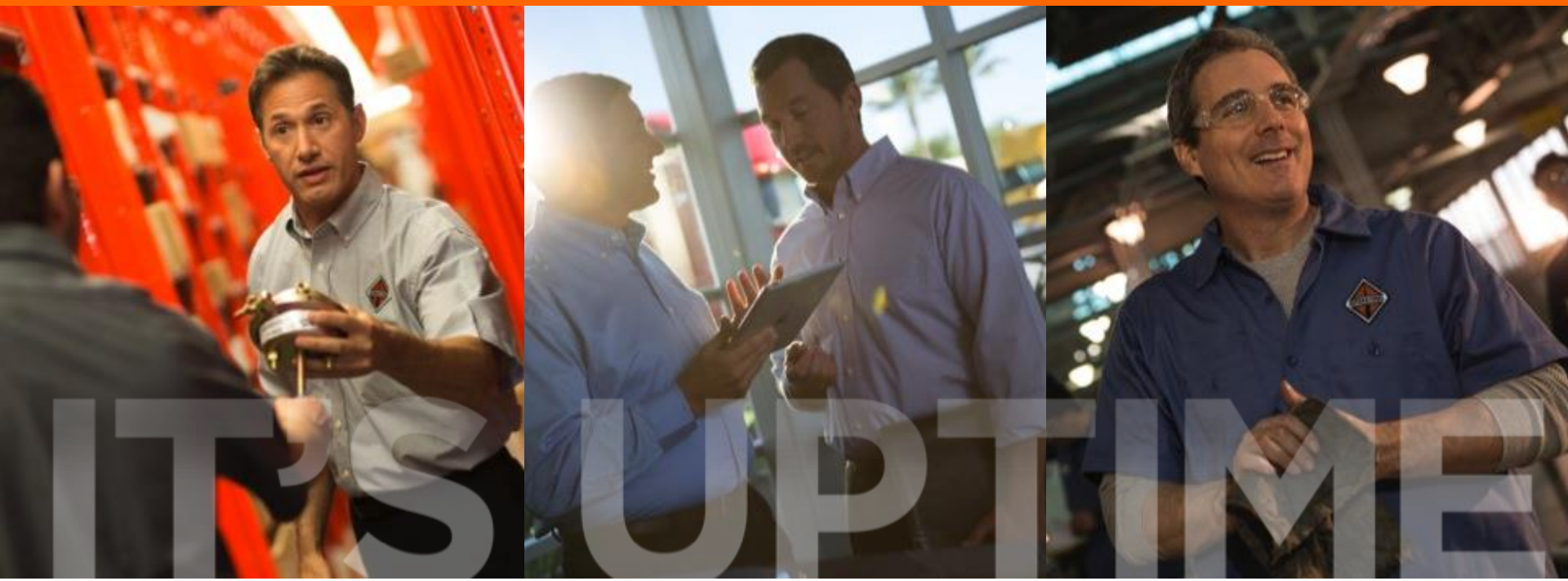


2015 ANALYST DAY
FEBRUARY 4, 2015

KEVIN SADOWSKI
VICE PRESIDENT OF INVESTOR RELATIONS

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NAVISTAR® Analyst Day App is Here!

Download it @ http://eventmobi.com/navistaranalystday2015/



Instructions

1. Enter the link above on to your device's browser or scan the provided QR code.
2. While in your browser, go to the options menu and select "Add to Homescreen".
3. An App icon will automatically appear on your device's homescreen, and you now have access to our Analyst Day App!
4. Be sure to register to this event by clicking the "LOGIN" button on the top right hand-corner of the app screen and filling out all the required fields.
5. Enjoy!

Useful Features:

- Question Submission for Our Q&A Sessions
  Start Submitting Today!*
- Full Day Agenda
- Speaker Bios
- Full Access to All Analyst Day Materials
- Much More!

*May be submitted through our app at *any time prior to or during* our Analyst Day

This Afternoon's Agenda

IT'S UPTIME AT

Presentation	Time
Opening Remarks with Kevin Sadowski	1:00pm-1:05pm
Troy Clarke	1:05pm-1:25pm
Bill Kozek	1:25pm-1:45pm
Michael Cancelliere	1:45pm-1:55pm
Q&A Session #1	1:55pm-2:20pm
Break	2:20pm-2:35pm
Persio Lisboa	2:35pm-2:55pm
Denny Mooney	2:55pm-3:10pm
Walter Borst	3:10pm-3:30pm
Q&A Session #2	3:30pm-3:55pm
Closing Remarks	3:55pm-4:10pm

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Safe Harbor Statement

Information provided and statements contained in this report that are not purely historical are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, Section 21E of the Securities Exchange Act of 1934, as amended, and the Private Securities Litigation Reform Act of 1995. Such forward-looking statements only speak as of the date of this report and the Company assumes no obligation to update the information included in this report. Such forward-looking statements include information concerning our possible or assumed future results of operations, including descriptions of our business strategy. These statements often include words such as "believe," "expect," "anticipate," "intend," "plan," "estimate," or similar expressions. These statements are not guarantees of performance or results and they involve risks, uncertainties, and assumptions. For a further description of these factors, see the risk factors set forth in our filings with the Securities and Exchange Commission, including our annual report on Form 10-K for the fiscal year ended October 31, 2014. Although we believe that these forward-looking statements are based on reasonable assumptions, there are many factors that could affect our actual financial results or results of operations and could cause actual results to differ materially from those in the forward-looking statements. All future written and oral forward-looking statements by us or persons acting on our behalf are expressly qualified in their entirety by the cautionary statements contained or referred to above. Except for our ongoing obligations to disclose material information as required by the federal securities laws, we do not have any obligations or intention to release publicly any revisions to any forward-looking statements to reflect events or circumstances in the future or to reflect the occurrence of unanticipated events.

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Other Cautionary Notes

The financial information herein contains audited and unaudited information and has been prepared by management in good faith and based on data currently available to the Company.

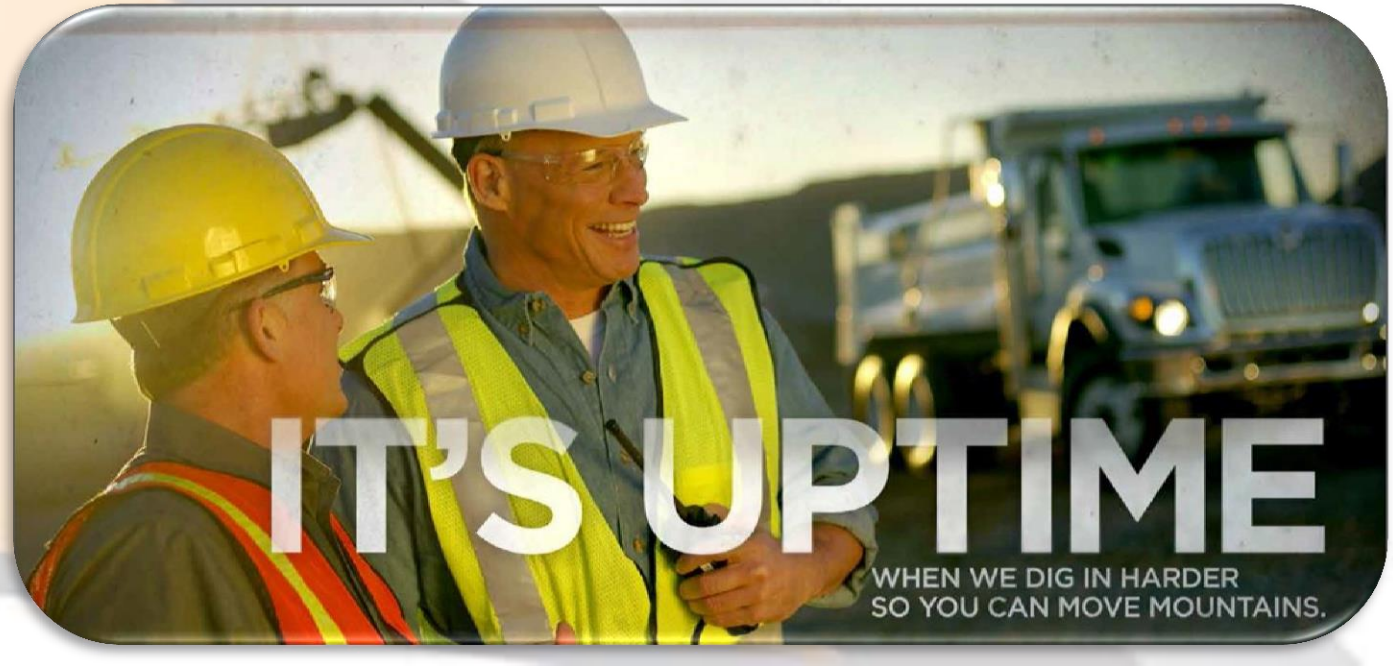
Certain non-GAAP measures are used in this presentation to assist the reader in understanding our core manufacturing business. We believe this information is useful and relevant to assess and measure the performance of our core manufacturing business as it illustrates manufacturing performance. It also excludes financial services and other items that may not be related to the core manufacturing business or underlying results. Management often uses this information to assess and measure the underlying performance of our operating segments. We have chosen to provide this supplemental information to investors, analysts, and other interested parties to enable them to perform additional analyses of operating results. The non-GAAP numbers are reconciled to the most appropriate GAAP number in the appendix of this presentation.

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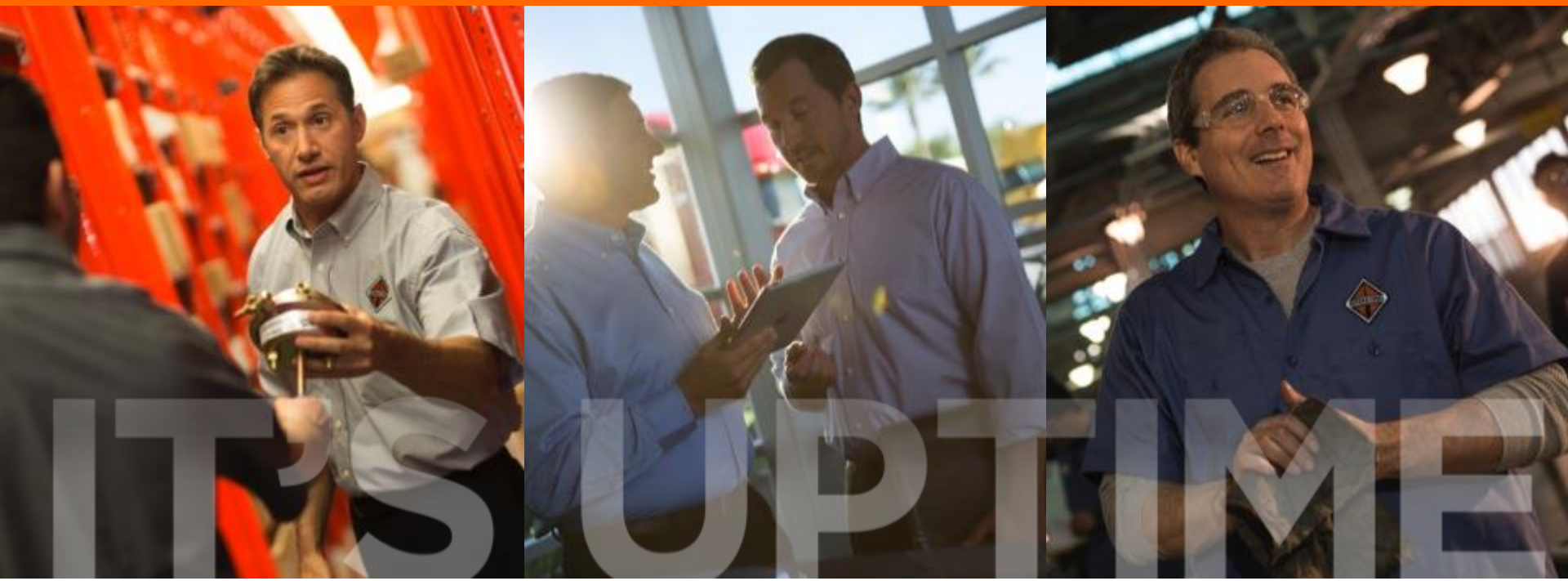
Some Final Logistics

- Emergency- Exit through any door, down the stairs, and out through the main entrance atrium doors
- Please Silence All Devices
- Restrooms- Exit left doors, down the hallway, then on your right
- Refreshments- Exit right doors

Thank you!



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2015 ANALYST DAY
FEBRUARY 4TH, 2015

TROY CLARKE
CHIEF EXECUTIVE OFFICER

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Agenda

• Market Share Growth, Pricing Plans, Brand and Promotion	Bill Kozek
• Dealer Service and Parts	Michael Cancelliere
• Q & A	
• Operational Excellence	Persio Lisboa
• Product, Technology and Engine Plans	Denny Mooney
• Path to Positive Earnings	Walter Borst
• Q & A	

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What you should take away from today:

- Significant progress report
- Who we have become
- Strategy and plans for the future
- Answers to your questions

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Evolution of the International Strategy

IT'S UPTIME AT

2008 – 2012 Growth

- **Revenue growth**
  - Acquisitions
  - Innovation/Joint ventures
  - Global
- **Integrated engine**
- **Integrated body**
- **EGR emission**
  - Cost
  - Convenience
- **Business units**
- **Entrepreneurial culture**

2012 – 2014 Turnaround

- **Urgent turnaround**
- **EGR -> SCR**
- **Introduce Cummins engines**
- **Reduce cost**
  - COGS
  - Structural cost
- **Conserve cash**
  - ROIC Fix/Close/Sell
  - Working capital
- **Pause global growth**
- **Functional organization**
- **Benchmark driven**

2015 – 2020 Advantage

- **Finish the turnaround**
  - Close the cost gap
  - Reduce warranty
  - Increase market share
  - Lean enterprise
- **Uptime Advantage**
  - Best-in-class integration
  - Partners and alliance relationships
  - High performance dealers
  - Connected vehicle leadership
  - Uptime advantage
  - Improve price position
- **Leadership Advantage**
  - Vision and mission
  - Values
  - Create leaders at every level

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Evolution of the International Strategy

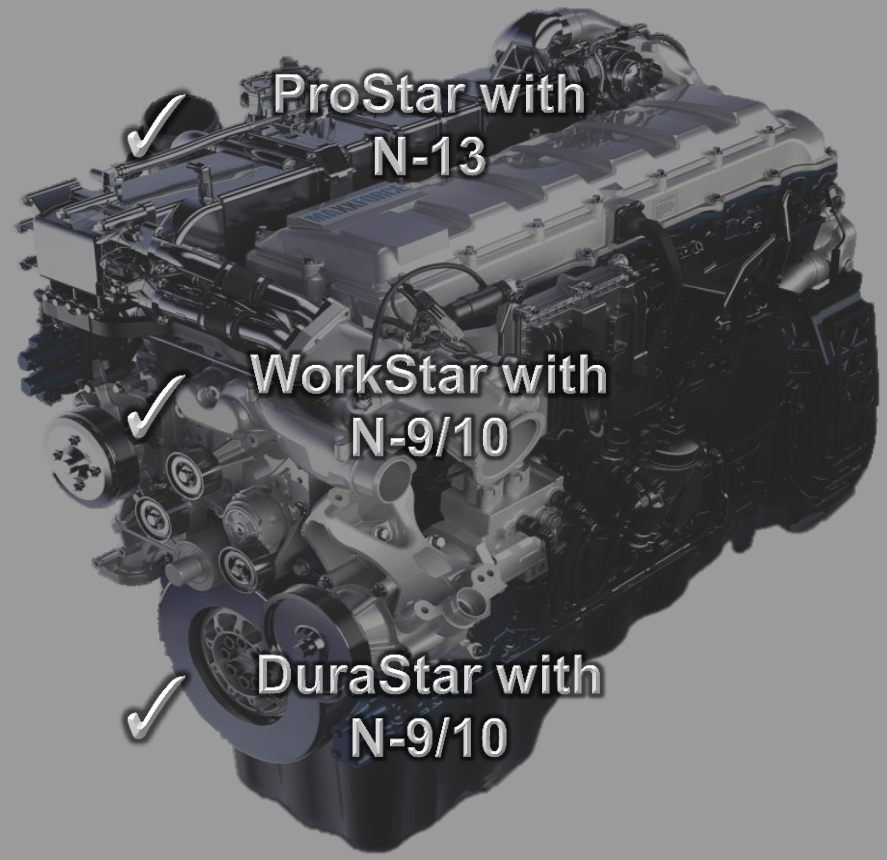
IT'S UPTIME AT

2012 – 2014 Turnaround

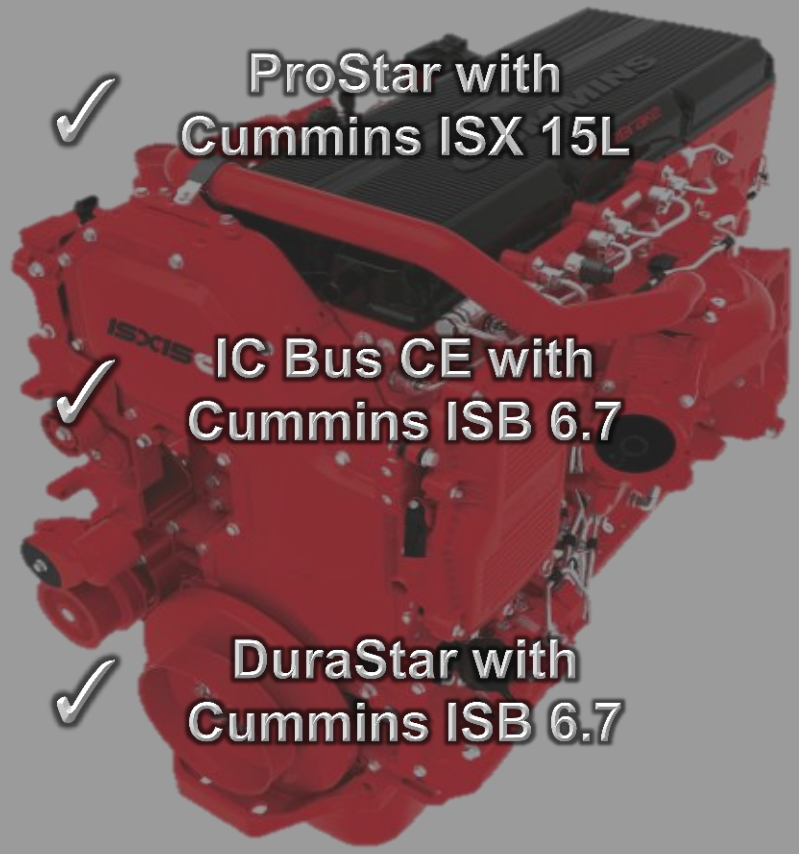
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Full Line of SCR Engines



- ✓ ProStar with N-13
- ✓ WorkStar with N-9/10
- ✓ DuraStar with N-9/10



- ✓ ProStar with Cummins ISX 15L
- ✓ IC Bus CE with Cummins ISB 6.7
- ✓ DuraStar with Cummins ISB 6.7

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Accomplished Ten Years Of Progress .....In The Last Two Years



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Evolution of the International Strategy

2012 – 2014 Turnaround

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Evolution of the International Strategy

IT'S UPTIME AT

2015 – 2020 Advantage

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Market Share Growth, Pricing Plans, Brand and Promotion



Bill Kozek
President, Truck and Parts

2015 – 2020 Advantage

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Industry Leading Uptime

IT'S UPTIME AT

- Fewer service incidents
- Shorten repair times



OnCommand™ Connection

- ✓ Integrated Customer Support, Parts and Service
- ✓ Real time monitoring
- ✓ Remote diagnostics
- ✓ Now over 80,000 connected



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Distribution and Service plans



Michael Cancelliere
Senior VP, Global Parts & Customer Service

2015 – 2020 Advantage

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Operational Excellence



Persio Lisboa
President, Operations

2015 – 2020 Advantage

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Product and Engine Plans



Denny Mooney
Senior VP, Global Product Development

2015 – 2020 Advantage

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Path to Positive Earnings



Walter Borst
Executive Vice-President and Chief Financial Officer

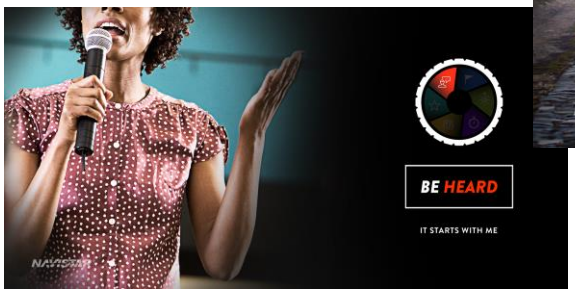
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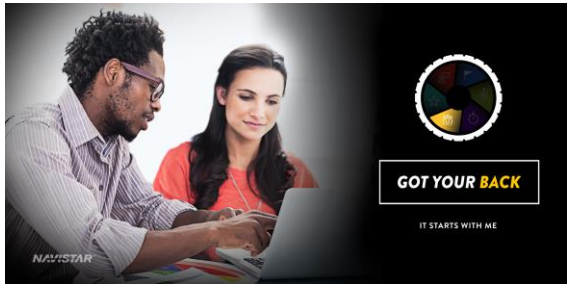
Leadership Advantage

















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How We Operate

Vision

Products, Services, People You Count On

Mission: *It's Uptime at International*

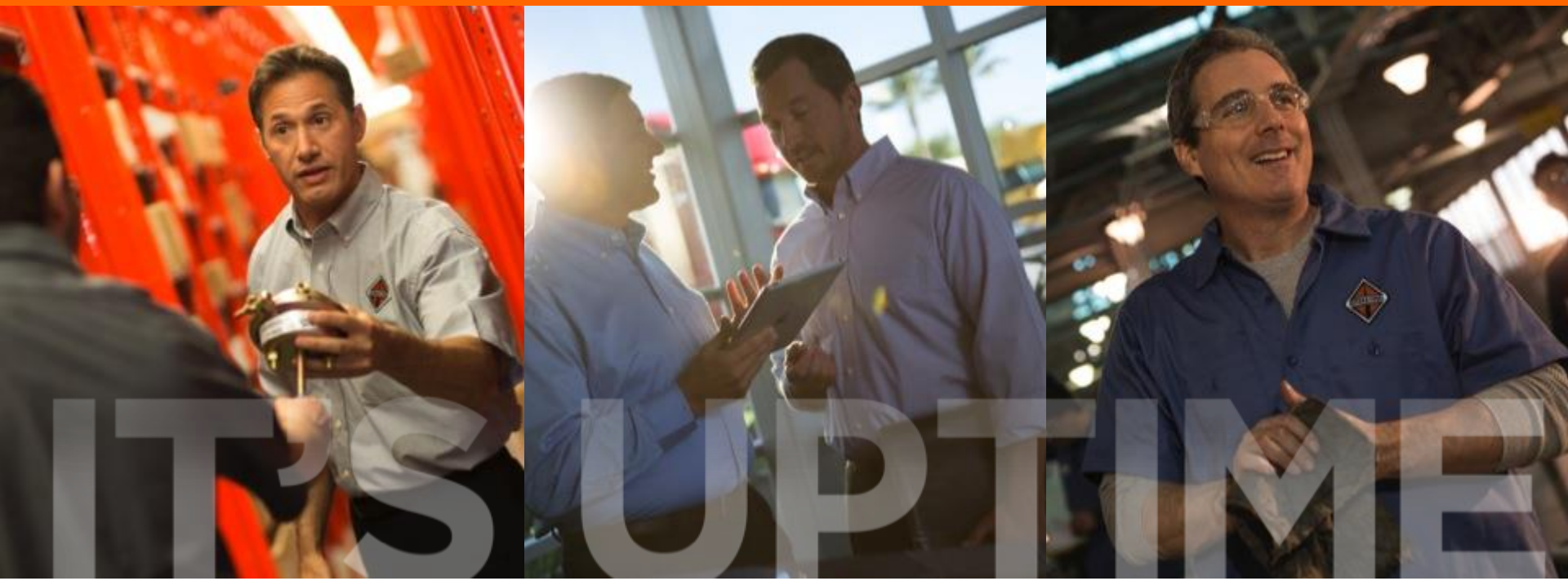
PEOPLE WORKING TOGETHER	LEAN ENTERPRISE	CUSTOMER SATISFACTION
One Navistar	**Navistar Way**	**Navistar Advantage**
- One team - Common data - Functional excellence - Accountable - Learning organization - Recognition/celebration	- Waste elimination - Continuous improvement - Leaders as teachers - Process flow perspective - Evidence-based decisions - Visual management - Raise your hand	- Best Uptime - Trucks designed to stay on the road - Defect-free trucks delivered on the date promised - Fast dealer service/repair

Values

It Starts With Me

Be Heard | Create Raving Fans | Better Every Day | Hours Not Days | Got Your Back | Celebrate

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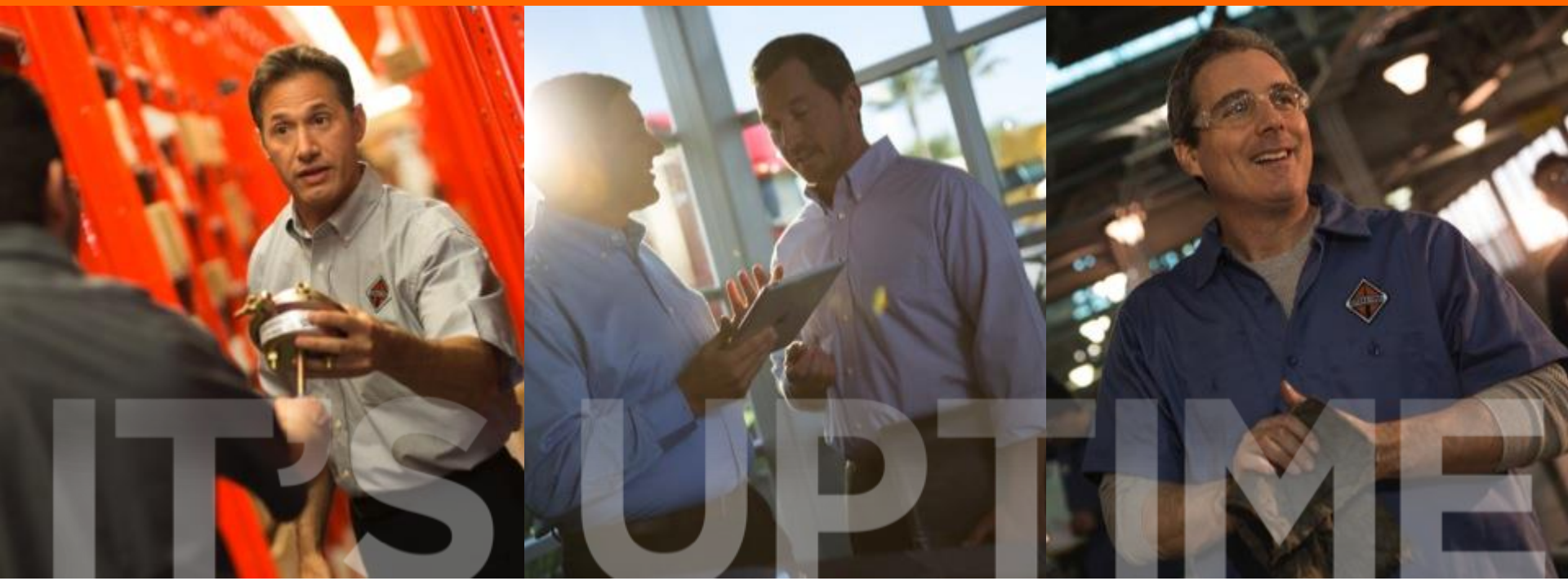
BILL KOZEK

PRESIDENT, TRUCK AND PARTS

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2015 ANALYST DAY
FEBRUARY 4, 2015

VIDEO

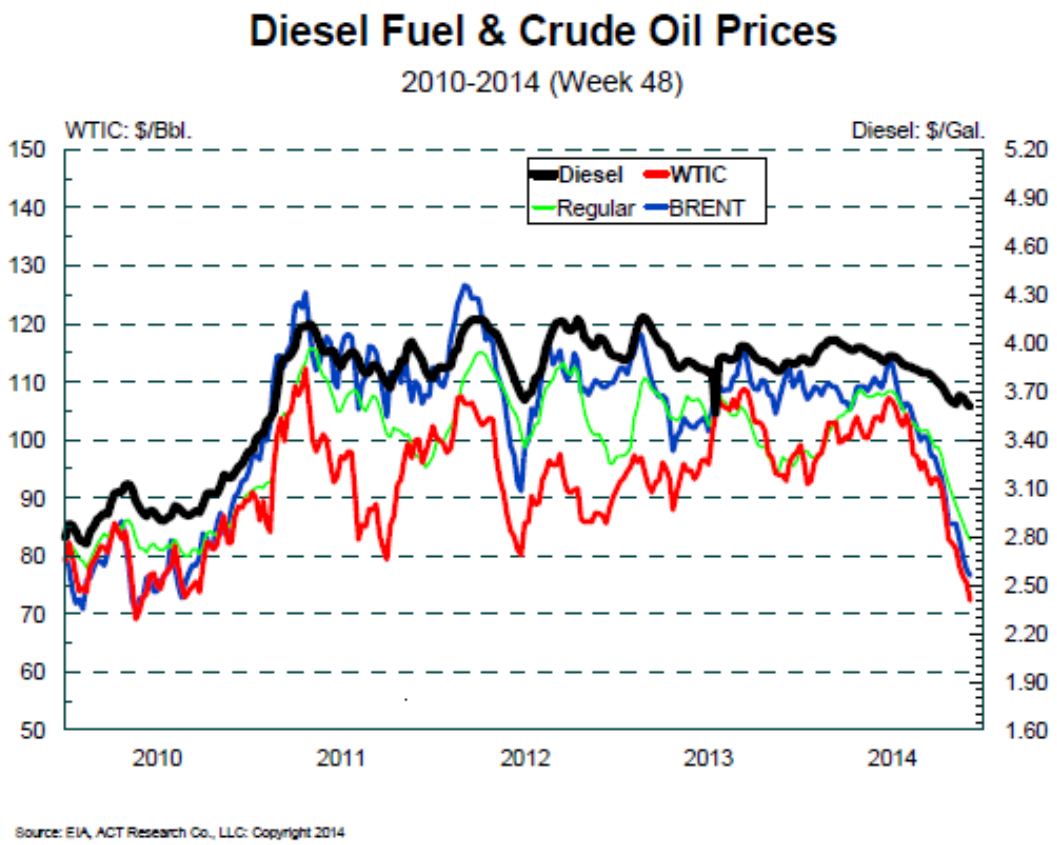
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IT'S UPTIME AT



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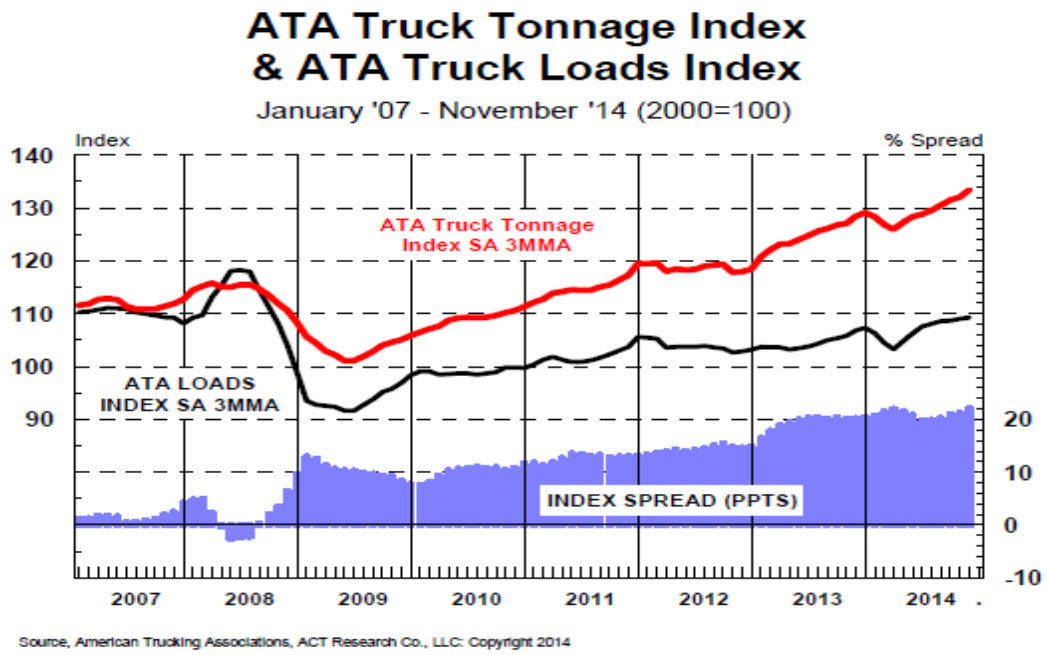
Capitalize on Industry Momentum



