

International Newsroom

Navistar Delivers Strong 4q Adjusted Earnings of \$3.37 Per Share; Achieves Best Full-Year Earnings Performance Since 2008

- Full-year 2011 adjusted net income of \$402 million, equal to \$5.28 diluted EPS

Year-end manufacturing cash balance of \$1.2 billion

LISLE, Ill. (December 20, 2011) – Navistar International Corporation (NYSE: NAV) today announced strong fourth quarter and full-year earnings performance reflecting the company's continued execution of its strategy. Drivers of this performance included higher revenues and improved margins in its core North America truck business; sustained military sales; and an engine business that returned to profitability in the second half of the year. The company also saw revenues from outside of North America grow to more than \$3 billion, as well as ongoing benefits from its engineering integration.

"We are pleased that we have finished the year strong and delivered solid fourth quarter results across all segments," said Daniel C. Ustian, Navistar chairman, president and chief executive officer. "Not only did we deliver on 2011 commitments, we continued to invest in our strategy and set the foundation for a strong 2012."

Reported net income for the fourth quarter ended October 31, 2011, of \$255 million, equal to \$3.48 diluted earnings per share, versus a year-ago net income of \$44 million, equal to \$0.61 diluted earnings per share. Adjusted net income for the fourth quarter 2011 was \$247 million, or \$3.37 diluted earnings per share.

Net income for fiscal year 2011 was \$1.7 billion, equal to \$22.64 diluted earnings per share, versus net income for fiscal 2010 of \$223 million, equal to \$3.05 diluted earnings per share. Adjusted net income was \$402 million, or

\$5.28 diluted earnings per share. Adjustments impacting both the fourth quarter and fiscal year 2011 include the net impact of an income tax valuation allowance release, costs associated with the restructuring of North American manufacturing operations, engineering integration and the impact of the Medicare Part D court ruling.

In the fourth quarter, the company saw increases in worldwide unit chargeouts in both its traditional North American and global businesses while maintaining a strong market share position. The company purchased 2.7 million shares of its stock in the fourth quarter and ended the year with a manufacturing cash balance of \$1.2 billion. Navistar is on track to complete the full \$175 million stock repurchase program in early 2012.

“We expect the industry to continue its steady recovery,” said Ustian. “We will continue to leverage our market leading North American businesses, invest in new products and expand further into global markets, while effectively controlling our costs.”

Fourth Quarter		Years Ended	
2011	2010	2011	2010

(in millions, except per share data)

Summary Financial Results:

Sales and revenues, net.....	\$ 4,323	\$ 3,372	\$ 13,958	\$ 12,145
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Segment Results:

Truck.....	\$ 287	\$ 86	\$ 336	\$ 424
Engine.....	58	(17)	84	51
Parts.....	87	77	287	266

Manufacturing segment profit(A).....	\$ 432	\$ 146	\$ 707	\$ 741
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Income before income taxes.....	\$ 275	\$ 56	\$ 320	\$ 290
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Net income attributable to Navistar International Corporation.....	255	44	1,723	223
Diluted earnings per share attributable to Navistar International Corporation.....	3.48	0.61	22.64	3.05

Fourth Quarter		Years Ended	
2011	2010	2011	2010

(in millions, except per share data)

Adjusted income attributable to Navistar International Corporation(A).	247	44	402	223
Adjusted diluted earnings per share attributable to Navistar International Corporation(A).....	3.37	0.61	5.28	3.05

(A) Non-GAAP measure, see Regulation G Non-GAAP Reconciliation for additional information.

Segment Results

Truck - For the fourth quarter 2011, the truck segment recorded \$287 million in manufacturing segment profit, compared with a year-ago fourth quarter manufacturing segment profit of \$86 million. For the fiscal year 2011, the truck segment recorded an adjusted profit of \$509 million, excluding charges of \$173 million for the restructuring of its North American manufacturing operations and engineering integration, compared with a fiscal year 2010 profit of \$424 million.

Fiscal 2011 included a full-year revenue increase of 19 percent supported by record volume in Latin America, improved product mix, increased Class 8 and Class 6/7 truck chargeouts and improved pricing mainly through the use of the company's proprietary 2010 engines. The segment also saw strong cost performance as a result of a solid order board, improved logistics performance and utilization of the company's flexible manufacturing strategy.

This was all achieved in a year of lower military revenue, continued global investment, higher commodity costs, and increased product development costs to support future growth.

Engine — For the fourth quarter 2011, the engine segment recorded \$58 million in profit, compared with a year-ago fourth quarter loss of \$17 million. For the fiscal year 2011, the engine segment posted a profit of \$84 million compared to a prior year profit of \$51 million. The increase in year-over-year profit was driven by strong intercompany sales and margins from MaxxForce® Big-Bore engines and continued strong performance in South America, partially offset by increased engineering product development and higher adjustments to pre-existing warranties.

Parts — For the fourth quarter 2011, the parts segment recorded \$87 million in profit, compared with a year-ago fourth quarter profit of \$77 million. For the fiscal year, Navistar's commercial parts business grew 17 percent, reflecting the company's growth in truck and engine market share, the overall improvement in industry volume, and an increase in all-makes sales. Total parts segment profit in fiscal 2011 was \$287 million, compared with a year-ago profit of \$266 million.

Financial Services — For the fourth quarter 2011, the financial services segment recorded \$27 million in profit, compared with a year-ago fourth quarter profit of \$34 million. During fiscal year 2011, the segment earned \$129 million, compared to \$95 million in fiscal year 2010. The increase in year-over-year profits included decreased administrative costs and a lower provision for credit losses, slightly offset by a lower net interest margin. Liquidity remains strong and on better terms than previously available.

Corporate — The impact of higher taxes reduced earnings by approximately \$0.29 a share, prior to the positive impact of the valuation adjustment.

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, 2011, which was filed on December 20, 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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