Navistar, Inc.
Form 424B3
October 24, 2012
Table of Contents

This preliminary prospectus supplement and the accompanying prospectus relate to an effective registration statement under the Securities Act of 1933, but this preliminary prospectus supplement is not complete and may be changed. This preliminary prospectus supplement and the accompanying prospectus are not an offer to sell these securities and are not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Filed Pursuant to Rule 424(b)(3)
Registration Nos. 333-184565 and
333-184565-01

Subject to completion, dated October 24, 2012

Preliminary Prospectus supplement

(To prospectus dated October 24, 2012)

10,000,000 shares

Navistar International Corporation

Common stock

We are offering 10,000,000 shares of our common stock, $0.10 par value per share.

Our common stock is listed on the New York Stock Exchange (NYSE) under the symbol NAV . The last reported sale price of our common stock on the NYSE on October 22, 2012 was $19.85 per share.

	Per share	Total
Public offering price		
Underwriting discounts(1)		
Proceeds before expenses, to us		

(1) See Underwriting for details on underwriting compensation.

We have granted the underwriters an option for a period of 30 days from the date of this prospectus supplement to purchase up to 1,500,000 additional shares of common stock from us.

Investing in our common stock involves risks. See Risk factors beginning on page S-21 of this prospectus supplement. You should also consider the risk factors described in the documents incorporated by reference into this prospectus supplement and the accompanying prospectus.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the securities or passed upon the accuracy or adequacy of this prospectus supplement or the accompanying prospectus. Any representation to the contrary is a criminal offense.

The underwriters expect to deliver the shares of common stock against payment on or about , 2012.

J.P. Morgan	**Goldman, Sachs & Co.**
BofA Merrill Lynch	**Credit Suisse**

The date of this prospectus supplement is , 2012.

Table of Contents

Table of contents

Prospectus supplement

Prospectus

About this prospectus supplement

This document consists of two parts. The first part is this prospectus supplement, which describes the specific terms of this offering. The second part is the accompanying prospectus, which describes more general information, some of which may not apply to this offering. You should read both this prospectus supplement and the accompanying prospectus, together with additional information described below under the headings Where You Can Find More Information and Incorporation of Certain Documents by Reference.

If the description of the offering varies between this prospectus supplement and the accompanying prospectus, you should rely on the information in this prospectus supplement.

Any statement made in this prospectus supplement or in a document incorporated or deemed to be incorporated by reference in this prospectus supplement will be deemed to be modified or superseded for purposes of this prospectus supplement to the extent that a statement contained

Table of Contents

in this prospectus supplement or in any other subsequently filed document that is also incorporated or deemed to be incorporated by reference in this prospectus supplement modifies or supersedes that statement. Any statement so modified or superseded will not be deemed, except as so modified or superseded, to constitute a part of this prospectus supplement. See Incorporation of certain documents by reference.

You should rely only on the information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus together with any free writing prospectus used in connection with this offering. We have not, and the underwriters have not, authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference is accurate only as of the respective dates of those documents in which this information is contained. Our business, financial condition, results of operations and prospects may have changed since those dates.

Table of Contents

Certain defined terms

Unless otherwise indicated or the context otherwise requires, as used in this prospectus supplement:

the Company, us, we, our and Navistar refer collectively to Navistar International Corporation and its consolidated subsidiaries and their respective predecessors;

NIC refers to Navistar International Corporation, exclusive of its consolidated subsidiaries;

Navistar, Inc. refers to NIC s direct, wholly owned subsidiary through which it conducts most of its manufacturing operations;

NFC refers to Navistar Financial Corporation, a wholly owned subsidiary of Navistar, Inc., which, together with NIC s Mexican financial services subsidiaries that provide financial services to its dealers and customers in Mexico, comprise substantially all of our financial services operations;

mid-range diesel engines refers to 160-325 horsepower diesel fuel-powered engines;

North America refers to the United States and Canada; and

OEMs refer to original equipment manufacturers.

Market and industry data

Market data and other statistical information used throughout this prospectus supplement and in the documents incorporated by reference into this prospectus supplement are based on independent industry publications, government publications, reports by market research firms or other published independent sources. Some data is also based on good faith estimates by our management, which are derived from their review of internal surveys, as well as the independent sources listed above. Although we believe these sources are reliable, we have not independently verified the information and cannot guarantee its accuracy and completeness.

Where you can find more information

Navistar is subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the Exchange Act), and, in accordance therewith, files reports and other information with the Securities and Exchange Commission (SEC). The reports and other information filed by it with the SEC in accordance with the Exchange Act may be inspected and copied at the Public Reference Room maintained by the SEC at Room 1024, Judiciary Plaza,100 F Street, N.E., Washington, D.C. 20549. Copies of such material or parts thereof may also be accessed electronically by means of the SEC s home page on the Internet at http://www.sec.gov. Information on the operations of the Public Reference Room maintained by the SEC may be obtained by calling the SEC at 1-800-SEC-0330.

This prospectus supplement and the accompanying prospectus, which forms a part of the registration statement, do not contain all the information that is included in the registration statement. You will find additional information about us in the registration statement. Any

Table of Contents

statements made in this prospectus supplement or the accompanying prospectus concerning the provisions of legal documents are not necessarily complete and you should read the documents that are filed as exhibits to the registration statement or otherwise filed with the SEC for a more complete understanding of the document or matter.

Table of Contents

Summary

The following summary is qualified in its entirety by the more detailed information and consolidated financial statements and related notes in the documents incorporated by reference in this prospectus supplement, including our Quarterly Report on Form 10-Q for the quarter ended July 31, 2012 (Third Quarter 10-Q   ) and our 2011 Annual Report on Form 10-K for the fiscal year ended October 31, 2011 (2011 Annual Report   ). Our fiscal year ends on October 31. Our fiscal years are identified in this prospectus supplement according to the calendar year in which they end. For example, our fiscal year ended October 31, 2011 is referred to as   fiscal 2011.   All references to a particular year that is not preceded with the word   fiscal   refer to the calendar year.

Our business

Overview

We are a leading manufacturer of *International* ® brand commercial and military trucks, *IC Bus*   (IC   ) brand buses, *MaxxForce* ® brand diesel engines and recreational vehicles (RVs   ) under the *Monaco* ® (Monaco   ) family of brands, as well as a provider of service parts for all makes of trucks and trailers. Additionally, we are a private-label designer and manufacturer of diesel engines for the pickup truck, van, and sport utility vehicle (SUV   ) markets. We also provide retail, wholesale, and lease financing of our trucks and parts.

For the nine months ended July 31, 2012 and fiscal 2011, our manufacturing operations had net sales of manufactured products to third parties of approximately $9,540 million and $13,758 million, respectively, manufacturing EBITDA (as defined below) of approximately $(400) million and $571 million, respectively, and net (loss) income attributable to Navistar International Corporation of approximately $(241) million and $1,723 million, respectively. See   Supplemental financial and operating data   and Note (5) thereto for a reconciliation of net income (loss) to EBITDA for these periods and   Selected consolidating financial data.

We market our commercial products primarily through our extensive independent dealer network in North America, which offers a comprehensive range of services and other support functions to our end users. Our commercial trucks are distributed in virtually all key markets in North America as well as select markets outside of North America through our distribution and service network comprised, as of October 31, 2011, of 783 U.S. and Canadian dealer and retail outlets, 84 Mexican dealer locations, and 107 international dealer locations. Parts are delivered to our customers either through one of our eleven regional parts distribution centers in North America or through direct shipment from our suppliers for parts not generally stocked at our distribution centers. We provide certain financial services to our customers and dealers through NFC and our foreign finance operations.

We operate in four industry segments: Truck, Engine, Parts (collectively called   manufacturing operations   ), and Financial Services, which consists of NFC and our foreign finance operations (collectively called   financial services operations   ). Corporate contains those items that do not fit into our four segments.

Table of Contents

Set forth below is certain information regarding our industry segments based on our results for the nine months ended July 31, 2012:

	Nine months ended July 31, 2012		
Industry segment	Revenues(A) ($ in millions)	% Revenues, net	Chargeouts(B)
Truck	$ 6,830	71%	80,400
Engine	1,301	13	85,200(C)
Parts	1,409	15	N/A
Total Manufacturing Operations	9,540	99	N/A
Financial Services	129	1	N/A
Total	$ 9,669	100%	N/A

(A) Excludes intercompany revenues of $26 million, $1,292 million, $98 million, and $70 million for our Truck, Engine, Parts and Financial Services segments, respectively.

(B) We define chargeouts as trucks or engines, as applicable, invoiced to customers, with units held in dealer inventory primarily representing the principal difference between retail deliveries and chargeouts with respect to trucks.

(C) Excludes intercompany chargeouts of 65,600 units.

Truck Segment

The Truck segment manufactures and distributes a full line of Class 4 through 8 trucks and buses in the common carrier, private carrier, government, leasing, construction, energy/petroleum, military vehicle, and student and commercial transportation markets under the *International* and IC brands. This segment also produces RVs, including non-motorized towables, under the Monaco family of brands, and concrete mixers under the *Continental Mixers* brand. The Truck segment is our largest operating segment based on total external sales and revenues.

Set forth below is certain information regarding our truck products:

	Nine months ended July 31, 2012	
Description	Chargeouts	Estimated market share(A)
Traditional Markets (U.S. and Canada)(B)		
School Bus	7,200	48%
Class 6 and 7 Medium Trucks	17,200	33
Class 8 Heavy Trucks	21,500	16
Class 8 Severe Service Trucks(C)	10,500	30
Total Traditional Markets	56,400	23
Non Traditional Military(D)	1,100	N/A

Expansion Markets(E)	22,900	N/A
Total Worldwide Units(F)	80,400	N/A
Combined Class 8 Trucks	32,000	18
Combined Military(G)	1,900	N/A

(A) Approximate retail delivery market share percentages for our traditional truck market are based on market-wide information as of July 31, 2012 from Wards Communications and R.L. Polk & Co.