- Economy is improving. Third quarter GDP growth revised up to 5.0%
- Dip in oil prices helped boost spending in on-highway while slowing sales in vocational applications like oil and gas exploration

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Capitalize on Industry Momentum



- Class 8 volume was highest since 2006, with truck tonnage index 136.8, the highest level on record

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Unit Goals for FY2015






	INDUSTRY	MEDIUM	HEAVY	SEVERE	BUS
2014 Actual	342,000	15,000	25,800	9,000	9,900
2015 Forecast	368,000	19,000 - 20,000	26,800 - 27,800	9,300 - 10,300	10,900 - 11,400
Market Share		24-27%	14-16%	15-17%	40-45%

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SCR Coverage in Medium Duty Catalyst for Growth

ISB6.7

- Crew Cab
- Low Cab
- Mid-High Cab
- Beverage Body
- Emergency
- Four Wheel Drive
- Air & Hydraulic brakes
- Day Cab
- Extended Cab
- Allison 1000, 2000, 3000
- Vertical/Vertical Exhaust
- Dual Staggered Tanks
- Stationary Applications

4,000 - 5,000 Unit Growth in FY2015

- Expanded coverage of DuraStar/ISB to nearly all applications
- Focused segments and competitive targets to deliver volume and margin goals
- Heavy emphasis on dealer-led retail sales critical to growth

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DuraStar Delivers

	INTERNATIONAL DURASTAR	FREIGHTLINER M2	HINO 200/300	FORD 650/750
FIRST TO MARKET				
Allison FuelSense Transmissions	✓			
TRUCK/ENGINE ADVANTAGES				
All Commercial Grade Components	✓	✓		
Advanced Electronics System Leadership	✓			
Widest and Deepest Cab for Drivers	✓			
Quietest Working Cab in Industry	✓			
TEM Integration Leadership	✓	✓		
TECHNOLOGY ADVANTAGES				
Advanced Multiplexing System (Customization)	✓			
Truck Speciality Build Center	✓	✓		
Vehicle Diagnostics Mobile App	✓			
COMPANY ADVANTAGES				
Largest Dealer Network in the Industry	✓			
Largest Parts Distribution in the Industry	✓			



FOCUSED SPECS

FUEL • WEIGHT • DRIVER • COST

OnCommand™ Connection

1,000 - 2,000 Unit Growth in FY2015

- Focused, Optimized specifications will drive performance and support small fleet business
- OnCommand Connection remains a key differentiator among fleets and a primary enabler of uptime
- Although our backlog is growing, leverage our production capacity for customers with immediate needs

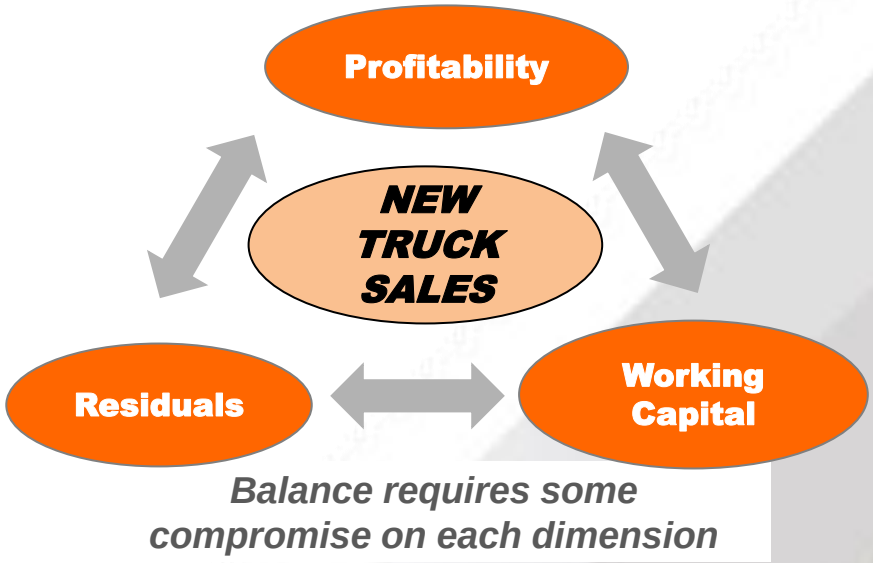
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ProStar: Best-in-Class Integration, Superior Performance

	INTERNATIONAL PROSTAR	FREIGHTLINER CASCADIA	VOLVO VN	KENWORTH T680
FIRST TO MARKET				
Eaton Cummins SmartAdvantage	✓	SPECIAL ORDER	SPECIAL ORDER	✓
Allison TC-10 Transmission	✓			
Open Architecture Telematics	✓			
Tremec Transmission	✓			
TRUCK/ENGINE ADVANTAGES				
Quietest 13L Engine in the Industry	✓			
Lightest 13L	✓			
Industry Leading Aerodynamics	✓	✓		
Industry Leading Fuel Economy	✓	✓		
Advanced Downspeeding	✓	SPECIAL ORDER	✓	✓
Under 14,000 lbs. Spec	✓	✓	✓	✓
TECHNOLOGY ADVANTAGES				
All Makes Telematics Portal (OnCommand Connection)	✓			
DISTRIBUTION ADVANTAGES				
Largest Dealer Network in the Industry	723	421	261	323
Largest Parts Distribution in the Industry	✓			


HORIZON
IT'S UPTIME

Managing Our Used Truck Inventory



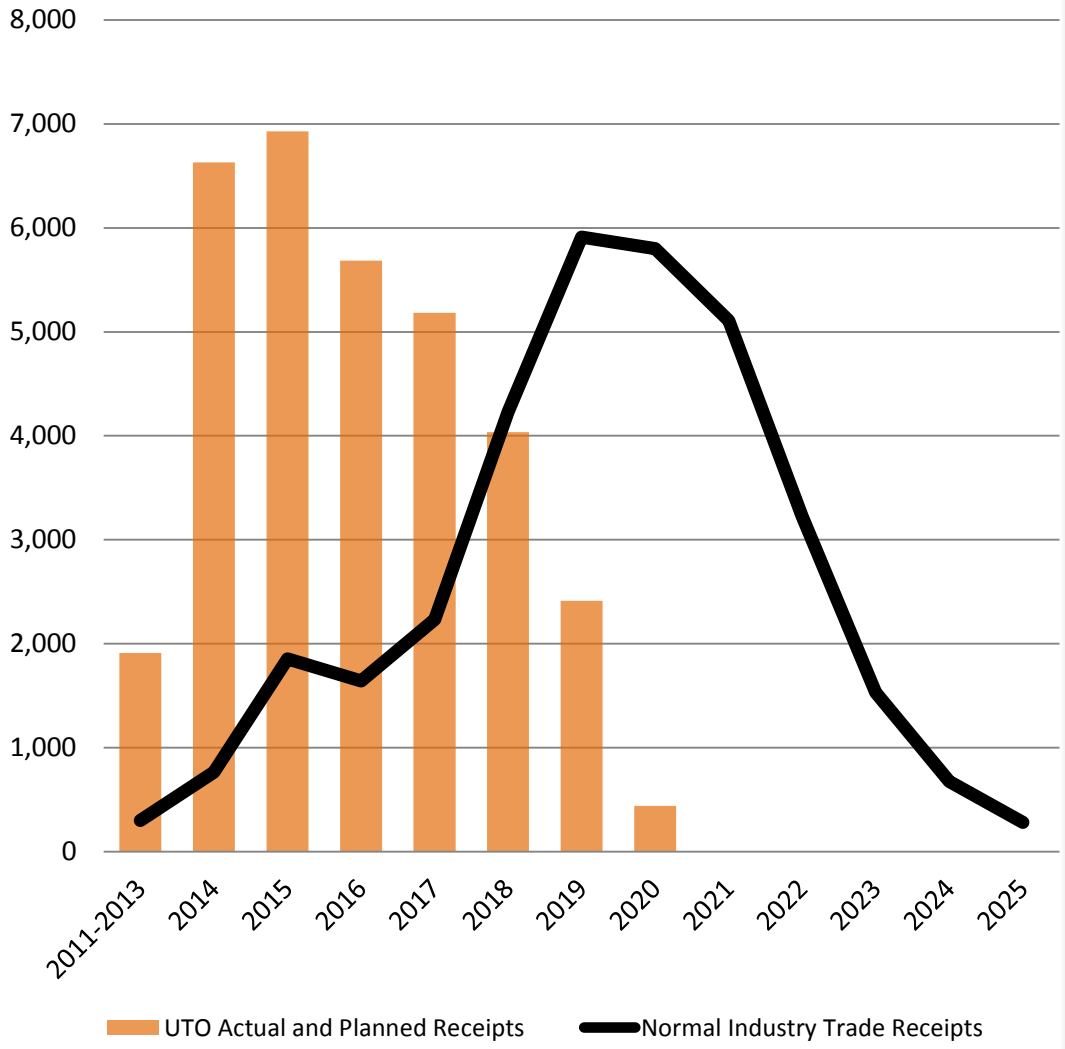
Balance requires some compromise on each dimension

- Need to take trades to manage new truck sales
- Best-in-Class certified Used Truck program
  - 180+ point inspection
  - Unsurpassed warranty
  - Monitored by industry-leading technology
- Robust demand-generation efforts to manage used truck inventory

DIAMOND RENEWED

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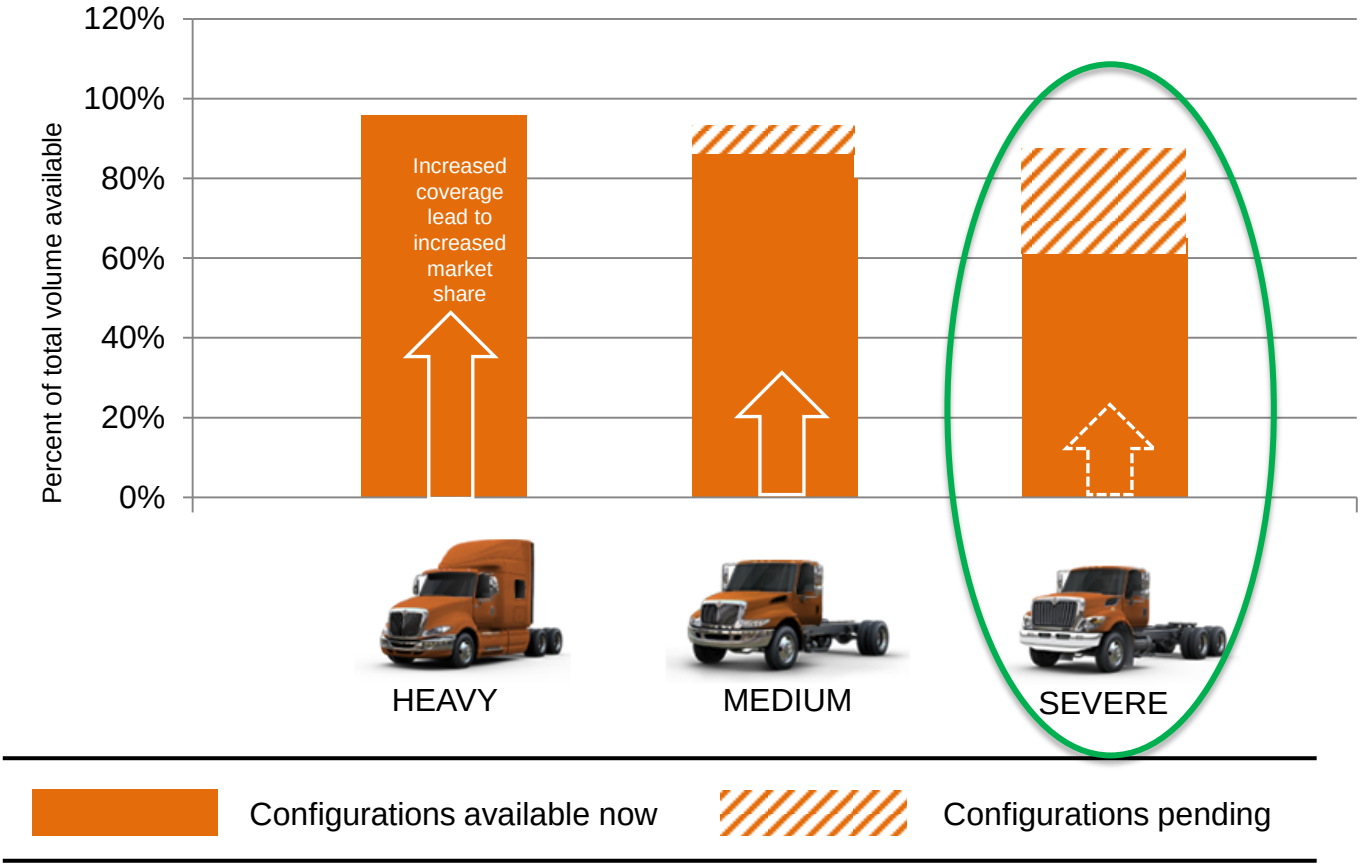
Trade Cycle for EGR Engines Redefined



- Inventory is expected to peak in FY2015, and begin to normalize after 2017
- Industry trade cycle averages between 5-6 years, whereas our recent cycle is 3-4 years
- Newer, low mile vehicles in the marketplace, operating like new once Diamond Renewed

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Focus on SCR Roll-Out with Long Term Growth



Modest Growth in FY2015

- Final phase of SCR roll-out
- TEM-focused efforts to drive preference as the chassis of choice
- Capitalize on the growth of construction

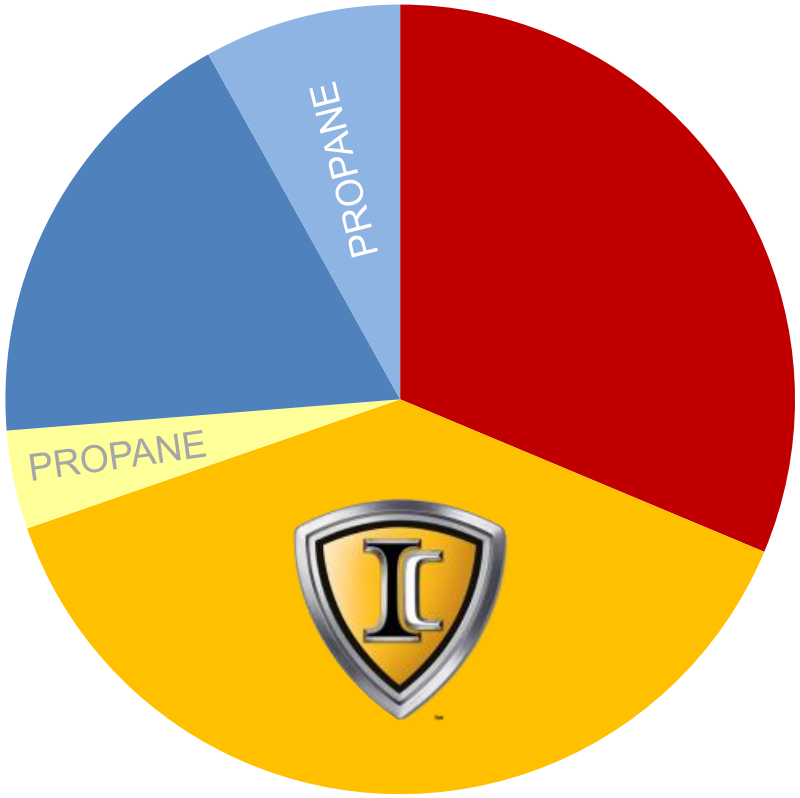
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WorkStar: The Most Well-Rounded Vehicle in its Class

IT'S UPTIME AT

	INTERNATIONAL WORKSTAR 7600	FREIGHTLINER 114SD	PETERBILT 567	KENWORTH T880	MACK GRANITE
FIRST TO MARKET					
Allison Series Transmissions with FuelSense	✔				
TRUCK/ENGINE ADVANTAGES					
Quietest 13-liter Engine in the Industry	✔				
High Strength, Low Alloy (HSLA) Double-Sided Galvanized Steel	✔				✔
475 HP and 1700 lb-ft. Torque or More	✔		✔	✔	✔
TECHNOLOGY ADVANTAGES					
All Makes Telematics Portal (OnCommand Connection)	✔				
Advanced Multiplexing System (Customization)	✔	✔			
COMPANY ADVANTAGES					
Largest Dealer Network in the Industry	✔				
Largest Parts Distribution in the Industry	✔				
Truck Specialty Centers (TSC)	✔	✔			

Bus Poised for Growth with Propane and ISB



Thomas Diesel

Blue Bird Diesel

Blue Bird Propane

IC Bus Diesel

IC Bus Propane

1,000 - 1,500 Unit Growth in FY2015

- Propane market continues to expand with projected increase of 500 units in FY2015
- ISB mix is growing and an enabler for further market share growth in districts that require SCR

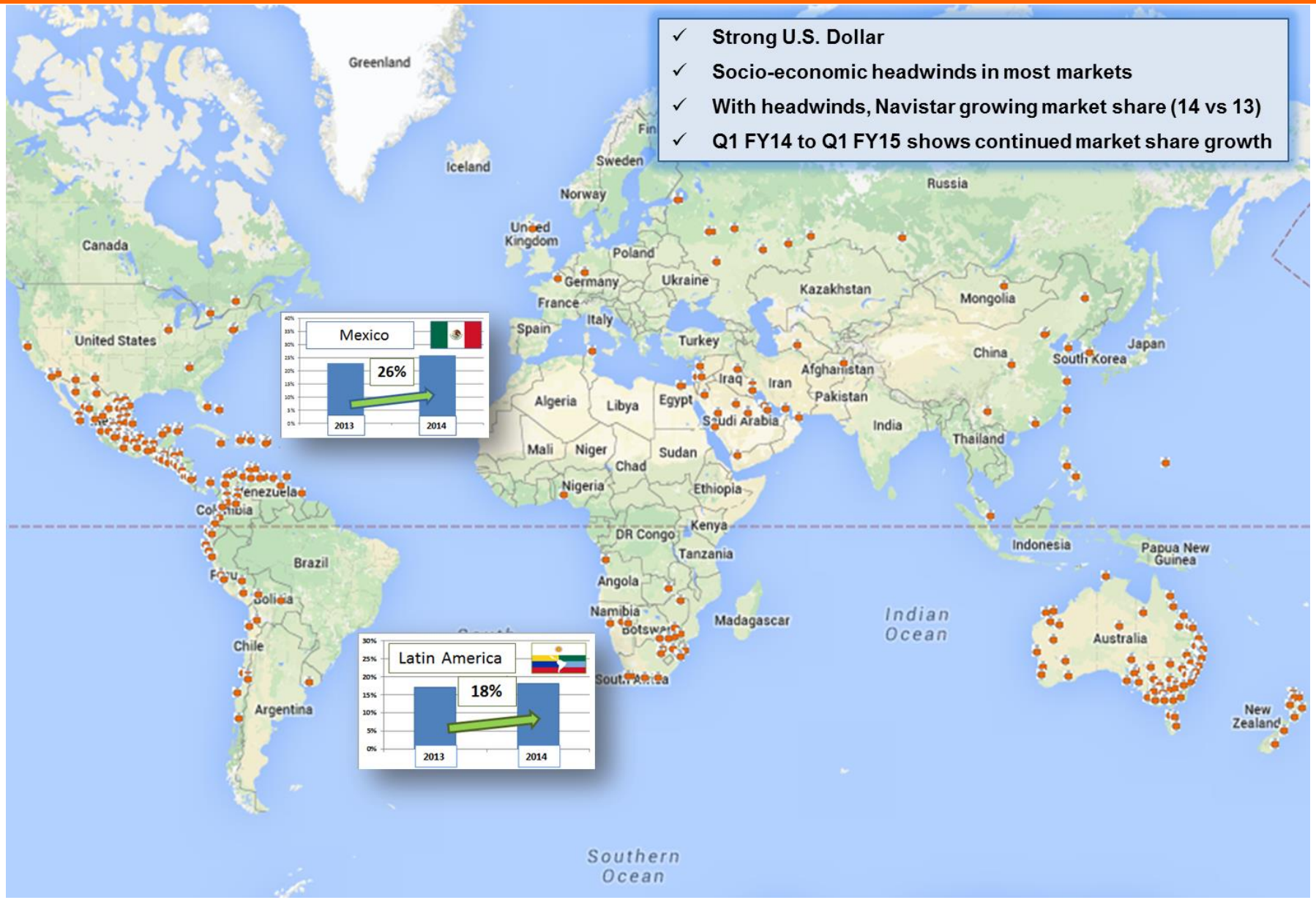
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CE Series: Protecting Our Most Precious Cargo

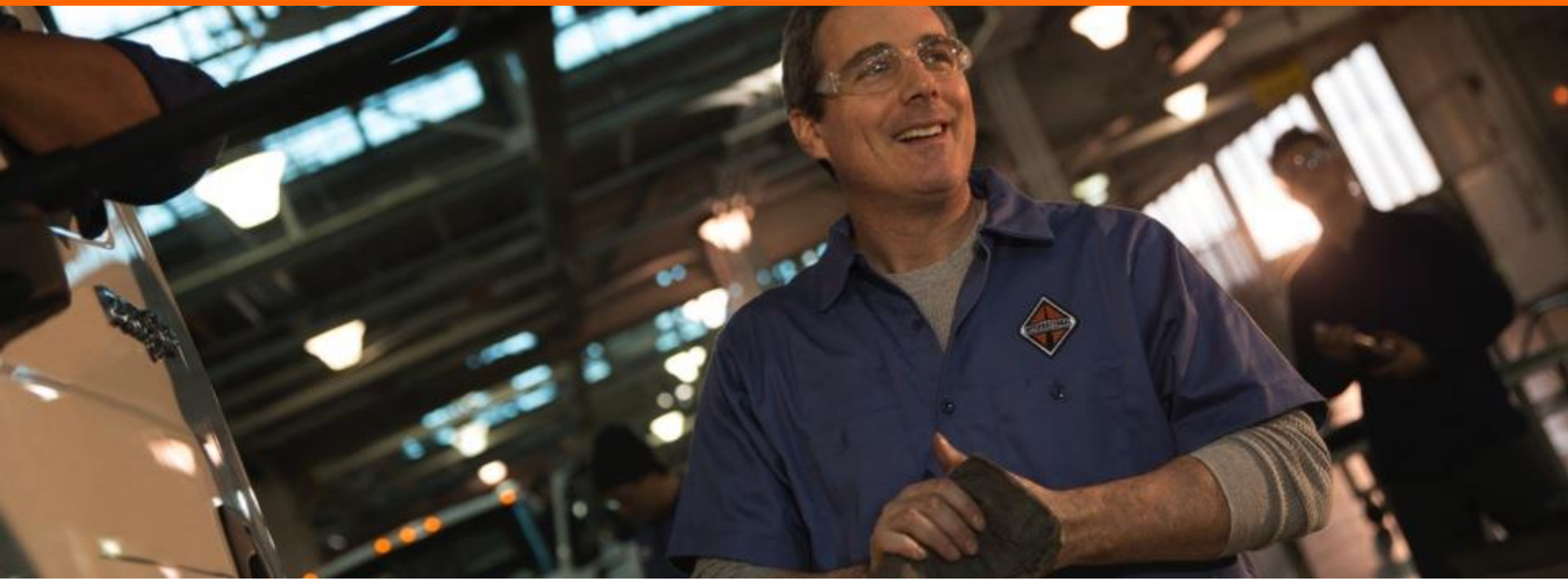
IT'S UPTIME AT

	CE SERIES	THOMAS C2	BLUE BIRD VISION
FIRST TO MARKET			
Seat Belt Retrofit Flexibility (BTI seating)	✔		
BUS/ENGINE ADVANTAGES			
16 Gauge Body Skin Construction	STANDARD		OPTIONAL
Passenger Entry Door and Stairwell Width	✔		
Driver Comfort/Ergonomics	✔		
Standard Roof Height	✔		✔
Cummins ISB	✔	✔	✔
Propane Power	✔	✔	✔
TECHNOLOGY ADVANTAGES			
Open Architecture Telematics Portal	✔		
COMPANY ADVANTAGES			
Largest Dealer Network in the Industry	✔		
Largest Parts Distribution in the Industry	✔		

Global and Export



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ANALYST DAY: NAVISTAR PARTS
FEBRUARY 4, 2014

Michael A. Cancelliere
Senior Vice-President, Global Parts and Customer Service

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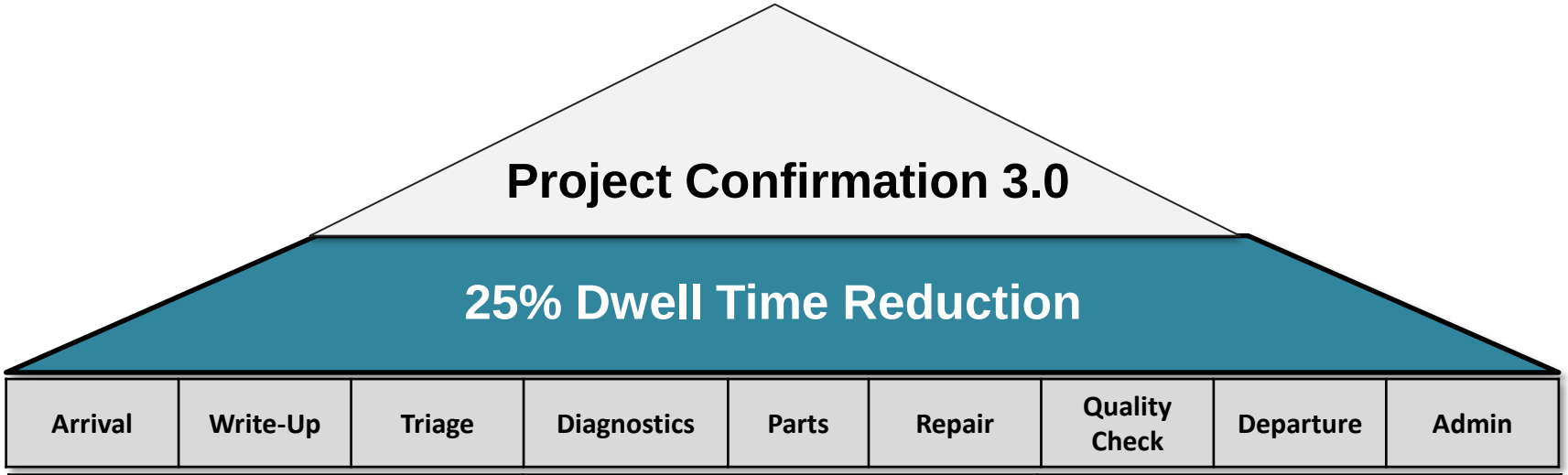
Strength of the North America Dealer Network



- 800+ Dealer Locations
- 8,000 Service Bays
- 7,600 Technicians
- $350M+ Parts Inventory
- Demonstrated Market Leadership

Maximize Uptime and Customer Productivity

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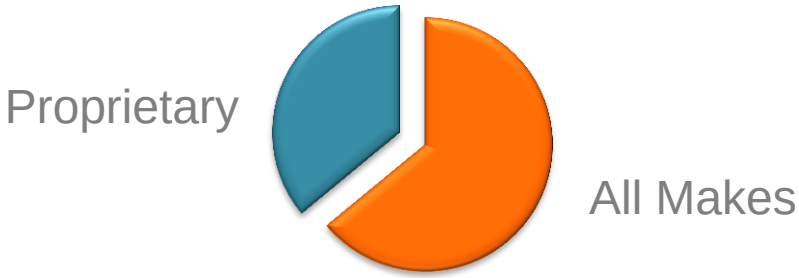


Get them in…	Get them fixed…	Get them out… Quickly!
Service Level Authorization	Health Reports	Customer Focus
OnCommand Connection	Fault Code Action Plans	Navistar/Dealer Collaboration
OnCommand Repair Advocate	Parts Availability	Lean Processes

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Navistar Parts Overview

2014
$2.5B revenue



National Account Customers

IDEALEASE, PENSKE, UPS, Sysco, FedEx, national express, pepsi, WM WASTE MANAGEMENT, Ryder

- NA Parts demonstrated continued strength and growth throughout the turnaround period
- Parts will remain a key component of corporate profitability and cash generation
- Plays a key role in customer Uptime

When wheels are turning, and freight is moving, parts are being consumed

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History of Leadership

1970: First OEM to introduce private label brand of all-makes parts

Today: Over 50 Product Lines and 2200 SKU's

FLEETRITE®

1988: First OEM to Introduce a national purchasing program

Today: $1 Billion in Annual Customer Billings

Fleet Charge™

2014: First OEM to introduce a remote diagnostics solution with "open architecture"; gives customers freedom of choice

Today: 65% increase in Enrolled Vehicles

OnCommand™ Connection

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Growth Opportunities – All Makes Growth





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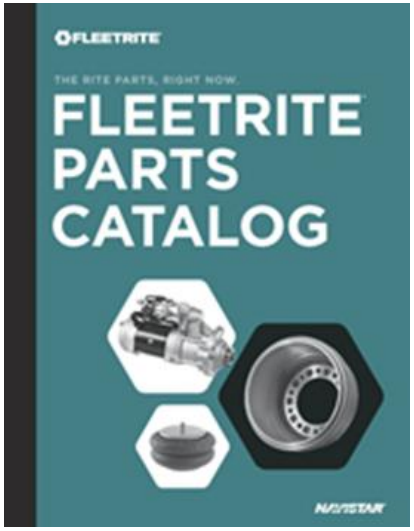


