RYDER SYSTEM INC
Form 4
March 19, 2008

FORM 4

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. *See* Instruction 1(b).

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

OMB APPROVAL
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(Print or Type Responses)

1. Name and Address of Reporting Person *
SWIENTON GREGORY T

(Last) (First) (Middle)

11690 N.W. 105TH STREET

(Street)

MIAMI, FL 33178

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
RYDER SYSTEM INC [R]

3. Date of Earliest Transaction (Month/Day/Year)
03/17/2008

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

__X__ Director _____ 10% Owner
__X__ Officer (give title below) _____ Other (specify below)
Chairman & CEO

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Common Stock	03/17/2008		S(1)		2	D	$ 58.04	88,067	D	
Common Stock	03/17/2008		S(1)		98	D	$ 58.02	87,969	D	
Common Stock	03/17/2008		S(1)		100	D	$ 58.015	87,869	D	
Common Stock	03/17/2008		S(1)		100	D	$ 58	87,769	D	
Common Stock	03/17/2008		S(1)		400	D	$ 58	87,369	D	

Common Stock	03/17/2008	S(1)	300	D	$ 58.05	87,069	D
Common Stock	03/17/2008	S(1)	400	D	$ 58.09	86,669	D
Common Stock	03/17/2008	S(1)	500	D	$ 58.68	86,169	D
Common Stock	03/17/2008	S(1)	200	D	$ 58.6	85,969	D
Common Stock	03/17/2008	S(1)	400	D	$ 58.21	85,569	D
Common Stock	03/17/2008	S(1)	300	D	$ 58.77	85,269	D
Common Stock	03/17/2008	S(1)	600	D	$ 58.75	84,669	D
Common Stock	03/17/2008	S(1)	300	D	$ 58.26	84,369	D
Common Stock	03/17/2008	S(1)	200	D	$ 58.25	84,169	D
Common Stock	03/17/2008	S(1)	200	D	$ 58.78	83,969	D
Common Stock	03/17/2008	S(1)	600	D	$ 58.76	83,369	D
Common Stock	03/17/2008	S(1)	500	D	$ 58.24	82,869	D
Common Stock	03/17/2008	S(1)	100	D	$ 58	82,769	D
Common Stock	03/17/2008	S(1)	100	D	$ 59.13	82,669	D
Common Stock	03/17/2008	S(1)	300	D	$ 59.1	82,369	D
Common Stock	03/17/2008	S(1)	100	D	$ 58.07	82,269	D
Common Stock	03/17/2008	S(1)	100	D	$ 58.05	82,169	D
Common Stock	03/17/2008	S(1)	100	D	$ 58.99	82,069	D
Common Stock	03/17/2008	S(1)	100	D	$ 58.91	81,969	D
Common Stock	03/17/2008	S(1)	400	D	$ 58.1	81,569	D
	03/17/2008	S(1)	400	D	$ 58.11	81,169	D

Common Stock								
Common Stock	03/17/2008		S(1)	100	D	$ 58.9	81,069	D
Common Stock	03/17/2008		S(1)	100	D	$ 58.98	80,969	D
Common Stock	03/17/2008		S(1)	100	D	$ 58.34	80,869	D
Common Stock	03/17/2008		S(1)	100	D	$ 58.42	80,769	D

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Underlying Securities (Instr. 3 and 4)		8. Price of Derivative Security (Instr. 5)	9. Nu Deriv Secur Bene Owne Follo Repo Trans (Instr
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares		

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
SWIENTON GREGORY T 11690 N.W. 105TH STREET MIAMI, FL 33178	X		Chairman & CEO	

Signatures

/s/ Flora R. Perez by power of attorney	03/19/2008

**Signature of Reporting Person Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) The option exercise and stock sales reported in this Form 4 were effected pursuant to a Rule 10b5-1 trading plan established by the Reporting Person on May 18, 2007.

Remarks:
Part 4 of 6. Due to the SEC's 30 line limit in Table I, this Form 4 has been filed in 6 parts.

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169

39

(100
)
Income tax benefit (expense)
132

229

(187
)

22

196

Net income (loss)
84

(31
)

(18
)

61

96

Less: Net income attributable to non-controlling interests
—

—

12

—

12

Net income (loss) attributable to Navistar International Corporation
$
84

$
(31
)

$
(30
)

$
61

$
84

(in millions)	NIC	Navistar, Inc.	Non-Guarantor Subsidiaries	Eliminations and Other	Consolidated
Condensed Consolidating Statement of Comprehensive Income for the Three Months Ended July 31, 2012					
Net income (loss) attributable to Navistar International Corporation	$ 84	$ (31)	$ (30)	$ 61	$ 84
Other comprehensive income (loss):					
Foreign currency translation adjustment	(61)	—	(60)	60	(61)
Defined benefit plans (net of tax of $13, $10, $3, $(13), and $13 respectively)	23	21	1	(22)	23
Total other comprehensive income (loss)	(38)	21	(59)	38	(38)
Total comprehensive income (loss) attributable to Navistar International Corporation	$ 46	$ (10)	$ (89)	$ 99	$ 46

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Navistar International Corporation and Subsidiaries
Notes to Condensed Consolidated Financial Statements—(Continued)
(Unaudited)

(in millions)	NIC	Navistar, Inc.	Non-Guarantor Subsidiaries	Eliminations and Other	Consolidated
Condensed Consolidating Statement of Operations for the Nine Months Ended July 31, 2012					
Sales and revenues, net	$—	$6,141	$ 8,776	$ (5,248)	$ 9,669
Costs of products sold	—	6,151	7,577	(5,210)	8,518
Restructuring charges	—	23	1	—	24
Impairment of intangible assets	—	—	38	—	38
All other operating expenses	57	1,020	682	(75)	1,684
Total costs and expenses	57	7,194	8,298	(5,285)	10,264
Equity in income (loss) of affiliates	(326)	384	(25)	(54)	(21)
Income (loss) before income taxes	(383)	(669)	453	(17)	(616)
Income tax benefit (expense)	142	243	—	25	410
Net income (loss)	(241)	(426)	453	8	(206)
Less: Net income attributable to non-controlling interests	—	—	35	—	35
Net income (loss) attributable to Navistar International Corporation	$(241)	$(426)	$ 418	$ 8	$ (241)

(in millions)	NIC	Navistar, Inc.	Non-Guarantor Subsidiaries	Eliminations and Other	Consolidated
Condensed Consolidating Statement of Comprehensive Income for the Nine Months Ended July 31, 2012					
Net income (loss) attributable to Navistar International Corporation	$(241)	$(426)	$ 418	$ 8	$ (241)
Other comprehensive income (loss):					
Foreign currency translation adjustment	(139)	—	(138)	138	(139)
Defined benefit plans (net of tax of $36, $33, $4, $(37), and $36 respectively)	63	57	6	(63)	63
Total other comprehensive income (loss)	(76)	57	(132)	75	(76)
Total comprehensive income (loss) attributable to Navistar International Corporation	$(317)	$(369)	$ 286	$ 83	$ (317)

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Navistar International Corporation and Subsidiaries
Notes to Condensed Consolidated Financial Statements—(Continued)
(Unaudited)

(in millions)	NIC	Navistar, Inc.	Non-Guarantor Subsidiaries	Eliminations and Other	Consolidated
Condensed Consolidating Balance Sheet as of July 31, 2012					
Assets					
Cash and cash equivalents	$252	$55	$ 240	$ —	$ 547
Marketable securities	46	—	113	—	159
Restricted cash and cash equivalents	20	6	253	—	279
Finance and other receivables, net	4	156	3,109	(2)	3,267
Inventories	—	737	1,172	(32)	1,877
Investments in non-consolidated affiliates	(2,527)	6,303	38	(3,768)	46
Property and equipment, net	—	756	892	(2)	1,646
Goodwill	—	—	280	—	280
Deferred taxes, net	230	1,878	301	(3)	2,406
Other	108	160	370	(2)	636
Total assets	$(1,867)	$10,051	$ 6,768	$ (3,809)	$ 11,143
Liabilities and stockholders' equity (deficit)					
Debt	$1,611	$418	$ 2,617	$ (234)	$ 4,412
Postretirement benefits liabilities	—	2,855	315	—	3,170
Amounts due to (from) affiliates	(5,851)	9,940	(4,165)	76	—
Other liabilities	2,775	(296)	1,604	(164)	3,919
Total liabilities	(1,465)	12,917	371	(322)	11,501
Redeemable equity securities	5	—	—	—	5
Stockholders' equity attributable to non-controlling interests	—	—	44	—	44
Stockholders' equity (deficit) attributable to Navistar International Corporation	(407)	(2,866)	6,353	(3,487)	(407)
Total liabilities and stockholders' equity (deficit)	$(1,867)	$10,051	$ 6,768	$ (3,809)	$ 11,143

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Navistar International Corporation and Subsidiaries
Notes to Condensed Consolidated Financial Statements—(Continued)
(Unaudited)

(in millions)	NIC	Navistar, Inc.	Non-Guarantor Subsidiaries	Eliminations and Other	Consolidated
Condensed Consolidating Statement of Cash Flows for the Nine Months Ended July 31, 2012					
Net cash provided by (used in) operations	$(330)	$(362)	$ 458	$ 580	$ 346
Cash flows from investment activities					
Net change in restricted cash and cash equivalents	—	3	45	—	48
Net sales of marketable securities	383	—	175	—	558
Capital expenditures and purchase of equipment leased to others	—	(173)	(126)	—	(299)
Other investing activities	—	(117)	86	—	(31)
Net cash provided by (used in) investment activities	383	(287)	180	—	276
Cash flows from financing activities					
Net borrowings (repayments) of debt	(47)	691	(643)	(488)	(487)
Other financing activities	20	—	(48)	(92)	(120)
Net cash provided by (used in) financing activities	(27)	691	(691)	(580)	(607)
Effect of exchange rate changes on cash and cash equivalents	—	—	(7)	—	(7)
Increase (decrease) in cash and cash equivalents	26	42	(60)	—	8
Cash and cash equivalents at beginning of the period	226	13	300	—	539
Cash and cash equivalents at end of the period	$252	$55	$ 240	$—	$ 547

(in millions)	NIC	Navistar, Inc.	Non-Guarantor Subsidiaries	Eliminations and Other	Consolidated
Condensed Consolidating Statement of Operations for the Three Months Ended July 31, 2011					
Sales and revenues, net	$—	$2,072	$ 3,260	$ (1,795)	$ 3,537
Costs of products sold	—	1,940	2,774	(1,784)	2,930
Restructuring charges	—	4	52	—	56
Impairment of property and equipment and intangible assets	—	—	64	—	64
All other operating expenses (income)	15	302	230	(28)	519
Total costs and expenses	15	2,246	3,120	(1,812)	3,569
Equity in income (loss) of affiliates	1,863	(52)	(9)	(1,824)	(22)
Income (loss) before income taxes	1,848	(226)	131	(1,807)	(54)
Income tax benefit (expense)	(448)	1,514	(162)	559	1,463
Net income (loss)	1,400	1,288	(31)	(1,248)	1,409
Less: Net income attributable to non-controlling interest	—	—	9	—	9
Net income (loss) attributable to Navistar International Corporation	$1,400	$1,288	$ (40)	$ (1,248)	$ 1,400

Navistar International Corporation and Subsidiaries
Notes to Condensed Consolidated Financial Statements—(Continued)
(Unaudited)

(in millions)	NIC	Navistar, Inc.	Non-Guarantor Subsidiaries	Eliminations and Other	Consolidated
Condensed Consolidating Statement of Comprehensive Income for the Three Months Ended July 31, 2011					
Net income (loss) attributable to Navistar International Corporation	$1,400	$1,288	$ (40)	$ (1,248)	$ 1,400
Other comprehensive income (loss):					
Foreign currency translation adjustment	4	—	4	(4)	4
Defined benefit plans (net of tax of $31, $31, $0 $(31), and $31 respectively)	(14)	(19)	29	(10)	(14)
Total other comprehensive income (loss)	(10)	(19)	33	(14)	(10)
Total comprehensive income (loss) attributable to Navistar International Corporation	$1,390	$1,269	$ (7)	$ (1,262)	$ 1,390

