For more than 175 years we’ve been helping people from every corner of the world move the goods that move the welfare of entire nations.
• Based in Warrenville, Ill.
• 16,000+ employees on five continents
• Best-in-class transportation solutions:
  • International® commercial trucks, military vehicles
  • MaxxForce® diesel engines
  • IC Bus™ school, commercial buses
  • Workhorse Custom Chassis
  • Monaco RV motor homes
  • Agriculture, marine, light truck MWM engines
  • Parts and service for trucks, diesel engines
  • Navistar Financial Corporation
Today’s Vehicles Have Achieved Near Zero Emissions
Industry Advances Emissions Technology

- Technologies Implemented
- Successful Introduction of Ultra-low Sulfur Diesel Fuel
  - Capability to make and deliver
  - Cost
Quiz Time

What’s the most effective emissions tool ever utilized?
### Technological Capability At A Cost

<table>
<thead>
<tr>
<th>Year</th>
<th>Cost of Emissions</th>
<th>% of Truck Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>$5,400</td>
<td>7%</td>
</tr>
<tr>
<td>2007</td>
<td>$7,600</td>
<td>10%</td>
</tr>
<tr>
<td>2010</td>
<td>$7,000 to $10,000</td>
<td>11%</td>
</tr>
<tr>
<td></td>
<td><strong>Total Since 2004:</strong></td>
<td><strong>$21,500</strong></td>
</tr>
</tbody>
</table>

- The cost of emissions compliance alone has increased 25% to 30% since 2004.
- Class 8 impact: over $20,000.
Economy + Emissions Costs = Perfect Storm; Lowest U.S. Truck Sales Since 1962

U.S. and Canada Class 6-8 Retail Industry

1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010

Fcst
The Sales Disaster

- Trucking is a low-margin business
- Decline in U.S. truck sales worse than car sales
- New truck purchases are being delayed
Increasing Age of U.S. Fleet Frustrates Environmental Goals

Older trucks = lower mileage and higher emissions

Average Age: U.S. Class 8 Active Population
1990-2013 Projected

Average age in years

Older trucks = lower mileage and higher emissions
New Emission Standards on the Horizon

• New Truck & Engine Greenhouse Gas standards are being developed for 2014 and 2017
• Opens the door for further technological innovation
Total Vehicle Approach to GHG Solution

- Powertrain Technologies
- Aerodynamic
- Hybrid Electric Vehicle
- Plug-In Hybrid Electric Vehicle
- All Electric

GHG Reductions
How Can We Make This Work for Customers

- Minimize perception that the new technology is a risk for customers to take
- Ensure product is affordable and provides a perceived value to customers
- Provide incentives that encourage purchase of new environmental friendly products
Conclusion: Sustainability

• Technical Sustainability
• Business Sustainability