Navistar

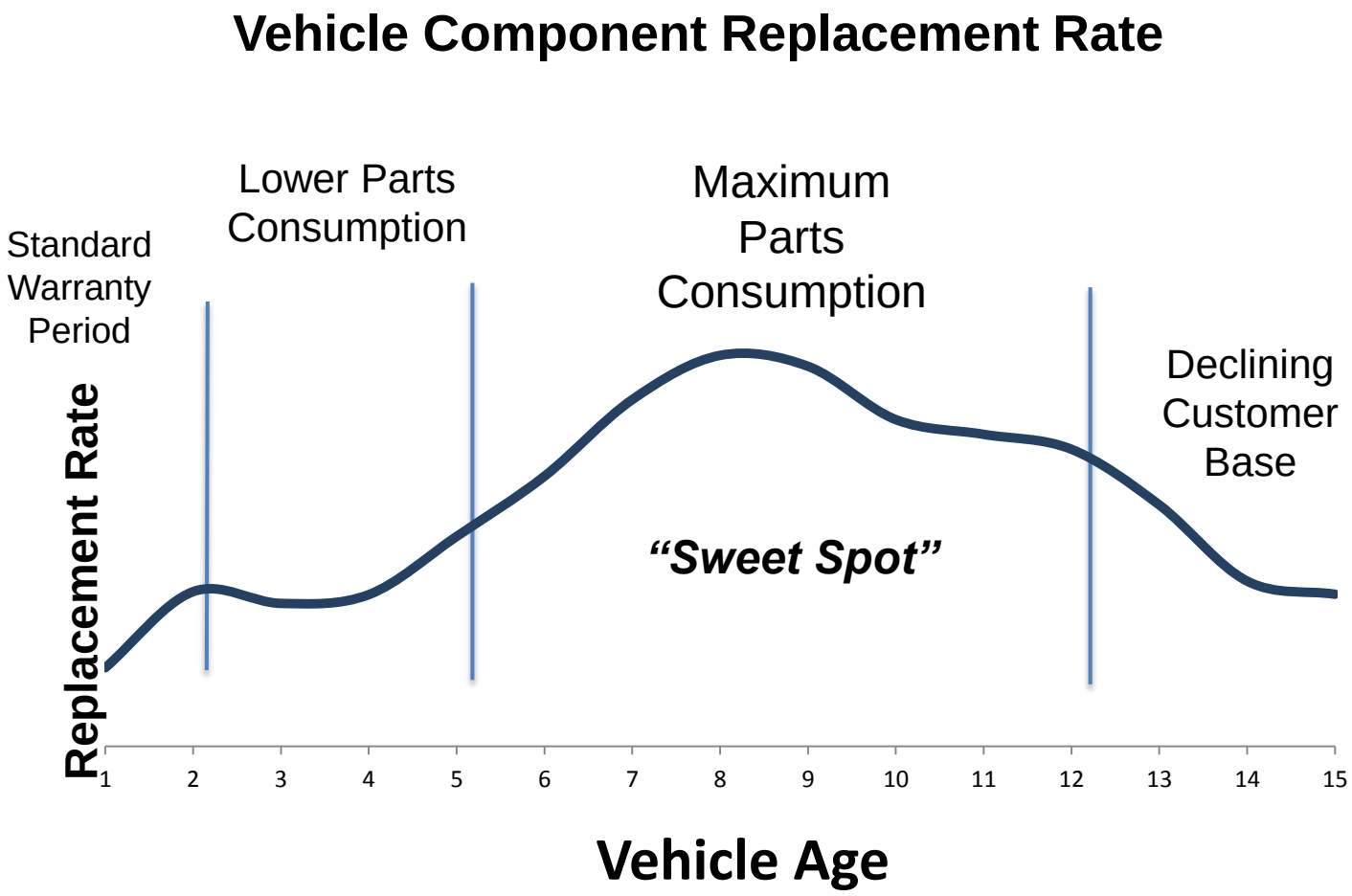
- Better Gross Margin
- Expand Customer Reach
- 25-30% CAGR

Customer

- OE Quality
- Trusted Brand
- One Stop Shopping



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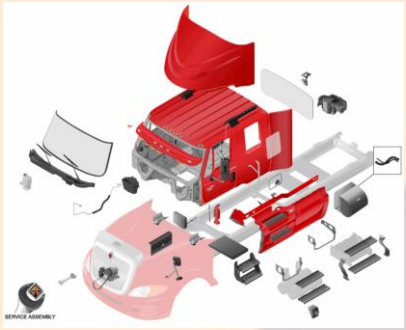


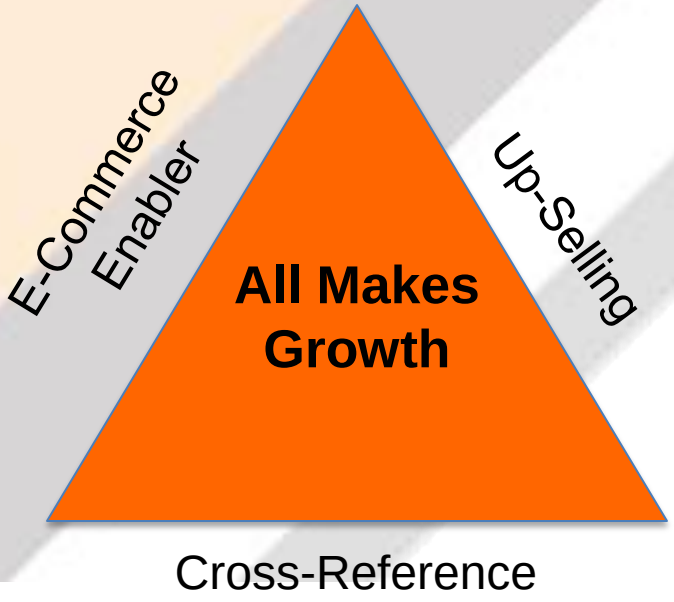
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Growth Opportunities – Investment in Technology

IT'S UPTIME AT

Parts Catalog





OnCommand Connection

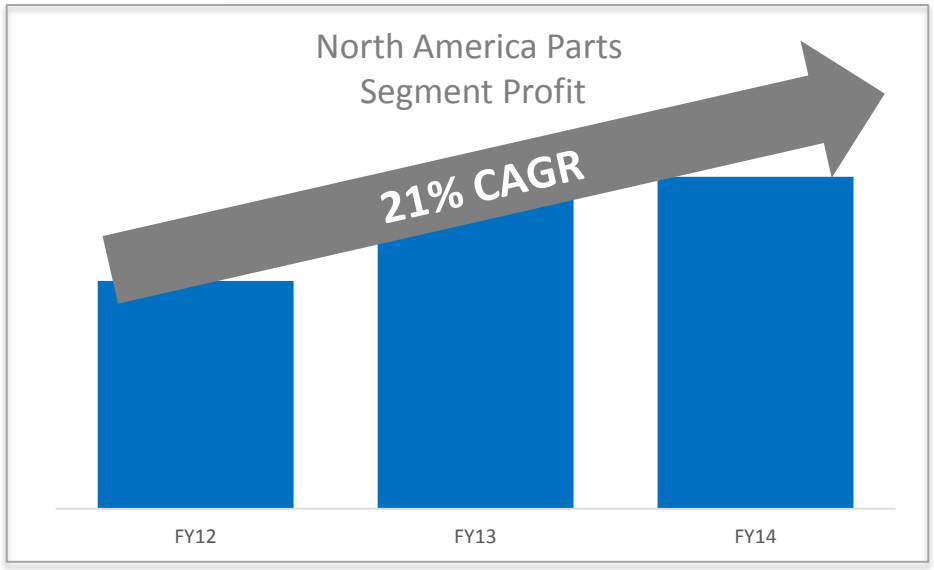


- Real-Time Remote Diagnostics
- Drives Customers to Dealership
- Proactive Fault Code Management

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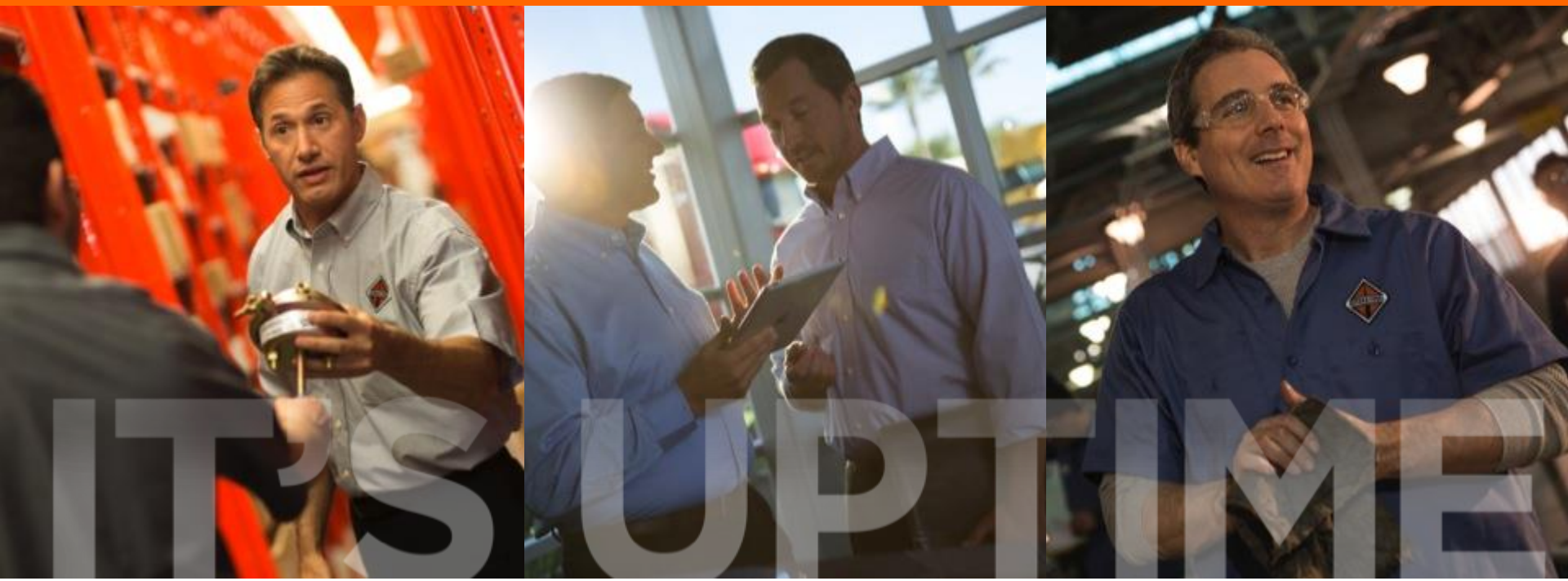
Summary





- Leverage the strength of the Navistar distribution network to provide maximum Uptime
- Technology investments facilitate ease of doing business & expanded customer reach
- Parts growth will continue to drive EBIT

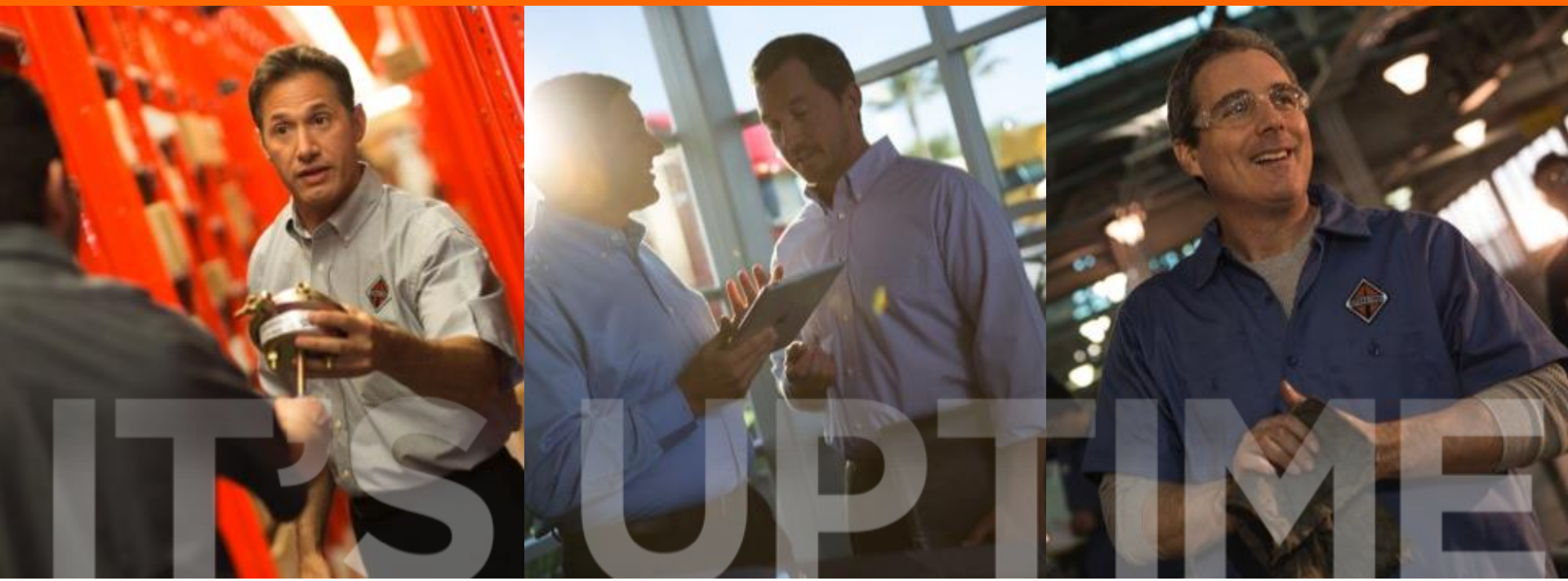
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2015 ANALYST DAY
FEBRUARY 4, 2015

Q&A

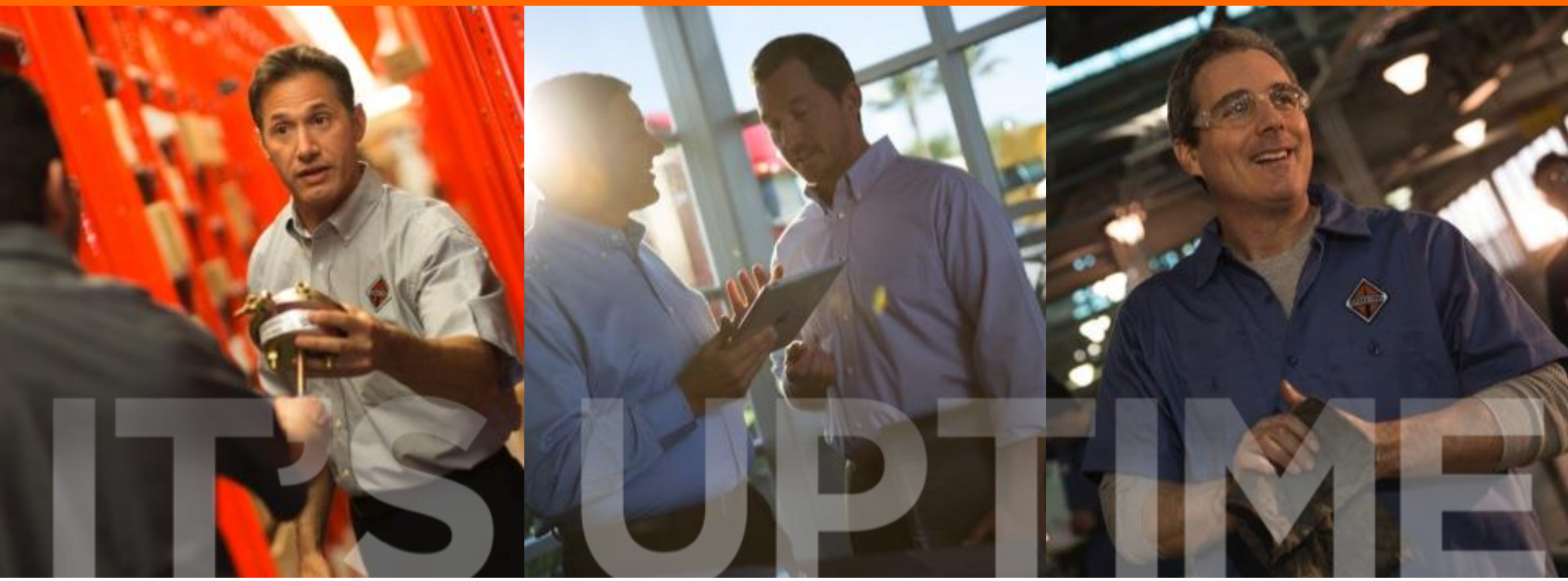
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2015 ANALYST DAY
FEBRUARY 4, 2015

VIDEO

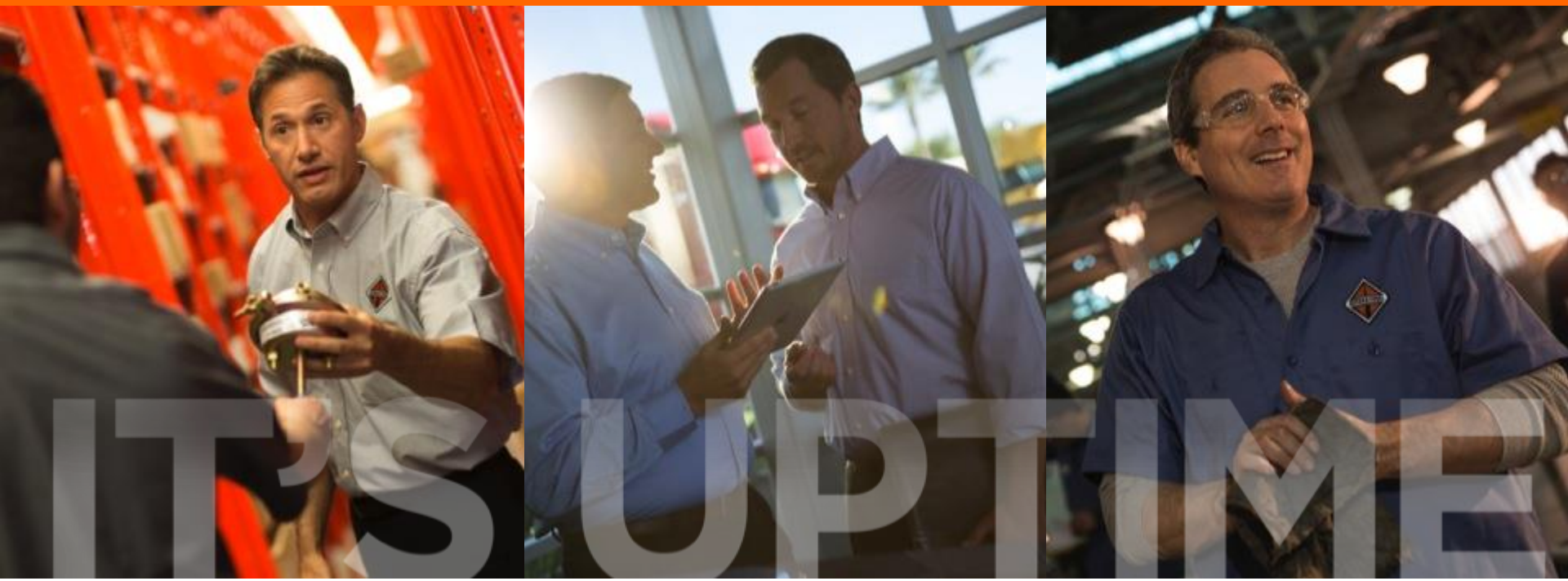
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2015 ANALYST DAY
FEBRUARY 4, 2015

BREAK
~15 MINUTES

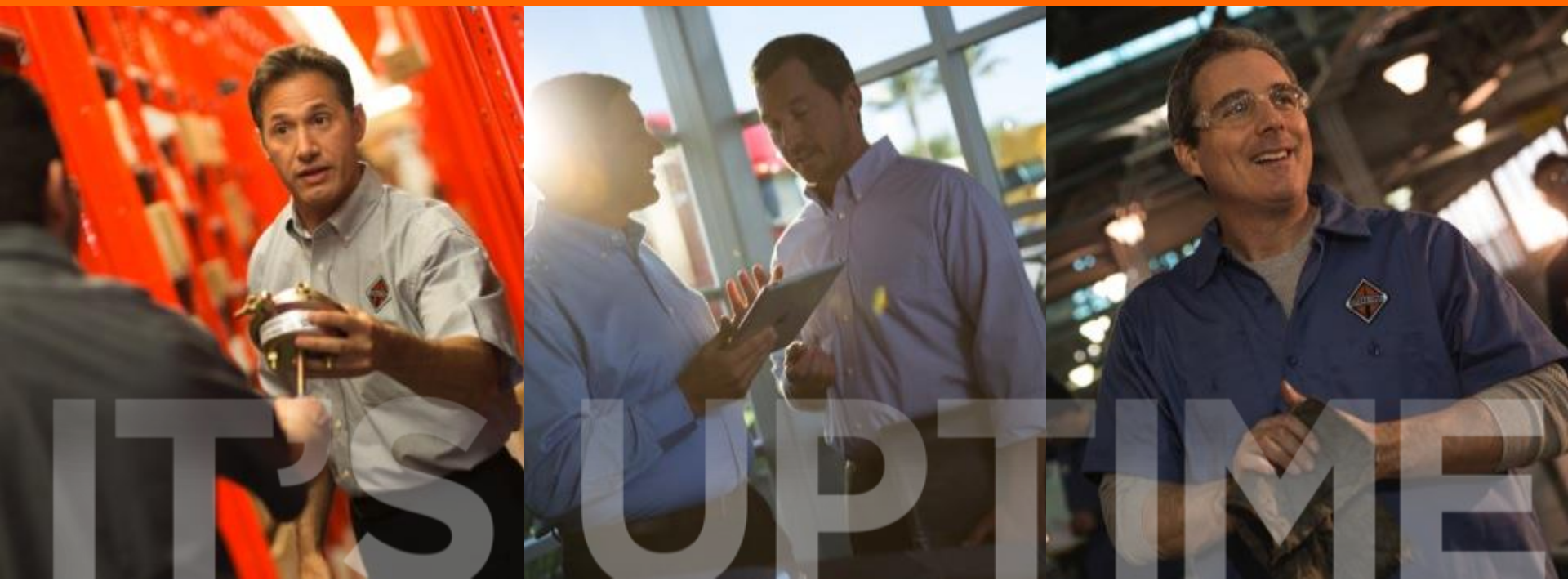
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2015 ANALYST DAY
FEBRUARY 4, 2015

VIDEO

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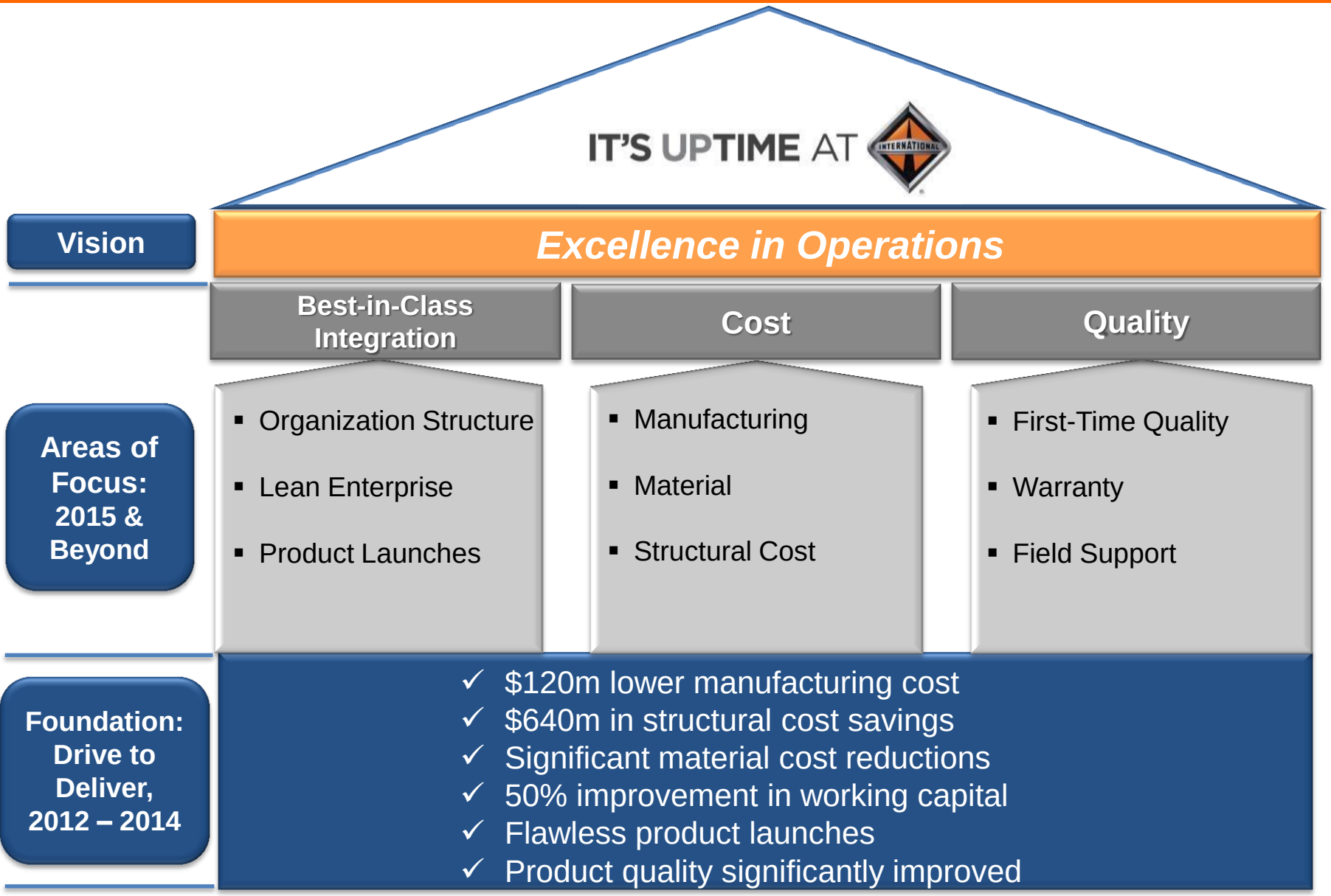


2015 ANALYST DAY
FEBRUARY 4, 2015

PERSIO LISBOA
PRESIDENT, OPERATIONS

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Operations: Commitment to Excellence



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Organization: One Operations Team

BEST-IN-CLASS INTEGRATION

UNIFIED ORGANIZATION



SHARED LOCATION



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Lean Enterprise: A Journey to Excellence



Manufacturing Operations | **Corporate** | **Supply Base**

SUPPORT THE OPERATOR



DOWNTIME

THE 8 WASTES



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Lean Enterprise: A Journey to Excellence









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Navistar Supplier Council



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Product Cost: Addressing Multiple Levers

IT'S UPTIME AT

Continuing Reductions in Product Cost

- Optimized Manufacturing Footprint
- Supplier Footprint
- Supply Base Rationalization & Strategic Sourcing

BEST-IN-CLASS INTEGRATION

STRATEGIC SUPPLIER COLLABORATION

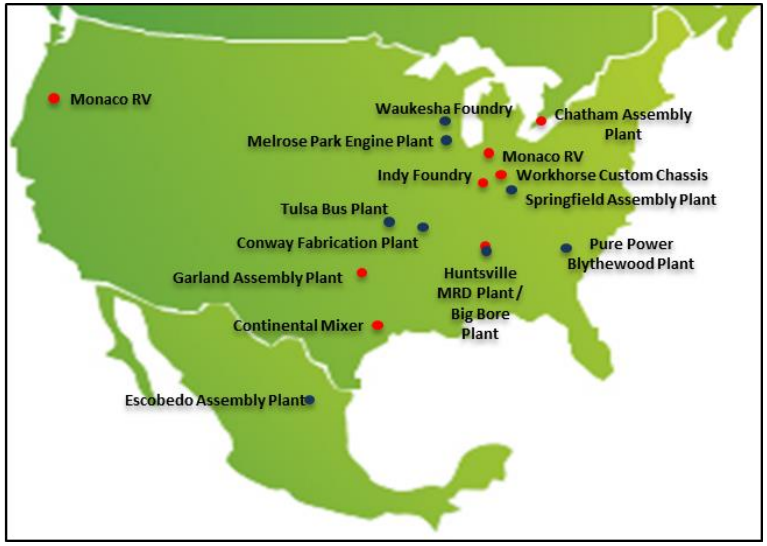
- Best Cost Country Sourcing
- Design Cost Opportunities
- Horizon Product Launch

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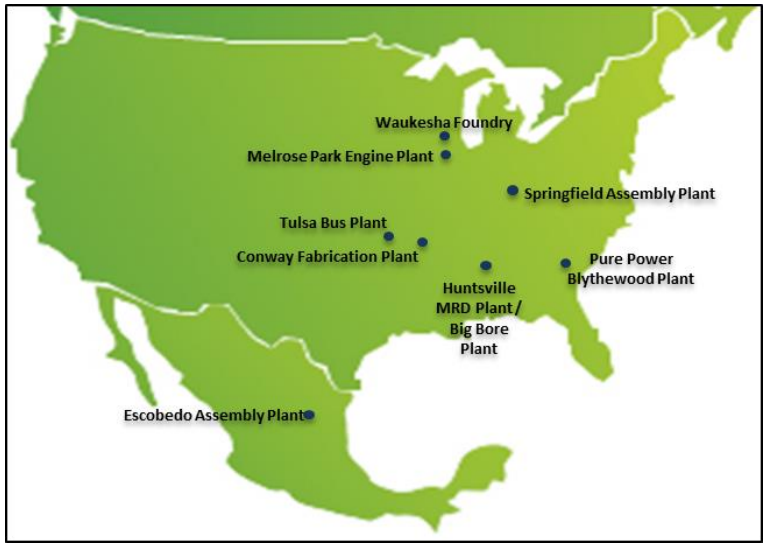
Optimized Manufacturing Footprint

IT'S UPTIME AT

Previous Footprint



Optimized Footprint

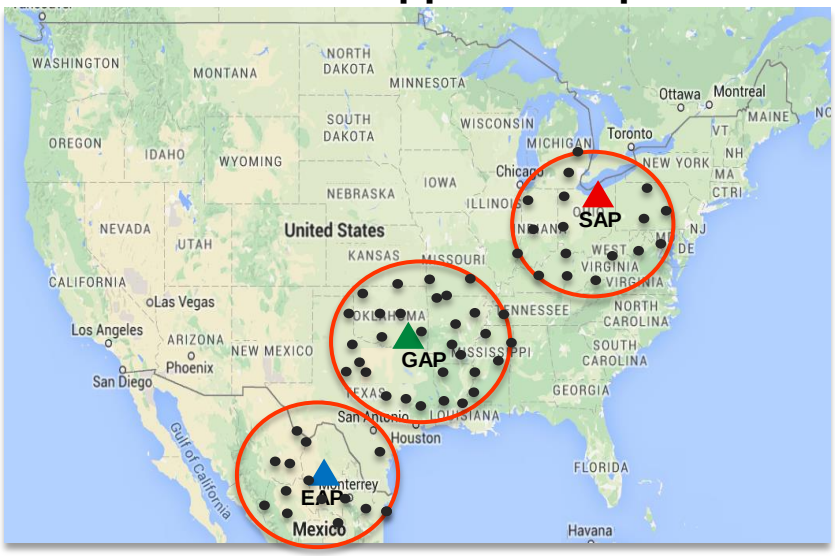


- Divest non-core operations
- Eliminate surplus capacity
- Reduce fixed cost
- Optimize productivity in core plants
- Enable optimized supply base footprint

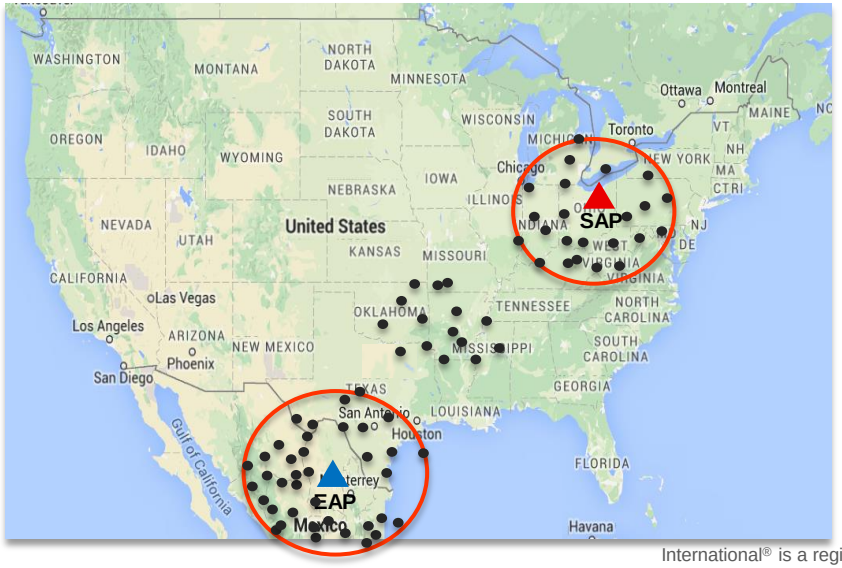
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Supplier Footprint