(in millions)	NIC	Navistar, Inc.	Non-Guarantor Subsidiaries	Eliminations and Other	Consolidated
Condensed Consolidating Statement of Operations for the Nine Months Ended July 31, 2011					
Sales and revenues, net	$—	$5,903	$ 9,079	$ (5,347)	$ 9,635
Costs of products sold	—	5,493	7,620	(5,283)	7,830
Restructuring charges	—	27	53	—	80
Impairment of property and equipment and intangible assets	—	—	64	—	64
All other operating expenses (income)	56	915	671	(81)	1,561
Total costs and expenses	56	6,435	8,408	(5,364)	9,535
Equity in income (loss) of affiliates	1,983	292	(29)	(2,301)	(55)
Income (loss) before income taxes	1,927	(240)	642	(2,284)	45
Income tax benefit (expense)	(459)	1,515	(214)	616	1,458
Net income (loss)	1,468	1,275	428	(1,668)	1,503
Less: Net income attributable to non-controlling interest	—	—	35	—	35
Net income (loss) attributable to Navistar International Corporation	$1,468	$1,275	$ 393	$ (1,668)	$ 1,468

(in millions)	NIC	Navistar, Inc.	Non-Guarantor Subsidiaries	Eliminations and Other	Consolidated
Condensed Consolidating Statement of Comprehensive Income for the Nine Months Ended July 31, 2011					
Net income attributable to Navistar International Corporation	$1,468	$1,275	$ 393	$ (1,668)	$ 1,468
Other comprehensive income:					
Foreign currency translation adjustment	65	—	65	(65)	65
Defined benefit plans (net of tax of $31, $31, $0, $(31), and $31 respectively)	65	51	14	(65)	65
Total other comprehensive income	130	51	79	(130)	130

Total comprehensive income attributable to Navistar International Corporation	$1,598	$1,326	$ 472	$(1,798)	$ 1,598

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Navistar International Corporation and Subsidiaries
Notes to Condensed Consolidated Financial Statements—(Continued)
(Unaudited)

(in millions)	NIC	Navistar, Inc.	Non-Guarantor Subsidiaries	Eliminations and Other	Consolidated
Condensed Consolidating Balance Sheet as of October 31, 2011					
Assets					
Cash and cash equivalents	$226	$13	$ 300	$ —	$ 539
Marketable securities	429	1	288	—	718
Restricted cash and cash equivalents	20	9	298	—	327
Finance and other receivables, net	3	154	4,070	27	4,254
Inventories	—	650	1,113	(49)	1,714
Investments in non-consolidated affiliates	(2,094)	5,818	54	(3,718)	60
Property and equipment, net	—	600	972	(2)	1,570
Goodwill	—	—	319	—	319
Deferred taxes, net	31	1,912	114	—	2,057
Other	168	152	416	(3)	733
Total assets	$(1,217)	$9,309	$ 7,944	$ (3,745)	$ 12,291
Liabilities and stockholders' equity (deficit)					
Debt	$1,689	$156	$ 3,242	$ (231)	$ 4,856
Postretirement benefits liabilities	—	2,981	335	—	3,316
Amounts due to (from) affiliates	(5,574)	9,055	(3,595)	114	—
Other liabilities	2,690	(194)	1,717	(122)	4,091
Total liabilities	(1,195)	11,998	1,699	(239)	12,263
Redeemable equity securities	5	—	—	—	5
Stockholders' equity (deficit) attributable to non-controlling interest	—	—	52	(2)	50
Stockholders' equity (deficit) attributable to Navistar International Corporation	(27)	(2,689)	6,193	(3,504)	(27)
Total liabilities and stockholders' equity (deficit)	$(1,217)	$9,309	$ 7,944	$ (3,745)	$ 12,291

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Navistar International Corporation and Subsidiaries
Notes to Condensed Consolidated Financial Statements—(Continued)
(Unaudited)

(in millions)	NIC	Navistar, Inc.	Non-Guarantor Subsidiaries	Eliminations and Other	Consolidated
Condensed Consolidating Statement of Cash Flows for the Nine Months Ended July 31, 2011					
Net cash provided by (used in) operations	$(254)	$95	$ 448	$ 250	$ 539
Cash flows from investment activities					
Net change in restricted cash and cash equivalents	—	2	19	—	21
Net sales (purchases) in marketable securities	81	—	(115)	—	(34)
Capital expenditures and purchase of equipment leased to others	—	(168)	(158)	—	(326)
Other investing activities	—	(27)	(4)	—	(31)
Net cash provided by (used in) investment activities	81	(193)	(258)	—	(370)
Cash flows from financing activities					
Net borrowings (repayments) of debt	48	161	(258)	(250)	(299)
Other financing activities	25	—	(43)	—	(18)
Net cash provided by (used in) financing activities	73	161	(301)	(250)	(317)
Effect of exchange rate changes on cash and cash equivalents	—	—	7	—	7
Increase (decrease) in cash and cash equivalents	(100)	63	(104)	—	(141)
Cash and cash equivalents at beginning of the period	239	22	324	—	585
Cash and cash equivalents at end of the period	$139	$85	$ 220	$ —	$ 444

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Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Management’s Discussion and Analysis of Financial Condition and Results of Operation ("MD&A") is designed to provide information that is supplemental to, and should be read together with, our consolidated financial statements and the accompanying notes contained in our Annual Report on Form 10-K for the year ended October 31, 2011. Information in MD&A is intended to assist the reader in obtaining an understanding of (i) our consolidated financial statements, (ii) the changes in certain key items within those financial statements from period-to-period, (iii) the primary factors that contributed to those changes, (iv) any changes in known trends or uncertainties from items disclosed within MD&A of our Annual Report on Form 10-K for the year ended October 31, 2011 that we are aware of and that may have a material effect on our future performance, and (v) how certain accounting principles affect our consolidated financial statements. In addition, MD&A provides information about our business segments and how the results of those segments impact our results of operations and financial condition as a whole. Operating results for interim reporting periods are not necessarily indicative of annual operating results.

Executive Summary

While our third quarter results have shown improvement over the results experienced in the first and second quarters of 2012, they reflected the continued impact of challenges related to our strategy for meeting 2010 Environmental Protection Agency ("EPA") emission standards. The past months have included a number of significant events related to these efforts, including:

- In June, we announced our next generation clean engine solution, In-Cylinder Technology Plus ("ICT+") to meet 2010 EPA emissions standards. The ICT+ technology combines Advanced Exhaust Gas Recirculation ("EGR") and urea-based Selective Catalytic Reduction ("SCR").
- In August, we announced that we had agreed to a non-binding memorandum of understanding with Cummins Inc. ("Cummins") for Cummins Emission Solutions to supply its urea-based after-treatment system. The after-treatment system will be combined with our EGR engines to create ICT+ to meet 2010 EPA emissions standards and is expected to help facilitate meeting future green house gas ("GHG") standards. We are expeditiously developing plans and timelines to begin introducing the ICT+ product offering taking into consideration a number of factors including current and projected emission credit balances, ability to utilize non-conformance penalties ("NCPs"), projected volumes, and customer needs. We are targeting a phased-in product introduction plan commencing with the MaxxForce 13-liter in early 2013 followed by the MaxxForce 11-liter engines and then medium engine offerings.
- As part of our expanded relationship with Cummins, the Company expects to offer the Cummins ISX15 engine in certain models. The Cummins ISX15 engine will be offered as a part of our North American on-highway truck line-up beginning in December 2012.
- In August, to help facilitate the Company's adoption of the ICT+ strategy, support the market transition plan for Class 8 engine sales, and improve financial flexibility, the Company signed a definitive credit agreement relating to a senior secured, term loan credit facility in an aggregate principal amount of $1 billion (the "Term Loan Credit Facility") and borrowed an aggregate principal amount of $1 billion under the Term Loan Credit Facility. In conjunction with the Term Loan Credit Facility transaction, all of the borrowings under the Company's Asset-Based Credit Facility were repaid and Navistar, Inc. entered into an amended and restated asset-based credit agreement in an aggregate principal amount of $175 million.

We believe that our new strategy featuring ICT+ coupled with the Cummins ISX15 offering provides a path to meet 2010 EPA emission standards, as well GHG standards, and positions the Company for future success. This will help to address distractions and uncertainty around engine certification and continuation of product offerings that has had a detrimental impact on the Company's performance including a deterioration of market share. In the near term, we will be further impacted by the transition of our engine strategy. The Company has incurred, and will continue to incur, significant research and development and tooling costs to design and produce our engine product lines to meet the EPA and California Air Resources Board ("CARB") on-highway heavy-duty diesel ("HDD") emission standards, including the required on-board diagnostics ("OBD"). These emission standards have resulted in and will continue to result in a significant increase in the cost of our products. In addition, the transition to our ICT+ strategy creates the potential for gaps in our product offerings that could further impact the Company's results.

In August, we announced actions to control spending across the Company with targeted reductions of certain costs. In addition to the expected integration synergies resulting from ongoing efforts to consolidate our Truck and Engine engineering operations, as well as the relocation of our world headquarters, the Company is focusing on continued reductions in the amount of discretionary spending, including but not limited to reductions from efficiencies, and prioritizing or eliminating certain programs or projects. The Company offered to the majority of its U.S.-based non-represented salaried employees the opportunity to apply for a voluntary separation program ("VSP"). In addition, along with the employees who choose to participate in the VSP, we will use attrition and an involuntary reduction in force to eliminate additional positions in order to meet our targeted reductions goal. We estimate that we will incur between $40 million and $60 million of restructuring charges in the fourth quarter of 2012 based on the number of employees that applied for and are expected to be accepted into the VSP, as well as the number of employees expected to be impacted by the involuntary reduction in force.

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Fourth Quarter Outlook

We are considering all options to improve the efficiency and performance of our operations. Our focus will be on improving our core North American Truck, Engine, and Parts performances. We are evaluating opportunities to restructure our business and rationalize our manufacturing operations in an effort to optimize the cost structure which could include, among other actions, additional rationalization of our manufacturing operations and/or divesting of non-core businesses. These actions could result in additional restructuring and other related charges, including but not limited to; impairments, employee termination costs and charges for pension and other post retirement contractual benefits and pension curtailments, that could be significant.

We anticipate the "traditional" truck industry retail deliveries to be in the range of 300,000 units to 310,000 units for 2012.

We recently announced that we received approval from the Chinese government to proceed with our engine manufacturing plans in China through our joint venture with Anhui Jianghuai Automobile Co ("JAC") and expect this to have a significant impact on our global strategy in the future.

Three and Nine Months Ended July 31, 2012 Results Summary

Consolidated net sales and revenues declined by 6% in the third quarter of 2012, as compared to the prior year, reflecting lower net sales in the Truck and Engine segments, partially offset by higher net sales in the Parts segment. Truck segment sales decreased by 5% in the quarter, predominantly due to lower military sales. Engine segment sales decreased 13%, reflecting lower volumes in South America and decreased intercompany sales in U.S. and Canada. Parts segment sales grew 5%, primarily due to continued improvements in our U.S. and Canada commercial markets, partially offset by lower military sales.

In the first nine months of 2012, our consolidated net sales and revenues were relatively flat, as compared to the prior year period. Truck segment sales grew 5%, predominantly due to an increase in our "traditional" markets and improved worldwide truck volumes. Engine segment sales decreased 4%, largely due to lower sales volumes in South America. Parts segment sales decreased 4%, primarily due to lower military sales, partially offset by continued improvements in our U.S. and Canada commercial markets.

In the third quarter of 2012, we had income attributable to Navistar International Corporation of $84 million, or $1.22 per diluted share. In the first nine months of 2012, we incurred a loss attributable to Navistar International Corporation of $241 million, or $3.49 per diluted share. Significant pre-tax items affecting our results include:

- $123 million and $104 million of charges for adjustments to pre-existing warranties in the first and second quarters of 2012, respectively,
- $16 million and $57 million for costs relating to the Company's engineering integration actions in the third quarter and first nine months of 2012, respectively,
- $38 million of charges related to the restructuring of North American manufacturing operations in the second quarter of 2012, and
- $10 million and $20 million for non-conformance penalties for certain 13L engine sales that did not comply with emission standards in the third quarter and first nine months of 2012, respectively.

Adjusting the results from the third quarter and first nine months of 2012 to exclude the impact of these items, net of tax, as well as the impact of the benefit from the release of a portion of our income tax valuation allowance in the second quarter of 2012, we incurred an adjusted loss attributable to Navistar International Corporation of $14 million and $215 million, or a loss of $0.20 and $3.11 per diluted share, respectively.

