a loss of \$75 million, compared with a year-ago third-quarter profit of \$227 million. The \$302 million decrease in segment profitability year-over-year included \$119 million of charges for the restructuring of our North American manufacturing operations and \$11 million of engineering integration charges.

The remaining year-over-year change of \$172 million reflects the net impact of an increase in commercial profit from increased volume and improved pricing across all traditional

products, mainly through the use of 2010 emissions-compliant engines, offset by decreased military revenues due to timing of contracted deliveries and higher commodity and fuel costs.

Traditional and Worldwide chargeouts were up on a stronger industry while sales improved in South America. Navistar anticipates traditional industry volumes for the full year 2011 to be in the range of 240,000 to 260,000 units.

Engine — For the third quarter ended July 31, 2011, the engine segment posted a profit of \$32 million realizing substantial quarterly improvement to profitability compared to a prior year third quarter loss of \$1 million. The increase in third-quarter profit was driven primarily by strong intercompany sales and margins of big bore engines and continued strong performance in South America. Improved profitability from adjacent business segments with increased shipments to OEMs as well as improved performance from Pure Power Technologies contributed to positive third-quarter results. Engine segment profit was partially offset by higher adjustments to pre-existing warranties.

Parts — The parts segment continues to deliver solid results reflective of increased commercial sales and profits. The segment realized a profit of \$70 million, compared with a year-ago third-quarter profit of \$52 million.

Financial Services — The financial services segment earned \$30 million in the third quarter of 2011 compared to \$33 million in the third quarter of 2010. The decrease in year-over-year profits results from lower retail portfolio balances as originations are now funded under the GE Operating Agreement. This is partially offset by improved wholesale note revenues, lower administrative costs, and a lower credit loss provision as portfolio quality has improved. The GE Operating Agreement will continue to reduce NFC origination and portfolio balances in the future. Liquidity currently available to NFC is \$622 million.

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 21, 2010, and Part II, Item 1A, Risk Factors, included within our Form 10-Q for the period ended July 31, 2011, which was filed on September 7, 2011. 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.

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