Historical Supplier Footprint



Present Landscape (2015 & Beyond)

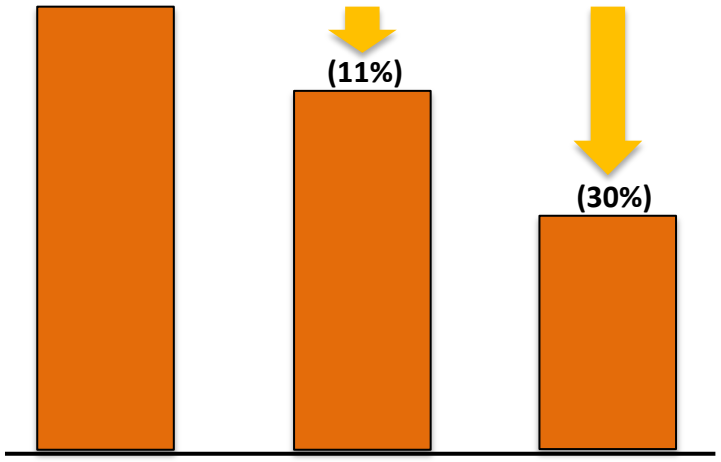


- Reduce distance and freight
- Shorten lead times
- Reduce working capital
- Benefit from lower regional costs

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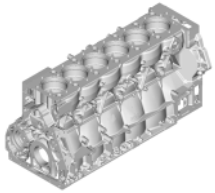
Supply Base Rationalization & Strategic Sourcing

Reduction in # of Direct Suppliers



Strategic Sourcing

Machined Components



Castings



Hoses



Tubes



Fasteners

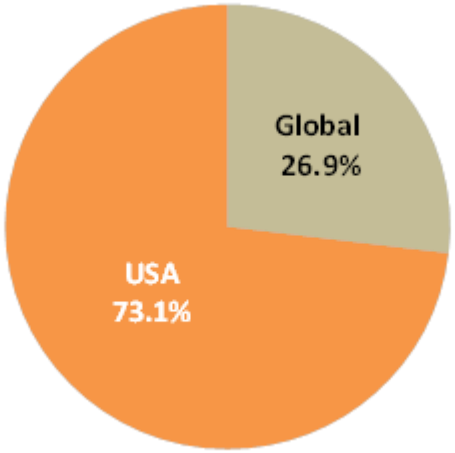


- Simplify portfolio of suppliers
- Strategically bundle and leverage purchasing spend
- Reduce complexity cost
- Increase scale
- Gain ongoing benefits as validation is completed

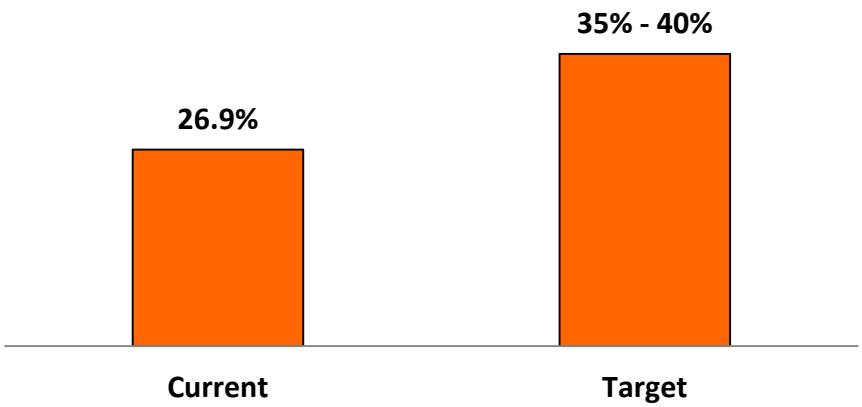
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Relative % of BCCS will increase over next few years

Current Sourcing: USA vs. Global



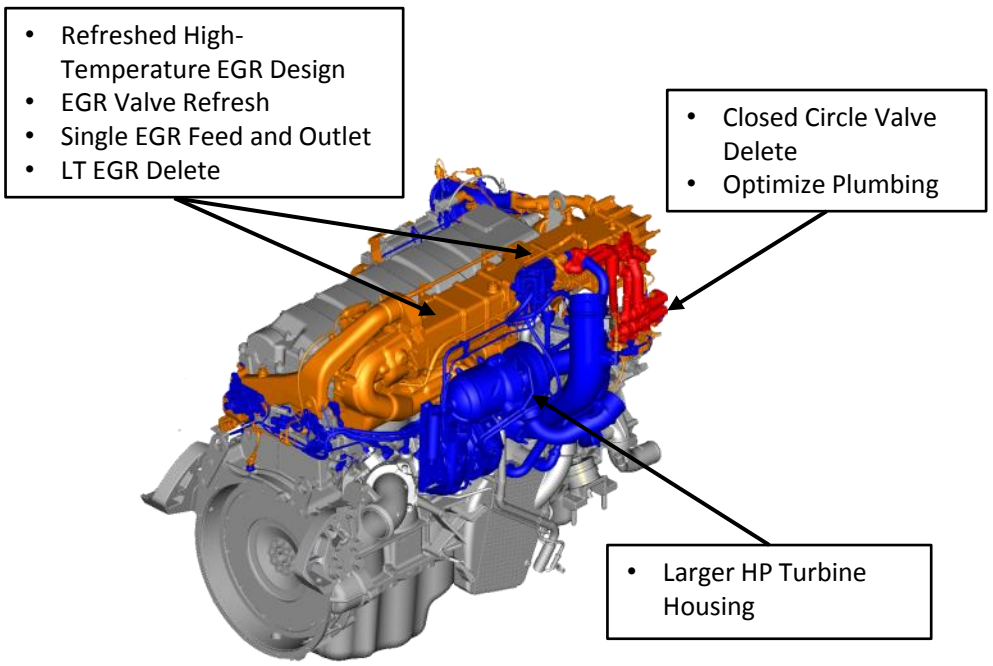
Global Sourcing Target



- Decisions based on total cost of ownership
- Leverage most competitive suppliers and regions
- Drive technical validation for multiple groups of components
- Reduce material and tooling cost

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Example: New MY15 13-Liter Engine



- January 2015 target launch complete
- Achieved 1-2% fuel economy improvement
- Exceeded $1,400 per unit cost target by more than $200
- Continuous focus on design and content opportunities
- One of many design optimization opportunities in the pipeline

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Four Platforms



ProStar



LoneStar



DuraStar



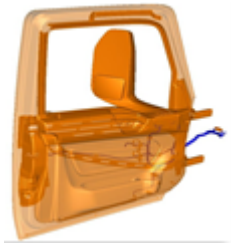
WorkStar

One Common Cab

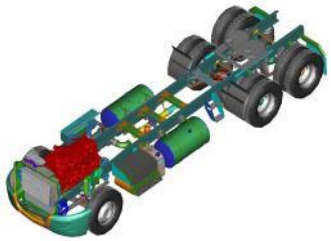


Horizon Modular Approach:

3 Major Systems, 21 Subsystems







Project Horizon

- Leverage single cab strategy
- Modular
- Scalable
- All truck platforms

3 Major Modules

- Design for uptime
- Optimal cost and functionality
- Reduction in complexity

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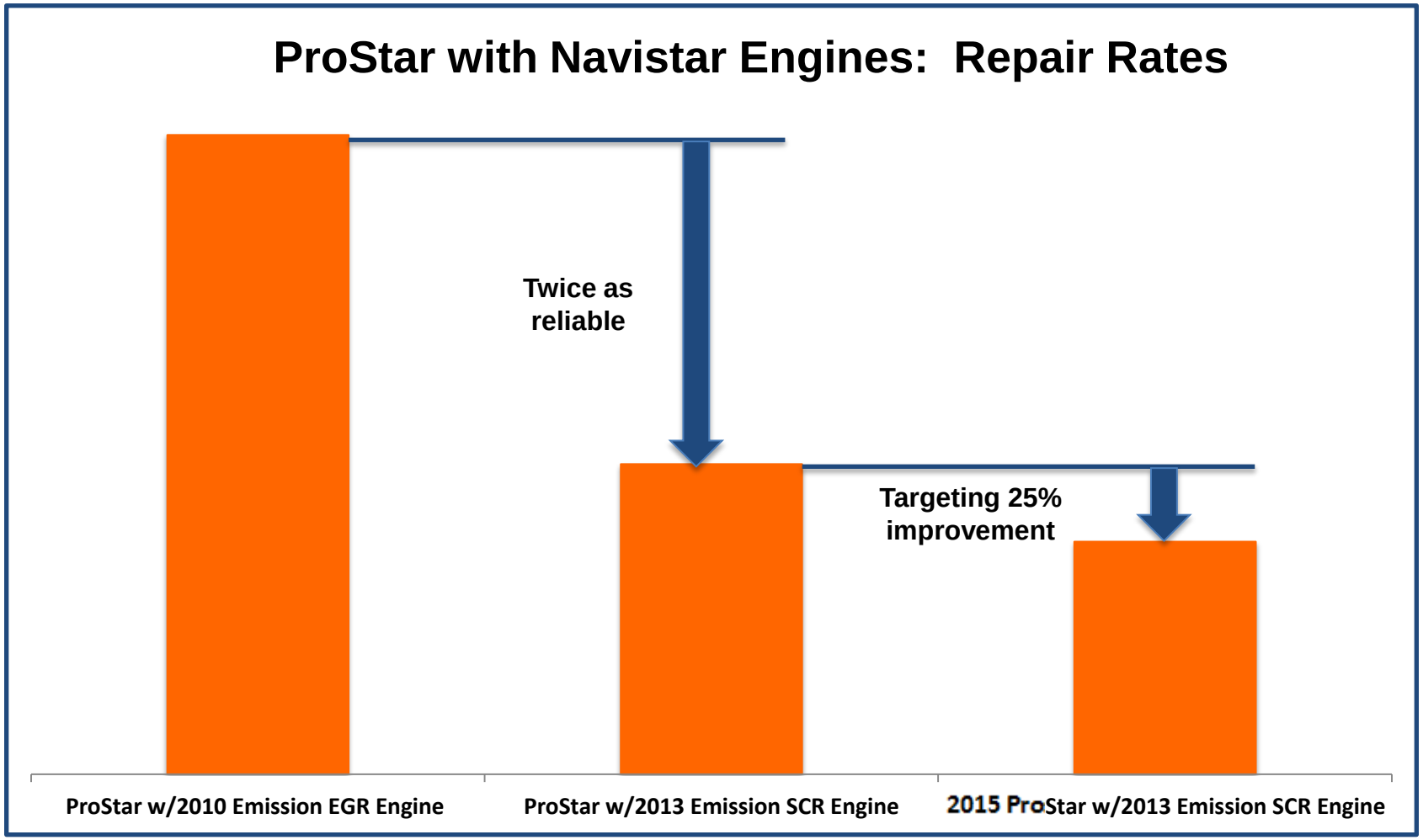
Continued Product Cost Reductions

Our pipeline of activities provides high confidence in our future cost performance

Enabler	Savings to Date	Unlocks Future Savings
Manufacturing Cost		
Optimized Manufacturing Footprint	✓✓✓	✓✓
Material Cost		
Supplier Footprint	✓	✓✓
Supply Base Rationalization & Strategic Sourcing	✓✓	✓✓✓✓
Best Cost Country Sourcing	✓✓	✓✓
Design Cost	✓✓	✓✓✓
Horizon Product Launch		✓✓✓
Goal	5% Material Cost Reduction	

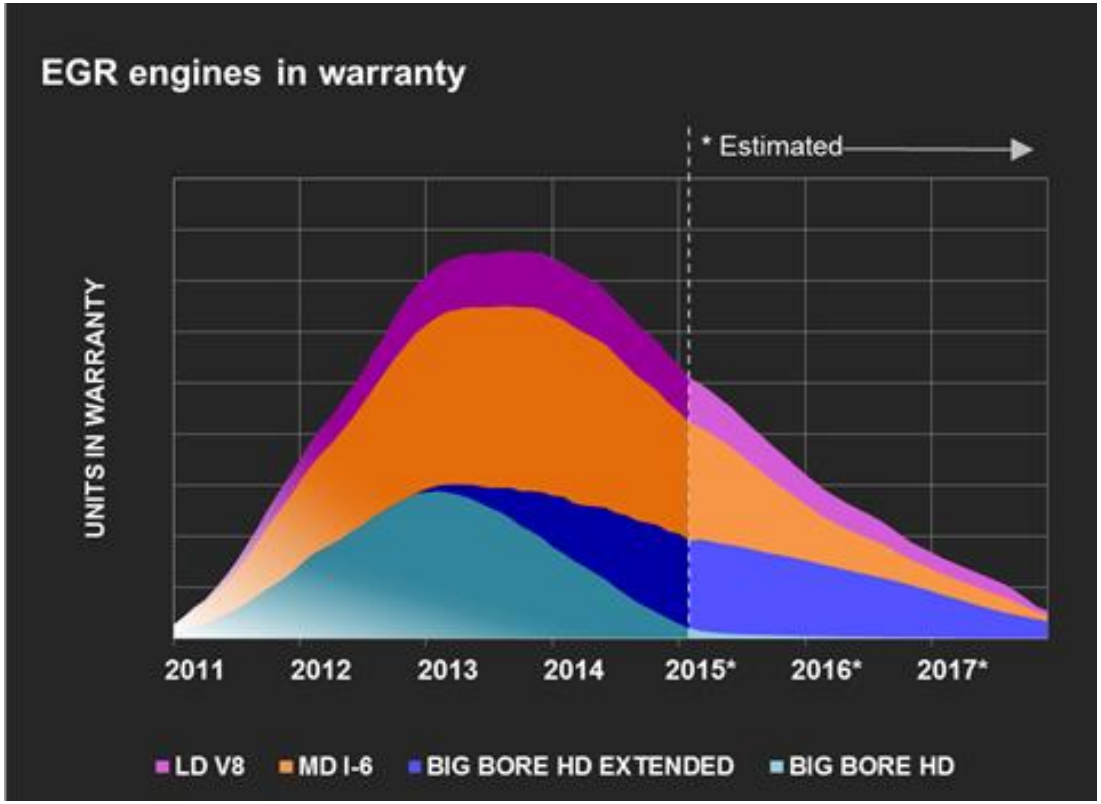
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Quality Continues to Improve



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Past the Peak of Legacy Warranty Issues

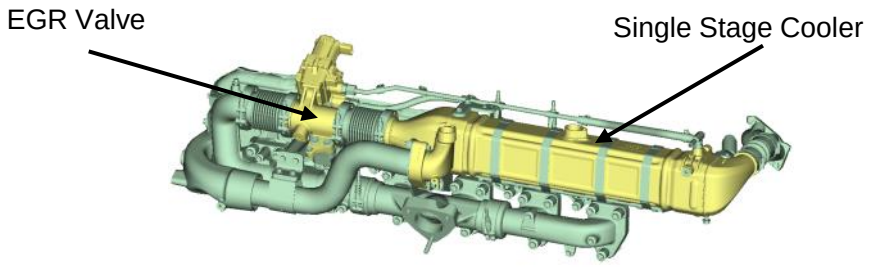


- Population of legacy MaxxForce engines in warranty coverage continues to decline
- Majority of 13L legacy MaxxForce engines out of regular warranty and in extended warranty cycle

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Effective Field Support

Improved Design & New Repair Practices



Dealer Training





High Level of Parts Availability



Strong Field Support

- Improved engineering designs
- Streamlined triage and diagnostics
- Faster and less expensive repair practices
- Extensive dealer training
- Parts availability above 98%

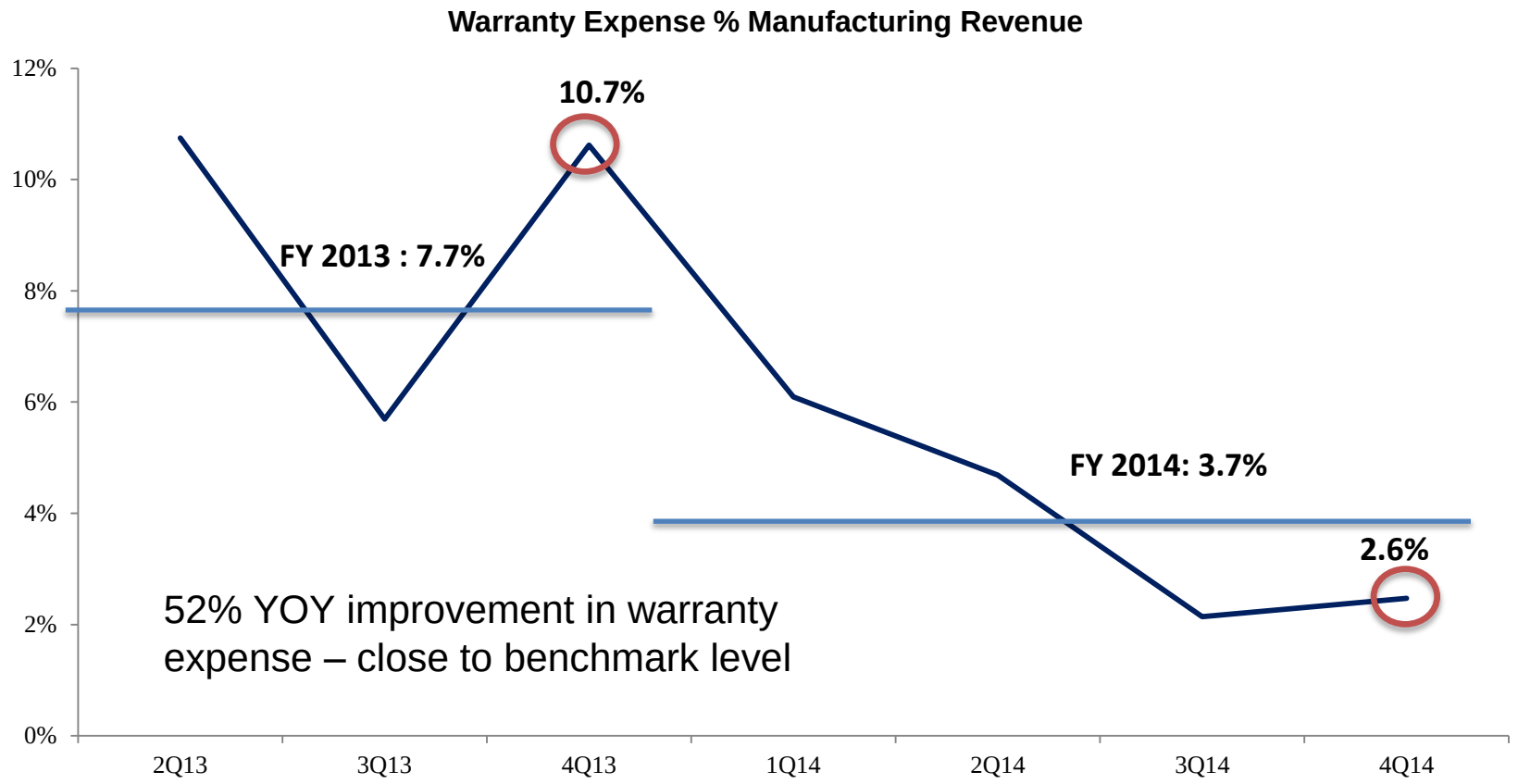
Benefits

- Rapid resolution and lower dwell time translate into better uptime
- Reduced cost per repair
- Positive impact on warranty expense

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Warranty Now in a Competitive Range

Major Improvement in Warranty Expense



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Commitment to Drive Continuous Improvement

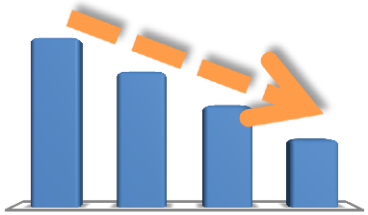
IT'S UPTIME AT

IT'S UPTIME AT

Excellence in Operations



Best-in-Class Integration



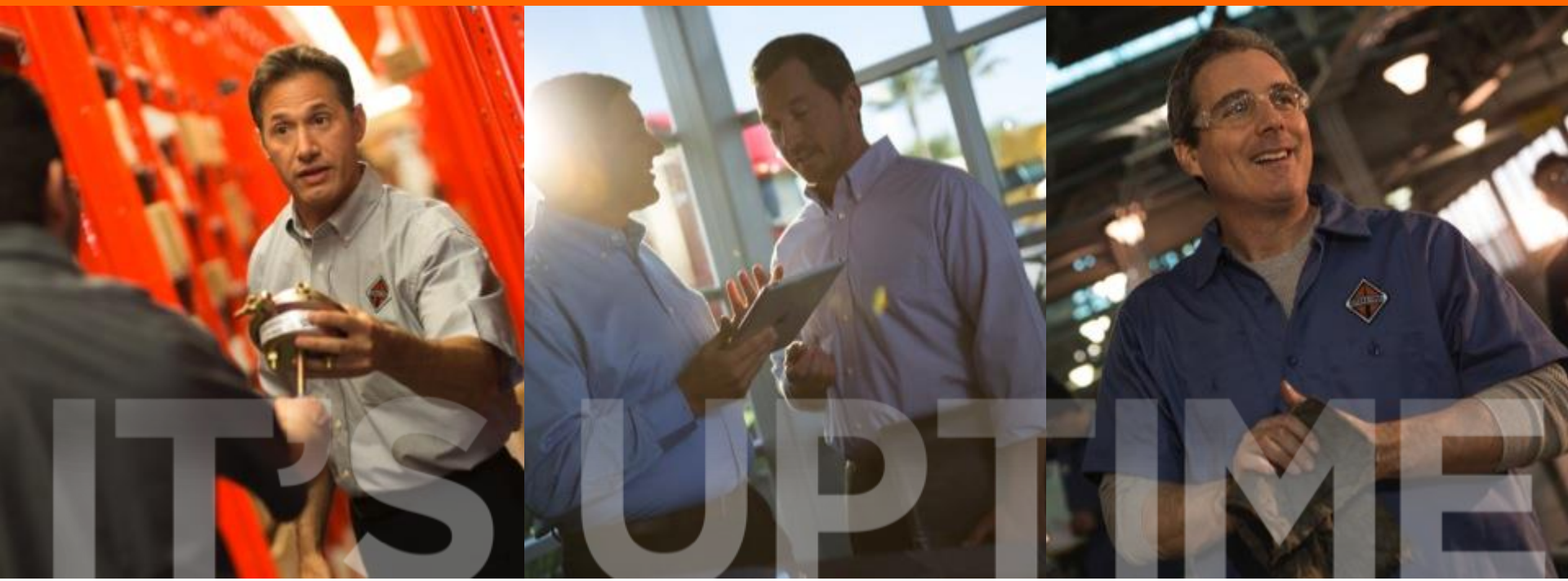
Cost



Quality

One Team **One Place** **One Vision** **One Goal**

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PRODUCT DEVELOPMENT — DENNY MOONEY
FEBRUARY 4, 2015

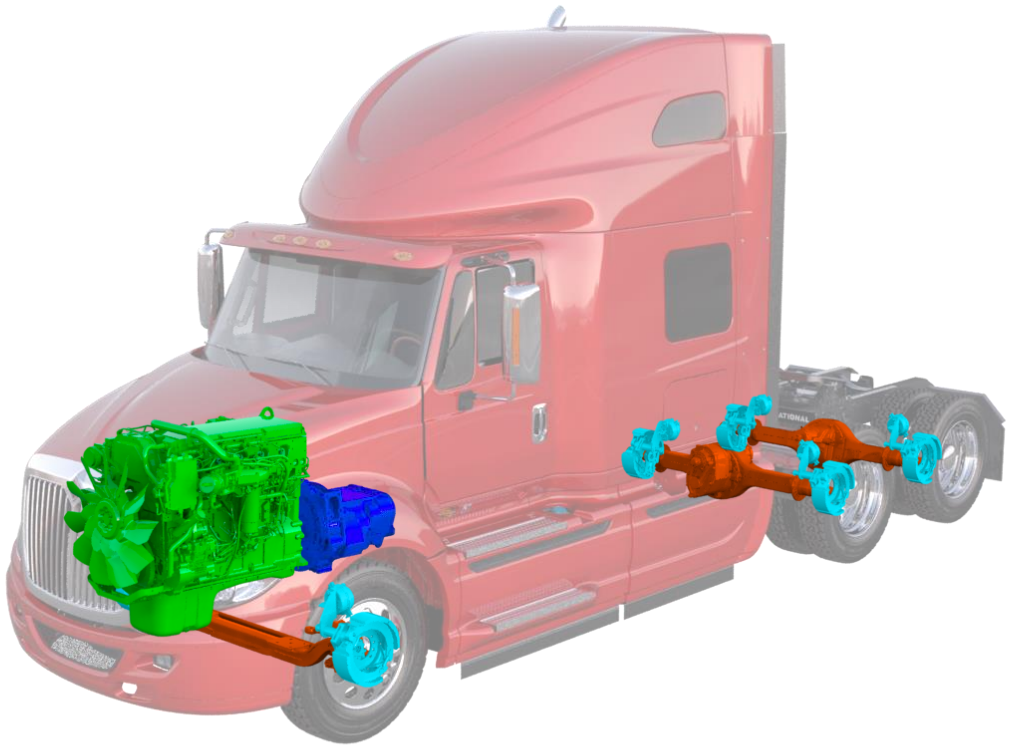
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AGENDA:

- Strategy
- Technology
- Going Forward

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- **Leverage Leading-Edge Global Suppliers and Partners**
  - Helps Deliver:
    - *Uptime*
    - *Fuel Economy*
    - *Weight Efficiency*
    - *Safety*
    - *Cost*
- **Best Technology**
- **Customer Choice**



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Navistar Strategy to Leverage Best Global Suppliers

- **Integrated Engineering**
- **Fast to Market**

Cummins Westport

PSI Power Solutions International

Meritor

Dana

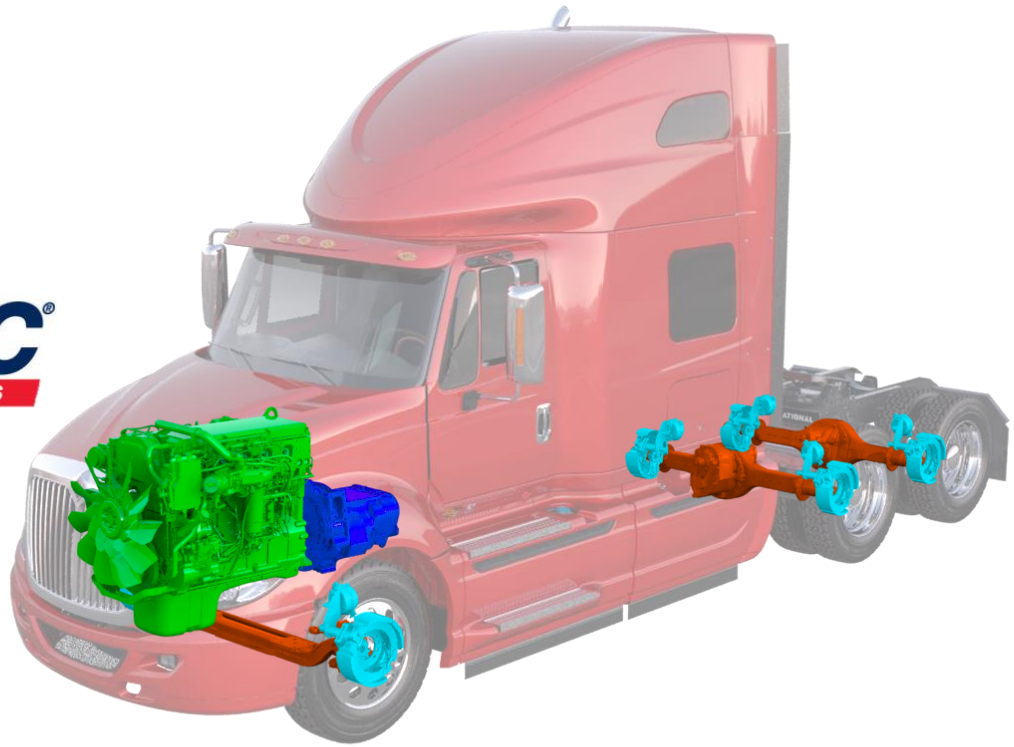
Allison Transmission

Eaton

Tremec Transmissions

Meritor WABCO

Bendix



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Integration: Engine Strategy

IT'S UPTIME AT

		Class 8 Heavy-Duty On-Highway				Class 8 Severe Service		6/7 Medium		
Supplier Partner	**Engine Model**	**Pro Star**	**Lone Star**	**9900i**	**Tran Star**	**Pay Star**	**Work Star**	**Dura Star**	**School Bus**	**Global/ Other**
Cummins	**ISX-15**	✓	✓	✓		✓				✓
	ISB-6.7						✓	✓	✓	✓
	ISL-G				✓					
MAN	**Navistar N13**	✓			✓	✓	✓			✓
	Navistar N10						✓	✓		✓
	Navistar N9							✓		
PSI	**Propane 8.8L**								✓	

- ***Leverage MWM (South America) and JAC (China JV) for light- and medium-duty engines***
- ***Customer Choice and Leading-Edge Technology***

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Integration: Transmissions

IT'S UPTIME AT

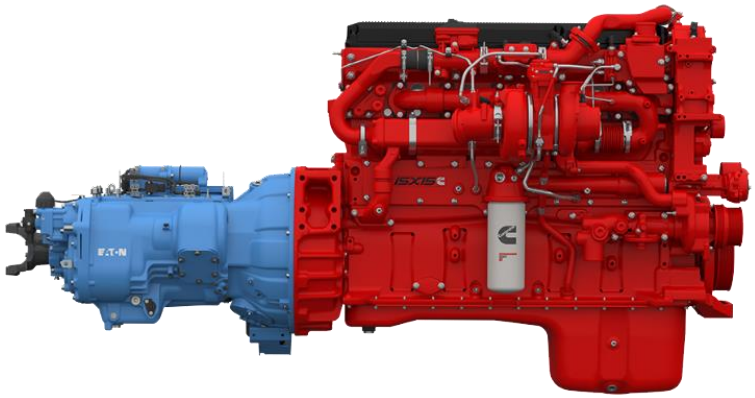
		Manual				Automated Manual						Torque Convert	
Supplier Partner	**Engine Model**	**Eaton FR**	**Eaton FAS**	**Tremec TR**	**Eaton RT**	**Eaton US**	**Eaton US-2**	**EC SA**	**Eaton OEM**	**DD12**	**iShift**	**4000 Series**	**TC-10**
International	Navistar	✓	✓	✓	✓	✓	✓		✓			✓	✓
	Cummins	✓	✓	✓	✓	✓	✓	✓					
Freightliner	Detroit	✓	✓		✓	✓				✓		✓	
	Cummins	✓	✓		✓	✓		✓				✓	
Kenworth	DAF	✓	✓		✓	✓	✓		✓				
	Cummins	✓	✓		✓	✓	✓	✓					
Peterbilt	DAF	✓	✓		✓	✓	✓		✓				
	Cummins	✓	✓		✓	✓	✓	✓					
Volvo	Volvo	✓	✓		✓	✓					✓		
	Cummins	✓	✓		✓	✓		✓					