(B) We define our traditional markets as 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 trucks within our traditional markets.

Table of Contents

(C) Chargeouts include CAT-branded units sold to Caterpillar under our North America Supply Agreement.

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

(E) Expansion Markets include all markets outside the U.S. and Canada, as well as truck, bus, and RV products that fall outside of our traditional categories as presented above, and include chargeouts of all of our truck products on an aggregate basis. Includes 4,800 units related to Blue Diamond Trucks (BDT).

(F) Excludes 2,200 units related to RV towables.

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

Engine Segment

The Engine segment designs and manufactures diesel engines across the 50 through 550 horsepower range under the *MaxxForce* brand name for use primarily in our *International* branded Class 6 and 7 medium trucks, Class 8 heavy trucks, and military vehicles. The Engine segment also produces diesel engines for all IC and Monaco applications. In addition to providing high-tech diesel engines for Navistar captive applications, our engines are also sold to global OEMs for various on-and-off-road applications. Our engines are sold in all areas of the world for use in an assortment of applications utilizing the *MaxxForce* brand name. Also, we offer contract manufacturing services to OEMs for the assembly of their engines. The Engine segment is our second largest operating segment based on total external sales and revenues, and has manufacturing operations in the United States, Brazil and Argentina.

Parts Segment

The Parts segment supports our brands of *International* commercial and military trucks, IC buses, MaxxForce engines, as well as our other product lines, by providing customers with proprietary products together with a wide selection of other standard truck, trailer, and engine service parts. We distribute service parts in North America and the rest of the world through the dealer network that supports our Truck and Engine segments.

Financial Services Segment

The Financial Services segment provides and manages retail, wholesale, and lease financing of products sold by the Truck and Parts segments and their dealers within the U.S. and Mexico. Substantially all revenues earned by the Financial Services segment are derived from supporting the sales of our vehicles and products. We also finance wholesale and retail accounts receivable, of which substantially all revenues earned are received from the Truck and Parts segments. The Financial Services segment continues to meet the primary goal of providing and managing financing to our customers in U.S. and Mexico markets by arranging cost effective funding sources, while working to mitigate credit losses and impaired vehicle asset values. This segment provided wholesale financing for 90% and 96% of our new truck inventory sold by us to our dealers and distributors in the U.S. in fiscal 2011 and fiscal 2010, respectively.

Our business strategy

Our core business is the North American truck and bus market, where we participate primarily in the Class 6, 7 and 8 vehicle market segments. We believe that a fundamental factor in achieving success in these markets is the integration of engines into our trucks. Historically we had success in the bus and Class 6 and 7 truck segments due to the integration of our engines in these vehicles. In 2009, we expanded our engine offering to include a heavy duty big bore engine branded MaxxForce 11-L or 13-L which was offered in our Class 8 vehicles. We believe that an effective vertical integration of engines into trucks is the best method to create product differentiation and value as it distinguishes product performance and creates an expanded stream of revenue for service parts over the life cycle of the vehicle. We also recently expanded our truck product offering to include a Class 4 and 5 vehicle and believe this will be an important element of our growth going forward.

Emissions regulation is a key element of our industry. Historically, a fundamental driver of our strategy was to leverage Advanced Exhaust Gas Recirculation (EGR), which we believed to be an advantage in meeting these regulations, with a proprietary engine technology path that eliminated the need for additional after treatment components on our vehicles, which utilizes urea-based Selective Catalytic Reduction (SCR).

We failed to achieve Environmental Protection Agency (EPA) certification of this technology path to meet 2010 EPA emission standards for our heavy duty engines and as a result, in June 2012, we decided to change the direction of our engine emissions strategy. We are now aggressively pursuing the technology path followed by others in the industry by adding SCR components to our engines and our vehicles. We expect to introduce these products to market beginning in December 2012.

In addition to modifying our technology path to meet emissions regulations, we decided to discontinue investment in certain heavy duty engines and instead purchase these engines from a proven and established engine OEM supplier and discontinue product development on our MaxxForce 15-L Big-Bore engine. We expect to introduce trucks with these engines to the market beginning in December 2012. We believe the offering of a proven and market-accepted 15-L engine combined with our trucks will allow us to increase the number of customers who purchase our vehicles, which will enhance our share of the Class 8 market.

We continue to believe that with our new engine strategy, our products will demonstrate superior performance as measured by fuel economy and that we will be successful in recapturing market share.

We renewed our focus on our primary markets, which are North American Class 4-8 Trucks and Buses, and realigned the Company around a more functionally-oriented structure in order to reduce costs and overhead expense. We also implemented a new Return on Invested Capital (ROIC) methodology to determine where we will focus our investments as well as identify businesses that do not return their cost of capital.

Our primary focus in the near term is to execute the change in our engine strategy and to improve the quality of our products. We redeployed the majority of our resources to focus on this direction.

We are realigning our management structure around the functional expertise needed to execute our core North American strategy. We believe this realignment will result in better execution of our strategies and tactics, streamline the decision making process, create better alignment towards a common objective, and reduce our operating costs.

Additionally, we are using a ROIC decision framework to re-examine our individual businesses. This effort is ongoing, and will mostly likely lead to some divestures of businesses that are not contributing favorably to our goals.

Table of Contents

Emission standards compliance update

We continue to be impacted by 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 July 2012, we announced our next generation clean engine solution to meet 2010 EPA emissions standards. The strategy combines EGR and SCR.

On October 22, 2012, we announced a definitive agreement with Cummins Inc. (Cummins) for Cummins Emission Solutions to supply its urea-based after-treatment system to us. This after-treatment system will be combined with our engines to meet 2010 EPA emissions standards and we expect it to help facilitate our satisfaction of future green house gas (GHG) standards such as those applicable to medium and heavy duty engines and vehicles being phased in for model years 2014 to 2017. In addition to our agreement with Cummins, we continue to refine plans and timelines to begin introducing the new product offering, taking into consideration a number of factors, including: current and projected balances of emission credits currently used to meet EPA emission standards; our ability to utilize non-conformance penalties (NCPs) to achieve compliance; projected sales volumes; and customer needs. We maintain our target of a phased-in product introduction plan commencing with the MaxxForce 13-L engine in April 2013, followed by the MaxxForce 11-L engines, and then medium engine offerings.

As part of our expanded relationship with Cummins, we expect to offer the Cummins ISX15 engine, which currently meets EPA emission standards, in certain models. We expect that the Cummins ISX15 engine will be offered as a part of our North American on-highway truck line-up beginning in December 2012.

We believe that our new engine strategy provides a path to meeting 2010 EPA emission standards, as well as GHG standards, and positions us for future success. This will help to address distractions and uncertainty around engine certification and continuation of heavy duty product offerings that had a detrimental impact on our performance, including a deterioration of market share. In the near term, we expect to be further impacted during the transition to our engine strategy. For example, we have 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 ongoing nature of our transition to a new engine strategy creates the potential for gaps in our product offerings that could further impact our results.

With the anticipated introduction of Cummins ISX15 offering, we decided to cease future production of our MaxxForce 15-L engines in fiscal 2013. These decisions, together with other actions, will result in expected charges of approximately $25 million to $30 million, net of tax, in the fourth quarter of fiscal 2012 and early fiscal 2013, which includes accelerated depreciation, inventory obsolescence, vendor minimum volume charges and potential asset impairments.

Table of Contents

Factors impacting our fourth quarter fiscal 2012 results

We currently expect that operating results for our fourth quarter of fiscal 2012 will be impacted by a number of factors, including those summarized below:

Adjustments to pre-existing warranties

Our warranty costs have been higher in fiscal 2012 compared to prior years 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. We recognized material charges for adjustments to pre-existing warranties of $123 million and $104 million in the first and second quarters of fiscal 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 than historically experienced. While we continue to improve the design and manufacturing of our engines to reduce the volume and severity of warranty claims, preliminary warranty data for the fourth quarter of fiscal 2012 has shown an increase over prior periods that could result in additional pre-tax charges for adjustments to pre-existing warranties of $60 million to $75 million.

Cost reduction actions and other strategic initiatives

In August 2012, 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 to Lisle, Illinois, we are focusing on continued reductions in discretionary spending, including but not limited to reductions from efficiencies, and prioritizing or eliminating certain programs or projects. We offered the majority of our U.S.-based non-represented salaried employees the opportunity to apply for a voluntary separation program (VSP). Along with the employees who chose to participate in the VSP, we used attrition and an involuntary reduction in force to eliminate additional positions in order to meet our targeted reductions goal. In addition to these actions in the U.S., our Brazilian operations are utilizing an involuntary reduction in force to eliminate positions.

As a result of these actions and the separation and elimination of certain executive-level positions and consultants, we estimate that in the fourth quarter of fiscal 2012 and early fiscal 2013 we will incur restructuring and other charges of approximately $65 million to $75 million, net of tax. We will have recognized most of these charges by October 31, 2012. We expect the workforce reductions will be fully implemented by early 2013 and, as a result, we estimate approximately $175 million in annual cost savings beginning in fiscal 2013.

We continue to evaluate options to improve the efficiency and performance of our operations. Our focus is on improving our core North American Truck, Engine and Parts performance. We are evaluating opportunities to restructure our business and rationalize our manufacturing operations in an effort to optimize our 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 during the fourth quarter of fiscal 2012 and fiscal 2013, including but not limited to, impairments, employee termination costs and charges for pension and other post retirement contractual benefits and pension curtailments, and these charges could be significant.