For the third quarter and first nine months of 2011, we had earnings attributable to Navistar International Corporation of $1.4 billion and $1.468 billion, or earnings of $18.24 and $19.04 per diluted share, respectively. Adjusting to exclude the impacts of the benefit from the release of a portion of our income tax valuation allowances and charges related to our engineering integration actions and restructuring of North American manufacturing operations in the third quarter and first nine months of 2011, we recognized adjusted net income attributable to Navistar International Corporation of $31 million and $122 million, or earnings of $0.40 and $1.58 per diluted share, respectively.

Comparative operating results in the first nine months of 2012 were reflective of higher "traditional" and worldwide truck volumes that were more than offset by an increase in adjustments for pre-existing warranty, lower military sales coupled with a shift in order mix, higher commodity costs, and asset impairment charges, partially offset by a favorable reduction of charges related to the restructuring of our North American manufacturing operations. The prior year also included favorable commodity hedging impacts that did not recur in the current year. We also incurred higher selling, general, and administrative costs, primarily related to higher postretirement benefits expense due to an unfavorable ruling in our retiree health care litigation matter in the fourth quarter of 2011. Additionally, our results were benefited from the releases of a portion of our income tax valuation allowances on both our Canadian deferred tax assets in the second quarter of 2012 and our U.S. deferred tax assets in the third quarter of 2011.

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2010 EPA Emission Standards Update

Truck and engine manufacturers continue to face significant governmental regulation of their products, especially in the areas of environmental and safety. We have incurred, and will continue to incur, significant research, development, and tooling costs to design and produce our engine product lines to meet EPA and CARB on-highway HDD emission standards that have reduced the allowable levels of nitrogen oxide ("NOx") to the current limit of 0.20g NOx and include the required on-board diagnostics. The regulations requiring OBD began the initial phase-in during 2010 for truck engines and are a part of our product plans. These changes in emission standards have resulted in and will continue to result in a significant increase in the cost of our products.

In 2011 and 2010, certain of our engine families met EPA and CARB certification requirements by using emission credits we earned by producing low-NOx engines earlier than was required by the EPA. We began using NCPs for trucks using certain of our heavy HDD engines in 2012. As described in more detail below, the need to use NCPs, any inability to continue to utilize NCPs, and the rate at which we use our emission credits could materially and adversely affect our business, financial condition, results of operations, liquidity and capital resources, or cash flows.

In January 2012, the EPA promulgated the Interim Final Rule establishing NCPs for heavy HDD engines. In June 2012, the D.C. Circuit Court ruled that EPA did not follow the required rulemaking processes in promulgating the Interim Final Rule and issued an order vacating the Interim Final Rule. The Company, as intervenor in that action, asked for a rehearing and in August 2012, the D.C. Circuit Court denied that request. The Court's ruling became final on August 24, 2012. Some of our competitors filed an additional lawsuit asking the D.C. Circuit Court to invalidate the emissions certificates issued to us under the Interim Final Rule. The D.C. Circuit Court has not yet ruled on that request.

Also in January 2012, the EPA published a Notice of Proposed Rulemaking for a final NCP rule (the "Final Rule"), which would make NCPs available in model years 2012 and later for emissions of NOx above the 0.20g limit and would supersede the Interim Final Rule. On August 30, 2012, EPA approved the Final Rule and it became effective upon publication in the Federal Register on September 5, 2012. It is possible that the Final Rule will be challenged by our competitors and we cannot provide assurances that the Final Rule will be upheld in the event of such a challenge.

Currently, CARB and the corresponding agencies of nine other states that have adopted California's emission standards do not make available engine certification using NCPs. Therefore, we continue to sell engines and trucks in these ten states (the "10 CARB States") using the NOx emission credits previously described. Under current conditions and at the current pace, however, our emission credits for heavy HDD engines will be consumed some time in 2013. Unless CARB (and the corresponding agencies of the nine other states) begin allowing NCPs for engine sales, or unless CARB certifies our HDD engines to the 0.20g NOx standard, we will no longer be able to sell trucks with our HDD engines in the 10 CARB States after our credits are consumed.

We submitted to the EPA and to CARB applications for a 0.20g NOx engine certificate for one 13L engine family during the first half of 2012, but after discussions with both agencies, we withdrew both applications in July 2012. As described above, in July we announced that we are changing our engine emission strategy. Our business, financial condition, results of operations, liquidity and capital resources or cash flows could be materially and adversely affected based on numerous factors relating to our ICT+ strategy, as well as our shorter term plans for continued use of engines using EGR pending the full implementation of the ICT+ strategy.

As a condition to NCP certification, the EPA requires us to submit the engines to certain testing protocols to establish that the engines to be certified are no greater than 0.50g NOx, the content of which we are currently discussing with the EPA. Should our engines fail to meet the standard under the testing protocols, unless and until remediated, this result could have adverse consequences.

In addition, the OBD implementation may cause delays in shipments of certain mid-range engine families in the month of January 2013 until they are resolved.

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Adjusted net income (loss) and adjusted diluted earnings (loss) per share attributable to Navistar International Corporation reconciliation:

	Three Months Ended July 31,		Nine Months Ended July 31,	
(in millions, except per share data)	2012	2011	2012	2011
Income (loss) attributable to Navistar International Corporation	$84	$1,400	$(241)	$1,468
Plus:				
Engineering integration costs, net of tax[(A)]	(5)	5	34	28
Restructuring of North American manufacturing operations, net of tax[(B)]	(14)	102	23	102
Adjustments to pre-existing warranties, net of tax[(C)]	(81)	—	138	—
Charges for non-conformance penalties, net of tax[(D)]	2	—	12	—
Less:				
Net impact of income tax valuation allowance release[(E)]	—	1,476	181	1,476
Adjusted net income (loss) attributable to Navistar International Corporation	$(14)	$31	$(215)	$122
Diluted earnings (loss) per share attributable to Navistar International Corporation	$1.22	$18.24	$(3.49)	$19.04
Effect of adjustments on diluted earnings (loss) per share attributable to Navistar International Corporation	(1.42)	(17.84)	0.38	(17.46)
Adjusted diluted earnings (loss) per share attributable to Navistar International Corporation	$(0.20)	$0.40	$(3.11)	$1.58
Diluted weighted shares outstanding	68.9	76.8	69.1	77.1

(A) Engineering integration costs relate to the consolidation of our truck and engine engineering operations, as well as the relocation of our world headquarters. For the three months ended July 31, 2012, the charges included restructuring charges of $3 million and other related costs of $13 million. The tax impact of the third quarter adjustments was income tax benefit of $21 million. For the nine months ended July 31, 2012, the charges included restructuring charges of $23 million and other related costs of $34 million. The tax impact of the adjustments in the nine months ended July 31, 2012 was income tax benefit of $23 million. For the three and nine months ended July 31, 2011, the charges included restructuring charges of $4 million and $23 million, respectively, and other related costs of $10 million and $17 million, respectively. For the three and nine months ended July 31, 2011, the tax impact of the adjustments was income tax benefits of $9 million and $12 million, respectively. Our manufacturing operations, primarily our Truck segment, recognized charges of $15 million and $34 million relating to these actions in the three and nine months ended July 31, 2012, respectively, compared to $11 million and $32 million in the three and nine months ended July 31, 2011, respectively. For more information, see Note 2, Restructurings and Impairments, to the accompanying consolidated financial statements.

(B) Restructuring of North American manufacturing operations are charges primarily related to our ongoing restructuring plans related to our plans to close our Chatham, Ontario heavy truck plant and WCC chassis plant in Union City, Indiana, and to significantly scale back operations at our Monaco recreational vehicle headquarters and motor coach manufacturing plant in Coburg, Oregon. In the second quarter of 2012, the Company incurred charges of $38 million for the impairment of certain intangible assets. For the three and nine months ended July 31, 2012, the associated tax impact of the adjustments was an income tax benefit of $14 million and $15 million, respectively. The Truck and Parts segments recognized charges of $28 million and $10 million, respectively. For the three and nine months ended July 31, 2011, the charges, which primarily impacted the Truck segment, included restructuring charges of $53 million, impairment charges of $64 million related to certain intangible assets and property and equipment, and other charges of $5 million, and the tax impact of these charges was income tax benefit of $20 million. For more information, see Note 2, Restructurings and Impairments, to the accompanying consolidated financial statements.

(C)

During the first and second quarters of 2012, the Company incurred charges of $123 million and $104 million, respectively, for adjustments to pre-existing warranties. For the three and nine months ended July 31, 2012, the associated tax impact of the adjustments was an income tax benefits of $81 million and $89 million, respectively. For more information, see Note 1, Summary of Significant Accounting Policies, to the accompanying consolidated financial statements.

(D) In the three and nine months ended July 31, 2012, the Company recorded charges totaling $10 million and $20 million, respectively, for NCPs for certain 13L engine sales that did not comply with emission standards, recognized in the Engine segment. The tax impact of the adjustments was income tax benefit of $8 million in both periods of 2012. For more information, see Note 12, Commitments and Contingencies, to the accompanying consolidated financial statements.

(E) In the nine months ended July 31, 2012, we recognized an income tax benefit of $181 million in the second quarter of 2012 from the release of a significant portion of our income tax valuation allowance on our Canadian deferred tax assets. In the three months ended July 31, 2011, we recognized an income tax benefit of $1.476 billion from the release of a significant portion of our income tax valuation allowance on our domestic deferred tax assets. For more information, see Note 9, Income Taxes, to the accompanying consolidated financial statements.

For the nine months ended July 31, 2012 and 2011, the above items described in notes A through D, have been adjusted to reflect the impact of income taxes which are calculated based on the respective periods estimated annual effective tax rate. The income tax impact of the adjustments in the third quarter of both 2012 and 2011 reflect the impact of changes in Company's estimated annual effective tax rates. The change is the result of updates to the amounts and jurisdictional mix of our 2012 and 2011 forecasted results.

The financial measures of adjusted net income (loss) and adjusted diluted earnings (loss) per share attributable to Navistar International Corporation are not in accordance with, or an alternative for, U.S. GAAP. The non-GAAP financial information presented should be considered supplemental to, and not as a substitute for, or superior to, financial measures calculated in accordance with U.S. GAAP. We believe that adjusted net income (loss) and diluted earnings (loss) per share attributable to Navistar International Corporation, excluding the impacts of certain items that are not considered to be part of our ongoing business, improves the comparability of year to year results, and is representative of our underlying performance. We have chosen to provide this supplemental information to investors, analysts and other interested parties to enable them to perform additional analysis of operating results, to illustrate the results of operations giving effect to the non-GAAP adjustments shown in these reconciliations, and to provide an additional measure of performance.

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Results of Operations

The following information summarizes our Consolidated Statements of Operations and illustrates the key financial indicators used to assess our consolidated financial results.

Results of Operations—Three and nine months ended July 31, 2012 compared to the three and nine months ended July 31, 2011

(in millions, except per share data and % change)	Three Months Ended July 31, 2012	Three Months Ended July 31, 2011	Change	% Change	Nine Months Ended July 31, 2012	Nine Months Ended July 31, 2011	Change	% Change
Sales and revenues, net	$3,319	$3,537	$(218)	(6)%	$9,669	$9,635	$34	—%
Costs of products sold	2,876	2,930	(54)	(2)%	8,518	7,830	688	9%
Restructuring charges	4	56	(52)	(93)%	24	80	(56)	(70)%
Impairment of property and equipment and intangible assets	—	64	(64)	(100)%	38	64	(26)	(41)%
Selling, general and administrative expenses	328	334	(6)	(2)%	1,068	1,006	62	6%
Engineering and product development costs	137	141	(4)	(3)%	408	407	1	—%
Interest expense	59	62	(3)	(5)%	182	187	(5)	(3)%
Other expense (income), net	5	(18)	23	N.M.	26	(39)	65	N.M.
Total costs and expenses	3,409	3,569	(160)	(4)%	10,264	9,535	729	8%
Equity in loss of non-consolidated affiliates	(10)	(22)	12	(55)%	(21)	(55)	34	(62)%
Income (loss) before income taxes	(100)	(54)	(46)	85%	(616)	45	(661)	N.M.
Income tax benefit	196	1,463	(1,267)	(87)%	410	1,458	(1,048)	(72)%
Net income (loss)	96	1,409	(1,313)	(93)%	(206)	1,503	(1,709)	N.M.
Less: Net income attributable to non-controlling interests	12	9	3	33%	35	35	—	—%
Net income (loss) attributable to Navistar International Corporation	$84	$1,400	$(1,316)	(94)%	$(241)	$1,468	$(1,709)	N.M.
Diluted earnings per share	$1.22	$18.24	$(17.02)	(93)%	$(3.49)	$19.04	$(22.53)	N.M.