Broadest range of heavy-duty transmission offerings in the industry

- ***Customer Choice***

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International ProStar

– *Most Aerodynamic Class 8 Tractor in the Industry*

Introduced Eaton-Cummins SmartAdvantage AMT

– *First-to-Market*

– *Outstanding Fuel Economy*

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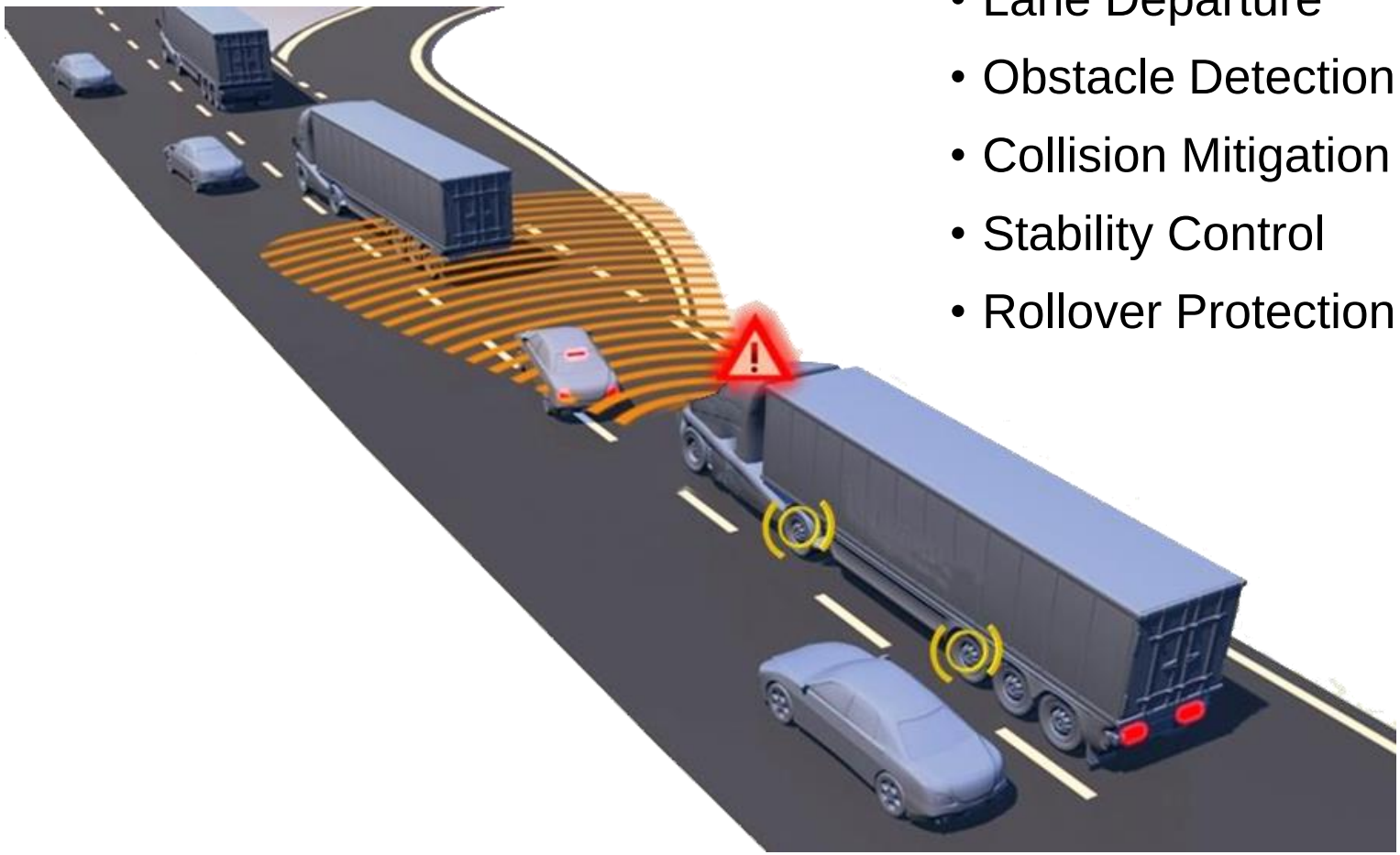


Allison TC-10

- *Efficient Fully-Automatic Transmission for Heavy-Duty*
- *First-to-Market*

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Integration: Next Generation Safety Technologies



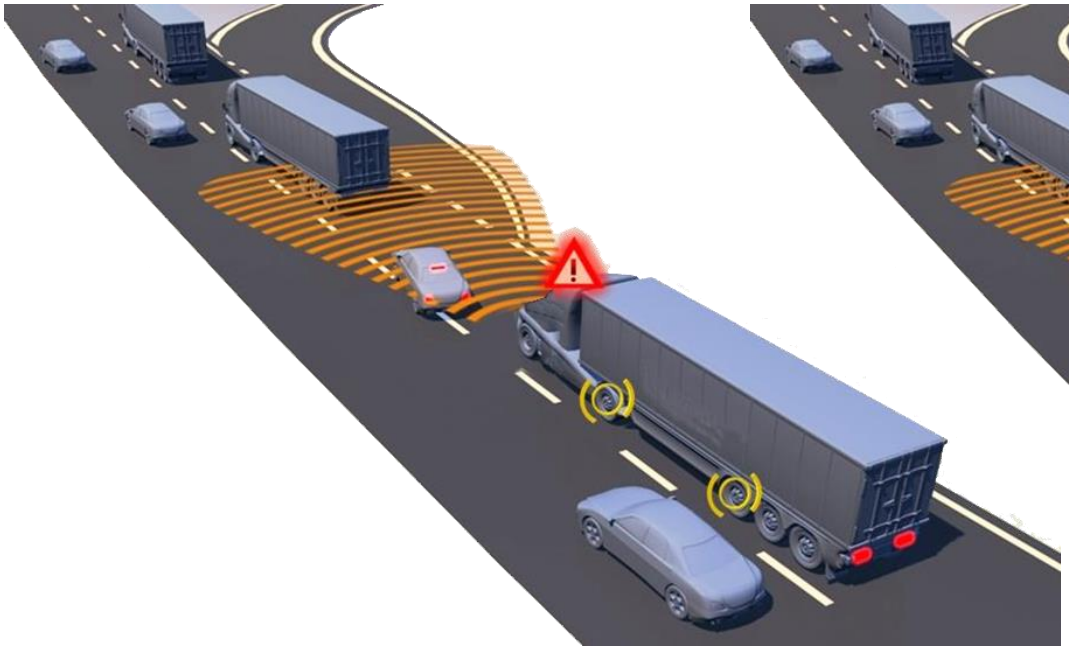
Safety Technologies

- Lane Departure
- Obstacle Detection
- Collision Mitigation
- Stability Control
- Rollover Protection

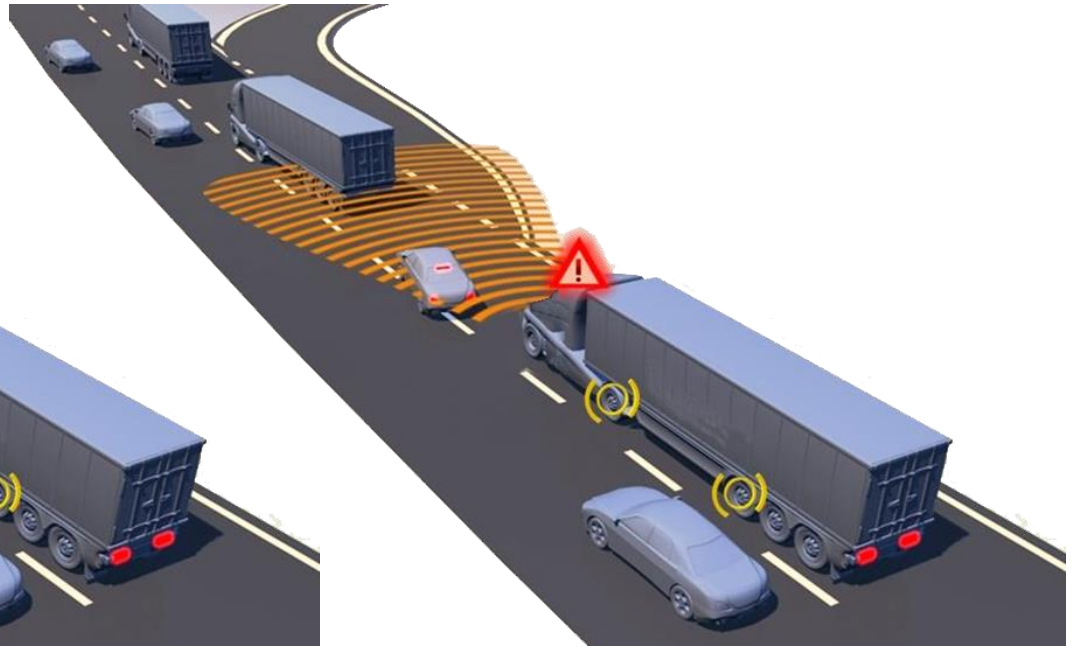
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Customer Choice

MERITOR
WABCO



Bendix



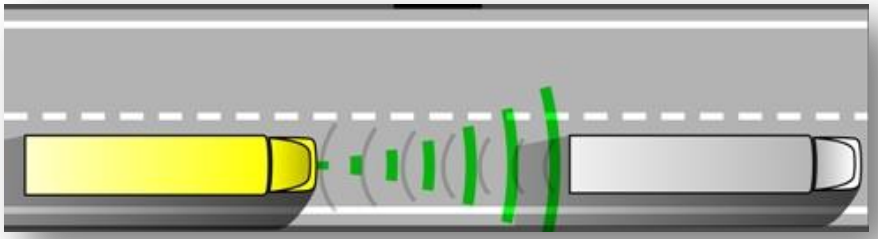
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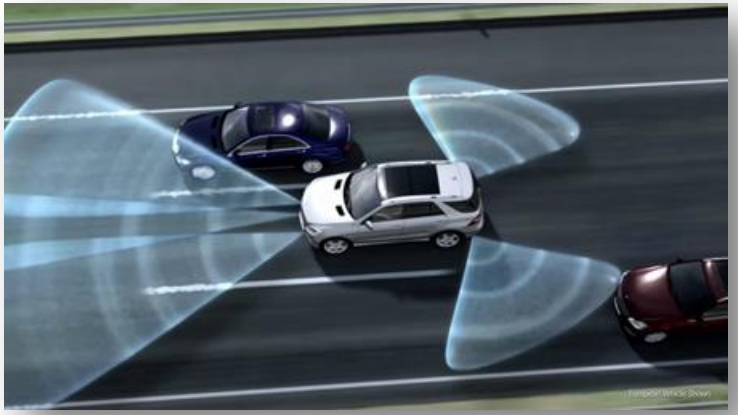
Integration: Next Generation Safety Technologies



Bendix

- **State-of-the-Art Next Generational Active Safety System**
  - *First-to-Market*
  - *Merges camera, radar and brake technologies*



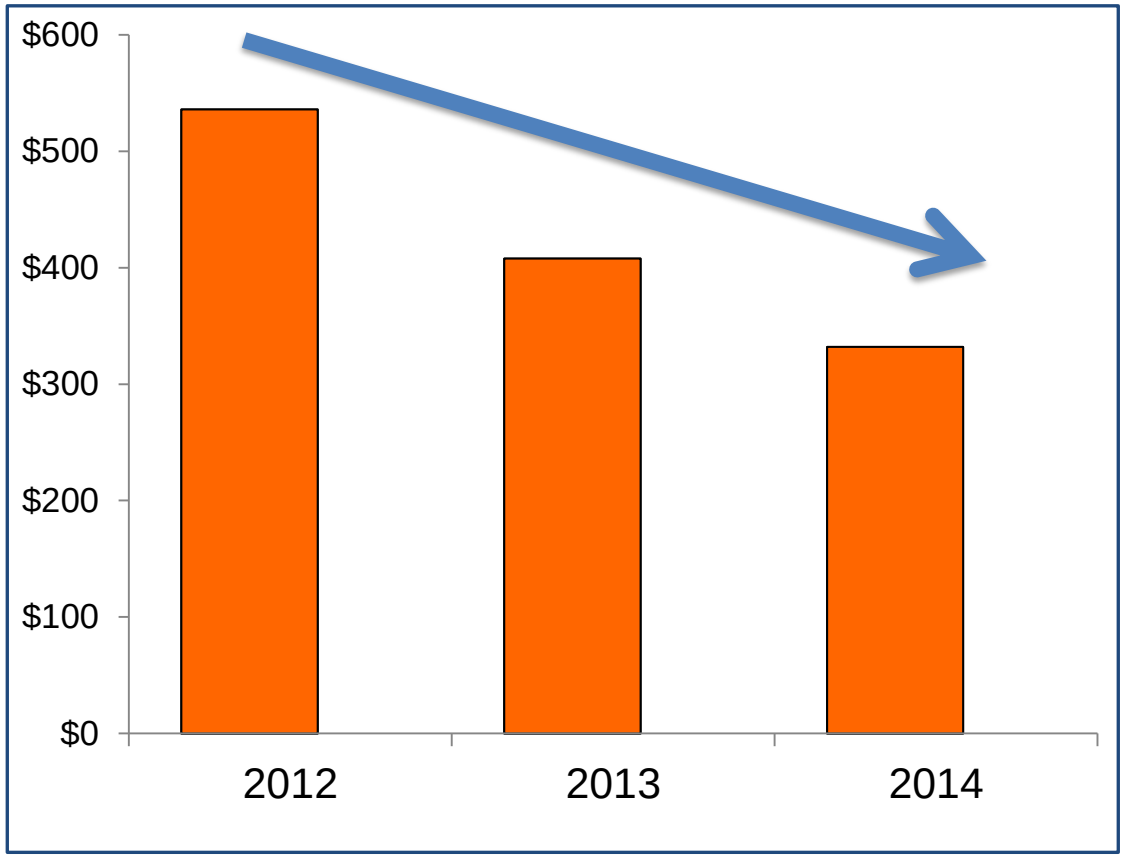


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- **Seamless Integration with Major Suppliers**
- **Speed to Market**
- **Latest Technology**
- **Customer Choice**

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Product Development Efficiency



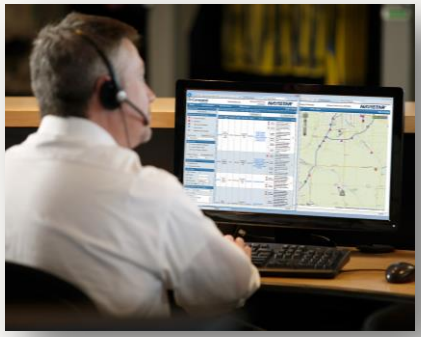
- Consolidated Engine and Truck Engineering
- Reduced Spend by more than $200M
- Conversion from EGR to SCR
- ISX/ISB
- Uptime

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DATA
CAD Simulation



CUSTOMER
Customer Usage
Data Connection



OnCommand™ Connection

- **Leverage OnCommand Connection for Rapid Feedback**
- **State-of-the-Art CAD Simulation**
- **Deliver Uptime**

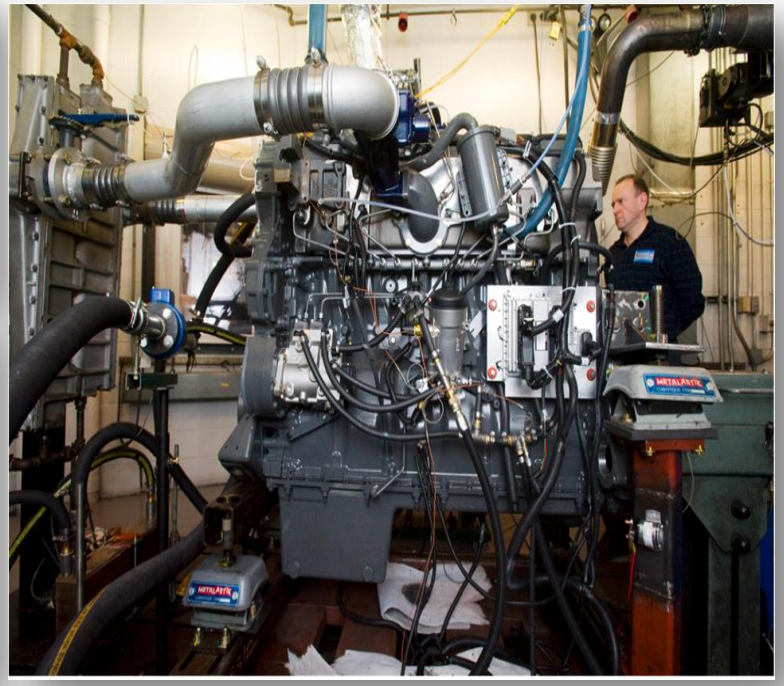
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Proven Test & Validation Capabilities: Uptime









During the last two years:

- Built 200 validation vehicles and engines
- Ran more than 11 million equivalent miles on dynos

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Extensive Field Testing: Uptime



Cold/Ice Road



Special Track Cycles



Dusty/Off Road



Altitude/Grades



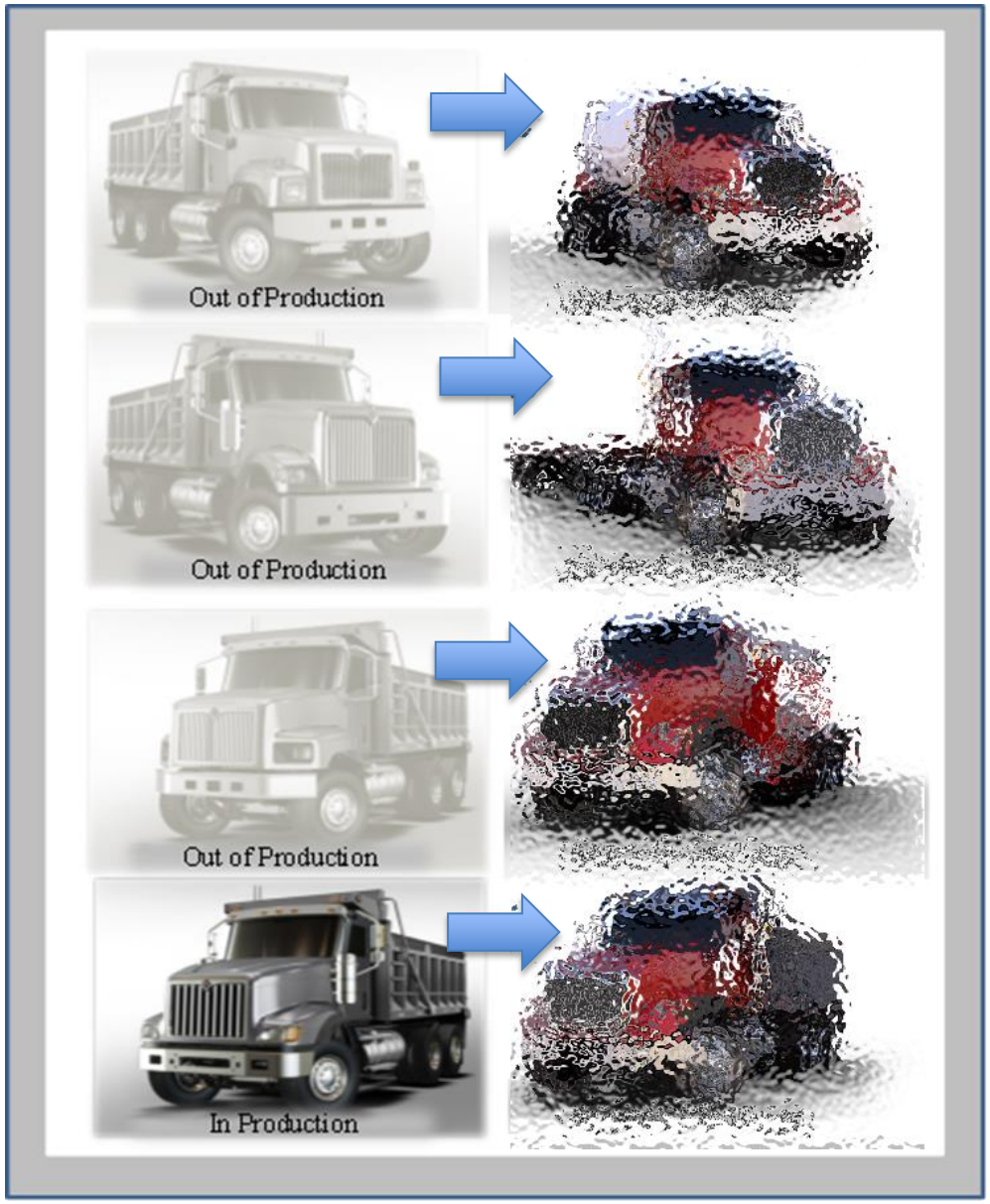
Salt/Humidity

During the last two years:

- More than 15 million miles of field testing
- Many loads, applications and environmental conditions

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Next Generation Products: Premium Vocational

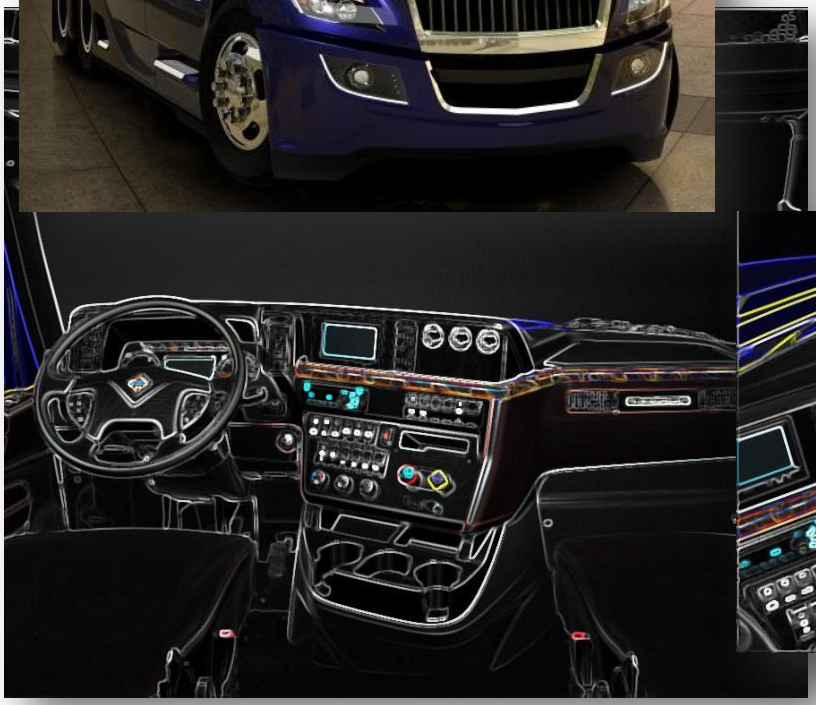


- Strong reputation
- Reliable, durable chassis
- Big power applications
  - Cement Mixers
  - Oil Field
  - Specialized
  - Heavy-Haul

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Next Generation Products: Horizon Platform





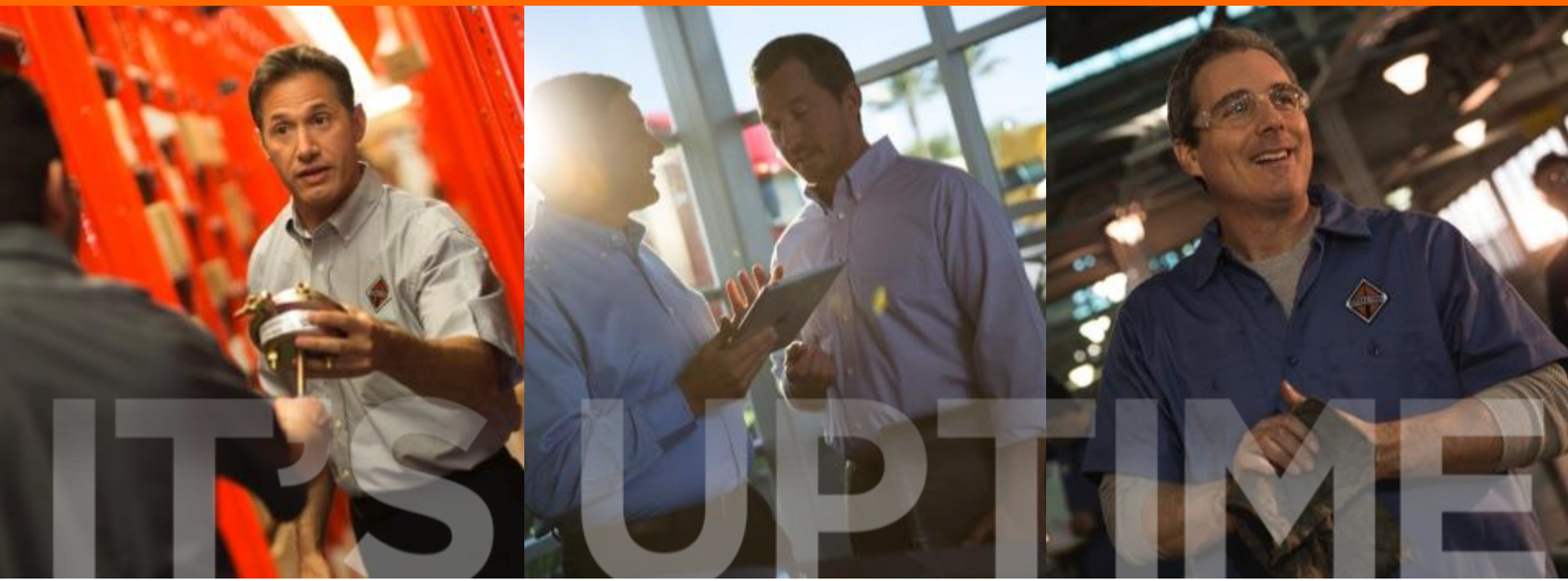


- Aerodynamics
- Fuel Efficiency
- Flexible Interiors
  - *USB Ports/Connectivity*
  - *Latest Telematics Equipment*
  - *Personal Communication Devices*

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- **Doing Things Differently**
- **Demonstrated Results**
  - Uptime and Fuel Economy
- **Leveraging Global Supplier and Partners**
  - Leading-Edge Technology
  - Customer Choice
- **Full Line of New Products Coming**

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2015 ANALYST DAY
FEBRUARY 4TH, 2015

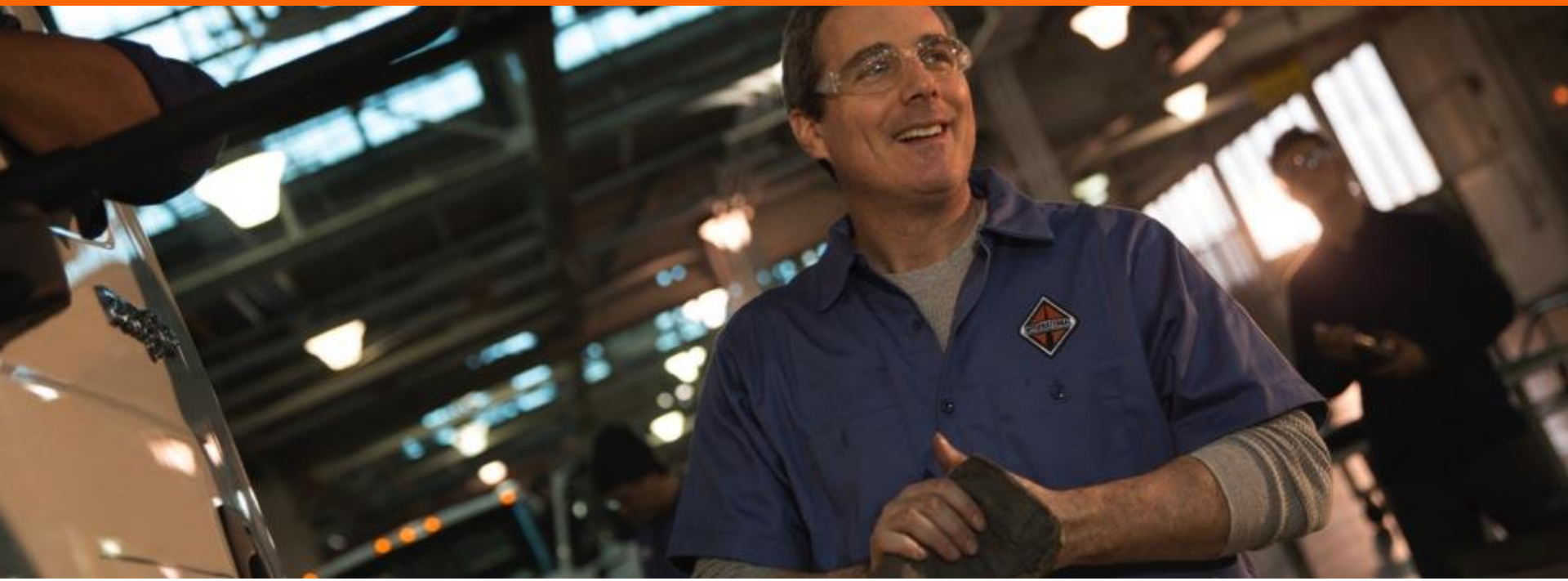
WALTER BORST
CHIEF FINANCIAL OFFICER

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Agenda

- **2013 – 2014: Drive to Deliver Progress**
- **2015: Achieving Near-Term Earnings Growth**
- **2017 and Beyond: Solidifying Our Place as a Market Leader**

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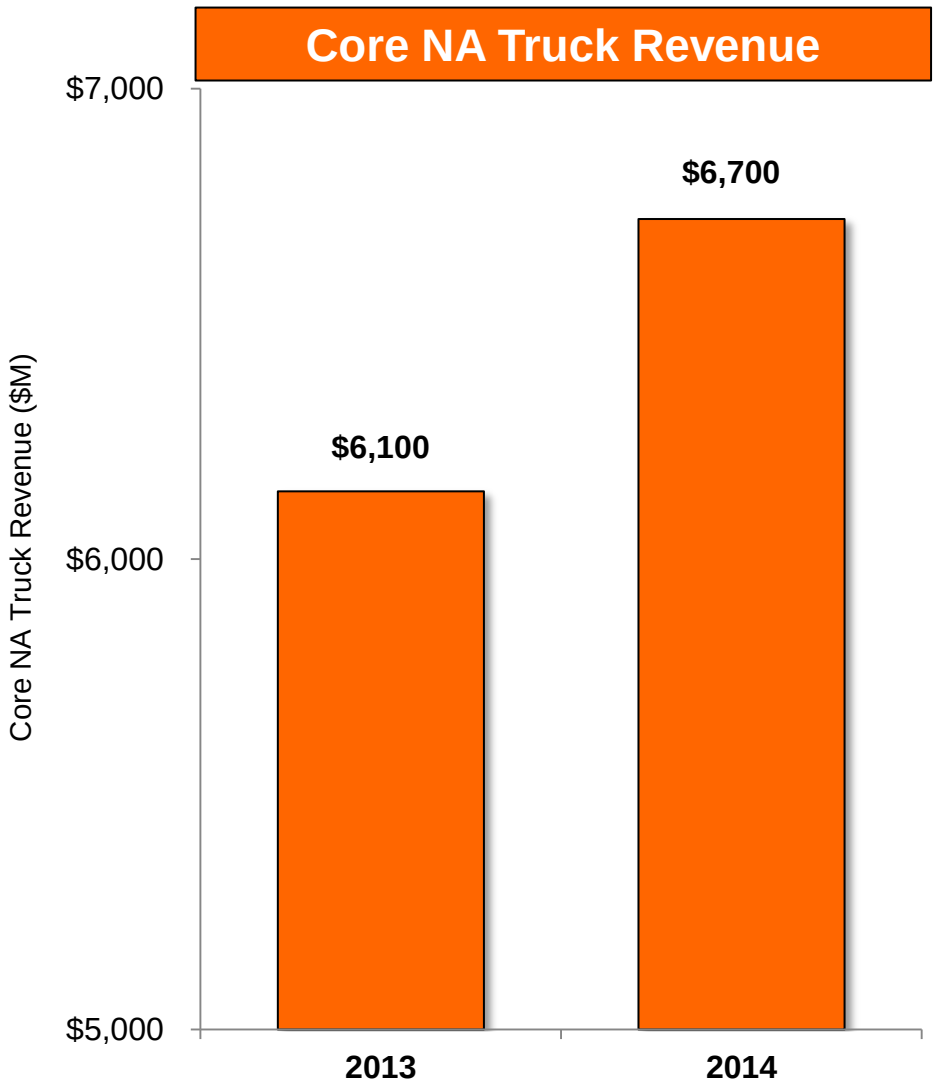