Income tax valuation allowances

We have a significant amount of deferred tax assets, the majority of which are not currently subject to a valuation allowance as of July 31, 2012. On a quarterly basis, we are required to evaluate the need to establish a valuation allowance for our deferred tax assets based on our assessment of whether it is more likely than not that current or deferred tax benefits will be realized through the generation of future taxable income. We give appropriate consideration to all available evidence, both positive and negative, in assessing the need for a valuation allowance. We continue to maintain a valuation allowance with respect to certain federal, state, and foreign deferred tax assets that we believe on a more-likely-than-not basis will not be realized based on forecasted results. Based on our current domestic performance, as well as the risks associated with our strategy for meeting 2010 EPA emission standards, we also believe that it is reasonably possible that a significant additional U.S. deferred tax assets valuation allowance may be required in the next 12 months. Future events that may contribute to the need to establish an additional U.S. deferred tax assets valuation allowance include, but are not limited to: (1) continued deterioration of our domestic performance, (2) significant engine warranty charges and (3) adverse developments with respect to our strategy for meeting 2010 EPA emission standards. Any establishment of a valuation allowance with respect to our U.S. deferred tax assets could have a material adverse effect on our net income (loss) during the period in which it is established.

During the second quarter of fiscal 2012, our evaluation resulted in the determination that a significant portion of our valuation allowance with respect to our Canadian deferred tax assets could be released. As a result of our analysis, we recognized an income tax benefit of $181 million from the release of valuation allowances. Similarly, during the third quarter of fiscal 2011, our evaluation resulted in the determination that a significant portion of our valuation allowance with respect to our U.S. deferred tax assets could be released. As a result, we recognized an income tax benefit of $1.5 billion and an adjustment to additional paid in capital of $45 million as a result of the release of a portion of the valuation allowance with respect to our U.S. deferred tax assets.

Other recent developments

New directors

In connection with settlement agreements we reached with two of our significant stockholders, Icahn Partners and its affiliates (the Icahn Group) and MHR Fund Management, LLC and its affiliates (the MHR Group), effective October 8, 2012, we appointed their respective designees, Mr. Vincent J. Intrieri and Dr. Mark H. Rachesky, to our board of directors. On October 15, 2012, we also appointed Mr. John C. Pope to our board of directors. These new directors replaced three of our incumbent directors, each of whom retired from our board of directors. The Icahn Group and the MHR Group have the right to appoint an additional mutually agreed upon director nominee to our board in replacement of an incumbent director. Under the settlement

Table of Contents

agreements, the Icahn Group and the MHR Group each agreed, among other things, that they will not run a proxy contest at our 2013 annual meeting of stockholders and will support the board s director nominees.

New financing arrangements

In August 2012, Navistar, Inc. borrowed $1.0 billion under a new senior secured term loan credit facility (the Term Loan Facility) and used a portion of the proceeds therefrom to repay all of the outstanding indebtedness under its prior asset-based credit facility. The maturity date of the Term Loan Facility is July 16, 2014, unless prior to that date we redeem or otherwise extinguish no less than $470 million of our 3% senior subordinated convertible notes due 2014 (the Convertible Notes) in a manner permitted by the Term Loan Facility, in which case the Term Loan Facility will mature on August 17, 2017. The Term Loan Facility requires quarterly amortization payments of $2.5 million, with the balance due at maturity.

We also entered into an amended and restated asset-based credit facility (the New ABL Facility) that provides for borrowings up to an aggregate principal amount of $175 million. The maturity date of the New ABL Facility is July 16, 2014, unless prior to that date the maturity date of the Term Loan Facility is extended to, or the Term Loan Facility is replaced with, a new facility with a scheduled maturity date of August 17, 2017 or later, in which case the New ABL Facility will mature on May 18, 2017. As of September 30, 2012, we had no borrowings outstanding under this facility. See Description of certain indebtedness Manufacturing operations.

As a result of these new financing arrangements, we estimate that, as of October 31, 2012, our manufacturing operations cash and cash equivalents will be in the upper-half of the previously disclosed range of $875 million to $1,025 million without giving effect to this offering.

SEC inquiry

On June 21, 2012, we received an informal inquiry from the Chicago Office of the Enforcement Division of the SEC seeking a number of categories of documents for the periods dating back to November 1, 2010, relating to various accounting and disclosure issues. We are cooperating with the SEC s inquiry. On July 16, 2012, pursuant to a formal order of private investigation, we received a subpoena from the SEC requesting the same categories of documents sought via the informal inquiry. To date, we have produced certain documents and intend to continue our full cooperation with the SEC in this matter. At this time, we are unable to predict the outcome of this matter or provide meaningful quantification of how the final resolution of this matter may impact our future consolidated financial condition, results of operations or cash flows.

Table of Contents

The offering

The following summary contains basic information about this offering. This summary is not intended to be complete. You should read the full text and more specific details contained elsewhere in this prospectus supplement and the accompanying prospectus. For a more complete description of the shares of common stock, see Description of capital stock beginning on page s-39 of this prospectus supplement.

Issuer	Navistar International Corporation, a Delaware corporation.
Common stock offered	10,000,000 shares. We have also granted the underwriters a 30-day option to purchase up to 1,500,000 additional shares.
Common stock to be outstanding immediately following this offering	78,590,627 shares (or 80,090,627 shares if the underwriters exercise their option to purchase additional shares in full).
Use of proceeds	We estimate that the net proceeds from this offering, after deducting underwriting discounts and commissions, will be approximately $190 million (or approximately $218 million if the underwriters exercise their option to purchase additional shares in full), based on the assumed public offering price of $19.85 per share (the closing price of our common stock on October 22, 2012). We expect to use the net proceeds from the sale of the shares for general corporate purposes. See Use of proceeds.
Trading symbol for our common stock	Our common stock is listed on the New York Stock Exchange under the symbol NAV.
United States federal income tax considerations	For a discussion of certain United States federal income tax consequences of holding and disposing of shares of our common stock, see Certain U.S. federal income tax considerations for non-U.S. holders.
Risk factors	You should carefully consider the information set forth in the section of this prospectus supplement entitled Risk factors as well as the other information included in or incorporated by reference into this prospectus supplement before deciding whether to invest in the shares.

Except as otherwise indicated, all information in this prospectus supplement:

- presents common stock outstanding as of September 30, 2012;
- assumes that the underwriters will not exercise their option to purchase up to 1,500,000 additional shares from the Company;

Table of Contents

excludes 5,170,880 shares issuable upon the exercise of options outstanding as of July 31, 2012 with a weighted average exercise price of $39.37 per share; and

excludes an estimated 1,986,452 shares available for purchase under our 2004 Performance Incentive Plan as of July 31, 2012.

Risk factors

Investment in our common stock involves risks. You should carefully consider the information under Risk factors beginning on page S-21 and all other information included or incorporated by reference in this prospectus supplement and accompanying prospectus before investing in our common stock.

Additional information

NIC was incorporated under the laws of the State of Delaware in 1993, and is the successor to the truck and engine business of International Harvester Company, which business began in 1907. Our principal executive offices are located at 2701 Navistar Drive, Lisle, Illinois 60532, and our telephone number is (331) 332-5000. Our Web site is www.navistar.com. Our Web site, and the information contained therein, are expressly not included in or as part of this prospectus supplement or the accompanying prospectus.

The marks *International*®, *MaxxForce*®, *Monaco*®, *ProStar*® and *LoneStar*® and our logo are registered United States trademarks of Navistar and the mark *IC Bus* is a trademark of Navistar. All other trademarks and trade names appearing in this prospectus supplement and accompanying prospectus are the property of their respective owners.

Table of Contents

Summary consolidated financial data

Navistar International Corporation and consolidated subsidiaries

The following summary consolidated financial data of Navistar for each of the three years ended October 31, 2011, 2010 and 2009 has been derived from our audited consolidated financial statements and notes thereto, which are incorporated by reference in this prospectus supplement. The summary consolidated financial data for the nine months ended July 31, 2012 and 2011 was derived from our unaudited condensed consolidated financial statements and notes thereto, which are incorporated by reference in this prospectus supplement, which in management s opinion, reflect all adjustments, consisting of only normal and recurring adjustments, necessary for a fair presentation of such information. Results for the interim periods are not necessarily indicative of the results that might be expected for any other interim period or for an entire year. This information should be read in conjunction with Selected Financial Data, Management s Discussion and Analysis of Financial Condition and Results of Operations for fiscal 2011 and our consolidated financial statements and notes thereto for fiscal 2011, and with Management s Discussion and Analysis of Financial Condition and Results of Operations for the third quarter of fiscal 2012 and our unaudited condensed consolidated financial statements and notes thereto for the nine months ended July 31, 2012 and 2011, each of which is incorporated by reference in this prospectus supplement.