N.M. Not meaningful.

Sales and revenues, net

Our sales and revenues, net are categorized by geographic region, based on the location of the end customer. Sales and revenues, net by geographic region are as follows:

	Total				U.S. and Canada				Rest of World ("ROW")			
	Three Months Ended July 31,			% Change	Three Months Ended July 31,			% Change	Three Months Ended July 31,			% Change
(in millions, except % change)	2012	2011	Change		2012	2011	Change		2012	2011	Change	
Truck	$2,336	$2,457	$(121)	(5)%	$1,968	$2,058	$(90)	(4)%	$368	$399	$(31)	(8)%
Engine	840	968	(128)	(13)%	533	541	(8)	(1)%	307	427	(120)	(28)%
Parts	542	516	26	5%	481	453	28	6%	61	63	(2)	(3)%
Financial Services	64	73	(9)	(12)%	48	56	(8)	(14)%	16	17	(1)	(6)%
Corporate and Eliminations	(463)	(477)	14	(3)%	(458)	(468)	10	(2)%	(5)	(9)	4	(44)%

Total	$3,319	$3,537	$(218)	(6)%	$2,572	$2,640	$(68)	(3)%	$747	$897	$(150)	(17)%

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	Total Nine Months Ended July 31, 2012	2011	Change	% Change	U.S. and Canada Nine Months Ended July 31, 2012	2011	Change	% Change	ROW Nine Months Ended July 31, 2012	2011	Change	% Change
(in millions, except % change)												
Truck	$6,856	$6,528	$328	5 %	$5,810	$5,591	$219	4 %	$1,046	$937	$109	12 %
Engine	2,593	2,706	(113)	(4)%	1,687	1,577	110	7 %	906	1,129	(223)	(20)%
Parts	1,507	1,573	(66)	(4)%	1,341	1,417	(76)	(5)%	166	156	10	6 %
Financial Services	199	229	(30)	(13)%	152	181	(29)	(16)%	47	48	(1)	(2)%
Corporate and Eliminations	(1,486)	(1,401)	(85)	6 %	(1,470)	(1,370)	(100)	7 %	(16)	(31)	15	(48)%
Total	$9,669	$9,635	$34	— %	$7,520	$7,396	$124	2 %	$2,149	$2,239	$(90)	(4)%

Truck segment net sales decreased $121 million, or 5%, in the third quarter of 2012, primarily due to lower military sales. In the first nine months of 2012, Truck segment net sales increased $328 million, or 5%, primarily due to increased volumes and favorable product mix in our "traditional" markets, and improved worldwide truck volumes, partially offset by lower military sales.

Engine segment net sales decreased by $128 million and $113 million, or 13% and 4%, in the third quarter and first nine months of 2012, respectively, primarily due to lower sales volumes in South America. Engine segment's intercompany net sales in the U.S. and Canada decreased in the third quarter of 2012 and increased in the first nine months of 2012.

Parts segment net sales increased by $26 million, or 5%, in the third quarter of 2012, primarily due to improvements in our commercial markets in U.S. and Canada, partially offset by lower military sales. In the first nine months of 2012, the Parts segment net sales decreased by $66 million, or 4%. This decrease was primarily due to lower military sales, partially offset by improvements in our commercial markets in the U.S. and Canada, as well as increases within our global parts business.

Financial Services segment net revenues decreased by $9 million and $30 million, or 12% and 13%, in the third quarter and first nine months of 2012, respectively. The decreases in net revenues were primarily driven by the continued decline in the average retail finance receivable balance. The decline in the average retail finance receivable balance is reflective of U.S. retail loan originations, which are now being funded primarily under the GE Operating Agreement.

Costs of products sold

In the third quarter of 2012, cost of products sold decreased by $54 million, compared to the prior year period, reflecting decreases in the Truck and Engine segments, partially offset by an increase in the Parts segment. The decrease was primarily due to lower volumes and to a lesser extent manufacturing efficiencies. Offsetting these impacts were the effects of shifts in product mix and higher costs related to commodities.

In the first nine months of 2012, cost of products sold increased by $688 million, compared to the prior year period, reflecting increases in the Truck and Engine segments, partially offset by a decrease in the Parts segment. The increase was largely due to higher current and pre-existing warranty costs, as well as an increase in the costs for materials largely due to higher commodity costs, particularly steel and rubber. The increase also reflects the impact of higher truck volumes as well as the shift in product mix. For the remainder of 2012, we anticipate increases in overall commodity costs and we continue to explore opportunities to mitigate our exposure to commodity cost volatility. Partially offsetting these increases to cost of products sold were benefits from manufacturing cost efficiencies largely due to our flexible manufacturing strategy and other actions.

Warranty costs were higher in 2012 compared to the prior year periods as a result of increased engine volumes due to the exclusive use of our MaxxForce Big-Bore engines in our "traditional" product offerings, as well as higher estimated warranty costs per unit. Additionally, in the first nine months of 2012, we recognized an increase in adjustments to pre-existing warranties of $189 million, compared to the prior year period, which included adjustments to pre-existing warranties of $123 million and $104 million in the first and second quarters of 2012, respectively. These adjustments related to the unanticipated increase in warranty spend for certain 2007 and 2010 emission standard engines. Component complexity associated with meeting the emission standards has contributed to higher repair costs that exceeded those that we have historically experienced. We continue to improve the design and manufacturing of our engines to reduce the volume and severity of warranty claims. For more information, see Note 1, Summary of Significant Accounting Policies, to the accompanying consolidated financial statements.

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Restructuring charges

In the first nine months of 2012, we incurred restructuring charges of $24 million, primarily due to a net charge of $16 million recorded in Corporate for the vacancy of a lease relating to the relocation of our world headquarters.

For the first nine months of 2011, we incurred restructuring charges of $80 million. These charges consisted primarily of charges of $22 million, recognized during the first quarter, resulting from actions at our Fort Wayne and Springfield facilities, and $56 million, recognized during the third quarter, resulting from actions at our Chatham, Union City, Coburg, Springfield, and Fort Wayne facilities. These amounts were recognized by our Truck segment. For more information, see Note 2, Restructurings and Impairments, to the accompanying consolidated financial statements.

Impairment of intangible assets

In the first nine months of 2012, we incurred asset impairment charges of $38 million, relating to the Company's decision to discontinue accepting orders for its WCC business and to take certain actions to idle the business, which are expected to occur in late 2012. These actions resulted in charges of $28 million for the impairment of certain intangible assets related to WCC, recognized by the Truck segment, and $10 million for the impairment of certain intangible assets related to the parts distribution operations associated with the WCC business, recognized by the Parts segment. For more information, see Note 2, Restructurings and Impairments, to the accompanying consolidated financial statements.

For the third quarter of 2011, we recognized impairments of property and equipment and intangible assets of $64 million, primarily recognized by our Truck segment, relating to charges at our Chatham, Ontario plant and WCC subsidiary. The impairment charges reflect the impact of the closure of the Chatham facility, as well as market deterioration and reduction in demand below previously anticipated levels for our WCC subsidiary.

Selling, general and administrative expenses

Selling, general and administrative ("SG&A") expenses decreased by $6 million in the third quarter of 2012, compared to the prior year period. The decrease in SG&A expense reflects lower expenses in the Engine and Parts segments, both driven by savings from cost-reduction initiatives, and lower expense by the Truck segment resulting from lower Dealcor expenses due to the sale of certain dealerships. Partially offsetting these decreases were higher postretirement benefit expenses due to reinstating the prescription drug benefit provided under the 1993 Settlement Agreement in accordance with a court ruling in September 2011. For more information, see Note 12, Commitments and Contingencies, to the accompanying consolidated financial statements.

In the first nine months of 2012, SG&A expenses increased by $62 million, compared to the prior year periods. This increase in SG&A expenses reflect an increase in postretirement benefit expenses, as well as higher expenses related to the consolidation of the truck and engine engineering operations and the relocation of our world headquarters. Partially offsetting these increases was a decrease in employee incentive compensation expense, reflecting the losses incurred in the first nine months of 2012.

The increase in SG&A expenses in the first nine months of 2012 also reflects higher expenses in the Truck segment and lower expenses in the Engine and Parts segments. In addition to the factors described above, the increase in the Truck segment was primarily due to higher advertising and promotional expenses and the consolidation of the NC^2 operations, which was partially offset by decreased Dealcor expenses due to the sale of certain dealerships. The decrease in the Engine segment was primarily driven by lower administrative expenses relating to cost-reduction initiatives, particularly at its South American operations.

Engineering and product development costs

Engineering and product development costs, which are incurred by the Truck and Engine segments, decreased $4 million in the third quarter of 2012, compared to the prior year period. This decrease reflects lower costs in the Engine segment, driven by savings from cost-reduction initiatives, and lower costs in the Truck segment due to a reduction in expenses for the development of military-related trucks.

Engineering and product development costs were flat in the first nine months of 2012, compared to the prior year period, reflecting higher costs in the Truck segment that were offset by lower costs in the Engine segment. The increase in the Truck segment was primarily due to engineering integration costs, which are related to the consolidation of the Truck and Engine segment engineering operations, as well as the consolidation of the NC^2

operations. The decrease in the Engine segment was primarily due to higher expenses incurred in the prior year related to the launch of 2010 emission standard engines, partially offset by ongoing improvements to our EGR and other technologies to meet emissions regulations at 0.20 NOx emissions levels in North America and Euro V emissions regulations in South America, and increased spending on projects to meet the on-board diagnostics requirements.

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Other expense (income), net

Other expense (income), net, was an expense of $5 million and $26 million in the third quarter and first nine months of 2012, respectively. The Company, particularly the Truck segment, was unfavorably impacted by the fluctuations of foreign exchange rates in the third quarter and first nine months of 2012, primarily due to the strengthening of the U.S. Dollar against the Brazilian Real, as compared to being favorably impacted in the prior year periods. In the third quarter of 2012, the unfavorable impact of foreign exchange fluctuations was partially offset in the Truck segment by a gain of $7 million due to the sale of its RV motor coach plant in Coburg, Oregon. Also contributing to the expense in the first nine months of 2012 were costs related to the early redemption of a portion of our 8.25% Senior Notes, due in 2021, which includes charges of $8 million for the early redemption premium and write-off of related discount and debt issuance costs. For more information, see Note 7, Debt, to the accompanying consolidated financial statements.

Other expense (income), net, was income of $18 million and $39 million in the third quarter and first nine months of 2011, respectively, which included a $10 million benefit relating to the extinguishment of a financing liability for equipment within our Engine segment.

Equity in loss of non-consolidated affiliates

In the third quarter and first nine months of 2012, equity in loss of non-consolidated affiliates decreased by $12 million and $34 million, respectively, primarily due to our acquisition of Caterpillar's ownership interest in NC^2 in September 2011. NC^2 is now included in our consolidated results in the Truck segment. For more information, see Note 6, Investments in Non-consolidated Affiliates, to the accompanying consolidated financial statements.

Income tax benefit

In the third quarter and first nine months of 2012, we realized an income tax benefit of $196 million and $410 million, respectively. The income tax benefit recognized in the third quarter of 2012 includes $173 million of income tax benefit resulting from a third quarter change in the estimated annual effective tax rate. The change is the result of updates to the amounts and jurisdictional mix of our 2012 forecasted results. The income tax benefit in the third quarter and first nine months of 2012 also reflects the income tax benefit recognized on our pre-tax losses for those periods. Additionally in the first nine months of 2012, the income tax benefit includes a benefit of $181 million, which resulted from the second quarter release of a significant portion of our income tax valuation allowance on our Canadian deferred tax assets.

In the third quarter of 2011, we recognized an income tax benefit of $1.476 billion related to the release of a significant portion of our deferred tax valuation allowance on our U.S. deferred tax assets. The release resulted in the recognition of income tax expense and benefits for income and losses in the associated jurisdictions. Prior to the releases of a significant portion of our deferred tax valuation allowances, the amounts recorded in income taxes on U.S. and Canadian operations were limited to current state income taxes, alternative minimum taxes net of refundable credits, and other discrete items.