IT'S UPTIME AT

2013 – 2014: DRIVE TO DELIVER

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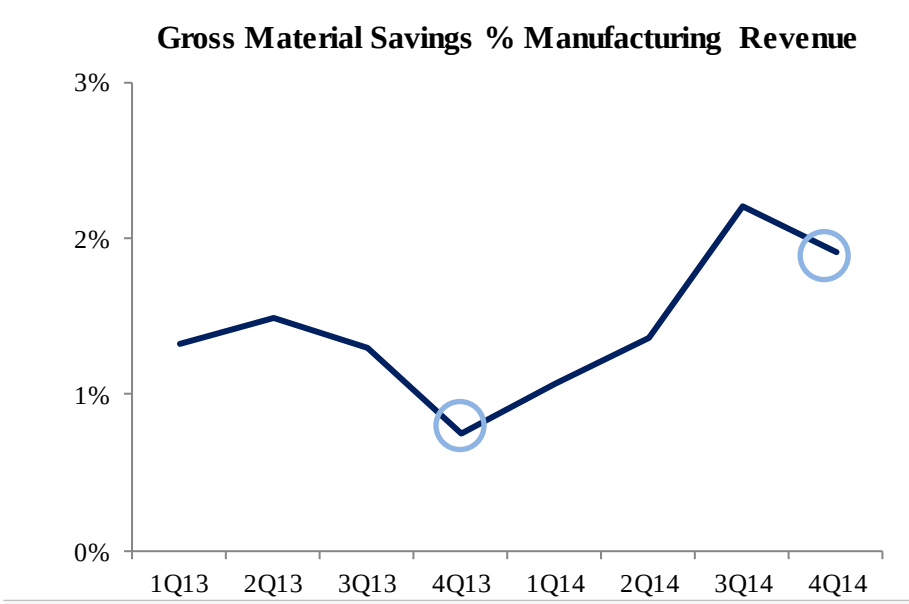
Core North America Truck Revenue Improved ~10% in 2014

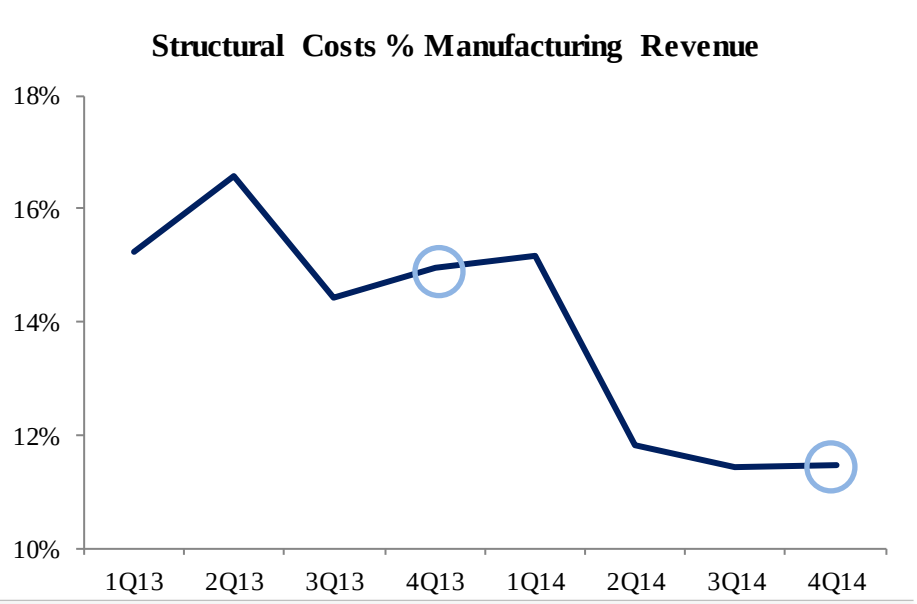


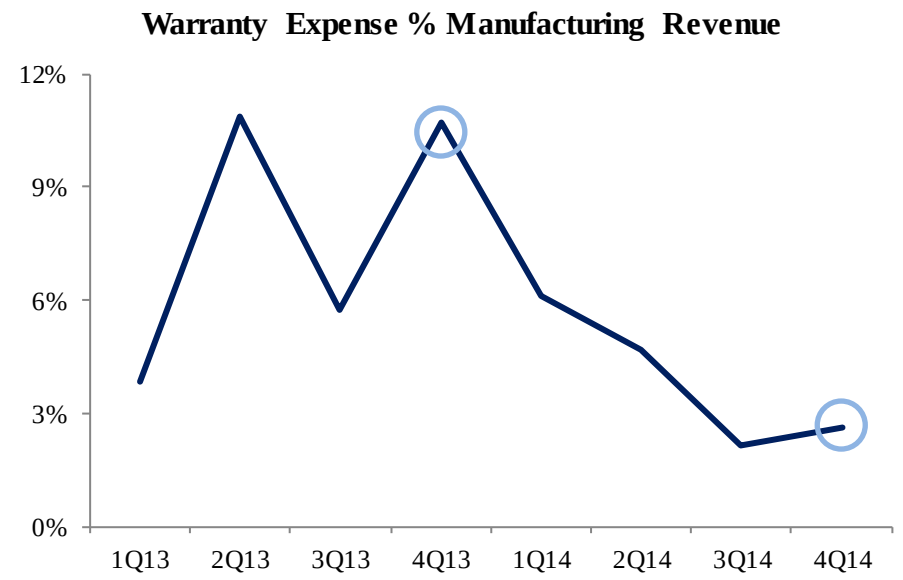
- Core North America revenue increased in 2014 due to a 6,400 unit increase
- 2014 total revenue of $10.8B was flat year-over-year as we experienced lower sales in our Defense and Global businesses year-over-year

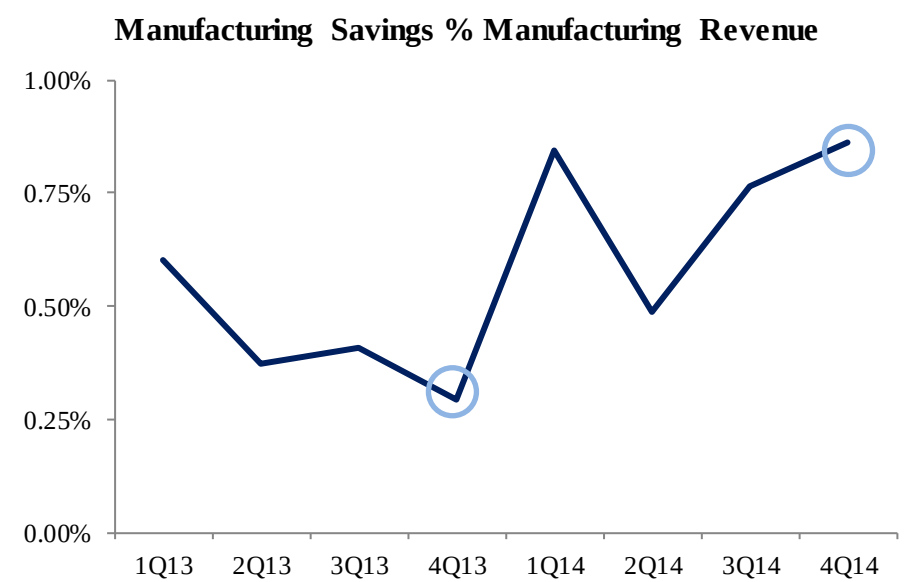
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Cost Improvements Contributed to Increased EBITDA Margins



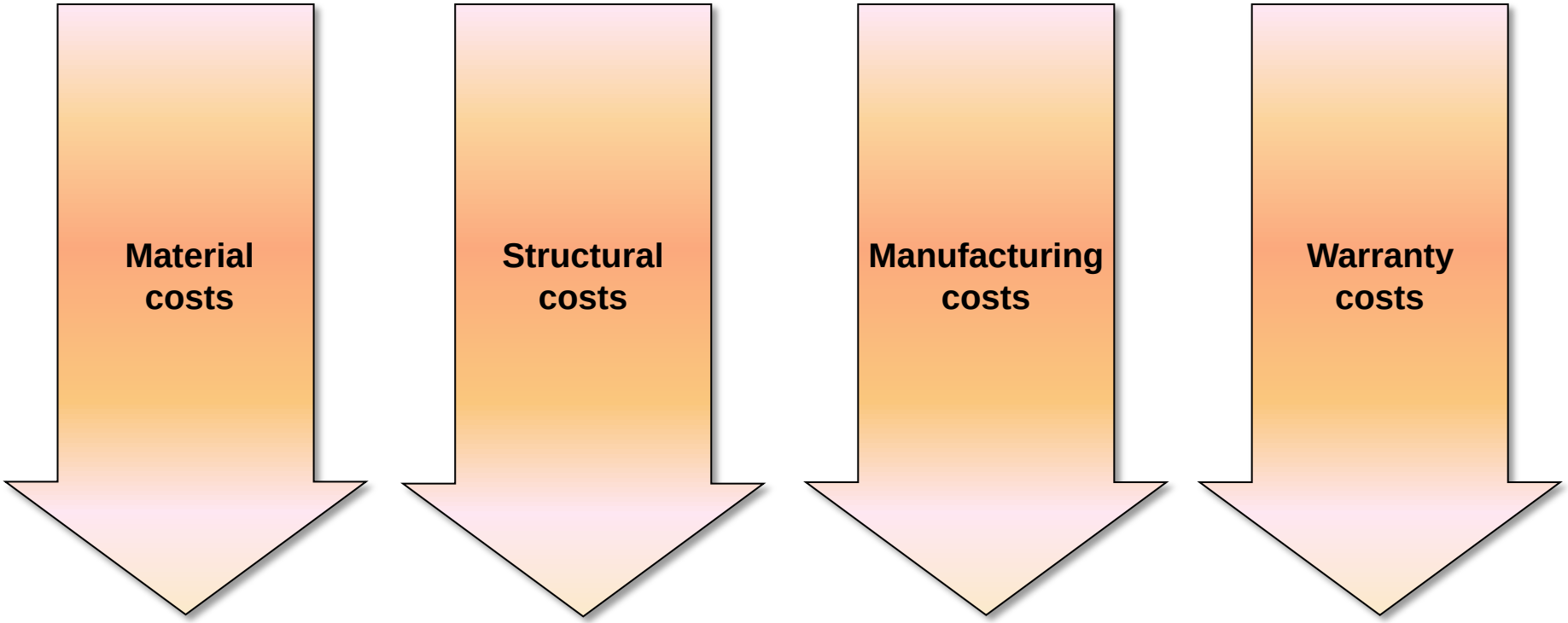






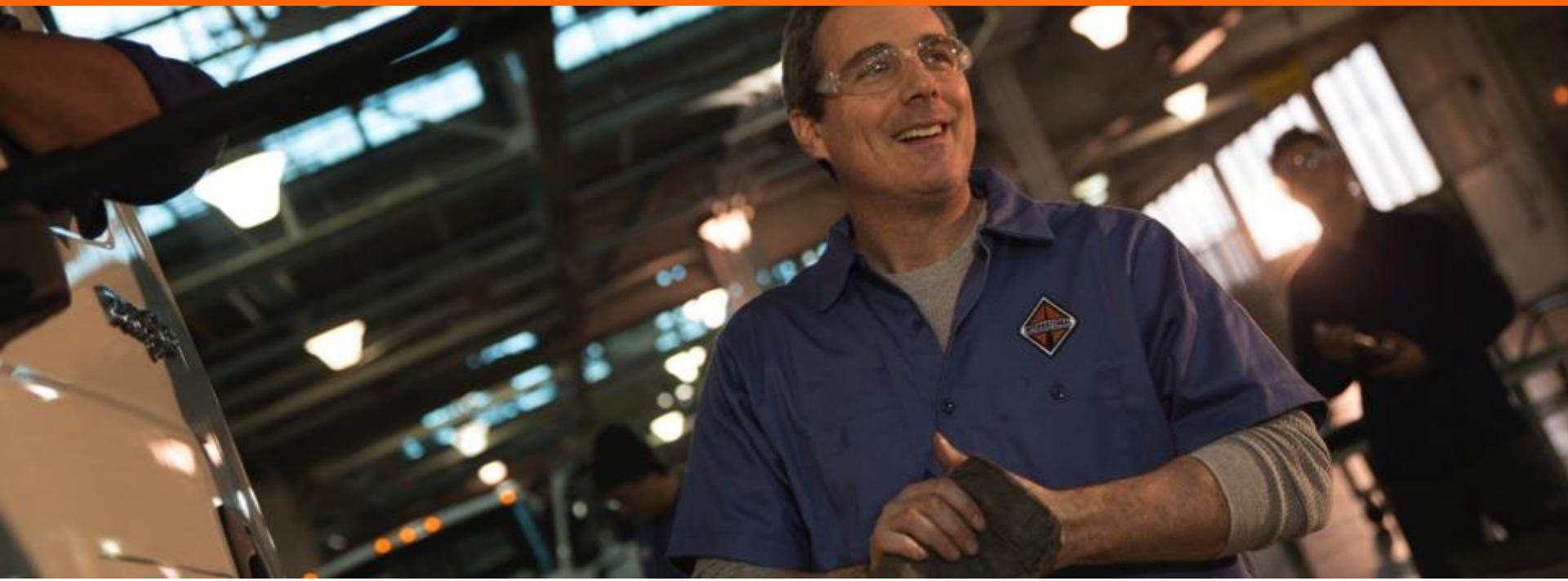
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4 Pronged Cost Approach to Improving Returns



LOWERED BREAK-EVEN POINT BY MORE THAN 50% SINCE 2012

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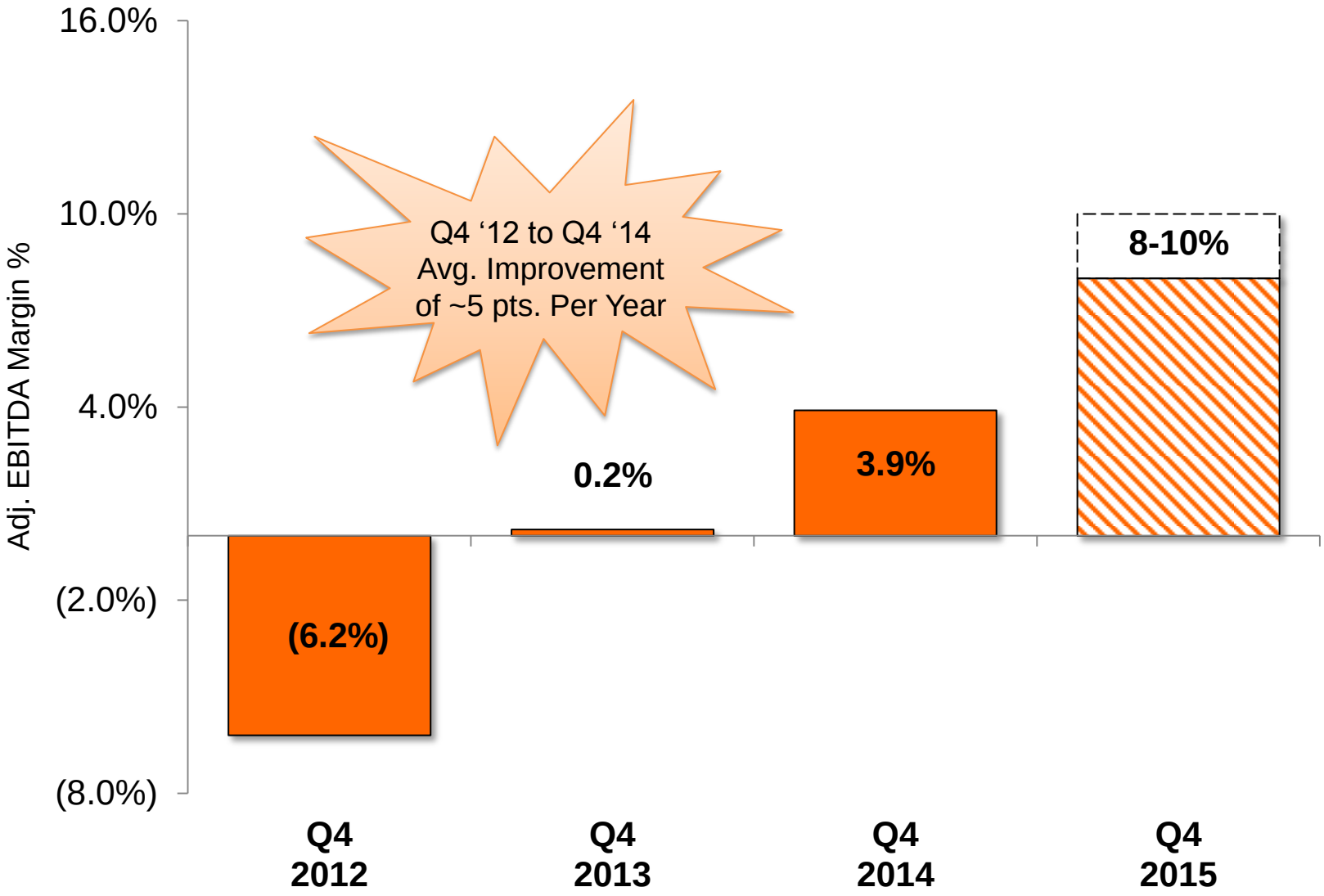


IT'S UPTIME AT

2015: DELIVER NEAR-TERM EARNINGS GROWTH

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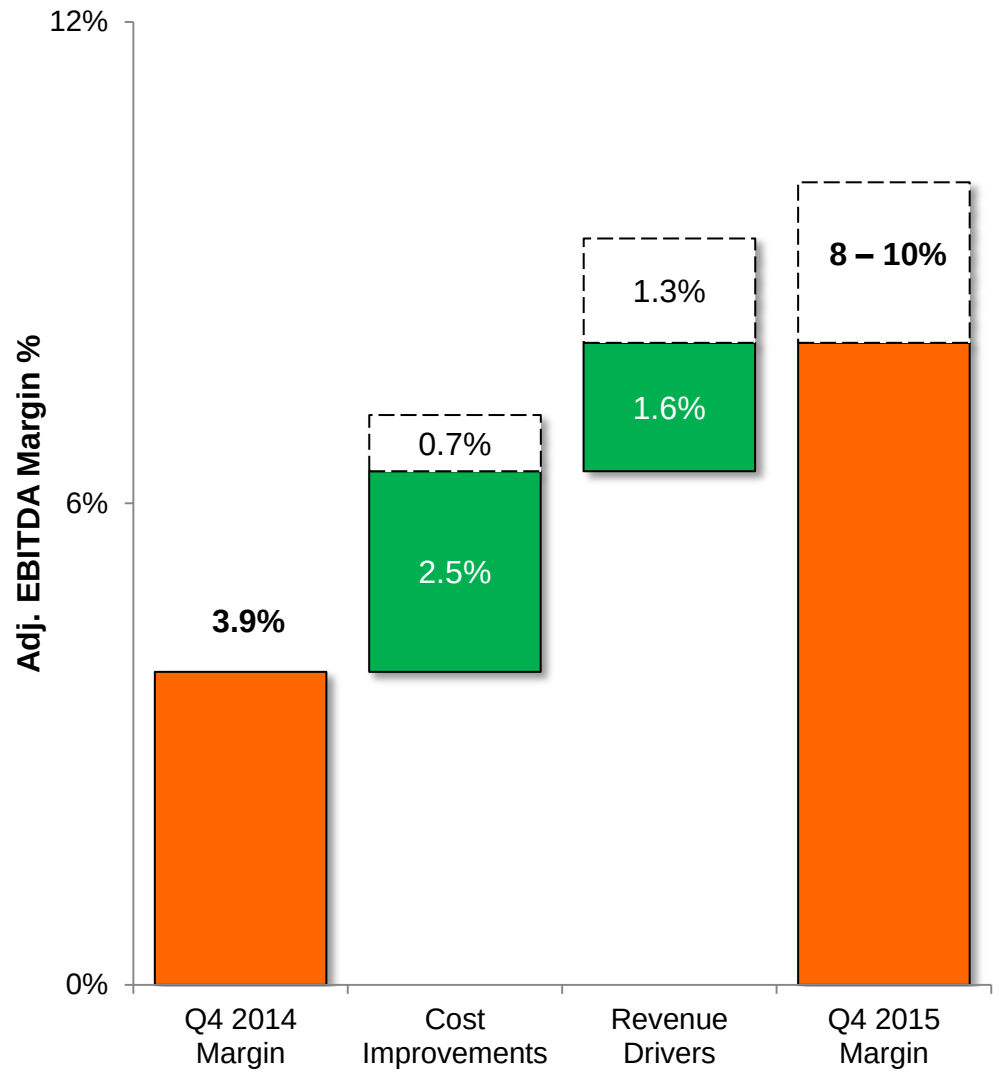
Adjusted EBITDA Margin Exiting 2015 Remains on Track



Note: This slide contains non-GAAP information; please see the REG G in appendix for a detailed reconciliation.

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2015 Q4 Adjusted EBITDA Margin Driven by Combination of Cost and Revenue Improvements

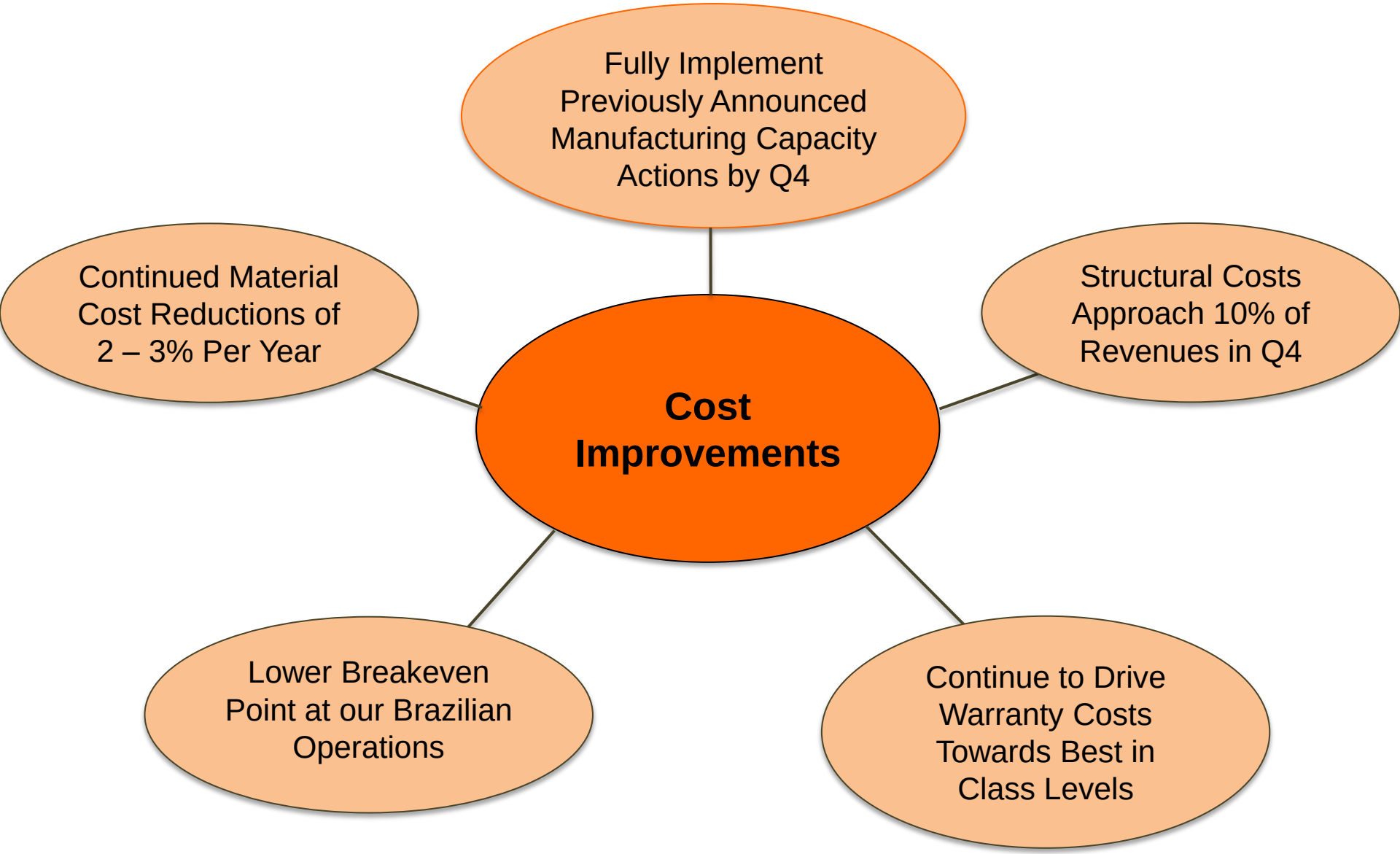


- Solid plans in place to achieve at least 8% adjusted EBITDA margin in Q4 2015
- Cost improvements continue to be significant portion of near-term plans to grow EBITDA
- Upside opportunities exist depending on pace of market share recovery

Note: This slide contains non-GAAP information; please see the REG G in appendix for a detailed reconciliation.

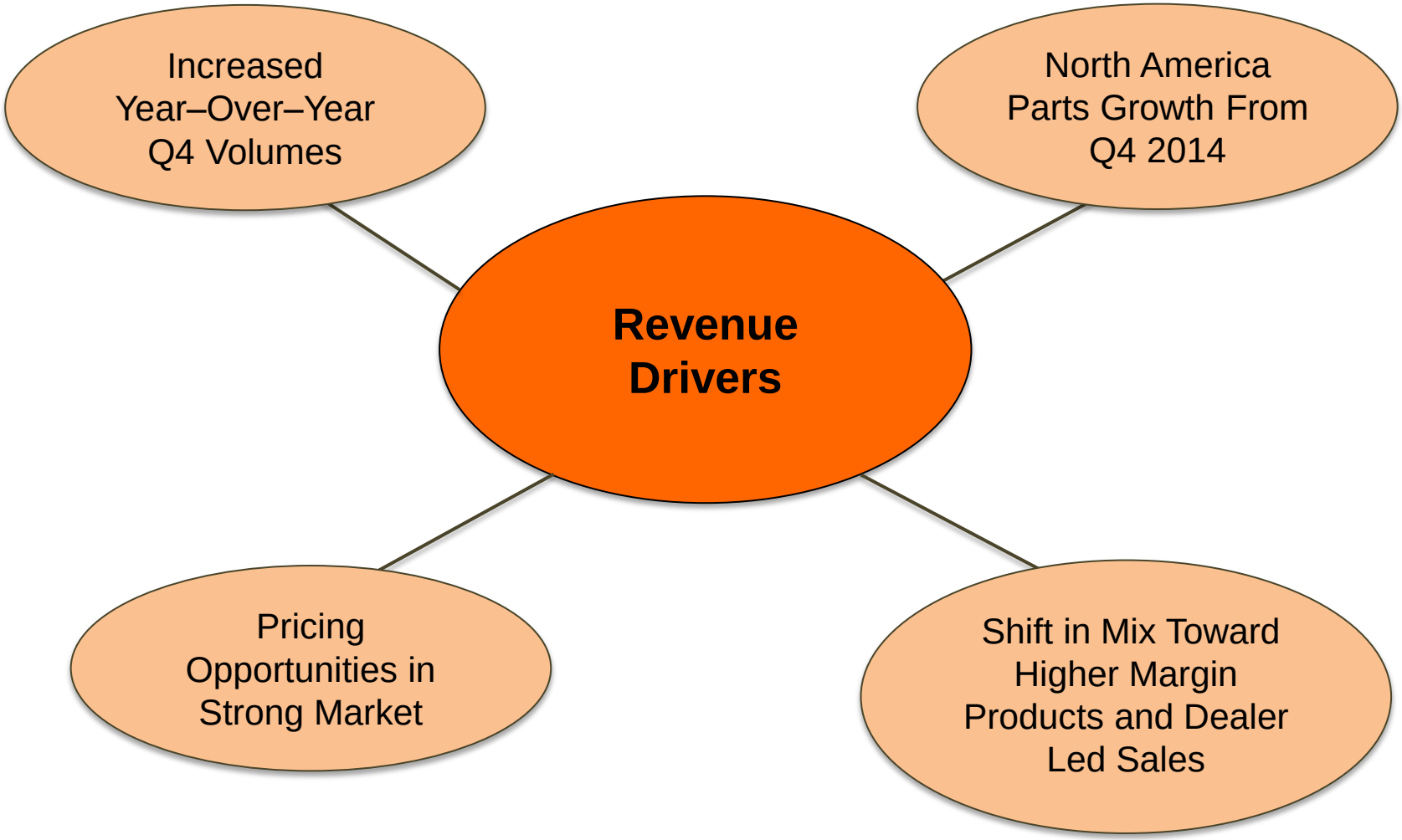
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Continued Cost Improvements will be Significant Portion of Q4 2015 EBITDA Margin Growth



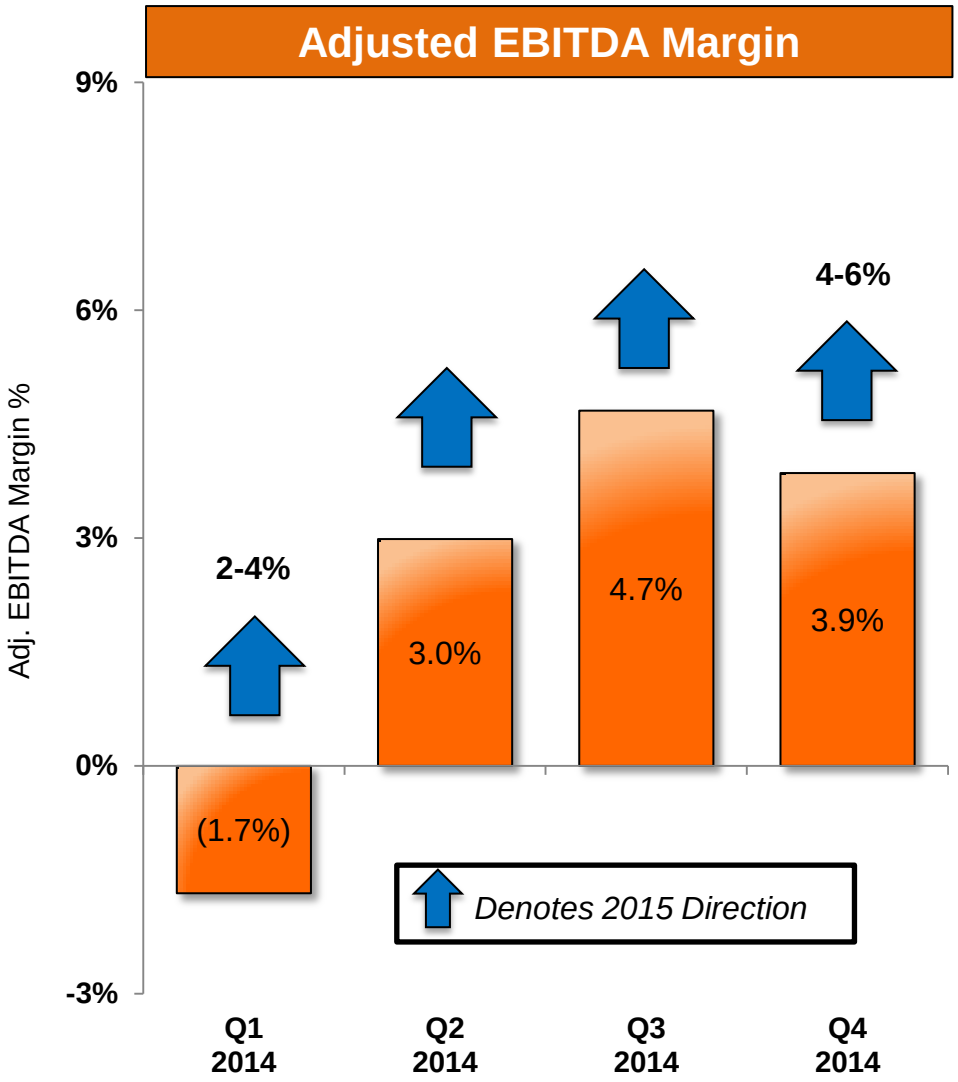
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Revenue Growth Driven by NA Truck and Parts



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Adjusted EBITDA Margins Expected to Improve Each Quarter in 2015 Versus 2014

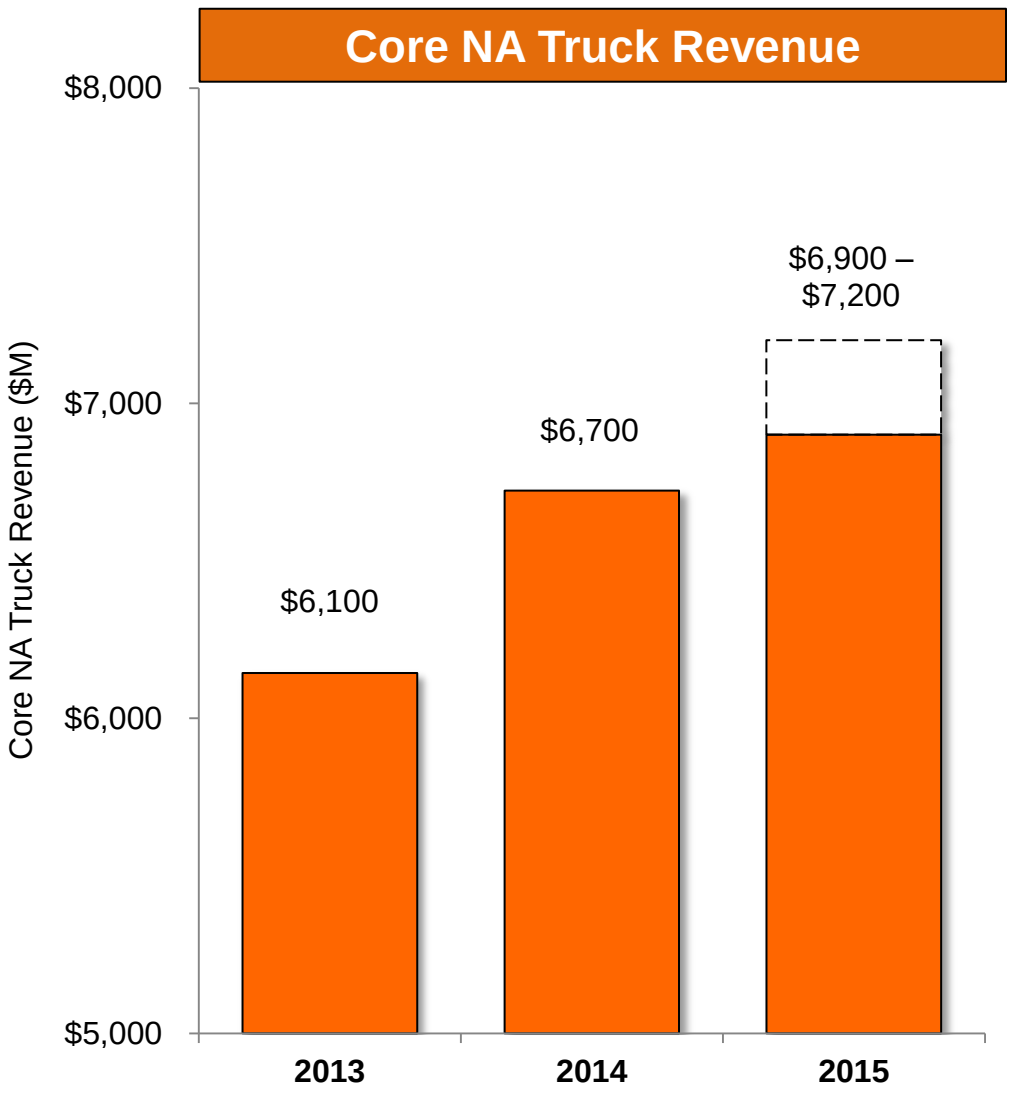


- Q4 exit run rate is based on continued quarter over quarter improvement
- Delivering full year 2015 targets will ensure fiscal year-end goals are met

Note: This slide contains non-GAAP information; please see the REG G in appendix for a detailed reconciliation.