	Nine months ended July 31,		Fiscal year ended October 31,		
(in millions, except per share data)	**2012**	**2011**	**2011**	**2010**	**2009**
Income Statement Data:					
Sales and revenues:					
Sales of manufactured products, net	$ 9,540	$ 9,481	$ 13,758	$ 11,926	$ 11,300
Finance revenues(1)	129	154	200	219	269
Sales and revenues, net	9,669	9,635	13,958	12,145	11,569
Costs and expenses:					
Costs of products sold	8,518	7,830	11,262	9,741	9,366
Restructuring charges (benefit)(2)	24	80	92	(15)	59
Impairment of property and equipment and intangible assets(3)	38	64	64		31
Selling, general and administrative expenses	1,068	1,006	1,434	1,406	1,344
Engineering and product development costs	408	407	532	464	433
Interest expense	182	187	247	253	251
Other expense (income), net	26	(39)	(64)	(44)	(228)
Total costs and expenses	10,264	9,535	13,567	11,805	11,256
Equity in income (loss) of non-consolidated affiliates(4)	(21)	(55)	(71)	(50)	46
Income (loss) from before income tax benefit (expense) and extraordinary gain	(616)	45	320	290	359
Income tax benefit (expense)	410	1,458	1,458	(23)	(37)
Income (loss) before extraordinary gain	(206)	1,503	1,778	267	322
Extraordinary gain, net of tax					23
Net income (loss)	(206)	1,503	1,778	267	345
Less: Net income attributable to non-controlling interests	35	35	55	44	25
Net income (loss) attributable to Navistar International Corporation	$ (241)	$ 1,468	$ 1,723	$ 223	$ 320

Table of Contents

(in millions, except per share data)	Nine months ended July 31, 2012	2011	Fiscal year ended October 31, 2011	2010	2009
Earnings Per Share:					
Basic Earnings Per Share:					
Income (loss) attributable to Navistar International Corporation	$ (3.49)	$ 20.13	$ 23.66	$ 3.11	$ 4.18
Extraordinary gain, net of tax					0.33
Net income (loss) attributable to Navistar International Corporation	$ (3.49)	$ 20.13	$ 23.66	$ 3.11	$ 4.51
Diluted Earnings Per Share:					
Income (loss) attributable to Navistar International Corporation	$ (3.49)	$ 19.04	$ 22.64	$ 3.05	$ 4.14
Extraordinary gain, net of tax					0.32
Net income (loss) attributable to Navistar International Corporation	$ (3.49)	$ 19.04	$ 22.64	$ 3.05	$ 4.46
Weighted Average Shares Outstanding:					
Basic	69.1	73.0	72.8	71.7	71.0
Diluted	69.1	77.1	76.1	73.2	71.8
Adjusted Financial Data(5):					
Adjusted net income (loss) attributable to Navistar International Corporation	$ (215)	$ 122	$ 336	$ 206	$ 197
Adjusted diluted earnings (loss) per share attributable to Navistar International Corporation	(3.11)	1.58	4.42	2.81	2.74

(in millions)	July 31, 2012	October 31, 2011
Selected Balance Sheet Data:		
Total assets	$ 11,143	$ 12,291
Long-term debt:		
Manufacturing operations	$ 1,790	$ 1,881
Financial services operations	1,206	1,596
Total long-term debt	2,996	3,477
Notes payable and current maturities of long-term debt(6)	1,416	1,379
Total debt	$ 4,412	$ 4,856
Total stockholders equity (deficit)	$ (363)	$ 23

(in millions, except ratio and selected operating data)	Nine months ended July 31, 2012	2011	Fiscal year ended October 31, 2011	2010	2009

Selected Other Financial Data:					
Capital expenditures(7)	$ 250	$ 291	$ 429	$ 234	$ 151
Depreciation and amortization(7)	209	217	290	265	288
Interest expense	182	187	247	253	251
Cash provided by (used in):					
Operating activities	346	539	880	1,107	1,238
Investing activities	276	(370)	(823)	(434)	(212)
Financing activities	(607)	(317)	(100)	(1,300)	(764)

Table of Contents

(in millions, except ratio and selected operating data)	Nine months ended July 31, 2012	2011	Fiscal year ended October 31, 2011	2010	2009
Selected Operating Data:					
Number of worldwide employees (at end of period)	N/A	N/A	20,800	18,700	17,900
Manufacturing gross margin(8)	11%	17%	18%	18%	17%
Navistar traditional retail truck deliveries(9)	56,900	49,600	73,000	65,400	65,000
Navistar traditional market share(10)	23%	27%	28%	34%	36%
Truck segment:					
Traditional markets net orders(11)	52,300	60,700	79,300	59,000	68,400
Traditional markets backlog (at end of period)(12)	16,200	24,300	20,000	15,600	23,200
Chargeouts(13):					
Traditional markets	56,400	51,800	75,300	66,500	63,100
Non traditional military	1,100	700	1,400	1,400	1,600
Expansion markets(14)	22,900	21,500	31,700	19,100	11,100
Total worldwide units	80,400	74,000	108,400	87,000	75,800
Engine segment shipments:					
OEM sales South America	78,000	102,500	138,600	132,800	99,200
Ford sales U.S. and Canada				24,900	101,500
Intercompany sales	65,600	63,100	88,800	68,500	57,300
Other OEM sales	7,200	12,600	16,200	14,200	11,300
Total	150,800	178,200	243,600	240,400	269,300

(1) Includes revenues of NFC as well as NIC s other financial services subsidiaries.

(2) We have undertaken a number of restructuring initiatives over the last several years. In the first quarter of fiscal 2009, we reached an agreement with Ford Motor Company (Ford) to restructure our ongoing business relationship and settle all existing litigation between us and Ford (the Ford Settlement). With the changes in Ford s strategy, we announced our intention to close the Indianapolis Engine Plant (IEP) and Indianapolis Casting Corporation foundry (ICC). In the first quarter of 2011, we committed to a plan for the consolidation of the truck and engine engineering operations as well as the relocation of our world headquarters (collectively engineering integration). In the third quarter of 2011, we committed to plans for the restructuring of certain North American manufacturing operations. These plans included the planned closure of our Chatham, Ontario heavy truck plant and a restructuring plan of our Workhorse Custom Chassis (WCC) and Monaco recreational vehicles operations (collectively Custom Products), including the closure of the Union City, Indiana chassis facility and the wind-down and transfer of certain operations at the recreational vehicle motor coach plant in Coburg, Oregon (collectively restructuring of our North American manufacturing operations). In the second quarter of 2012, we decided to discontinue accepting orders for our WCC business and take certain actions to idle the business.

Set forth below is a summary of the restructuring charges we recorded for each of the periods presented:

In the nine months ended July 31, 2012, restructuring charges were primarily related to a lease vacancy charge related to the relocation of our world headquarters;

In the nine months ended July 31, 2011, restructuring charges primarily related to our engineering integration and the relocation of our world headquarters;

For fiscal 2011, restructuring charges primarily related to the restructuring of our North American manufacturing operations and our engineering integration;

In fiscal 2010, the $15 million benefit related to restructuring activity and primarily consisted of a $16 million benefit due to the favorable settlement of a portion of contractual obligations related to the IEP and ICC restructuring, and a $10 million benefit due to reversal of remaining restructuring accrual for ICC as a result of our decision to continue operations at ICC, which benefits were partially offset by $9 million of restructuring charges for personnel costs for employee termination related benefits resulting from the ratification of by the United Automobile, Aerospace and

Table of Contents

Agricultural Implement Workers of America (UAW) represented employees ratification of a new four-year labor agreement that replaced the prior contract that expired October 1, 2010; and

In fiscal 2009, we recognized $59 million of restructuring charges related to the Ford Settlement.

(3) In the nine months ended July 31, 2012, as a result of the decision in the second quarter of 2012 to idle the WCC business we recognized $38 million of charges for the impairment of certain intangible assets. Of these impairment charges, the Truck and Parts segments recognized $28 million and $10 million, respectively. In fiscal 2011, we recognized $64 million of impairment charges related to certain intangible assets and property plant and equipment primarily related to our WCC Chassis plant in Union City, Indiana and Chatham, Ontario heavy truck plant facility. In fiscal 2009, the Truck segment recognized $26 million and $5 million of charges for impairments of property and equipment related to asset groups at our Chatham and Conway facilities, respectively.

(4) Collectively represents our partially-owned affiliates of which our ownership percentages in the 12 other affiliates range from 10% to 50%. We do not control these affiliates, but have the ability to exercise significant influence over their operating and financial policies.

(5) The financial measures of adjusted net income (loss) and adjusted diluted earnings (loss) per share attributable to Navistar International Corporation are not calculated in accordance with, or an alternative to measures that are calculated in accordance with, 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, which exclude the impact of certain items that are not considered to be part of our ongoing business, improve the comparability of year to year results, and are more representative of our underlying performance. We have chosen to provide this supplemental information to illustrate the results of operations giving effect to the non-GAAP adjustments shown in these reconciliations, and to provide an additional measure of our performance. Certain non-GAAP adjustments and the related tax effect of those adjustments have been modified from prior presentations to reflect management s view of our underlying performance.

	Nine months ended July 31,		**Fiscal year ended October 31,**		
(in millions, except per share data)	**2012**	**2011**	**2011**	**2010**	**2009**
Net income attributable to Navistar International Corporation	$ (241)	$ 1,468	$ 1,723	$ 223	$ 320
Plus:					
Engineering integration costs, net of tax(a)	34	28	40		
Restructuring of North American manufacturing operations, net of tax(b)	23	99	98		
Adjustments to pre-existing warranties, net of tax(c)	138				
Charges for non-conformance penalties, net of tax(d)	12				
Impact of Medicare Part D legal ruling, net of tax(e)			9		
Other restructuring charges (benefit), net of tax(f)		3	3	(17)	58
Chatham and Conway impairments, net of tax(g)					31
Inventory valuation/low volume adjustments, net of tax(h)					103
Less:					
Non-recurring gains, net of tax(i)					315
Net impact of income tax valuation allowance release(j)	181	1,476	1,537		
Adjusted net income (loss) attributable to Navistar International Corporation	$ (215)	$ 122	$ 336	$ 206	$ 197
Diluted earnings (loss) per share attributable to Navistar International Corporation	$ (3.49)	$ 19.04	$ 22.64	$ 3.05	$ 4.46
Effect of adjustments on diluted earnings (loss) per share attributable to Navistar International Corporation	0.38	(17.46)	(18.22)	(0.24)	(1.72)

Adjusted diluted earnings (loss) per share attributable to Navistar International Corporation	$ (3.11)	$ 1.58	$ 4.42	$ 2.81	$ 2.74
Diluted weighted shares outstanding	69.1	77.1	76.1	73.2	71.8

(a) Engineering integration costs are restructuring and other related charges related to the consolidation of our truck and engine engineering operations, as well as the relocation of our world headquarters. For the nine months ended July 31, 2012, the charges included restructuring charges of $23 million and other related costs of $34 million, and the associated tax impact was an income tax benefit of $23 million. For the nine months ended July 31, 2011, the charges included restructuring charges of $23 million and other related costs of $17 million, and the associated tax impact was an income tax benefit of

$12 million. For fiscal 2011, the charges included restructuring charges of $29 million and other related costs of $35 million, and the associated tax impact was an income tax benefit of $24 million. The charges recognized by our manufacturing operations have primarily been recognized by our Truck segment.