We had $360 million of U.S. net operating losses and $208 million of general business credits as of October 31, 2011. We expect our cash payments of U.S. taxes will be minimal for so long as we are able to offset our U.S. taxable income by these U.S. net operating losses and tax credits. We continue to maintain valuation allowances for certain state and foreign operations deferred tax assets which we believe on a more-likely-than-not basis will not be realized. For additional information, see Note 9, Income Taxes, to the accompanying consolidated financial statements.

Net income attributable to non-controlling interests

Net income attributable to non-controlling interests is the result of our consolidation of subsidiaries of which we do not own 100%. Substantially all of our net income attributable to non-controlling interests in the third quarter and first nine months of 2012 and 2011 relates to Ford's non-controlling interest in our Blue Diamond Parts subsidiary.

Segment Results of Operations

We define segment profit (loss) as net income (loss) attributable to Navistar International Corporation excluding income tax benefit (expense). For additional information about segment profit, see Note 13, Segment Reporting, to the accompanying consolidated financial statements. The following sections analyze operating results as they relate to our four segments and do not include intersegment eliminations:

Explanation of Responses:

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Truck Segment

(in millions, except % change)	Three Months Ended July 31, 2012	2011	Change	% Change	Nine Months Ended July 31, 2012	2011	Change	% Change
Truck segment sales - U.S. and Canada	$1,968	$2,058	$(90)	(4)%	$5,810	$5,591	$219	4 %
Truck segment sales - ROW	368	399	(31)	(8)%	1,046	937	109	12 %
Total Truck segment sales, net	$2,336	$2,457	$(121)	(5)%	$6,856	$6,528	$328	5 %
Truck segment profit (loss)	$(30)	$(75)	$45	(60)%	$(160)	$49	$(209)	N.M.

Segment sales

In the third quarter of 2012, Truck segment net sales decreased $121 million, or 5%, primarily due to lower military sales, as well as decreased "traditional" volumes. Chargeouts from our "traditional" market were down 7%, primarily due to a 22% decrease in our Class 6 and 7 medium trucks, partially offset by a 32% increase in School buses.

In the first nine months of 2012, Truck segment net sales increased $328 million, or 5%, primarily due to increased volumes and favorable product mix in our "traditional" markets, as well as improved worldwide truck volumes, partially offset by lower military sales. The increase in chargeouts from our "traditional" market in the first nine months of 2012 was primarily driven by a 29% increase in our Class 8 heavy trucks and a 14% increase in School buses, partially offset by a 10% decrease in our Class 6 and 7 medium trucks.

Segment profit (loss)

The Truck segment incurred a loss of $30 million in the third quarter of 2012, compared to a loss of $75 million in the third quarter of 2011, which included $11 million and $129 million, respectively, of charges related to the restructuring of our North American manufacturing operations and engineering integration costs. The improvement in the segment results of $45 million included the favorable reduction of $119 million of costs related to the restructuring of our North American manufacturing operations. The charges in the third quarter of 2011 related to the restructuring of our North American manufacturing operations primarily related to actions taken in our third quarter at our WCC subsidiary and our Chatham, Ontario heavy truck plant and included restructuring and related charges of $58 million and impairment charges of $61 million. The segment's costs related to engineering integration were $11 million and $10 million in the third quarters of 2012 and 2011, respectively. For more information, see Note 2, Restructurings and Impairments, to the accompanying consolidated financial statements.

Excluding the impact of these costs, the Truck segment profit decreased by $73 million in the third quarter of 2012. The decrease was primarily due to lower net sales, coupled with a shift in the mix of sales, and higher commodity costs, partially offset by continued improvements in our manufacturing efficiencies from our flexible manufacturing initiative. Throughout 2012, we have experienced increases in the cost for commodities, which have driven higher material costs. We anticipate increases in overall commodity costs in the foreseeable future, but we continue to explore opportunities to mitigate our exposure to commodity cost volatility. We expect margin improvement during the remainder of 2012, resulting from improved customer mix and cost-reduction initiatives.

In the first nine months of 2012, the Truck segment incurred a loss of $160 million, compared to a profit of $49 million in the first nine months of 2011, which included $56 million and $150 million, respectively, of charges related to the restructuring of our North American manufacturing operations and engineering integration costs. The costs related to the restructuring of our North American manufacturing operations were $28 million and $119 million in the respective periods. In the second quarter of 2012, as a result of the Company's decision to discontinue accepting orders for its WCC business and take certain actions to idle the business, which are expected to occur in late 2012, the Truck segment incurred charges of $28 million for the impairment of certain intangible assets. The charges incurred during the first nine months of 2011 related to the actions described above at our WCC subsidiary and our Chatham, Ontario heavy truck plant in the third quarter of 2011. The costs related to engineering integration for our Truck segment were $28 million and $31 million in the first nine months of 2012 and 2011, respectively. For more information, see Note 2, Restructurings and Impairments, to the accompanying consolidated financial statements.

Excluding the impact of these costs, the Truck segment profit decreased by $303 million in the first nine months of 2012. The decrease was primarily due to lower military sales and shifts in military product mix, higher commodity costs, increased warranty costs that were primarily related to a charge for certain engine extended warranty contracts, and an increase in SG&A expenses due to higher advertising and promotional expenses. Partially offsetting these factors were higher worldwide volumes coupled with a favorable product mix in our "traditional" markets and benefits from manufacturing cost efficiencies.

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Engine Segment

(in millions, except % change)	Three Months Ended July 31, 2012	2011	Change	% Change	Nine Months Ended July 31, 2012	2011	Change	% Change
Engine segment sales - U.S. and Canada	$533	$541	$(8)	(1)%	$1,687	$1,577	$110	7 %
Engine segment sales - ROW	307	427	(120)	(28)%	906	1,129	(223)	(20)%
Total Engine segment sales, net	$840	$968	$(128)	(13)%	$2,593	$2,706	$(113)	(4)%
Engine segment profit (loss)	$(47)	$32	$(79)	N.M.	$(275)	$26	$(301)	N.M.

Segment sales

In the third quarter and first nine months of 2012, Engine segment net sales decreased by $128 million and $113 million, or 13% and 4%, respectively, primarily due to lower sales volumes in South America, reflecting a pre-buy of pre-Euro V emissions engines in prior periods, and also unfavorably impacted by the strengthening of the U.S. Dollar against the Brazilian Real. Engine segment's intercompany net sales in the U.S. and Canada decreased in the third quarter of 2012 and increased in the first nine months of 2012. Net sales from our BDP operations decreased by $29 million in the first nine months of 2012, largely due to reduced volumes.

Segment profit (loss)

The Engine segment incurred a loss of $47 million and $275 million in the third quarter and first nine months of 2012, respectively. The loss incurred by the Engine segment in the third quarter of 2012 was reflective of the lower sales volumes, particularly in South America. The loss in the first nine months of 2012 was predominantly due to increased warranty expense, as well as lower sales volumes, particularly in South America. In the third quarter and first nine months of 2012, the Company recorded charges totaling $10 million and $20 million, respectively, for non-conformance penalties for certain 13L engine sales that did not otherwise comply with emission standards.

In the first nine months of 2012, we recognized higher adjustments to pre-existing warranties, compared to the prior year period. In the first and second quarter of 2012, the segment recorded $112 million and $78 million, respectively, for adjustments to pre-existing warranties relating to unanticipated increases in warranty expense for certain 2007 and 2010 emission standard engines. Adjustments to pre-existing warranties in the third quarter of 2012 were slightly lower compared to third quarter of 2011. Component complexity associated with meeting the emission standards has contributed to higher repair costs that have exceeded those that we have historically experienced. We continue to improve the design and manufacturing of our engines to reduce the volume and severity of warranty claims. Also in the first nine months of 2012, the Engine segment incurred startup costs related to the production of compacted graphite iron cylinder blocks for our MaxxForce Big-Bore engines.

Partially offsetting these factors in the third quarter and first nine months of 2012 was lower SG&A expenses, reflecting cost-reduction initiatives. Engineering costs were also lower, primarily due to the decrease in expenses which resulted from the launch of certain engines in response to 2010 emissions requirements, partially offset by higher spending on projects to meet the on-board diagnostics requirements and the ongoing improvements to our engine technologies to meet emissions regulations in North America and Euro V emissions regulations in South America. Also, our BDP operations benefited from margin improvements due to a favorable product mix. Also in the third quarter of 2011, the Engine segment profit included a $10 million benefit relating to the extinguishment of a financing liability for equipment.

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Parts Segment

(in millions, except % change)	Three Months Ended July 31, 2012	2011	Change	% Change	Nine Months Ended July 31, 2012	2011	Change	% Change
Parts segment sales - U.S. and Canada	$481	$453	$28	6 %	$1,341	$1,417	$(76)	(5)%
Parts segment sales - ROW	61	63	(2)	(3)%	166	156	10	6 %
Total Parts segment sales, net	$542	$516	$26	5 %	$1,507	$1,573	$(66)	(4)%
Parts segment profit	$73	$70	$3	4 %	$164	$200	$(36)	(18)%

Segment sales

In the third quarter of 2012, Parts segment net sales increased by $26 million, or 5%, primarily due to improvements in our commercial markets in the U.S. and Canada, partially offset by lower military sales.

In the first nine months of 2012, Parts segment net sales decreased by $66 million, or 4%, primarily due to lower military sales, partially offset by improvements in our commercial markets in U.S. and Canada, as well as increases within our global parts business.

Segment profit

In the third quarter of 2012, Parts segment profit increased $3 million, predominantly due to the continued improvements in our commercial markets and lower SG&A expenses.

In the first nine months of 2012, Parts segment profit decreased $36 million, largely driven by the decrease in military sales, as well as a shift in military order mix. This decrease was partially offset by continued improvements in our commercial markets. Additionally, the segment incurred a charge of $10 million in the second quarter of 2012 for the impairment of certain intangible assets of the parts distribution operations related to the WCC business. For more information, see Note 2, Restructurings and Impairments, to the accompanying consolidated financial statements.

Financial Services Segment

(in millions, except % change)	Three Months Ended July 31, 2012	2011	Change	% Change	Nine Months Ended July 31, 2012	2011	Change	% Change
Financial Services segment revenues - U.S. and Canada(A)	$48	$56	$(8)	(14)%	$152	$181	$(29)	(16)%
Financial Services segment revenues - ROW	16	17	(1)	(6)%	47	48	(1)	(2)%
Total Financial Services segment revenues, net	$64	$73	$(9)	(12)%	$199	$229	$(30)	(13)%
Financial Services segment profit	$22	$30	$(8)	(27)%	$75	$102	$(27)	(26)%

(A) The Financial Services segment does not have Canadian operations.

Segment revenues

In the third quarter and first nine months of 2012, Financial Services segment net revenues decreased by $9 million and $30 million, or 12% and 13%, respectively, primarily driven by the continued decline in the average retail finance receivable balances and a reduction of intercompany financing fees. The decline in the average retail finance receivable balance is reflective of U.S. retail loan originations, which are now being funded primarily under the GE Operating Agreement. During the third quarter of 2012, the average finance receivable balances were $2.7 billion, compared to $3.1 billion during the third quarter of 2011.

Segment profit

Financial Services segment profit decrease of $8 million and $27 million, respectively, was predominantly driven by the lower segment revenues. SG&A expenses were higher in both periods of 2012, compared to the prior year periods, primarily due to increases in the provisions for loan losses, as well as higher depreciation expense related to higher investments in operating leases. Interest expense in the third quarter and first nine months of 2012 was down in both periods, compared to the prior year periods, primarily due to favorable interest rates and the reduction in the average borrowing balances.

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Supplemental Information

The following tables provide additional information on Truck segment industry retail units, market share data, order units, backlog units, chargeout units, and Engine segment shipments. These tables present key metrics and trends that provide quantitative measures on the performance of the Truck and Engine segments.

We define our "traditional" markets to include U.S. and Canada School bus and Class 6 through 8 medium and heavy trucks. We classify militarized commercial vehicles sold to the U.S. and Canadian militaries as Class 8 severe service within our "traditional" markets.