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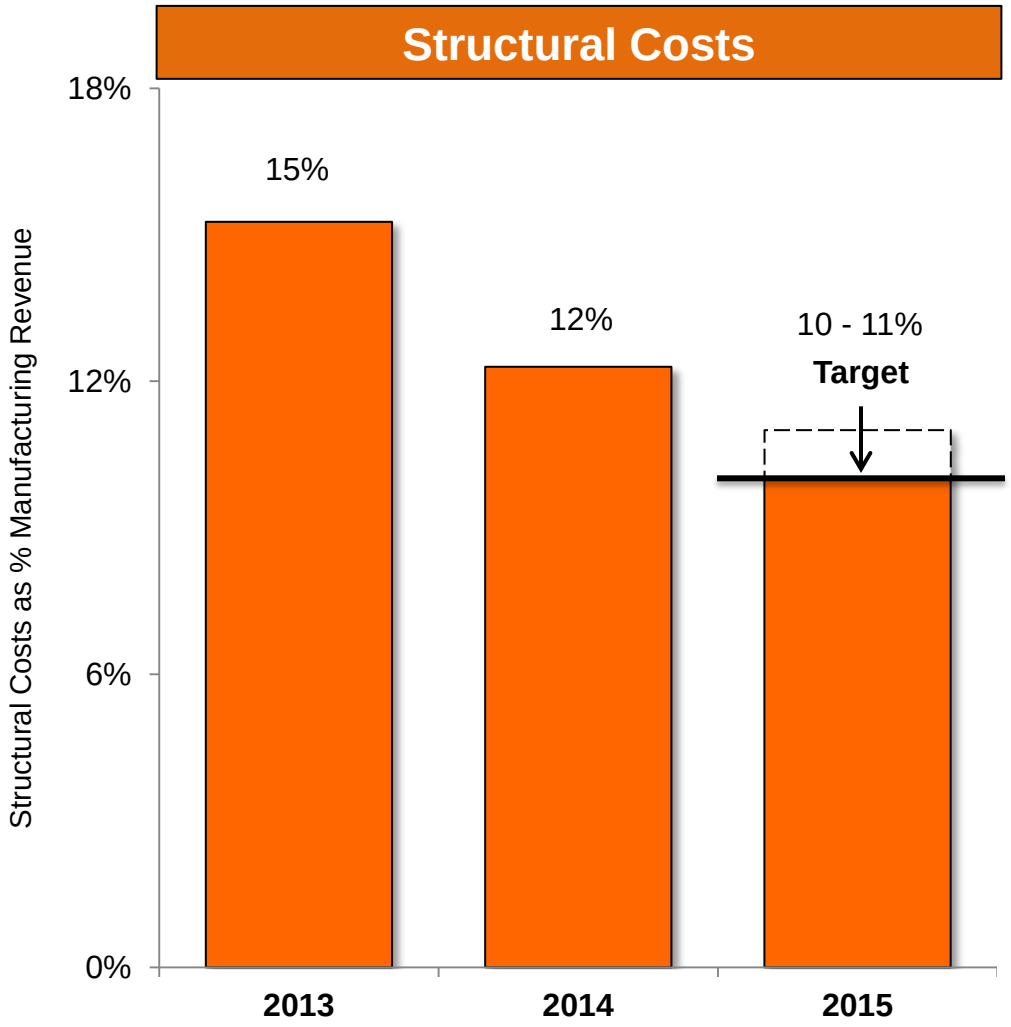
2015 Revenue Expected to Grow Versus 2014



- Core NA Truck revenue expected to increase in conjunction with industry growth and market share gains
- Blue Diamond Truck venture scheduled to wind down this spring
- Not expecting a recovery in Brazil this year

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Focused On Reducing Structural Costs to Less Than 10% Of Revenues

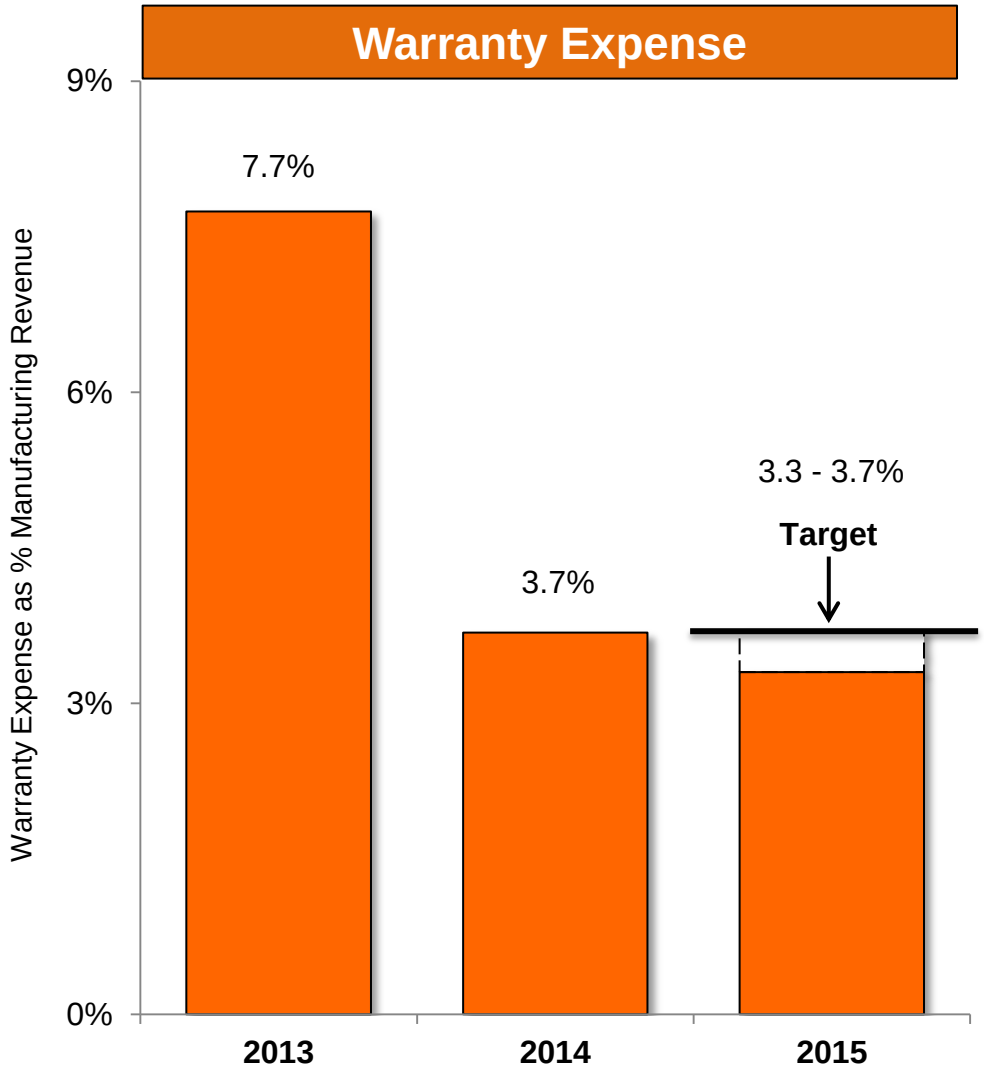


- Intense focus to drive SG&A costs towards industry benchmarks
- Engineering expense projected to decline year-over-year as major engine conversions completed

Note: This slide contains non-GAAP information; please see the REG G in appendix for a detailed reconciliation.

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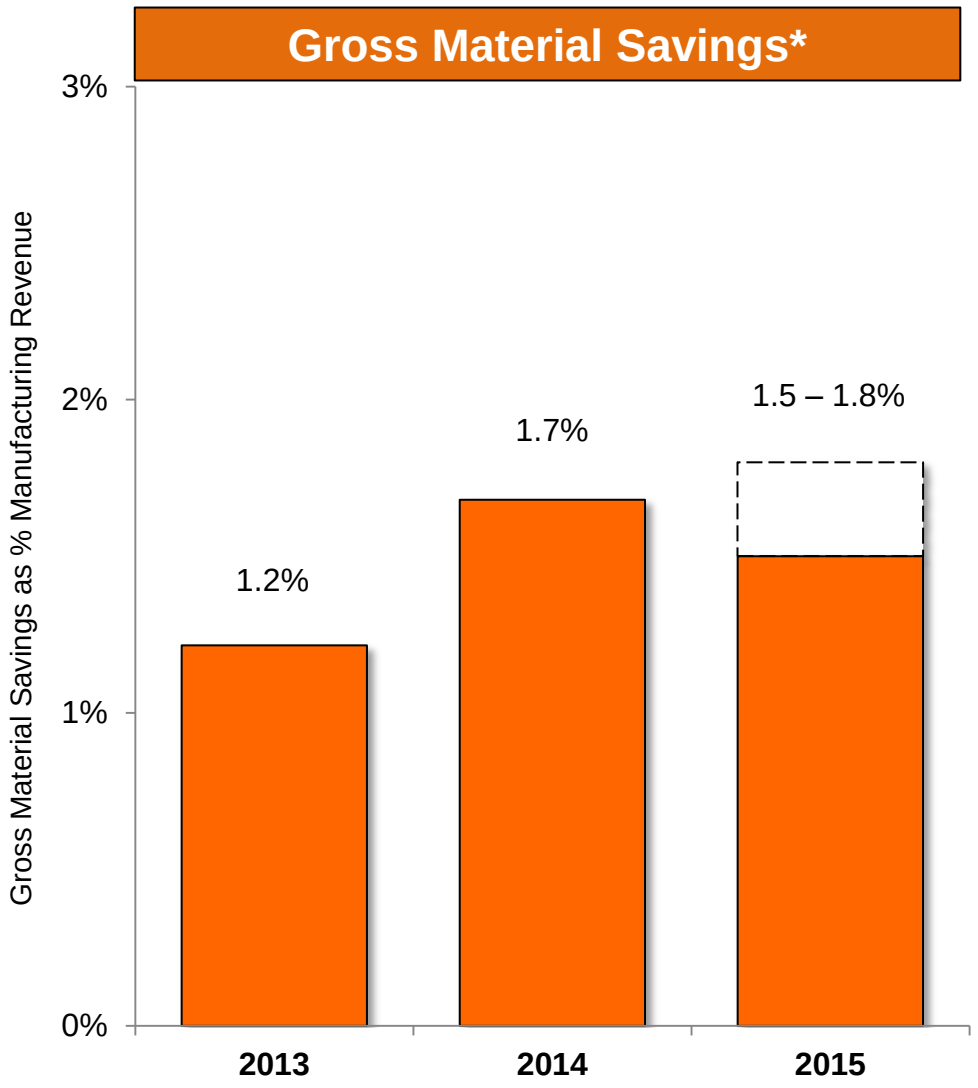
Warranty Expense as Percent of Revenue has Surpassed 3.7% Target and Trending Lower



- 4% point improvement achieved ahead of plan
- Q3 and Q4 2014 run rates demonstrate <3% of revenue doable

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Targeting Material & Logistics Cost Reductions of 5% Over Time



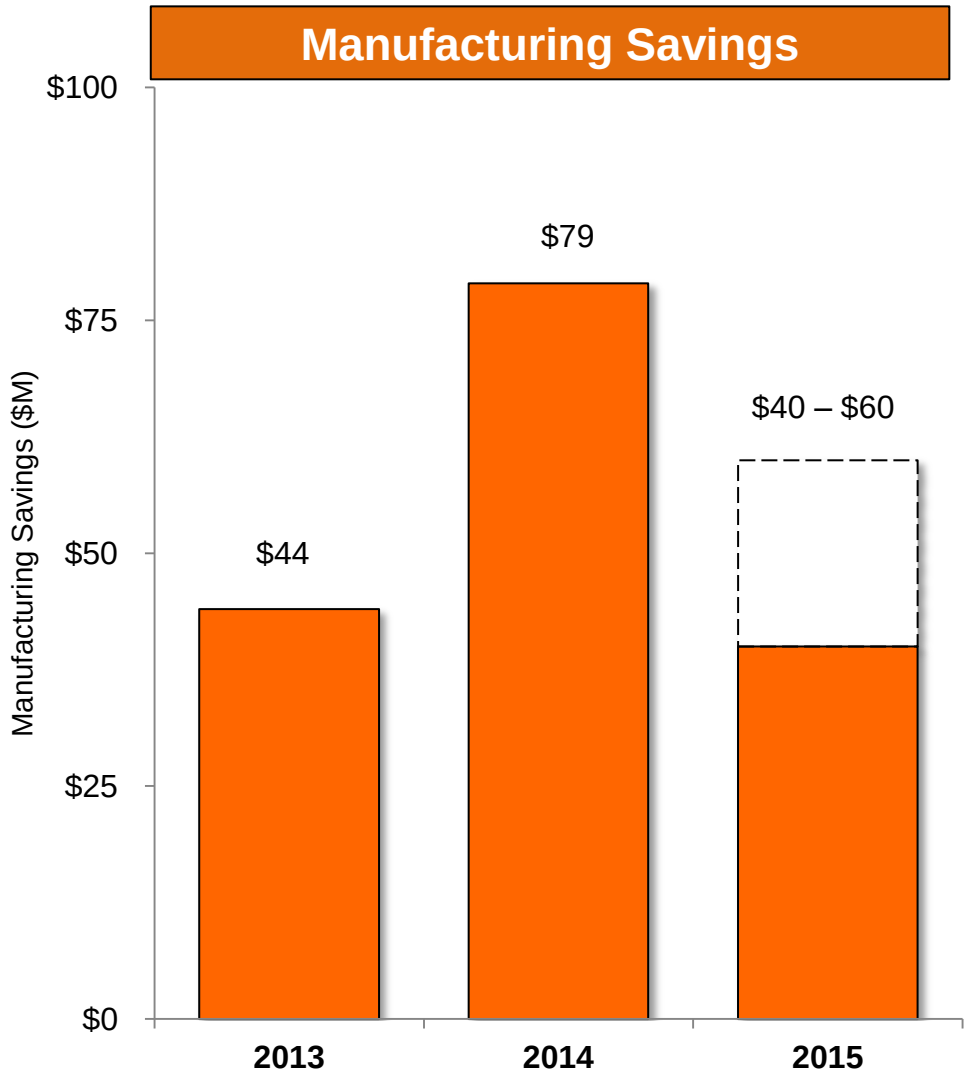
- Material and logistics savings driven by:
  - Design cost reductions
  - Supplier consolidation
  - Make vs. buy studies
  - Logistics optimization
- Product line executive driving material content optimization initiatives

*Excludes incremental SCR costs

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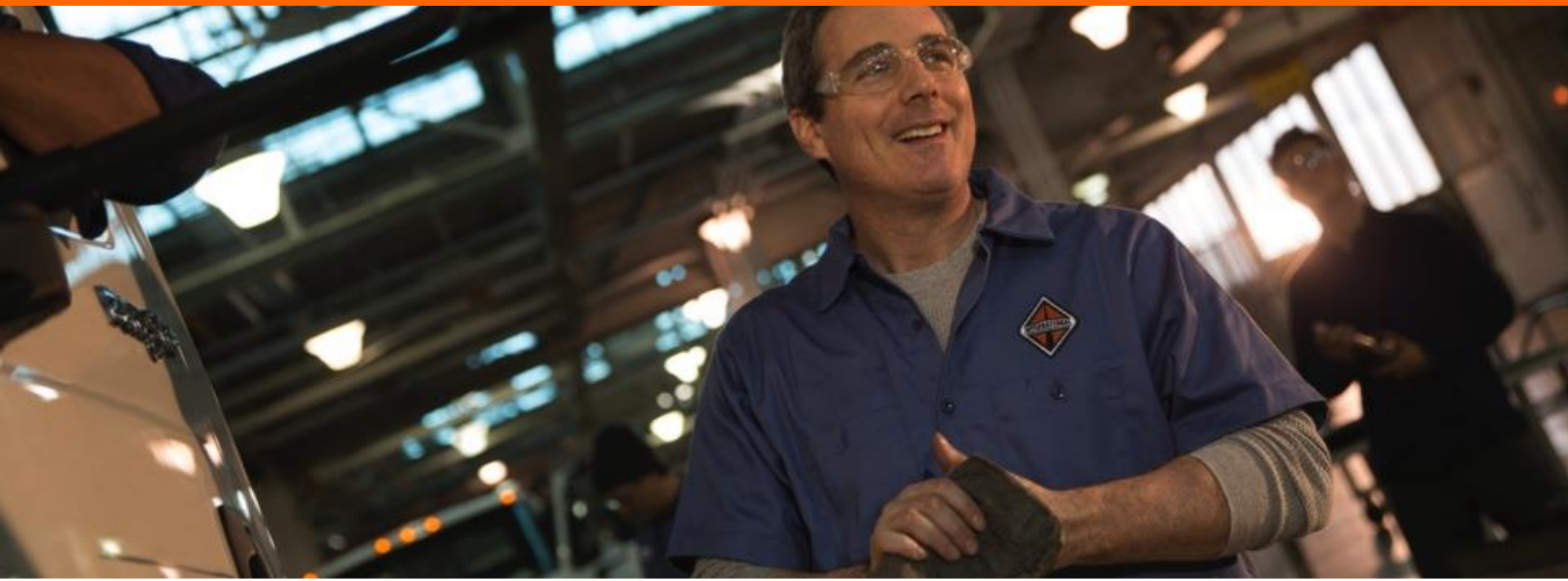
Have Reduced Manufacturing Costs Since 2012 Through Footprint Consolidation and Lean Initiatives

$ millions



- Previously announced consolidation of mid-range engine operations and closure of foundry operations will deliver $35M of savings
- Implementation of lean in our plants making significant progress
- Continuing to study utilization/footprint optimization

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IT'S UPTIME AT

2017 AND BEYOND:
SOLIDIFYING OUR PLACE AS A MARKET LEADER

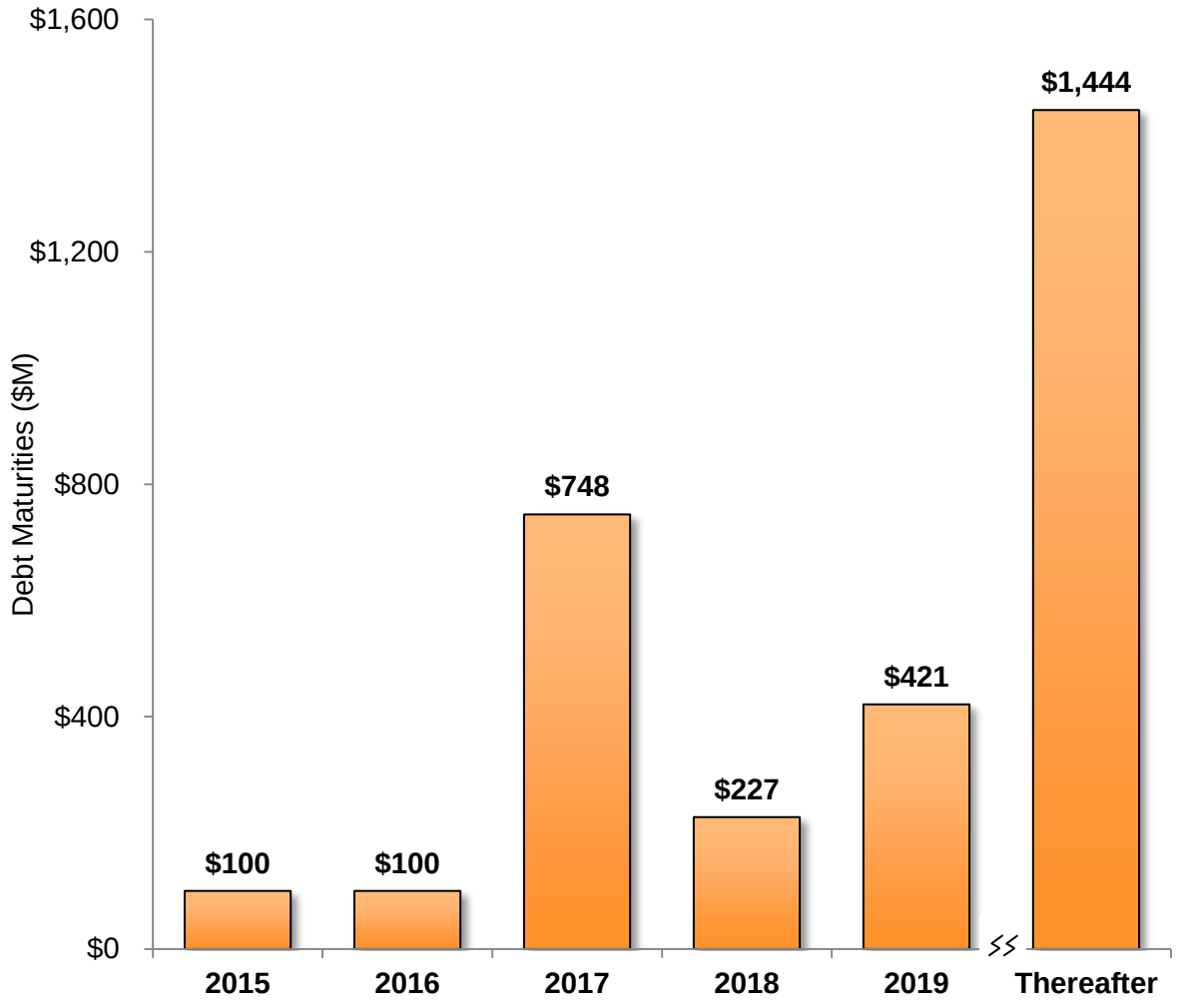
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2017 & Beyond Objectives

- **Focus on improving the balance sheet**
- **Reduce cash requirements to run the business**
- **Continue to drive EBITDA margins towards industry benchmarks**

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No Significant Near-term Debt Maturities

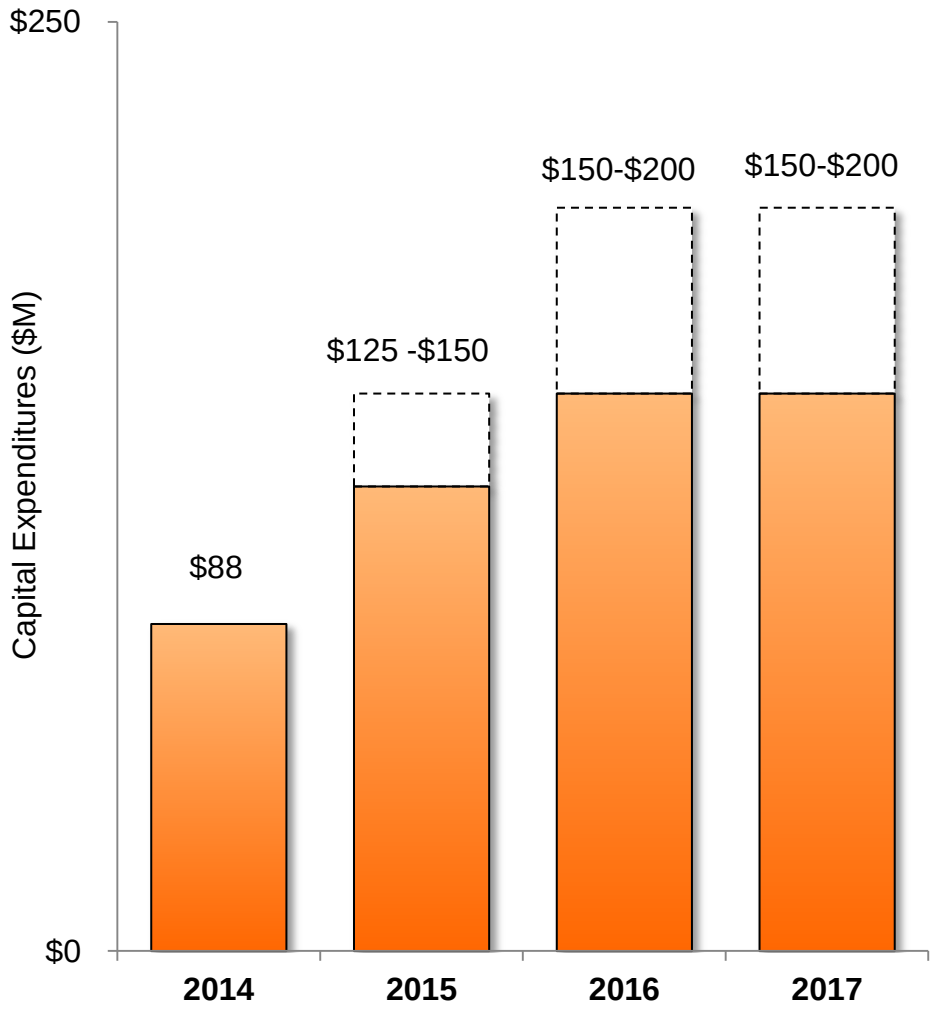


- Debt maturity profile significantly extended during 2014, providing additional financial flexibility
- Seeking to reduce leverage over time

Note: Total manufacturing debt of $2.96B, as of October 31, 2014.