(b) Restructuring of North American manufacturing operations are impairment charges, restructuring charges, and other related charges that are 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 fiscal 2012, the Company incurred charges of $38 million for the impairment of certain intangible assets. For the nine months ended July 31, 2012, the associated tax impact was an income tax benefit of $15 million. Our Truck and Parts segments recognized charges of $28 million and $10 million, respectively. For the nine months ended July 31, 2011, the charges, which primarily impacted the Truck segment, included restructuring charges of $53 million and impairment charges of $64 million related to certain intangible assets and property and equipment, and the associated tax impact was an income tax benefit of $18 million. For fiscal 2011, the charges, which primarily impacted the Truck segment, included restructuring charges of $58 million and impairment charges of $64 million related to certain intangible assets and property and equipment, and the associated tax impact was an income tax benefit of $24 million.

(c) During the first and second quarters of fiscal 2012, the Company incurred charges of $123 million and $104 million, respectively, for adjustments to pre-existing warranties. For the nine months ended July 31, 2012, the associated tax impact was an income tax benefit of $89 million.

(d) For the nine months ended July 31, 2012, the Company recorded charges of $20 million for NCPs for certain 13-L engine sales that did not comply with emission standards recognized in the Engine segment. The associated tax impact was an income tax benefit of $8 million.

(e) In the fourth quarter of fiscal 2011, we had an unfavorable ruling related to a 2010 administrative change that we made to the prescription drug program under our OPEB plan affecting plan participants who are Medicare eligible. As a result, we recognized approximately $15 million of expense for postretirement benefits, and the associated tax impact was an income tax benefit of $6 million.

(f) Other restructuring charges are charges not related to our engineering integration and relocation of our world headquarters or the restructuring of our North American manufacturing operations (both of which are discussed above):

For the nine months ended July 31, 2011 and fiscal 2011, the other restructuring charges primarily related to charges of $5 million incurred at Springfield, and the associated income tax benefit of $2 million;

For fiscal 2010, other restructuring charges represented a benefit and primarily included $16 million due to the favorable settlement of a portion of contractual obligations related to the IEP and ICC restructuring, and a $10 million benefit due to reversal of remaining restructuring accrual for ICC as a result of our decision to continue operations at ICC, which benefits were partially offset by $9 million of restructuring charges for personnel costs for employee termination related benefits resulting from the ratification of by the UAW represented employees ratification of a new four-year labor agreement that replaced the prior contract that expired October 1, 2010; and

For fiscal 2009, we recognized $59 million of restructuring charges related to the Ford Settlement, and an associated income tax benefit of $1 million.

(g) In fiscal 2009, the Truck segment recognized $26 million and $5 million of charges for impairments of property and equipment related to asset groups at our Chatham and Conway facilities, respectively.

(h) Related to the Ford Settlement, our Engine segment recognized a total of $81 million of inventory valuation and low volume adjustments in *Cost of products sold* and a total of $24 million of inventory valuation and low volume adjustments in *Other expense (income), net,* for the nine months ended July 31, 2009. The associated tax impact was an income tax benefit of $2 million.

(i) We realized a number of non-recurring gains in fiscal 2009 as outlined below:

We completed the purchase of certain assets of the recreational vehicle business of Monaco Coach Corporation in the third quarter of fiscal 2009. We recognized an extraordinary gain of $23 million due to the fair market value of the assets acquired in the Monaco acquisition exceeding the purchase price.

We recognized a gain of $23 million in *Other income (expense)*, net in connection with the increased equity interest in the BDP joint venture.

We reversed a previously recorded warranty liability of $75 million, which was recorded as a reduction of *Costs of products sold*, in connection with the Ford Settlement.

We recorded a gain of $200 million in *Other expense (income*), net related to the cash settlement payment we received from Ford in connection with the Ford Settlement.

The associated tax impact of the above adjustments was an income tax expense of $6 million.

(j) In the nine months ended July 31, 2012, we recognized an income tax benefit of $181 million from the release of a significant portion of our income tax valuation allowance on our Canadian deferred tax assets. In the nine months ended July 31, 2011 and fiscal 2011, we recognized an income tax benefit of $1.476 billion and $1.537 billion, respectively, from the release of a significant portion of our income tax valuation allowance on our domestic deferred tax assets.

Table of Contents

(6) Current maturities of long-term debt as of July 31, 2012 were comprised of $356 million of indebtedness of our manufacturing operations and $1,060 million of indebtedness of our financial services operations.

(7) Exclusive of equipment that we have leased to others.

(8) Manufacturing gross margin is calculated by subtracting *Costs of products sold* from *Sales of manufactured products, net* and dividing that amount by *Sales of manufactured products, net*.

(9) We define our traditional markets to include U.S. and Canada School bus and Class 6 through 8 medium and heavy truck, including militarized commercial vehicles sold to the U.S. and Canadian militaries.

(10) We calculated 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.

(11) 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 we offer incentives to the dealers. Increases in stock orders typically translate to higher chargeouts for our Truck segment and increased dealer inventory.

(12) 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.

(13) 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.

(14) Includes 4,800 units during both the nine months ended July 31, 2012 and 2011 and 6,700 units, 3,800 units, and 1,100 units for 2011, 2010, and 2009, respectively, related to BDT.

Table of Contents

Supplemental financial and operating data

Navistar International Corporation (with financial services operations on an after-tax equity basis)

The following tables set forth certain supplemental financial and operating data of our manufacturing operations with our financial services operations set forth on an after-tax equity basis of accounting. Our manufacturing operations, for this purpose, include our Truck, Engine and Parts segments and Corporate items, which includes certain eliminations. We have included this supplemental financial and operating data to assist prospective investors in evaluating an investment in the common stock being offered in this offering. This information does not represent our financial statements prepared in accordance with generally accepted accounting principles (GAAP) and should not be considered in isolation or as a substitute for our financial data that has been prepared in accordance with GAAP that has been included or incorporated by reference in the prospectus supplement. We have reconciled these non-GAAP financial measures to our GAAP condensed consolidated financial statements by adding the results of our financial services operations, making the necessary adjustments to eliminate certain intercompany transactions between our manufacturing operations and financial services operations and adjusting for certain reclassifications. These reconciliations are included elsewhere in this prospectus supplement under the heading Selected Consolidating Financial Data. Certain of our subsidiaries in our manufacturing operations have debt outstanding with our financial services operations.

The information set forth below should be read in conjunction with Selected Financial Data, Management s Discussion and Analysis of Results of Operations and Financial Condition for fiscal 2011 and our consolidated financial statements and the notes thereto for fiscal 2011, and with Management s Discussion and Analysis of Results of Operations and Financial Condition for the third quarter of fiscal and our condensed consolidated financial statements and notes thereto for the nine months ended July 31, 2012 and 2011, each of which is incorporated by reference in this prospectus supplement.

(in millions)	Nine months ended July 31, 2012	2011	(Unaudited) Fiscal year ended October 31, 2011	2010	2009
Manufacturing Operations					
Selected Condensed Statement of Income Data:					
Sales of manufactured products	$ 9,540	$ 9,481	$ 13,758	$ 11,926	$ 11,300
Costs of products sold	8,518	7,830	11,262	9,741	9,366
Restructuring charges (benefit)(1)	24	79	91	(19)	59
Impairment of property and equipment and intangible assets(2)	38	64	64		31
Selling, general and administrative expenses	1,009	951	1,360	1,293	1,218
Engineering and product development costs	408	407	532	464	433
Interest expense	119	112	148	154	99
Other expense (income), net	94	40	38	48	(179)
Total costs and expenses	10,210	9,483	13,495	11,681	11,027
Equity in income of non-consolidated affiliates(3)	(21)	(55)	(71)	(50)	46

Table of Contents

(in millions)	Nine months ended July 31, 2012	Nine months ended July 31, 2011	(Unaudited) Fiscal year ended October 31, 2011	2010	2009
Income (loss) before income taxes, extraordinary gain and equity income from financial services operations	(691)	(57)	192	195	319
Equity income from financial services operations	48	67	80	64	25
Income (loss) before income taxes and extraordinary gain	(643)	10	272	259	344
Income tax benefit (expense)	437	1,493	1,506	8	(22)
Income (loss) before extraordinary gain	(206)	1,503	1,778	267	322
Extraordinary gain, net of tax					23
Net income (loss)	(206)	1,503	1,778	267	345
Less: Income attributable to non-controlling interests	35	35	55	44	25
Net income (loss) attributable to Navistar International Corporation	$ (241)	$ 1,468	$ 1,723	$ 223	$ 320

(in millions)	Actual	At July 31, 2012 As Adjusted(4)
Manufacturing Operations		
Selected Condensed Balance Sheet Data:		
Cash and cash equivalents	$ 488	$ 1,401
Property and equipment, net	1,483	1,483
Total assets (excludes investments in advances to financial services operations)	8,857	9,770
Postretirement benefits liabilities	3,119	3,119
Total debt	2,146	2,908

(in millions)	Nine months ended July 31, 2012	Nine months ended July 31, 2011	Fiscal year ended October 31, 2011	2010	2009
Manufacturing Operations					
Other Financial Data:					
EBITDA(5)	$ (400)	$ 234	$ 571	$ 566	$ 700
Adjusted EBITDA(5)	(58)	396	767	549	574
Capital expenditures(6)	248	290	427	232	148
Depreciation and amortization(6)	207	214	286	261	284
Cash provided by (used in):					
Operating activities	(292)	236	680	409	534
Investing activities	278	(359)	(617)	(916)	(282)
Financing activities	23	(5)	(106)	(110)	36

(1) See note (2) under Summary Consolidated Financial Data.