Truck segment industry retail deliveries

The following table summarizes approximate industry retail deliveries, for our "traditional" truck market, categorized by relevant class, according to Wards Communications and R.L. Polk & Co.:

(in units)	Three Months Ended July 31, 2012	2011(A)	Change	% Change	Nine Months Ended July 31, 2012	2011(A)	Change	% Change
"Traditional" Markets (U.S. and Canada)								
School buses	6,200	4,600	1,600	35 %	15,200	13,300	1,900	14 %
Class 6 and 7 medium trucks	16,200	16,900	(700)	(4)%	52,100	45,900	6,200	14 %
Class 8 heavy trucks	48,600	37,500	11,100	30 %	144,500	96,000	48,500	51 %
Class 8 severe service trucks(B)	11,700	10,100	1,600	16 %	32,300	27,400	4,900	18 %
Total "traditional" markets	82,700	69,100	13,600	20 %	244,100	182,600	61,500	34 %
Combined class 8 trucks	60,300	47,600	12,700	27 %	176,800	123,400	53,400	43 %
Navistar "traditional" retail deliveries	19,600	20,100	(500)	(2)%	56,900	49,600	7,300	15 %

(A) Beginning in the fourth quarter of 2011, our competitors began reporting certain RV and commercial bus chassis units consistently with how we report these units. Industry retail deliveries for School buses for the three and nine months ended July 31, 2011 have been recast to conform accordingly.

(B) "Traditional" retail deliveries include CAT-branded units sold to Caterpillar under our North America supply agreement.

Truck segment retail delivery market share

The following table summarizes our approximate retail delivery market share percentages, for our "traditional" truck market, based on market-wide information from Wards Communications and R.L. Polk & Co.:

	Three Months Ended July 31, 2012	April 30, 2012	January 31, 2012	October 31, 2011	July 31, 2011
"Traditional" Markets (U.S. and Canada)					
School buses	47 %	48 %	48 %	53 %	47 %
Class 6 and 7 medium trucks	36 %	36 %	27 %	44 %	46 %
Class 8 heavy trucks	15 %	15 %	17 %	18 %	17 %
Class 8 severe service trucks(A)	30 %	30 %	31 %	37 %	36 %
Total "traditional" markets	24 %	24 %	22 %	29 %	29 %
Combined class 8 trucks	18 %	18 %	19 %	22 %	21 %

(A) Retail delivery market share includes CAT-branded units sold to Caterpillar under our North America supply agreement.

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Truck segment net orders

We define orders as written commitments received from customers and dealers during the year to purchase trucks. Net orders represent new orders received during the year less cancellations of orders made during the same year. Orders do not represent guarantees of purchases by customers or dealers and are subject to cancellation. Orders may be either sold orders, which will be built for specific customers, or stock orders, which will generally be built for dealer inventory for eventual sale to customers. These orders may be placed at our assembly plants in the U.S. and Mexico for destinations anywhere in the world and include trucks, buses, and military vehicles. Historically, we have had an increase in net orders for stock inventory from our dealers at the end of the year due to a combination of demand and, from time to time, incentives to the dealers. Increases in stock orders typically translate to higher chargeouts for our Truck segment. The following table summarizes our approximate net orders for "traditional" units:

	Three Months Ended July 31,				Nine Months Ended July 31,			
(in units)	2012	2011	Change	% Change	2012	2011	Change	% Change
"Traditional" Markets (U.S. and Canada)								
School buses	2,500	2,700	(200)	(7)%	7,800	6,300	1,500	24 %
Class 6 and 7 medium trucks	4,000	6,800	(2,800)	(41)%	15,700	21,200	(5,500)	(26)%
Class 8 heavy trucks	5,000	6,200	(1,200)	(19)%	18,700	23,200	(4,500)	(19)%
Class 8 severe service trucks(A)	3,100	3,100	—	— %	10,100	10,000	100	1 %
Total "traditional" markets	14,600	18,800	(4,200)	(22)%	52,300	60,700	(8,400)	(14)%
Combined class 8 trucks	8,100	9,300	(1,200)	(13)%	28,800	33,200	(4,400)	(13)%

(A) Truck segment net orders include CAT-branded units sold to Caterpillar under our North America supply agreement.

Truck segment backlogs

We define order backlogs ("backlogs") as orders yet to be built as of the end of the period. Our backlogs do not represent guarantees of purchases by customers or dealers and are subject to cancellation. Although the backlog of unbuilt orders is one of many indicators of market demand, other factors such as changes in production rates, internal and supplier available capacity, new product introductions, and competitive pricing actions may affect point-in-time comparisons. Order backlogs exclude units in inventory awaiting additional modifications or delivery to the end customer. The following table summarizes our approximate backlog for "traditional" units:

	As of July 31			
(in units)	2012	2011(A)	Change	% Change
"Traditional" Markets (U.S. and Canada)				
School buses	1,600	1,600	—	— %
Class 6 and 7 medium trucks	4,400	6,800	(2,400)	(35)%
Class 8 heavy trucks	7,100	12,300	(5,200)	(42)%
Class 8 severe service trucks(B)	3,100	3,600	(500)	(14)%
Total "traditional" markets	16,200	24,300	(8,100)	(33)%
Combined class 8 trucks	10,200	15,900	(5,700)	(36)%

(A) Truck segment backlog for School buses as of July 31, 2011 has been recast by 100 units to include military bus units.

(B) Truck segment backlog includes CAT-branded units sold to Caterpillar under our North America supply agreement.

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Truck segment chargeouts

We define chargeouts as trucks that have been invoiced to customers. The units held in dealer inventory represent the principal difference between retail deliveries and chargeouts. The following tables summarize our approximate "traditional" chargeouts:

(in units)	Three Months Ended July 31, 2012	2011	Change	% Change	Nine Months Ended July 31, 2012	2011	Change	% Change
"Traditional" Markets (U.S. and Canada)								
School buses	2,900	2,200	700	32 %	7,200	6,300	900	14 %
Class 6 and 7 medium trucks	5,800	7,400	(1,600)	(22)%	17,200	19,200	(2,000)	(10)%
Class 8 heavy trucks	6,300	6,800	(500)	(7)%	21,500	16,700	4,800	29 %
Class 8 severe service trucks(A)	3,600	3,700	(100)	(3)%	10,500	9,600	900	9 %
Total "traditional" markets	18,600	20,100	(1,500)	(7)%	56,400	51,800	4,600	9 %
Non "traditional" military(B)	500	200	300	150 %	1,100	700	400	57 %
"Expansion" markets(C)	8,000	8,600	(600)	(7)%	22,900	21,500	1,400	7 %
Total worldwide units(D)	27,100	28,900	(1,800)	(6)%	80,400	74,000	6,400	9 %
Combined class 8 trucks	9,900	10,500	(600)	(6)%	32,000	26,300	5,700	22 %
Combined military(E)	500	800	(300)	(38)%	1,900	2,100	(200)	(10)%

(A) Chargeouts include CAT-branded units sold to Caterpillar under our North America supply agreement.

(B) Excludes U.S. and Canada militarized commercial units included in "traditional" markets Class 8 severe service trucks and "expansion" markets.

(C) Includes chargeouts related to BDT of 1,600 units during both the three months ended July 31, 2012 and 2011, and 4,800 during both the nine months ended July 31, 2012 and 2011.

(D) Excludes chargeouts related to RV towables of 800 units and 700 units during the three months ended July 31, 2012 and 2011, respectively, and 2,200 units during both the nine months ended July 31, 2012 and 2011.

(E) Includes military units included within "traditional" markets Class 8 severe service, "expansion" markets, and all units reported as non "traditional" military.

Engine segment shipments

(in units)	Three Months Ended July 31, 2012	2011	Change	% Change	Nine Months Ended July 31, 2012	2011	Change	% Change
OEM sales-South America(A)	28,600	38,200	(9,600)	(25)%	78,000	102,500	(24,500)	(24)%
Intercompany sales	20,600	22,300	(1,700)	(8)%	65,600	63,100	2,500	4 %
Other OEM sales	3,000	3,700	(700)	(19)%	7,200	12,600	(5,400)	(43)%
Total sales	52,200	64,200	(12,000)	(19)%	150,800	178,200	(27,400)	(15)%

(A) Includes shipments related to Ford of 100 units and 7,900 units during the three months ended July 31, 2012 and 2011, respectively, and 5,700 units and 18,800 units during the nine months ended July 31, 2012 and 2011, respectively.

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Liquidity and Capital Resources

(in millions)	As of July 31, 2012	October 31, 2011	July 31, 2011
Consolidated cash and cash equivalents	$547	$ 539	$444
Consolidated marketable securities	159	718	620
Consolidated cash, cash equivalents and marketable securities at end of the period	$706	$ 1,257	$1,064

Cash Requirements

We generate cash flow from the sale of trucks, diesel engines, and parts and from product financing provided to our dealers and retail customers by the financial services operations. It is our opinion that, in the absence of significant extraordinary cash demands, current and forecasted cash flow from our manufacturing operations, financial services operations, and financing capacity will provide sufficient funds to meet operating requirements, capital expenditures, equity investments, and strategic acquisitions. We also believe that collections on the outstanding receivables portfolios as well as funds available from various funding sources will permit the financial services operations to meet the financing requirements of our dealers.

Our manufacturing operations are generally able to access sufficient sources of financing to support our business plan. In August 2012, NIC and Navistar, Inc. signed a definitive credit agreement relating to a senior secured, term loan credit facility in an aggregate principal amount of $1 billion (the "Term Loan Credit Facility") and borrowed an aggregate principal amount of $1 billion under the Term Loan Credit Facility. In conjunction with the Term Loan Credit Facility transaction, we used a portion of the proceeds from the Term Loan Credit Facility to repay all of the borrowings under Navistar. Inc.'s existing Asset-Based Credit Facility were repaid and Navistar, Inc. entered into an amended and restated asset-based credit agreement in an aggregate principal amount of $175 million. The Term Loan Credit Facility is intended to: (i) support the adoption of an after-treatment solution to accelerate delivery of our next generation clean engine solution, ICT+, (ii) support the market transition plan for Class 8 engine sales, and (iii) improve our financial flexibility. Interest expense going forward is expected to increase as a result of the borrowing under the Term Loan Credit Facility. For additional information, see Note 7, Debt, to the accompanying consolidated financial statements.

Consolidated cash, cash equivalents and marketable securities was $706 million at July 31, 2012, which includes $28 million of cash and cash equivalents attributable to BDT and BDP, as well as an immaterial amount of cash and cash equivalents of certain VIEs that is generally not available to satisfy our obligations. For additional information on the consolidation of BDT and BDP, see Note 1, Summary of Significant Accounting Policies, to the accompanying consolidated financial statements.

Cash Flow Overview

(in millions)	Nine Months Ended July 31, 2012		
	Manufacturing Operations	Financial Services Operations and Adjustments	Condensed Consolidated Statement of Cash Flows
Net cash provided by (used in) operating activities	$(292)	$638	$346
Net cash provided by (used in) investing activities	278	(2)	276
Net cash provided by (used in) financing activities	23	(630)	(607)
Effect of exchange rate changes on cash and cash equivalents	(9)	2	(7)
Increase in cash and cash equivalents	—	8	8
Cash and cash equivalents at beginning of the period	488	51	539
Cash and cash equivalents at end of the period	$488	$59	$547

Explanation of Responses:

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(in millions)	Nine Months Ended July 31, 2011 Manufacturing Operations	Financial Services Operations and Adjustments	Condensed Consolidated Statement of Cash Flows
Net cash provided by operating activities	$236	$303	$539
Net cash used in investing activities	(359)	(11)	(370)
Net cash used in financing activities	(5)	(312)	(317)
Effect of exchange rate changes on cash and cash equivalents	7	—	7
Decrease in cash and cash equivalents	(121)	(20)	(141)
Cash and cash equivalents at beginning of the period	534	51	585
Cash and cash equivalents at end of the period	$413	$31	$444

Manufacturing Operations cash flows and Financial Services Operations cash flows are not in accordance with, or an alternative for, GAAP. This non-GAAP financial information should be considered supplemental to, and not as a substitute for, or superior to, financial measures calculated in accordance with U.S. GAAP. However, we believe that non-GAAP reporting, giving effect to the adjustments shown in the reconciliation above, provides meaningful information and therefore we use it to supplement our U.S. GAAP reporting by identifying items that may not be related to the core manufacturing business. Management often uses this information to assess and measure the performance and liquidity of our operating segments. Our Manufacturing Operations, for this purpose, include our Truck segment, Engine segment, Parts segment, and Corporate items which includes certain eliminations. The reconciling differences between these non-GAAP financial measures and our U.S. GAAP consolidated financial statements in Item 1, Financial Statements, are our Financial Services Operations and adjustments required to eliminate certain intercompany transactions between Manufacturing Operations and Financial Services Operations. Our Financial Services Operations cash flows are presented consistent with their treatment in our Condensed Consolidated Statements of Cash Flows and may not be consistent with how they would be treated on a stand-alone basis. We have chosen to provide this supplemental information to allow additional analyses of operating results, to illustrate the respective cash flows giving effect to the non-GAAP adjustments shown in the above reconciliation and to provide an additional measure of performance and liquidity.