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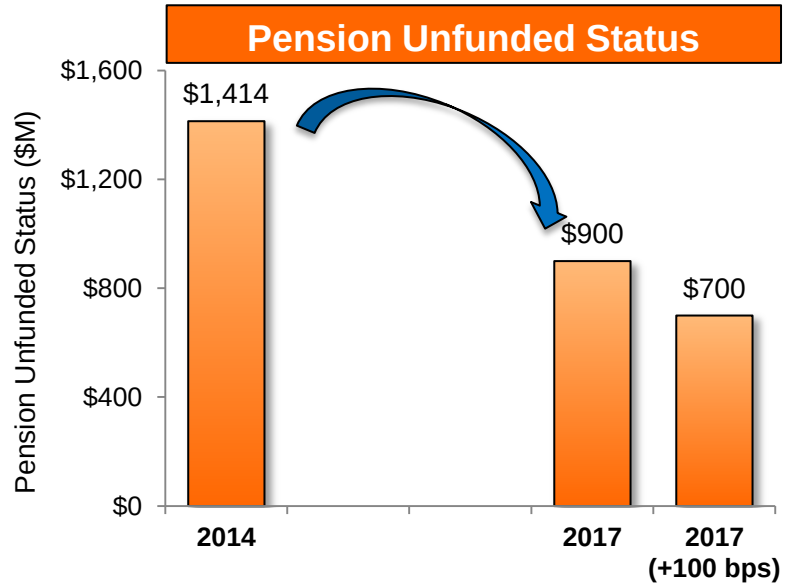
Capital Spending Not Expected to Return to Historical Levels as We Partner More

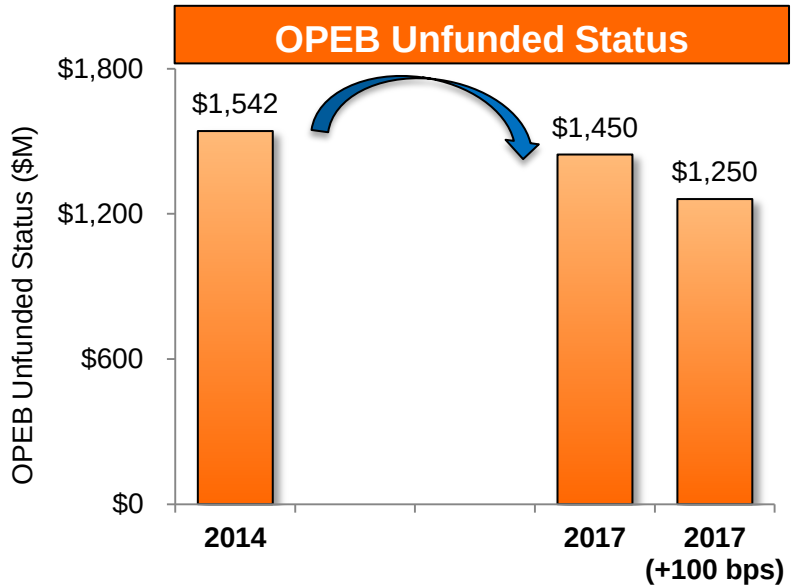


- We continue to invest in our products to solidify our place as a market leader
- Anticipate that capital expenditures will increase, but not return to historical levels
  - Less proprietary engine programs
  - More efficient spending

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Pension & OPEB Unfunded Status Forecast to Improve Materially by 2017

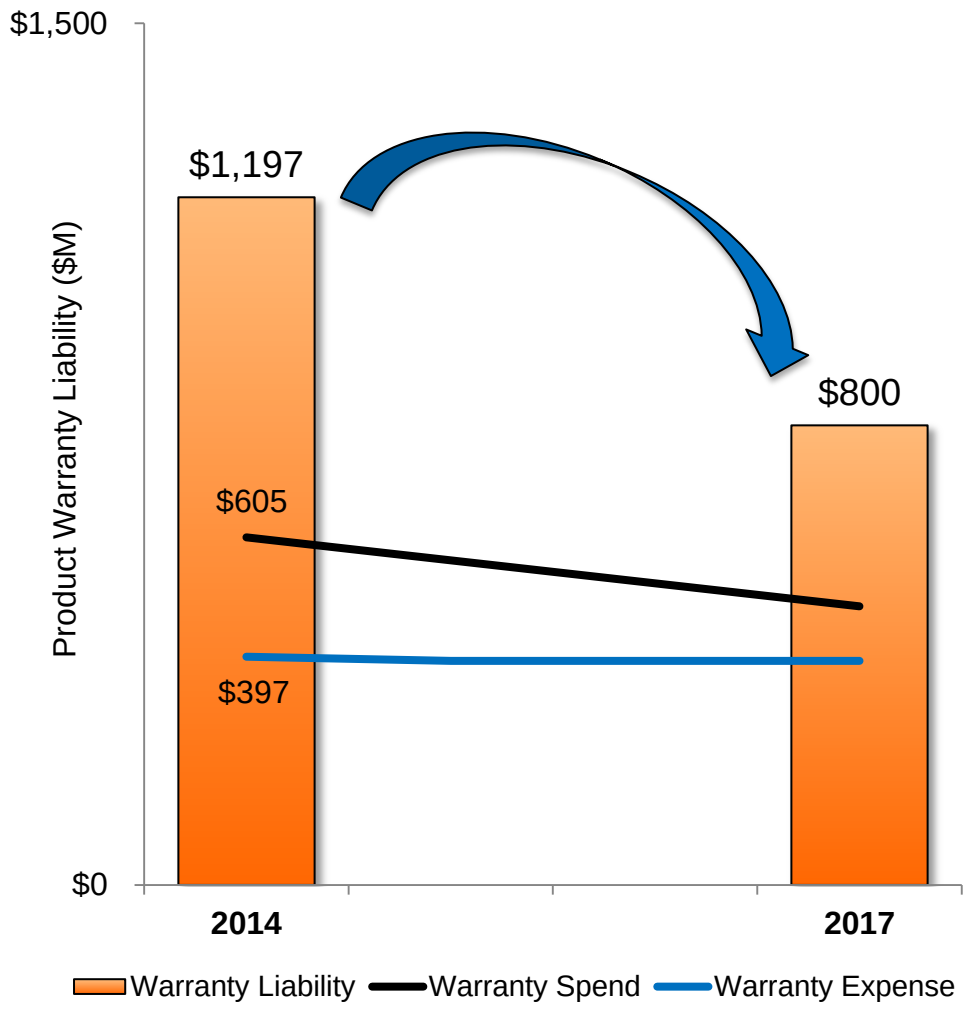




- $3B total Pension & OPEB unfunded status ending 2014
- Anticipate a 21% decrease in the unfunded status by 2017 under the current assumptions
- Additional upside exists if discount rates increase

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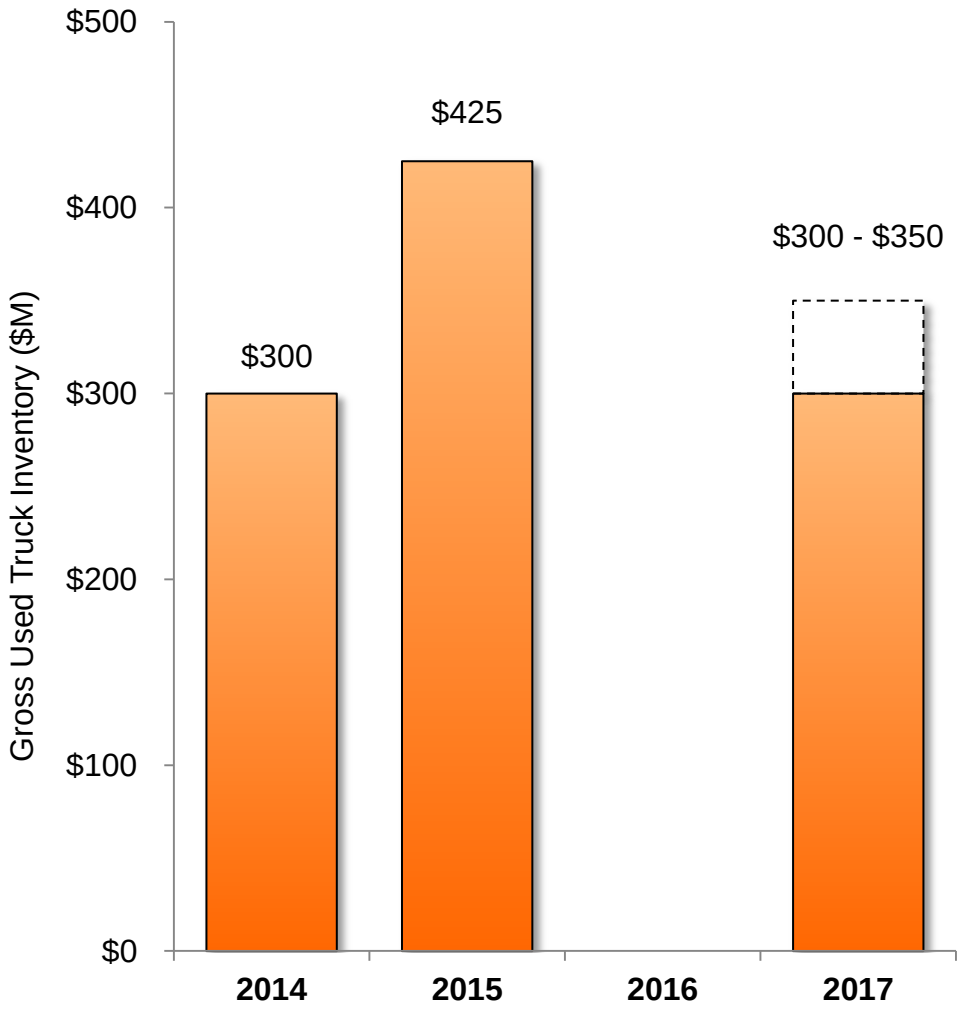
Improved Quality Expected To Drive Lower Warranty Liability



- Improved quality resulting in lower cost per unit
- MaxxForce legacy units continue to work their way through standard and extended warranty periods
- On-Command Connection helping to drive preventative measures and increase uptime
- Warranty spend will approach warranty expense

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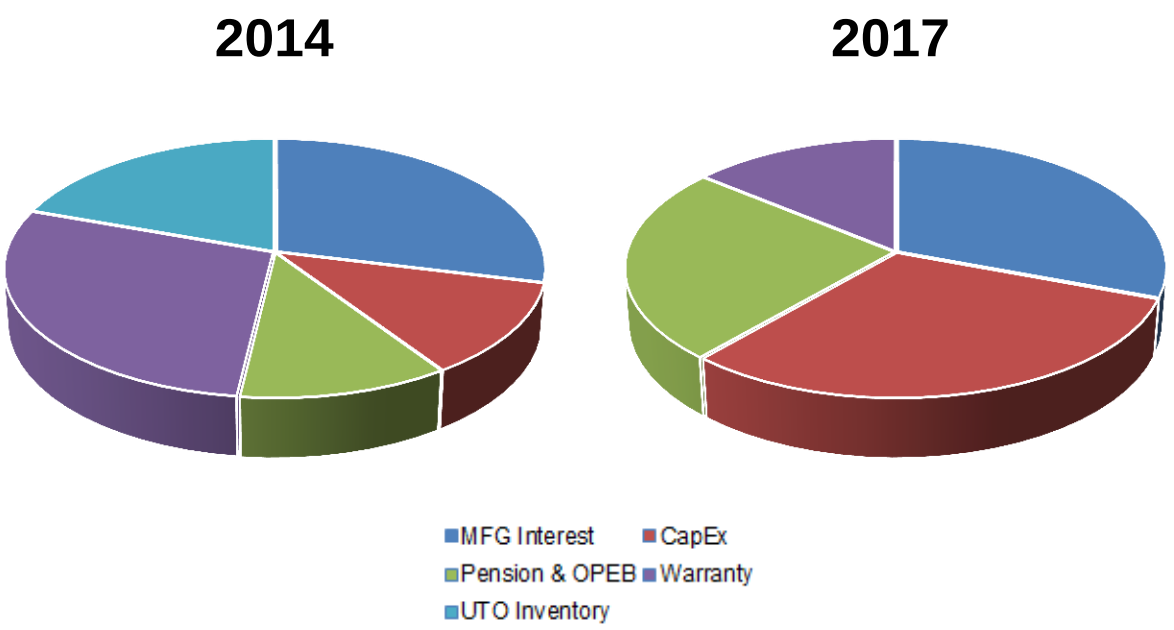
Used Truck Inventory Elevated In Near-Term Before Declining



- Implemented new Diamond Renewed certified used truck program to help drive incremental sales
- Used Truck inventory will improve over time as the amount of EGR units moves through the trade cycle

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Manufacturing Cash Uses Decline Significantly by 2017

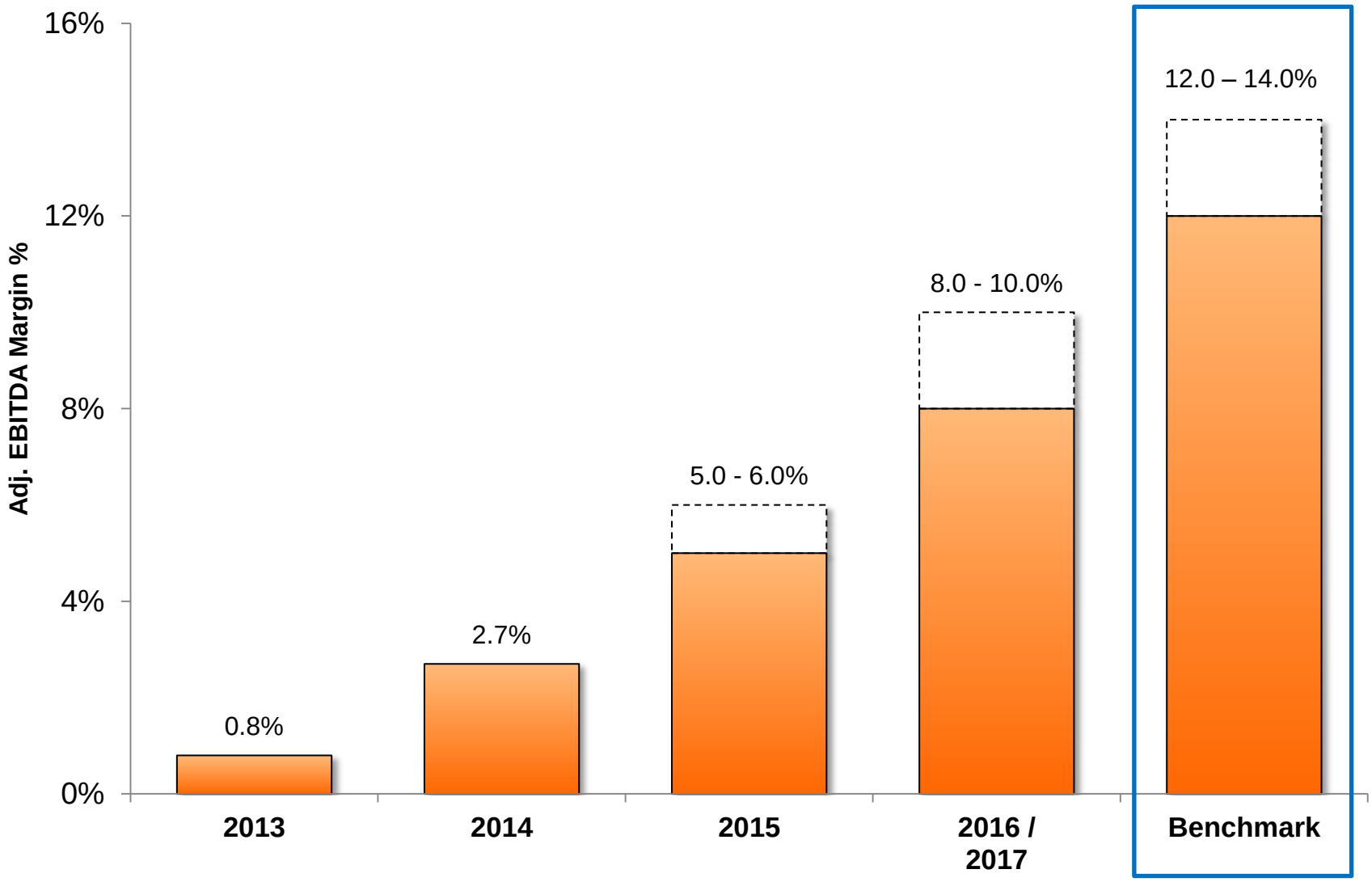


Primary cash uses decrease by ~$200M

- Expect further improvement in liquidity due to:
  - Interest expense
  - Pension & OPEB funding vs. expense
  - Warranty spend vs. expense
  - Stable Used Truck inventory levels
- Investment in Capital Expenditure growth

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Long-term Goal is 12-14% Adjusted EBITDA Margin



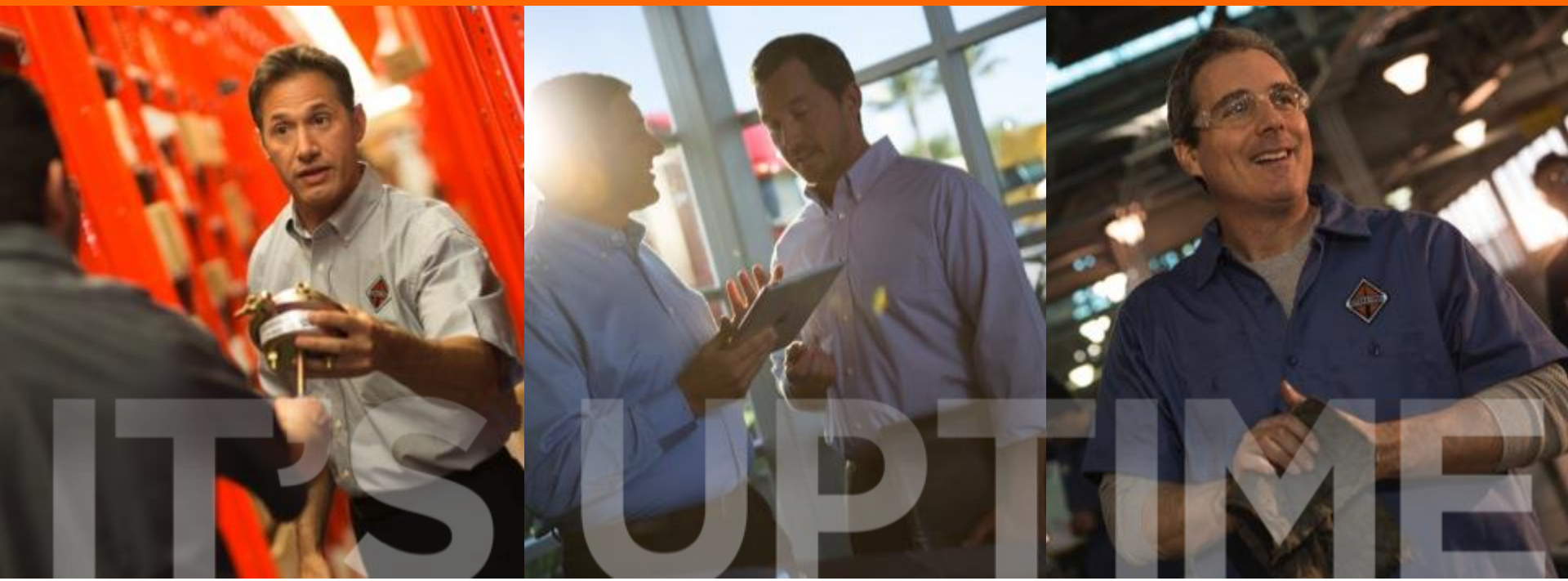
Note: This slide contains non-GAAP information; please see the REG G in appendix for a detailed reconciliation.

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Conclusion

- **Demonstrated significant progress from 2012 – 2014**
- **Confident in ability to achieve 8-10% adjusted EBITDA margin run rate**
- **Long-term focused on improving the balance sheet while continuing to drive toward benchmark profitability**

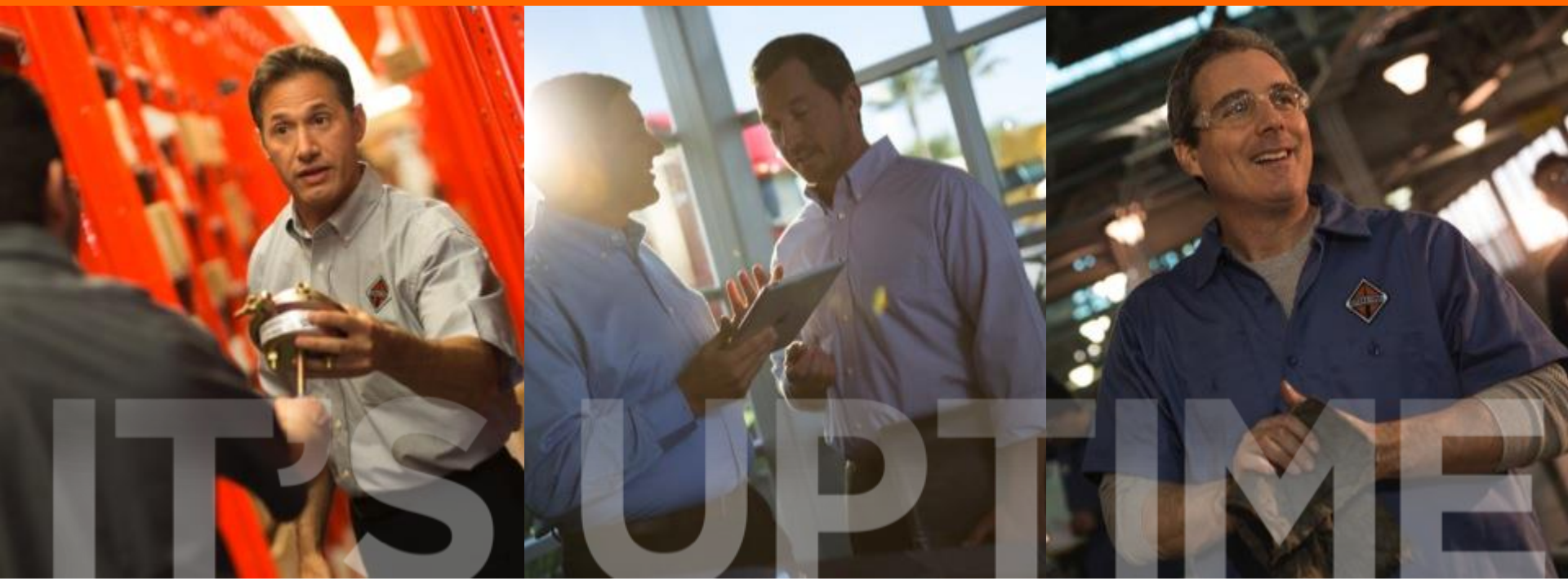
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FEBRUARY 4, 2015

Q&A

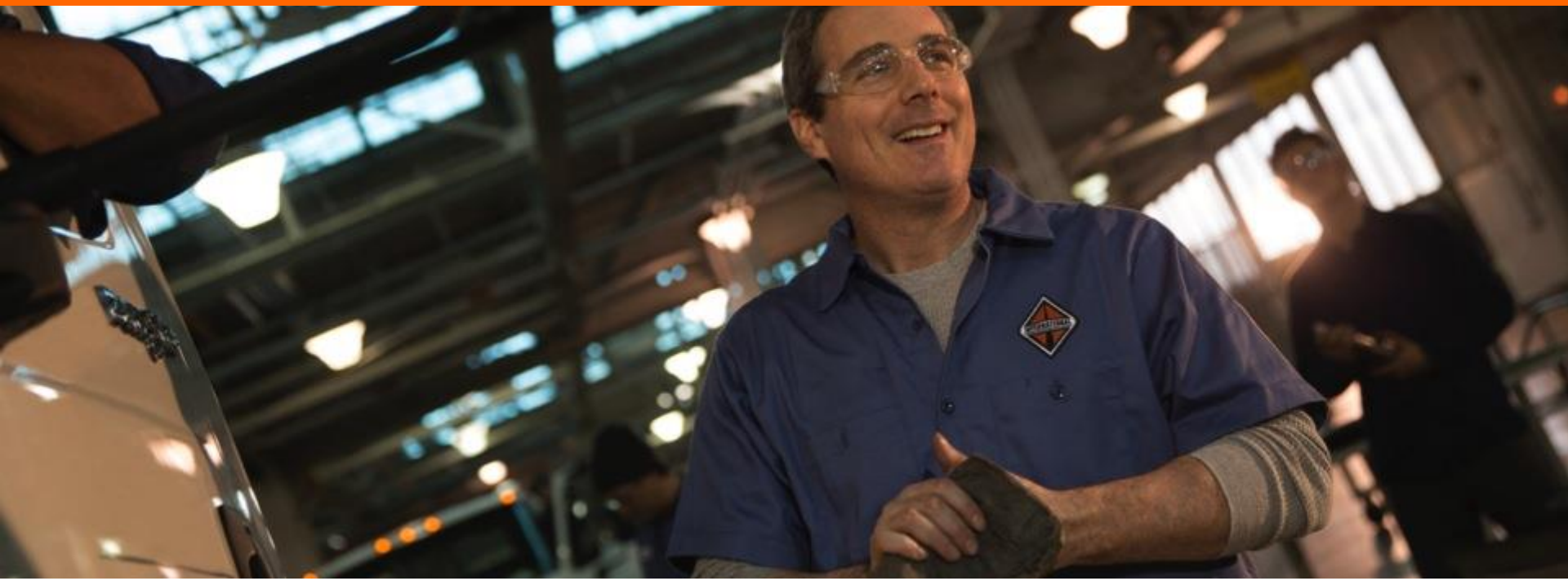
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2015 ANALYST DAY
FEBRUARY 4, 2015

THANK YOU

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IT'S UPTIME AT

APPENDIX

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SEC REGULATION G NON-GAAP RECONCILIATION

SEC Regulation G Non-GAAP Reconciliation

The financial measures presented below are unaudited and not in accordance with, or an alternative for, financial measures presented in accordance with U.S. generally accepted accounting principles ("GAAP"). The non-GAAP financial information presented herein should be considered supplemental to, and not as a substitute for, or superior to, financial measures calculated in accordance with GAAP and are reconciled to the most appropriate GAAP number below.

Earnings (loss) Before Interest, Income Taxes, Depreciation, and Amortization ("EBITDA"):

We define EBITDA as our consolidated net income (loss) from continuing operations attributable to Navistar International Corporation, net of tax, plus manufacturing interest expense, income taxes, and depreciation and amortization. We believe EBITDA provides meaningful information to the performance of our business and therefore we use it to supplement our GAAP reporting. We have chosen to provide this supplemental information to investors, analysts and other interested parties to enable them to perform additional analyses of operating results.

Adjusted EBITDA:

We believe that adjusted EBITDA, which excludes certain identified items that we do not consider to be part of our ongoing business, improves the comparability of year to year results, and is representative of our underlying performance. Management uses this information to assess and measure the performance of our operating segments. We have chosen to provide this supplemental information to investors, analysts and other interested parties to enable them to perform additional analyses of operating results, to illustrate the results of operations giving effect to the non-GAAP adjustments shown in the below reconciliations, and to provide an additional measure of performance.

Adjusted EBITDA margin:

We define Adjusted EBITDA margin as a percentage of the Company's consolidated sales and revenues. We have chosen to provide this supplemental information to investors, analysts and other interested parties to enable them to perform additional analyses of operating results, to illustrate the results of operations giving effect to the non-GAAP adjustments shown in the below reconciliations, and to provide an additional measure of performance.

Structural costs *consists of Selling, general and administrative expenses and Engineering and product development costs.*

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SEC REGULATION G NON-GAAP RECONCILIATION

Earnings (loss) before interest, taxes, depreciation, and amortization ("EBITDA") reconciliation:

(in millions)	Quarters Ended 2014 Jan. 31	Apr. 30	Jul. 31	Oct. 31	2013 Oct. 31	2012 Oct. 31
Loss from continuing operations attributable to NIC, net of tax	$ (249)	$ (298)	$ (3)	$ (72)	$ (153)	$ (2,737)
Plus:						
Depreciation and amortization expense	86	99	71	76	87	77
Manufacturing interest expense[(A)]	65	57	60	61	63	56
Less:						
Income tax benefit (expense)	12	(23)	(14)	(1)	224	(2,167)
EBITDA	$ (110)	$ (119)	$ 142	$ 66	$ (227)	$ (437)

(A) Manufacturing interest expense is the net interest expense primarily generated for borrowings that support the manufacturing and corporate operations, adjusted to eliminate intercompany interest expense with our Financial Services segment. The following table reconciles Manufacturing interest expense to the consolidated interest expense:

(in millions)	Quarters Ended 2014 Jan.	Apr.	Jul. 31	Oct. 31	2013 Oct.	2012 Oct. 31
Interest expense	82	74	78	80	81	77
Less: Financial services interest expense	17	17	18	19	18	21
Manufacturing interest expense	$ 65	$ 57	$ 60	$ 61	$ 63	$ 56

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SEC REGULATION G NON-GAAP RECONCILIATION

Earnings (loss) before interest, taxes, depreciation, and amortization ("EBITDA") reconciliation:

(in millions)	Years Ended October 31, 2014	2013
Loss from continuing operations attributable to NIC, net of tax	$ (622)	$ (857)
Plus:		
Depreciation and amortization expense	332	417
Manufacturing interest expense [(A)]	243	251
Less:		
Income tax benefit (expense)	(26)	171
EBITDA	$ (21)	$ (360)

(A) Manufacturing interest expense is the net interest expense primarily generated for borrowings that support the manufacturing and corporate operations, adjusted to eliminate intercompany interest expense with our Financial Services segment. The following table reconciles Manufacturing interest expense to the consolidated interest expense:

(in millions)	Years Ended October 31, 2014	2013
Interest expense	$ 314	$ 321
Less: Financial services interest expense	71	70
Manufacturing interest expense	$ 243	$ 251

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SEC REGULATION G NON-GAAP RECONCILIATION

Adjusted EBITDA reconciliation:

	Quarters Ended						Years Ended October 31,	
	2014				2013	2012		
(in millions)	Jan. 31	Apr. 30	Jul. 31	Oct. 31	Oct. 31	Oct. 31	2014	2013
EBITDA *(reconciled above)*	$ (110)	$ (119)	$ 142	$ 66	$ (227)	$ (437)	$ (21)	$ (360)
Less significant items of:								
Brazil engine reporting unit impairment charges[(A)]	—	149	—	—	—	—	149	—
Adjustments to pre-existing warranties[(B)]	52	42	(29)	(10)	152	149	55	404
Brazil truck business actions[(C)]	—	—	—	29	—	—	29	—
North America asset impairment charges[(D)]	18	2	4	—	80	5	24	97
Mahindra Joint Venture divestiture[(E)]	—	—	—	—	—	—	—	(26)
Legal settlement[(F)]	—	—	—	—	—	—	—	(35)
Engineering integration costs[(G)]	—	—	—	—	—	9	—	—
Restructuring of North American manufacturing operations[(H)]	—	—	14	27	—	4	41	—
Cost reduction and other strategic initiatives[(I)]	3	8	2	4	—	73	17	9
Total adjustments	73	201	(9)	50	232	240	315	449
Adjusted EBITDA	$ (37)	$ 82	$ 133	$ 116	$ 5	$ (197)	$ 294	$ 89
Adjusted EBITDA margin	(1.7)%	3.0%	4.7%	3.9%	0.2%	(6.2)%	2.7%	0.8%

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SEC REGULATION G NON-GAAP RECONCILIATION

Adjusted EBITDA reconciliation:

(A) In the second quarter of 2014, the Global Operations segment recorded asset impairment charges of $149 million for the impairment of certain intangible assets of our Brazilian engine reporting unit.

(B) Adjustments to pre-existing warranties reflect changes in our estimate of warranty costs for products sold in prior periods.

(C) In the fourth quarter of 2014, the Global Operations segment recorded approximately $29 million in charges, primarily related to inventory, to right size the Brazil Truck business.

(D) In 2014 , the North America Truck segment recorded impairment charges related to certain amortizing intangible assets and long-lived assets which were determined to be fully impaired. In the first quarter of 2014, the Company concluded it had a triggering event related to potential sales of assets requiring assessment of impairment for certain intangible and long-lived assets in the North America Truck segment. As a result, the North America Truck segment recognized asset impairment charges of $18 million. In 2013, the North America Truck segment recognized asset impairment charges consisting of: $77 million related to the impairment of the North America Truck segment's entire goodwill balance, which was recorded in the fourth quarter of 2013, and $20 million which were primarily the result of our ongoing evaluation of our portfolio of assets to validate their strategic and financial fit, which led to the discontinuation of certain engineering programs related to products that were determined to be outside of our core operations or not performing to our expectations.

(E) In the second quarter of 2013, the Company sold its stake in the Mahindra Joint Ventures to Mahindra and the Global Operations segment recognized a gain of $26 million.

(F) In the first quarter of 2013, as a result of the legal settlement with Deloitte and Touche LLP, the Company received cash proceeds of $35 million.

(G) In the fourth quarter of 2012, the Company recorded $9 million of engineering integration costs related to the consolidation of our truck and engine engineering operations, as well as the relocation of our world headquarters. The North America Truck segment recorded the majority of these charges.

(H) In the fourth quarter of 2014 the North America Truck segment recorded $11 million of charges related to our anticipated exit from our Indianapolis, Indiana foundry facility and certain assets in our Waukesha, Wisconsin foundry operations which were impaired and certain other charges were recorded. The charges included $13 million of restructuring charges, $7 million of fixed asset impairment charges and $7 million of charges for inventory reserves. In the third quarter of 2014, the North America Truck segment recorded $14 million of charges related to the 2011 closure of its Chatham, Ontario plant, based on a ruling received from the Financial Services Tribunal in Ontario Canada. In the fourth quarter of 2012, the Company recorded $4 million of charges as part of its plan to cease operations and close its Garland, Texas manufacturing operations in the first half of 2013.

(I) In 2014, the Company recorded additional restructuring charges related to cost reduction actions that included a reduction-in-force in the U.S and Brazil. In the fourth quarter of 2013, the Company leveraged efficiencies identified through redesigning our organizational structure and implemented new cost-reduction initiatives, including an enterprise-wide reduction-in-force. As a result of these actions, the Company recognized restructuring charges of $9 million in the year ended October 31, 2013. In the fourth quarter of 2012, the Company announced actions to control spending across the Company and targeted reductions of certain costs. As a result of these actions, the Company recognized restructuring charges of $73 million in the quarter ended October 31, 2012.

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