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Seasonal Slowdown and Softening Economy Will Result in Layoffs at Conway School Bus Plant

CONWAY, Ark., Aug. 21 -- American Transportation Corporation announced today that the annual seasonal slowdown in new orders coupled with a softening economy would result in a fall schedule change at the company's school bus plant here, causing the layoff of employees.

Bob Whitehouse, American Transportation president and chief executive officer, said the company is currently building International® brand integrated school buses here at a rate higher than new order receipts and while it is too early to be more precise, the new production schedule could result in the layoff of more than 500 of Conway's 1,600-person workforce. The new schedule is expected to take effect on November 2, 2001.

Whitehouse said that orders for new school buses traditionally slow down after the school year begins and they don't regain momentum until the spring when school districts typically reassess transportation needs. An added factor this year has been the softening economy that may have reduced school district tax revenues.

"We will be monitoring variables in the marketplace over the next six weeks and we expect to make a final decision in mid-October on the new production schedule for Conway," Whitehouse said.

According to Whitehouse, American Transportation currently is producing integrated school buses at a record rate of 35 per day at Conway, substantially above the plant's optimum production level of 20 to 24 school buses per day.

"Under the federal W.A.R.N. Act we are required to give 60 day advance notice of potential layoffs," Whitehouse said. "More importantly, we want to give our employees as much advance notice as possible concerning future layoffs," Whitehouse said.

An integrated conventional design combines the chassis, bus body and school bus part components all under one roof. International is the leader in the school bus industry with 60 percent chassis market share and a growing share in the integrated conventional market.

Whitehouse said that the potential layoffs would be the first major job reductions since 1995 when American Transportation became a wholly owned subsidiary of Navistar International Corporation (NYSE: NAV - news).

The schedule change is in line with Navistar's previously announced forecast of North American industry sales of 28,000 school buses in fiscal 2001.

Headquartered in Warrenville, Ill., a suburb of Chicago, Navistar reported 2000 sales and revenues of \$8.5 billion and through its operating company, International Truck and Engine Corporation, is a leading producer of mid-range diesel engines, medium trucks, school buses, heavy trucks, severe service vehicles, and parts and service sold under the International® brand. The company also is a private label designer and manufacturer of diesel engines for the pickup truck, van and SUV markets. Additional information can be found on the company's web site at www.InternationalDelivers.com.