(2) See note (3) under Summary Consolidated Financial Data.

Table of Contents

(3) See note (4) under Summary Consolidated Financial Data.

(4) The *as adjusted* balance sheet data as of July 31, 2012 gives effect to: (i) our new Term Loan Facility and the repayment of our indebtedness under our prior asset-based credit facility; (ii) our New ABL Facility; (iii) the issuance and sale by us of 10,000,000 shares of common stock based on the assumed public offering price of $19.85 per share (the closing price of our common stock on October 22, 2012); and our receipt of the net proceeds therefrom, after deducting underwriting discounts and commissions and estimated offering expenses payable by us; and (iv) the application of the net proceeds as set forth under Use of proceeds , as if these transactions were completed on July 31, 2012. See Use of proceeds and Capitalization.

(5) EBITDA for our manufacturing operations is defined as consolidated net income (loss) attributable to Navistar International Corporation minus the net income (loss) from our financial services operations plus interest expense, income tax expense (benefit) and depreciation and amortization. Adjusted EBITDA for our manufacturing operations is defined as our EBITDA for our manufacturing operations plus those adjustments described below in notes (e) through (l). EBITDA and Adjusted EBITDA are measures commonly used and are presented to aid in developing an understanding of the ability of our operations to generate cash for debt service and taxes, as well as cash for investments in working capital, capital expenditures and other liquidity needs. This information is presented as a supplement to the other data provided because it provides information which we believe is useful to investors for additional analysis. EBITDA and Adjusted EBITDA should not be considered in isolation or as a substitute for net income, cash flows from operating activities or other consolidated operations or cash flow statement data prepared in accordance with generally accepted accounting principles or as a measure of our profitability or liquidity as determined in accordance with generally accepted accounting principles. Further, EBITDA and Adjusted EBITDA, as we calculate them, may not be comparable to calculations of similarly-titled measures by other companies. The following table provides a reconciliation of net income (loss) attributable to Navistar International Corporation to EBITDA and Adjusted EBITDA.

(in millions)	**Nine months ended July 31, 2012**	**2011**	**Fiscal year ended October 31, 2011**	**2010**	**2009**
Manufacturing Operations					
Net income (loss) attributable to Navistar International Corporation	$ (241)	$ 1,468	$ 1,723	$ 223	$ 320
Less: Financial services operations net income	48	67	80	64	25
Manufacturing operations net income (loss)(a)	(289)	1,401	1,643	159	295
Interest expense(b)	119	112	148	154	99
Income tax expense (benefit)(c)	(437)	(1,493)	(1,506)	(8)	22
Depreciation and amortization(d)	207	214	286	261	284
EBITDA	$ (400)	$ 234	$ 571	$ 566	$ 700
Engineering integration costs(e)	57	40	64		
Restructuring of North America manufacturing operations(f)	38	117	127		
Adjustments to pre-existing warranties(g)	227				
Charges for non-conformance penalties(h)	20				
Other restructuring charges (benefit)(i)		5	5	(17)	59
Chatham and Conway impairments(j)					31
Inventory valuation / low volume adjustments(k)					105
Non-recurring gains(l)					(321)
Adjusted EBITDA	$ (58)	$ 396	$ 767	$ 549	$ 574

(a) Exclusive of impact of financial services operations on an after-tax basis.

(b) Inclusive of amortization of debt issuance costs and discount.

(c) Exclusive of income tax expense attributable to our financial services operations of $27 million and $35 million for the nine months ended July 31, 2012 and 2011, respectively, and $48 million, $31 million, and $15 million for fiscal years ended October 31, 2011, 2010, and 2009, respectively.

(d) Exclusive of depreciation of equipment that we have leased to others.

(e) Engineering integration costs are restructuring and other related charges related to the consolidation of our truck and engine engineering operations, as well as the relocation of our world headquarters. The charges recognized by our manufacturing operations have primarily been recognized by our Truck segment

Table of Contents

(f) Restructuring of North American manufacturing operations are impairment charges, restructuring charges, and other related charges that are 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.

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

(h) For the nine months ended July 31, 2012, we recorded charges totaling $20 million for NCPs for certain 13L engine sales that did not comply with emission standards.

(i) Other restructuring charges are charges not related to the integration of our engineering and relocation of our world headquarters or the restructuring of our North American manufacturing operations (both of which are discussed above). The charges consisted of the following:

For the nine months ended July 31, 2011 and fiscal 2011, other restructuring charges primarily related to charges incurred at Springfield;

For fiscal 2010, other restructuring charges represented a benefit and primarily included $16 million due to the favorable settlement of a portion of contractual obligations related to the IEP and ICC restructuring, and a $10 million benefit due to reversal of remaining restructuring accrual for ICC as a result of our decision to continue operations at ICC, which benefits were partially offset by $9 million of restructuring charges for personnel costs for employee termination related benefits resulting from the ratification of by the UAW represented employees ratification of a new four-year labor agreement that replaced the prior contract that expired October 1, 2010; and

For fiscal 2009, we recognized $59 million of restructuring charges related to the Ford Settlement.

(j) In fiscal 2009, the Truck segment recognized $26 million and $5 million of charges for impairments of property and equipment related to asset groups at our Chatham and Conway facilities, respectively.

(k) Related to the Ford Settlement, our Engine segment recognized a total of $81 million of inventory valuation and low volume adjustments in *Cost of products sold* and a total of $24 million of inventory valuation and low volume adjustments in *Other expense (income), net*, for the nine months ended July 31, 2009.

(l) We realized a number of non-recurring gains in fiscal 2009 as outlined below:

We completed the purchase of certain assets of the recreational vehicle business of Monaco Coach Corporation in the third quarter of fiscal 2009. We recognized an extraordinary gain of $23 million due to the fair market value of the assets acquired in the Monaco acquisition exceeding the purchase price.

We recognized a gain of $23 million in *Other expense (income), net* in connection with the increased equity interest in the BDP joint venture.

We reversed a previously recorded warranty liability of $75 million, which was recorded as a reduction of *Costs of products sold,* in connection with the Ford Settlement.

We recorded a gain of $200 million in *Other expense (income), net* related to the cash settlement payment we received from Ford in connection with the Ford Settlement.

(6) Exclusive of equipment that we have leased to others.

Table of Contents

Risk factors

Any investment in our common stock involves a high degree of risk. You should carefully consider the risks described below and all of the information contained in this prospectus supplement and the accompanying prospectus before deciding whether to purchase our common stock. If any of the following risks actually occurs, our business, financial condition and results of operations would suffer. In that event, the trading price of our common stock could decline, and you may lose all or part of your investment in our common stock. The risks discussed below also include forward-looking statements and our actual results may differ substantially from those discussed in these forward-looking statements. See Forward-looking statements.

Risks relating to Navistar and its markets

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 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 OBD. 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 potential uncertainties in our ability and/or a significant increase in the cost of our products to meet these emission standards.

In 2011 and 2010, certain of our HDD 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 also began using 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.

In January 2012, the EPA promulgated the Interim Final Rule establishing NCPs for HDD engines. In June 2012, the D.C. Circuit Court ruled that the EPA did not follow the required rulemaking processes and issued an order vacating the Interim Final Rule. The Company, as an 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. Following that decision, some of our competitors filed a lawsuit asking the D.C. Circuit Court to invalidate the emission certificates issued to us under the Interim Final Rule. The D.C. Circuit Court has not yet ruled on this matter and we cannot assure you that the court will rule in our favor.

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. On August 30, 2012, the EPA approved the Final Rule and it became effective upon publication in the Federal Register on September 5, 2012. Under the Final Rule, the maximum NCP per engine is $3,775, and is subject to an upward annual adjustment. 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.

Table of Contents

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 of HDD engine production, however, our emission credits for heavy HDD engines will be consumed sometime in 2013. Unless CARB (and the corresponding agencies of the nine other states) begin allowing NCPs for engine sales, we will not be able to sell trucks with our HDD engines in the 10 CARB States after our credits are consumed until CARB certifies our HDD engines to the 0.20g NOx standard.

We submitted to the EPA and to CARB applications for a 0.20g NOx engine certificate for one 13-L 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 engine emission strategy from an EGR-only strategy to a strategy incorporating both EGR and SCR after-treatment systems. We plan to apply this engine strategy to our medium and heavy duty engines. On October 22, 2012, we announced a definitive agreement with Cummins under which Cummins Emission Solutions will supply its SCR after-treatment system. 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 HDD engine strategy, as well as our shorter-term plans for continued use of engines using EGR pending the full implementation of the HDD engine strategy. Some of those factors include, but are not necessarily limited to, the incurrence of additional costs associated with this change. Further, we cannot assure you that we will successfully implement this strategy within the anticipated timelines.

We currently anticipate commencing the phasing in of the Cummins 15L engine in December 2012, the new EGR and SCR 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 EGR and SCR 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 to utilize NCPs under 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 material 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 could 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.

Table of Contents

Increased warranty costs may negatively impact our near term operating results.

Our warranty costs have been higher in fiscal 2012 compared to prior years as a result of increased engine volumes due to the exclusive use of our MaxxForce Big-Bore engine, as well as higher estimated warranty costs per unit. We recognized material charges for adjustments to pre-existing warranties of $123 million and $104 million in the first and second quarters of fiscal 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 than historically experienced. While we continue to improve the design and manufacturing of our engines to reduce the volume and severity of warranty claims, preliminary warranty data for the fourth quarter of fiscal 2012 has shown an increase over prior periods that could result in additional pre-tax charges for adjustments to pre-existing warranties totaling $60 million to $75 million. These charges may have an adverse effect on our financial condition, results of operations and cash flows.