Manufacturing Operations

Manufacturing Cash Flow from Operating Activities

Cash used in operating activities for the nine months ended July 31, 2012 was $292 million compared to $236 million of cash provided in the same period of 2011. The net increase in cash used in the first nine months of 2012, versus the comparable period in 2011, was primarily attributable to a larger manufacturing pre-tax loss in 2012, partially offset by a larger increase in other non-current liabilities related to warranty expense.

Cash paid for interest, net of amounts capitalized, was $99 million and $101 million for the nine months ended July 31, 2012 and 2011, respectively.

Manufacturing Cash Flow from Investing Activities

Cash provided by investing activities for the nine months ended July 31, 2012 was $278 million compared to $359 million of cash used in the same period of 2011. The net increase in cash provided by investing activities in the first nine months of 2012, versus the comparable period in 2011, was primarily attributable to higher sales and lower purchases of marketable securities, lower capital expenditures, and lower investments in and advancements to non-consolidated affiliates.

Manufacturing Cash Flow from Financing Activities

Cash provided by financing activities for the nine months ended July 31, 2012 was $23 million compared to $5 million of cash used in the same period of 2011. The net increase in cash provided in the first nine months of 2012, versus the comparable period in 2011, was primarily attributable to higher proceeds from borrowings under the Asset-Based Credit Facility and lower capital lease payments, partially offset by higher Navistar share repurchases.

Financial Services Operations

Financial Services and Adjustments Cash Flow from Operating Activities

Cash provided by operating activities for the nine months ended July 31, 2012 and 2011 was $638 million and $303 million, respectively. The net increase in cash provided by operating activities was due to the higher margin by which the retail notes and accounts receivable portfolio liquidations exceeded originations. This increase was partially offset by lower income and reduced intercompany payables to our manufacturing operations.

Cash paid for interest was $59 million and $71 million for the nine months ended July 31, 2012 and 2011, respectively. The decrease is a result of lower average debt balances as funding requirements have declined, and lower average interest rates.

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Financial Services and Adjustments Cash Flow from Investing Activities
Cash used in investing activities for the nine months ended July 31, 2012 and 2011 was $2 million and $11 million, respectively. Changes in restricted cash levels required under our secured borrowings were the primary sources and uses of cash from investing activities in 2012 and 2011. In 2012, the reduction in restricted cash resulting from the maturity and repayment of $250 million of investor notes in January 2012, net of principal accumulation, primarily offset the increase in restricted cash resulting from the partial principal accumulation for the repayment of $350 million of investor notes maturing in October 2012 and the increase in purchases of equipment leased to others.
Financial Services and Adjustments Cash Flow from Financing Activities
Cash used in financing activities for the nine months ended July 31, 2012 and 2011 was $630 million and $312 million, respectively. Cash used in financing activities represents periodic payments on our funding facilities in excess of new funding requirements. The overall funding requirements have declined as retail loan originations have been funded under the GE Operating Agreement in 2012 and 2011. The decline in 2012 also reflects reduced funding requirements for wholesale notes and accounts receivable. The decline in retail funding requirements in 2011 was partially offset by increased funding requirements for wholesale notes and accounts receivable.
Postretirement Benefits
The Company’s pension plans are funded by contributions made from Company assets in accordance with applicable U.S. and Canadian government regulations. The regulatory funding requirements are computed using an actuarially determined funded status, which is determined using assumptions that often differ from assumptions used to measure the funded status for U.S. GAAP. U.S. funding targets are determined by rules promulgated under the Pension Protection Act ("PPA"). The PPA additionally requires underfunded plans to achieve 100% funding over a period of time. From time to time, we have discussions with and receive requests for certain information from the Pension Benefit Guaranty Corporation ("PBGC"). The PBGC was created by the Employee Retirement Income Security Act of 1974 to encourage the continuation and maintenance of private-sector defined benefit pension plans, provide timely and uninterrupted payment of pension benefits, and keep pension insurance premiums at a minimum.
For the three and nine months ended July 31, 2012, we contributed $30 million and $112 million, respectively, and for the three and nine months ended July 31, 2011, we contributed $28 million and $80 million, respectively, to our U.S. and Canadian pension plans (the "Plans") to meet regulatory minimum funding requirements. We currently anticipate additional contributions of approximately $45 million during the remainder of 2012. Future contributions are dependent upon a number of factors, principally the changes in values of plan assets, changes in interest rates, the impact of any funding relief currently under consideration, and the impact of funding resulting from the closure of our Chatham plant. In July 2012, the Moving Ahead for Progress in the 21st Century Act ("MAP-21 Act") was signed into law. The MAP-21 Act legislation impacts minimum funding requirements for pension plans, but does not otherwise impact our accounting for pension benefits. As a result of the MAP-21 Act, we lowered our funding expectations. We currently expect that from 2013 through 2015, the Company will be required to contribute at least $141 million per year in the aggregate to the Plans, depending on asset performance and discount rates.
Other Information
Impact of Environmental Regulation
Government regulation related to climate change is under consideration at the U.S. federal and state levels. Because our products use fossil fuels, they may be impacted indirectly due to regulation, such as a cap and trade program, affecting the cost of fuels. On May 21, 2010, President Obama directed the EPA and the Department of Transportation to adopt rules by July 30, 2011 setting greenhouse gas emission and fuel economy standards for medium and heavy-duty engines and vehicles beginning with model year 2014. The EPA and National Highway Traffic Safety Administration issued proposed rules on November 30, 2010. We were active participants in the discussions surrounding the development of regulations and filed comments with the EPA on the proposed rules on January 31, 2011. The final rules, which were issued on September 15, 2011, begin to apply in 2014 and are fully implemented in model year 2017. The agencies' stated goals for these rules were to increase the use of currently existing technologies. The Company plans to comply with these rules through use of existing technologies and implementation of emerging technologies as they become available. In addition to the U.S., Canada and Mexico are also considering the adoption of fuel economy and / or greenhouse gas regulations. On April 14, 2012, Canada issued proposed greenhouse gas

emission regulations (the "Canadian Proposal"), which are similar to the U.S. regulations, for comment. The Company is evaluating the Canadian Proposal and expects to comment as necessary. We expect that heavy duty fuel economy rules will be under consideration in other global jurisdictions in the future. These standards will impact development and production costs for vehicles and engines. There will also be administrative costs arising from the implementation of the rules. These standards may also create opportunities for the Company, which has pursued the development of natural gas, hybrid, and electric vehicles and has sought incentives for the development of technology to improve fuel economy.

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Our facilities may be subject to regulation related to climate change and climate change itself may also have some impact on the Company's operations. However, these impacts are currently uncertain and the Company cannot predict the nature and scope of those impacts.

Critical Accounting Policies and Estimates

Our consolidated financial statements are prepared in accordance with U.S. GAAP. In connection with the preparation of our consolidated financial statements, we use estimates and make judgments and assumptions about future events that affect the reported amounts of assets, liabilities, revenue, expenses, and the related disclosures. Our assumptions, estimates, and judgments are based on historical experience, current trends, and other factors we believe are relevant at the time we prepare our consolidated financial statements.

Our significant accounting policies and critical accounting estimates are consistent with those discussed in Note 1, Summary of Significant Accounting Policies, to the consolidated financial statements and the MD&A section of our Annual Report on Form 10-K for the year ended October 31, 2011. During the nine months ended July 31, 2012, there were no significant changes in our application of our critical accounting policies.

To aid in fully understanding and evaluation our reporting results, we have identified the following accounting policies as our most critical because they require us to make difficult, subjective, and complex judgments.

- Pension and Other Postretirement Benefits
- Allowance for Doubtful Accounts
- Income Taxes
- Impairment of Long-Lived Assets
- Goodwill
- Indefinite-Lived Intangible Assets
- Contingency Accruals

Recently Issued Accounting Standards

There are no recently issued accounting standards for which the Company expects a material impact on our financial statements.

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Item 3. Quantitative and Qualitative Disclosures about Market Risk

See Item 7A, Quantitative and Qualitative Disclosures about Market Risk, of our Annual Report on Form 10-K for the year ended October 31, 2011. During the nine months ended July 31, 2012, there have been no significant changes in our exposure to market risk.

Item 4. Controls and Procedures

This Quarterly Report on Form 10-Q includes the certifications of our Interim Chief Executive Officer and Chief Financial Officer required by Rule 13a-14 of the Exchange Act. This Item 4 includes information concerning the controls and control evaluations referred to in those certifications.

(a) Evaluation of Disclosure Controls and Procedures

Disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) are designed to ensure that information required to be disclosed in reports filed or submitted under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the SEC rules and forms, and that such information is accumulated and communicated to management, including our Interim Chief Executive Officer and the Chief Financial Officer, to allow timely decisions regarding required disclosures.

In connection with the preparation of this report, our management, under the supervision and with the participation of the Interim Chief Executive Officer and Chief Financial Officer, conducted an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures as of July 31, 2012. Based on that evaluation, our Interim Chief Executive Officer and Chief Financial Officer have concluded that, as of the quarter ended July 31, 2012, our disclosure controls and procedures were effective.

(b) Changes in Internal Control over Financial Reporting

There were no material changes in our internal control over financial reporting identified in connection with the evaluation required by Rules 13a-15 and 15d-15 under the Exchange Act that occurred during the quarter ended July 31, 2012 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

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PART II—OTHER INFORMATION

Item 1. Legal Proceedings

During the nine months ended July 31, 2012, there have been no material developments from the legal proceedings disclosed in our Annual Report on Form 10-K for our fiscal year ended October 31, 2011, except: (i) those disclosed in Part II, Item 1 of our Quarterly Report on Form 10-Q for the first and second quarters ended January 31, 2012 and April 30, 2012, respectively; and (ii) those disclosed below:

Deloitte & Touche LLP

In July 2012, the Illinois Circuit Court granted in part and denied in part Deloitte's motion to dismiss. Specifically, the Illinois Circuit Court dismissed without prejudice with leave to replead the Company's counts for fraud, fraudulent concealment and breach of fiduciary duty and otherwise denied Deloitte's motion with respect to the remaining causes of action.

6.0 Liter Diesel Engine Litigation

In June 2012, the Company was dismissed, without prejudice from the Quebec Action.

In the Kruse Case, in July 2012, the U.S. Patent Office issued a Notice of Intent to allow all the claims of U.S. Patent 6,058,904, rejecting the third party arguments.

Westbrook vs. Navistar. et. al.

In July 2012, the court granted all of the defendants' motions to dismiss with prejudice, dismissing all of the claims except the claim against Navistar Defense for retaliation and the claim against Navistar, Inc. for retaliation which was dismissed without prejudice. Plaintiff was granted leave to file an amended complaint including only the retaliation claims against Navistar Defense and Navistar, Inc. The Relator did not file a retaliation claim against Navistar, Inc. and voluntarily dismissed without prejudice the retaliation claim against Navistar Defense. The Relator also filed a motion for reconsideration of the dismissal of the False Claims Act claims against Navistar Defense which the court denied. The court issued final judgment dismissing the matter on July 30, 2012. The Relator filed a notice of appeal to the Fifth Circuit in August 2012 as to the Final Judgment and the Motion for Reconsideration as to Navistar Defense only.

For further information regarding these and other legal proceedings, see Note 12, Commitments and Contingencies, to the accompanying consolidated financial statements.

Item 1A. Risk Factors

During the nine months ended July 31, 2012, there have been no material changes from the risk factors disclosed in our Annual Report on Form 10-K for our fiscal year ended October 31, 2011, except: (i) those disclosed in Part II, Item 1A of our Quarterly Report on Form 10-Q for the first and second quarters ended January 31, 2012 and April 30, 2012, respectively; and (ii) the material developments relating to the risk factor on: (i) our solution for meeting U.S. federal and state emissions requirements, (ii) our outstanding indebtedness, and (iii) our common stock held by certain stockholders, all as described below.