We could incur restructuring and impairment charges as we continue to evaluate opportunities to restructure our business and rationalize our manufacturing operations in an effort to optimize the cost structure.

We continue to evaluate 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. These actions could result in restructuring and related charges, including but not limited to asset impairments, employee termination costs and charges for pension and other post retirement contractual benefits, including potential additional pension funding obligations, and pension curtailments that could be significant, which could adversely affect our financial condition and results of operations. For example, in the fourth quarter of fiscal 2012, we estimate that, among other charges, we will incur restructuring charges related to workforce reduction actions. See Summary Factors impacting our fourth quarter fiscal 2012 results.

We have substantial amounts of long-lived assets, including goodwill and intangible assets, which are subject to periodic impairment analysis and review. Identifying and assessing whether impairment indicators exist, or if events or changes in circumstances have occurred, including market conditions, operating results, competition and general economic conditions, requires significant judgment. A result of any of the above future actions could result in charges that could have an adverse effect on our financial condition and results of operations.

Our business has significant liquidity requirements, and our recent operating results have had an adverse impact on our liquidity position.

Our business has significant liquidity requirements, and our recent operating results have had an adverse impact on our liquidity position. To improve our liquidity position, we recently borrowed $1.0 billion under our new Term Loan Facility and, as of July 31, 2012 on a pro forma basis giving effect to that borrowing and this offering, our manufacturing operations would have had cash and cash equivalents of $1,401 million. We believe that our cash on-hand after this offering, together with funds generated by our operations and potential borrowings under our New ABL Facility, will provide us with sufficient liquidity and capital resources to meet our working capital, capital expenditures and other operating needs for the foreseeable future. Significant assumptions underlie this belief, however, including, among other things, assumptions relating to North American truck volumes for 2013 and the successful implementation of our revised

Table of Contents

engine strategy, and that there will be no material adverse developments in our competitive market position, business, liquidity or capital requirements. As a result, we cannot assure you that we will continue to have sufficient liquidity to meet our operating needs. In the event that we do not have sufficient liquidity, we may be required to seek additional capital, reduce or cut back our operating activities or otherwise alter our business strategy.

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 Facility significantly limits our ability to obtain additional debt 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. These restrictive covenants limit our ability to take certain actions, such as, among other things: make restricted payments; incur additional debt and issue preferred or disqualified stock; create liens; create or permit to exist restrictions on our ability or the ability of our restricted subsidiaries to make certain payments or distributions; engage in sale-leaseback transactions; engage in mergers or consolidations or transfer all or substantially all of our assets; designate restricted and unrestricted subsidiaries; make certain dispositions and transfers of assets; place limitations on the ability of our restricted subsidiaries to make distributions; enter into transactions with affiliates; and guarantee indebtedness. One or more of these restrictive covenants may limit our ability to execute our preferred business strategy, take advantage of business opportunities or react to changing industry conditions.

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

Table of Contents

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 Facility and our New ABL 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 a change of control as specified in each of the principal debt agreements of our manufacturing operations, we are required to offer to repurchase or repay such indebtedness. Under these agreements, 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 New ABL Facility and our Term Loan Facility, a change in control would result in an immediate event of default, which would allow our lenders to accelerate the debt owed to them. Under the indentures or loan agreements for our debt securities, 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 New ABL Facility and our Term Loan Facility, 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.

Past and potential further downgrades in our debt ratings may adversely affect our liquidity, competitive position and access to capital markets.

The major debt-rating agencies routinely evaluate and rate our debt according to a number of factors, among which are our perceived financial strength and transparency with rating agencies and timeliness of financial reporting. On August 1, 2012, Moody s Investors Service downgraded our corporate family rating, probability of default rating and senior note rating to B2 from B1 with a negative outlook. On September 17, 2012, Fitch Ratings downgraded its issuer default ratings for us to CCC from B-, with a negative outlook, citing the increasing risk around our cash flow. Any further downgrade in our credit ratings and the negative publicity as a result of any such further downgrades could adversely affect our continued access to trade credit on customary terms as well as our ability to access capital in the future upon acceptable terms and conditions.

We have significant under-funded postretirement obligations.

The under-funded portion of our projected benefit obligation was $1.8 billion and $1.5 billion for pension benefits at October 31, 2011 and 2010, respectively, and $1.5 billion and $653 million for postretirement healthcare benefits at October 31, 2011 and 2010, respectively. Moreover, we have assumed expected rates of return on plan assets and growth rates of retiree medical costs and the failure to achieve the expected rates of return and growth rates, as well as reductions in interest rates, could have an adverse impact on our under-funded postretirement obligations, financial condition, results of operations and cash flows. In addition, the continued restructuring and rationalization of our business could increase our pension funding obligations under the Employee Retirement Income Security Act of 1974, as amended. The volatility in the financial markets affects the valuation of our pension assets and liabilities, resulting in potentially higher pension costs and higher levels of under-funding in future periods. The requirements set forth in

Table of Contents

the Employee Retirement Income Security Act of 1974, as amended, and the Internal Revenue Code of 1986, as amended, as applicable to our U.S. pension plans (including such timing requirements) mandated by the Pension Protection Act of 2006 to fully fund our U.S. pension plans, net of any current or possible future legislative or governmental agency relief, could also have an adverse impact on our business, financial condition, results of operations and cash flows even though the recently enacted pension funding relief legislation Preservation of Access to Care for Medicare Beneficiaries and Pension Relief Act of 2010 and the Moving Ahead for Progress in the 21st Century Act have reduced our funding requirements over the next five years.

We may not achieve all of the expected benefits from our cost saving initiatives.

We have recently implemented a number of cost saving initiatives, including the consolidation of our Truck and Engine engineering operations, the relocation of our world headquarters to Lisle, Illinois, continued reductions in discretionary spending and employee headcount reductions. We expect these actions will result in significant operating cost savings, which we estimate will be approximately $175 million for fiscal 2013. In addition, we continue to evaluate additional options to improve the efficiency and performance of our operations. For example, we are evaluating opportunities to restructure our business in an effort to optimize our cost structure, which could include, among other actions, rationalization of certain of our manufacturing operations and/or divesting non-core businesses. We have made certain assumptions in estimating the anticipated impact of our cost saving initiatives. These assumptions may turn out to be incorrect due to a variety of factors. In addition, our ability to realize the expected benefits from these initiatives is subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond our control. Some of our cost saving measures may not have the impact on our profitability that we currently project. If we are unsuccessful in implementing these initiatives or if we do not achieve our expected results, our results of operations and cash flows could be materially adversely affected.

A small number of our stockholders have significant influence over our business.

In October 2012, we entered into settlement agreements with two of our significant stockholders, the Icahn Group and the MHR Group. Pursuant to the settlement agreements, in October 2012 the Icahn Group and the MHR Group each had one nominee appointed to our board of directors and to the nominating and governance committee of our board in replacement of two incumbent directors. Additionally, the Icahn Group and the MHR Group have the right to appoint a third mutually agreed upon director nominee to our board in replacement of an incumbent director. These director nominees will be included for election as directors at our 2013 annual meeting of stockholders. Our board of directors will remain at 10 members so long as either the Icahn Group or the MHR Group continues to have a designee on the board. See Summary Other recent developments New directors.

As of October 22, 2012, based on filings made with the SEC and other information made available to us, we believe the Icahn Group held 14.94% of our outstanding common stock and the MHR Group held 14.98% of our outstanding common stock, and that the Icahn Group, the MHR Group and two other stockholders collectively held over 50% of our common stock.

As a result of the foregoing, these few stockholders are able to exercise significant influence over the election of our board of directors as well as matters requiring stockholder approval. Further, this concentration of ownership may adversely affect the market price of our common stock.

Table of Contents

Our business may be adversely affected by government contracting risks.

We derived approximately 13%, 15%, and 25% of our revenues for 2011, 2010, and 2009, respectively, from the U.S. government. Many of our existing U.S. government contracts extend over multiple years and are conditioned upon the continuing availability of congressional appropriations. Congress usually appropriates funds on a fiscal-year basis and if the congressional appropriations for a program under which we are contractors are not made, or are reduced or delayed, our contract could be cancelled or government purchases under the contract could be reduced or delayed, which could adversely affect our financial condition, results of operations, and cash flows. Although we have submitted multiple bids and quotes, there are no guarantees that they will be awarded to us in the future or that volumes will be similar to volumes under previously awarded contracts. In addition, U.S. government contracts generally permit the contracting government agency to terminate the contract, in whole or in part, either for the convenience of the government or for default based on our failure to perform under the contract. If a contract is terminated for convenience, we would generally be entitled to the payment of our allowable costs and an allowance for profit on the work performed. If one of our government contracts were to be terminated for default, we could be exposed to liability and our ability to obtain future contracts could be adversely affected.

Federal regulations and fuel economy rules may increase costs.

Additional changes to on-highway emissions or performance standards as well as compliance with additional environmental requirements are expected to add to the cost of our products and increase the capital-intensive nature of our business. In that regard, the EPA and the Department of Transportation have issued final rules on greenhouse gas emissions and fuel economy for medium and heavy duty vehicles and engines. The standards establish required minimum fuel economy and greenhouse gas emissions levels for both engines and vehicles primarily through the increased use of existing technology. The rules, which apply to our engines and vehicles, initially come into effect in 2014 and are fully implemented in model year 2017. These standards will increase costs of development for engines and vehicles and administrative costs arising from implementation of the standards. In addition, other regulatory proposals under consideration may adversely affect our business.

We may not achieve all of the expected benefits from our recent acquisitions, joint ventures or strategic alliances.