Our solutions for meeting U.S. federal and state emissions requirements may not be successful or may be more costly than planned.

Truck and engine manufacturers continue to face significant governmental regulation of their products, especially in the areas of environment and safety. We have incurred, and will continue to incur, significant research, development, and tooling costs to design and produce our engine product lines to meet the Environmental Protection Agency ("EPA") and California Air Resources Board ("CARB") on-highway heavy-duty diesel ("HDD") emission standards that have reduced the allowable levels of nitrogen oxide ("NOx") to the current limit of 0.20g NOx and include the required on-board diagnostics. The regulations requiring on-board diagnostics ("OBD") began the initial phase-in during 2010 for truck engines and are a part of our product plans. These changes in emission standards have resulted in and will continue to result in a significant increase in the cost of our products to meet these emission standards.

In 2011 and 2010, certain of our engine families met EPA and CARB certification requirements by using emission credits we earned by producing low-NOx engines earlier than was required by the EPA. We began using non-conformance penalties ("NCPs") for trucks using certain of our HDD engines in 2012. As described in more detail below, the need to use NCPs, any inability to continue to utilize NCPs, and the rate at which we use our emission credits could materially and adversely affect our business, financial condition, results of operations, liquidity and capital resources, or cash flows.

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In January 2012, the EPA promulgated the Interim Final Rule establishing NCPs for heavy HDD engines. In June 2012, the D.C. Circuit Court ruled that EPA did not follow the required rulemaking processes in promulgating the Interim Final Rule and issued an order vacating the Interim Final Rule. The Company, as intervenor in that action, asked for a rehearing and in August 2012, the D.C. Circuit Court denied that request. The Court's ruling became final on August 24, 2012. Some of our competitors filed an additional lawsuit asking the D.C. Circuit Court to invalidate the emissions certificates issued to us under the Interim Final Rule. The D.C. Circuit Court has not yet ruled on that request.

Also in January 2012, the EPA published a Notice of Proposed Rulemaking for a final NCP rule (the "Final Rule"), which would make NCPs available in model years 2012 and later for emissions of NOx above the 0.20g limit and would supersede the Interim Final Rule. On August 30, 2012, EPA approved the Final Rule and it became effective upon publication in the Federal Register on September 5, 2012. It is possible that the Final Rule will be challenged by our competitors and we cannot provide assurances that the Final Rule will be upheld in the event of such a challenge.

Currently, CARB and the corresponding agencies of nine other states that have adopted California's emission standards do not make available engine certification using NCPs. Therefore, we continue to sell engines and trucks in these ten states (the "10 CARB States") using the NOx emission credits previously described. Under current conditions and at the current pace, however, our emission credits for heavy HDD engines will be consumed some time in 2013. Unless CARB (and the corresponding agencies of the nine other states) begin allowing NCPs for engine sales, or unless CARB certifies our HDD engines to the 0.20g NOx standard, we will no longer be able to sell trucks with our HDD engines in the 10 CARB States after our credits are consumed.

We submitted to the EPA and to CARB applications for a 0.20g NOx engine certificate for one 13L engine family during the first half of 2012, but after discussions with both agencies, we withdrew both applications in July 2012. We announced in July 2012 that we are changing our engines' emission strategy from an EGR only strategy to a strategy incorporating both EGR and SCR after-treatment systems ("In-Cylinder Technology Plus" or "ICT+"). We plan to apply ICT+ to our medium and heavy duty engines. In August 2012, we announced that we reached a non-binding Memorandum of Understanding ("MOU") with Cummins Inc. ("Cummins") under which Cummins Emission Solutions will supply its SCR after-treatment system. We also announced that as a part of our expanded relationship with Cummins we plan to offer the Cummins ISX 15 liter engine (the "Cummins 15L").

Our business, financial condition, results of operations, liquidity and capital resources or cash flows could be materially and adversely affected based on numerous factors relating to our ICT+ strategy as well as our shorter term plans for continued use of engines using EGR pending the full implementation of the ICT+ strategy. Some of those factors include, but are not necessarily limited to, the following:

- The Company will incur additional costs associated with this change and there is no assurance that we will implement this strategy within the anticipated timelines.
- Our non-binding MOU with Cummins for the Cummins 15L as well as for the SCR after treatment system is subject to the execution of definitive agreements.

We currently anticipate commencing the phasing in of the Cummins 15L engine in December 2012, the ICT+ engines beginning with the highest volume 13L engines in April 2013 and our lower volume 13L engines later in 2013 in stages. We may experience product gaps in our offerings in the 10 CARB States for certain of these engines prior to full introduction of our ICT+ engines. The duration of the gaps will be dependent on a number of factors including but not limited to our ability to execute as planned, the availability of emissions credits, and our ability to comply with the testing protocols required for the Final Rule.

As a condition to NCP certification, the EPA requires us to submit the engines to certain testing protocols to establish that the engines to be certified are no greater than 0.50g NOx, the content of which we are currently discussing with the EPA. Should our engines fail to meet the standard under the testing protocols, unless and until remediated, this result could have adverse consequences.

In addition, the OBD implementation may cause delays in shipments of certain mid-range engine families in the month of January 2013 until they are resolved.

Any of the above risks that result in product gaps or that relate to the implementation and availability of the Final Rule could materially and adversely affect our business, financial condition, results of operations, liquidity and cash flows.

Although the foregoing describes those scenarios which we can reasonably anticipate, we can offer no assurances that other outcomes will not occur or that the effects of the scenarios described above will not be more severe than we currently anticipate.

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Our substantial indebtedness could adversely affect our financial condition, our cash flow and our operating flexibility.

Our significant amount of outstanding indebtedness and the covenants contained in our debt instruments could have important consequences for our operations. The size and terms of our Term Loan Credit Agreement significantly limits our ability to obtain additional financing to fund future working capital, acquisitions, capital expenditures, engineering and product development costs, and other general corporate requirements. Other consequences for our operations could include:

- increasing our vulnerability to general adverse economic and industry conditions;
- limiting our ability to use operating cash flow in other areas of our business because we must dedicate a portion of these funds to make significantly higher interest payments on our indebtedness;
- limiting our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate;
- limiting our ability to take advantage of business opportunities as a result of various restrictive covenants in our indebtedness; and
- placing us at a competitive disadvantage compared to our competitors that have less debt.

Our ability to make required payments of principal and interest on our debt will depend on our future performance and the other cash requirements of our business. Our performance, to a certain extent, is subject to general economic, political, financial, competitive and other factors that are beyond our control. We cannot provide any assurance that our business will generate sufficient cash flow from operations or that future borrowings will be available under certain of our debt agreements in an amount sufficient to enable us to service our indebtedness.

Our debt agreements contain certain restrictive covenants and customary events of default. Our ability to comply with these restrictive covenants may be affected by general economic conditions, political decisions, industry conditions and other factors outside of our control. Failure to comply with one or more of these restrictive covenants may result in an event of default that, if not cured or waived, could have a material adverse effect on our financial condition, results of operations and debt service capability. These covenants may limit our ability to, among other things, borrow under certain of our existing credit agreements to fund operations or take advantage of business opportunities.

Upon an event of default, if not waived by our lenders, our lenders may declare all amounts outstanding as due and payable, which may cause cross-defaults under our other debt obligations. If our current lenders accelerate the maturity of our indebtedness, we may not have sufficient capital available at that time to pay the amounts due to our lenders on a timely basis, and there is no guarantee that we would be able to repay, refinance or restructure the payments on such debt. Further, under our Term Loan Credit Agreement and our Amended Asset-Based Credit Facility the lenders would have the right to foreclose on certain of our assets, which would have a material adverse effect on our Company.

Upon the occurrence of "change of control" events specified in our Senior Notes, Convertible Notes, Tax Exempt Bonds, Amended Asset-Based Credit Facility and Term Loan Credit Agreement, the holders of our indebtedness may require us to immediately repurchase or repay that debt. A "change of control" is generally defined to include, among other things: (a) the acquisition by a person or group of at least 35 percent of our common stock (50 percent for our Convertible Notes), (b) a merger or consolidation in which holders of our common stock own less than a majority of the equity in the resulting entity, or (c) replacement of a majority of the members of our Board of Directors by persons who were not nominated by our current directors. Under our Amended Asset-Based Credit Facility and our Term Loan Credit Agreement, a change in control would result in an event of default, which would allow our lenders to accelerate the debt owed to them. Under the indentures for our Senior Notes, Convertible Notes and the Loan Agreement related to the Tax Exempt Bonds, we may be required to offer to purchase the outstanding notes under such indentures at a premium upon a change in control. In any such event, we may not have sufficient funds available to repay amounts outstanding under these agreements, which may also cause cross-defaults under our other debt obligations. Further, under our Amended Asset-Based Credit Facility and our Term Loan Credit Agreement, the lenders would have the right to foreclose on certain of our assets, which could have a material adverse effect on our financial position and results of operations.

A small number of our stockholders could significantly influence our business.

Based on filings made with the SEC and other information available to us, we believe that, as of August 31, 2012, four stockholders each presently hold over 5% of our common stock and collectively own over 50% of our common stock. Certain of these stockholders have filed Schedule 13Ds with the SEC indicating that they may, among other things, seek to engage in discussions with management concerning our business operations and strategies, as well as seek to add persons to our Board of Directors. As a result, these few significant stockholders, either individually or acting together, may be able to exercise significant influence over matters requiring stockholder approval, including the election of directors and approval of significant corporate transactions, such as a merger or other sale of the Company or our assets. This concentration of ownership may make it more difficult for other stockholders to effect substantial changes in the Company, may have the effect of delaying, preventing or expediting, as the case may be, a change in control of the Company, and may adversely affect the market price of our common stock. Further, the interests of these few stockholders may not be in the best interests of all stockholders.

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Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Item 701—Unregistered Sales of Equity Securities and Use of Proceeds

Our directors who are not employees receive an annual retainer, which is payable at their election either in shares of our common stock or in cash allocated in quarterly installments. A director may also elect to defer any portion of such compensation until a later date. Each such election is made prior to December 31st for the next calendar year. For calendar year 2012, the Board of Directors has mandated that at least $20,000 of the annual retainer be paid in the form of shares of our common stock, and for calendar year 2011, the Board of Directors mandated that at least $15,000 of the annual retainer be paid in the form of shares of our common stock. During the three months ended July 31, 2012, three directors elected to defer all or a portion of their annual retainer fees in shares, and were credited with an aggregate of 2,411 deferred stock units (each such stock unit corresponding to one share of common stock) at a price of $27.38. These stock units were issued to our directors without registration under the Securities Act, in reliance on Section 4(2) based on the directors' financial sophistication and knowledge of the Company.

Item 703—Purchases of Equity Securities

There were no purchases of equity securities by us or affiliates during the three months ended July 31, 2012.

Item 3. Defaults upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not Applicable.

Item 5. Other Information

None.

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Item 6. Exhibits

Exhibit:		Page
(3)	Articles of Incorporation and By-Laws	E-1
(4)	Instruments Defining Rights of Security Holders, including Indentures	E-2
(10)	Material Contracts	E-3
(31.1)	CEO Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	E-5
(31.2)	CFO Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	E-6
(32.1)	CEO Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	E-7
(32.2)	CFO Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	E-8
(99.1)	Additional Financial Information (Unaudited)	E-9
(101.ING)	XBRL Instance Document	N/A
(101.SCH)	XBRL Taxonomy Extension Schema Document	N/A
(101.CAL)	XBRL Taxonomy Extension Calculation Linkbase Document	N/A
(101.LAB)	XBRL Taxonomy Extension Label Linkbase Document	N/A
(101.PRE)	XBRL Taxonomy Extension Presentation Linkbase Document	N/A
(101.DEF)	XBRL Taxonomy Extension Definition Linkbase Document	N/A

All exhibits other than those indicated above are omitted because of the absence of the conditions under which they are required or because the information called for is shown in the consolidated financial statements and notes thereto in the Quarterly Report on Form 10-Q for the period ended July 31, 2012.

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NAVISTAR INTERNATIONAL CORPORATION
AND CONSOLIDATED SUBSIDIARIES

SIGNATURE

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

NAVISTAR INTERNATIONAL CORPORATION
(Registrant)

/s/ RICHARD C. TARAPCHAK
Richard C. Tarapchak
Vice President and Controller
(Principal Accounting Officer)

September 5, 2012

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