Over the last several years, we have completed a number of acquisitions, joint ventures and strategic alliances as part of our business strategy. We cannot provide any assurances that these acquisitions, joint ventures or strategic alliances will generate all of the expected benefits. In addition, we cannot provide assurance that we will not have disputes arise with our joint venture partners and that such disputes will not lead to litigation or otherwise have a material adverse effect on the joint ventures or our relationships with our joint venture partners. Failure to successfully manage and integrate these acquisitions, joint ventures and strategic alliances could materially impact our financial condition, results of operations and cash flows. In light of our recent operating results, we are currently evaluating opportunities to restructure our business in an effort to optimize our cost structure, which could include, among other actions, rationalization of certain of our recent acquisitions, joint ventures or strategic alliances.

Table of Contents

Our products are subject to export limitations and we may be prevented from shipping our products to certain nations or buyers.

We are subject to federal licensing requirements with respect to the sale and support in foreign countries of certain of our products and the importation of components for our products. In addition, we are obligated to comply with a variety of federal, state and local regulations and procurement policies, both domestically and abroad, governing certain aspects of our international sales and support, including regulations promulgated by, among others, the U.S. Departments of Commerce, Defense and State and the U.S. Department of Justice.

Such licenses may be denied for reasons of U.S. national security or foreign policy. In the case of certain large orders for exports of defense equipment, the Department of State must notify Congress at least 15 to 30 days, depending on the size and location of the sale, prior to authorizing certain sales of defense equipment and services to foreign governments. During that time, Congress may take action to block the proposed sale. We can give no assurances that we will continue to be successful in obtaining the necessary licenses or authorizations or that Congress will not prevent or delay certain sales. Any significant impairment of our ability to sell products outside of the U.S. could negatively impact our financial condition, results of operations and cash flows.

For products and technology exported from the U.S. or otherwise subject to U.S. jurisdiction, we are subject to U.S. laws and regulations governing international trade and exports, including, but not limited to International Traffic in Arms Regulations, Export Administration Regulations, the Foreign Military Sales program and trade sanctions against embargoed countries, and destinations administered by the Office of Foreign Assets Control, U.S. Department of the Treasury. A determination by the U.S. government that we have failed to comply with one or more of these export controls or trade sanctions could result in civil or criminal penalties, including the imposition of significant fines, denial of export privileges, loss of revenues from certain customers, and debarment from participation in U.S. government contracts.

We are subject to the Foreign Corrupt Practices Act (the FCPA) and other laws which prohibit improper payments to foreign governments and their officials by U.S. and other business entities. We operate in countries known to experience corruption. Our operations in such countries create the risk of an unauthorized payment by one of our employees or agents which could be in violation of various laws including the FCPA.

Additionally, the failure to obtain applicable governmental approval and clearances could materially and adversely affect our ability to continue to service the government contracts we maintain. Exports of some of our products to certain international destinations may require shipment authorization from U.S. export control authorities, including the U.S. Departments of Commerce and State, and authorizations may be conditioned on end-use restrictions.

Our international business is also highly sensitive to changes in foreign national priorities and government budgets. Sales of military products are affected by defense budgets (both in the U.S. and abroad) and U.S. foreign policy.

We must comply with numerous miscellaneous federal national security laws, procurement regulations, and procedures, as well as the rules and regulations of foreign jurisdictions, and our failure to comply could adversely affect our business.

We must observe laws and regulations relating to the formation, administration and performance of federal government contracts that affect how we do business with our clients and impose added costs on our business. For example, the Federal Acquisition Regulations, foreign government procurement regulations and the industrial security regulations of the Department of Defense and related laws include provisions that:

- allow our government clients to terminate or not renew our contracts if we come under foreign ownership, control or influence;
- allow our government clients to terminate existing contracts for the convenience of the government;
- require us to prevent unauthorized access to classified information; and
- require us to comply with laws and regulations intended to promote various social or economic goals.

We are subject to industrial security regulations of the U.S. Department of State, Department of Commerce and the Department of Defense and other federal agencies that are designed to safeguard against foreigners access to classified or restricted information. As we expand our operations internationally, we will also become subject to the rules and regulations of foreign jurisdictions. If we were to come under foreign ownership, control or influence, we could lose our facility security clearances, which could result in our federal government customers terminating or deciding not to renew our contracts and could impair our ability to obtain new contracts.

A failure to comply with applicable laws, regulations or procedures, including federal regulations regarding the procurement of goods and services and protection of classified information, could result in contract termination, loss of security clearances, suspension or prohibition from contracting with the federal government, civil fines and damages and criminal prosecution and penalties, any of which would materially adversely affect our business.

The markets in which we compete are subject to considerable cyclicality.

Our ability to be profitable depends in part on the varying conditions in the truck, bus, mid-range diesel engine, and service parts markets, which are subject to cycles in the overall business environment and are particularly sensitive to the industrial sector, which generates a significant portion of the freight tonnage hauled. Truck and engine demand is also dependent on general economic conditions, interest rate levels and fuel costs, among other external factors.

We operate in the highly competitive North American truck market.

The North American truck market in which we operate is highly competitive. Our major U.S.-controlled domestic competitors include: PACCAR and Ford. The competing foreign-controlled domestic manufacturers include: Freightliner and Western Star (both subsidiaries of Mercedes Benz), and Volvo and Mack (both subsidiaries of Volvo Global Trucks). The major U.S. military vehicle competitors include: BAE Systems, Force Protection, Inc., General Dynamics Land Systems, and Oshkosh Truck. In addition, smaller, foreign-controlled market participants such as Isuzu, UD Trucks (formerly known as Nissan North America, Inc.), Hino (a subsidiary of Toyota), and Mitsubishi compete in the U.S. and Canadian markets with primarily imported products. In Mexico, the major domestic competitors are Kenmex (a subsidiary of PACCAR) and Mercedes Benz.

The intensity of this competition, which is expected to continue, results in price discounting and margin pressures throughout the industry and adversely affects our ability to increase or

Table of Contents

maintain vehicle prices. Many of our competitors have greater financial resources, which may place us at a competitive disadvantage in responding to substantial industry changes, such as changes in governmental regulations that require major additional capital expenditures. In addition, certain of our competitors may have lower overall labor costs.

Our ability to execute our strategy is dependent upon our ability to attract, train and retain qualified personnel.

Our continued success depends, in part, on our ability to identify, attract, motivate, train and retain qualified personnel in key functions and geographic areas. In particular, we are dependent on our ability to identify, attract, motivate, train and retain qualified engineers with the requisite education, background and industry experience who can assist the development, enhancement and introduction of new products and technology solutions. Further, we have significant operations in foreign countries, including Mexico, Brazil, Argentina, India and Canada, and, to effectively manage our global operations, we will need to continue to be able to recruit, train, assimilate, motivate and retain qualified experienced employees around the world.

Failure to attract, train and retain qualified personnel, whether as a result of an insufficient number of qualified local residents, difficulty in recruiting and retaining expatriates to service new global markets, or the allocation of inadequate resources to training, integration and retention of qualified personnel, could impair our ability to execute our business strategy and could have an adverse effect on our business prospects. In addition, our operations or our ability to execute our business strategy may be negatively impacted if we lose key personnel in connection with our voluntary separation program announced in August 2012, and we are unable to replace the experience, skills and knowledge base of such key personnel in a timely manner.

Our manufacturing operations are dependent upon third-party suppliers, making us vulnerable to supply shortages.

We obtain materials and manufactured components from third-party suppliers. Some of our suppliers are the sole source for a particular supply item. Any delay in receiving supplies could impair our ability to deliver products to our customers and, accordingly, could have a material adverse effect on our business, financial condition, results of operations, and cash flows. The volatility in the financial markets and uncertainty in the automotive sector could result in exposure related to the financial viability of certain of our key third-party suppliers. Suppliers may also exit certain business lines causing us to find other suppliers for materials or components, or delay our ability to deliver products to customers, or our suppliers may change the terms on which they are willing to provide products, any of which could adversely affect our financial condition and results of operations . In addition, many of our suppliers have unionized workforces which could be subject to work stoppages as a result of labor relations issues.

We are exposed to political, economic, and other risks that arise from operating a multinational business.

We have significant operations in foreign countries, primarily in Canada, Mexico, Brazil, Argentina, and India. We are also developing operations in the People s Republic of China. Accordingly, our business is subject to the political, economic, and other risks that are inherent in operating in those countries and internationally. These risks include, among others:

- trade protection measures and import or export licensing requirements;

- tax rates in certain foreign countries that exceed those in the U.S., and the imposition of foreign withholding taxes on the remittance of foreign earnings to the U.S.;

- difficulty in staffing and managing international operations and the application of foreign labor regulations;
- multiple and potentially conflicting laws, regulations, and policies that are subject to change;
- currency exchange rate risk; and
- changes in general economic and political conditions in countries where we operate, particularly in emerging markets.

We may discover defects in vehicles potentially resulting in delays in new model launches, recall campaigns, or increased warranty costs.

Meeting or exceeding many government-mandated safety standards is costly and often technologically challenging, especially where one or more government-mandated standards may conflict. Government safety standards require manufacturers to remedy defects related to motor vehicle safety through safety recall campaigns, and a manufacturer is obligated to recall vehicles if it determines that they do not comply with a safety standard. Should we or government safety regulators determine that a safety or other defect or noncompliance exists with respect to certain of our vehicles, there could be a delay in the launch of a new model or a significant increase in warranty claims, the costs of which could be substantial.

Our business may be adversely impacted by work stoppages and other labor relations matters.

We are subject to risk of work stoppages and other labor relations matters because a significant portion of our workforce is unionized. As of October 31, 2011, approximately 55% of our hourly workers and 5% of our salaried workers are represented by labor unions and are covered by collective bargaining agreements. Many of these agreements include provisions that limit our ability to realize cost savings from restructuring initiatives such as plant closings and reductions in workforce. Our current collective bargaining agreement with the UAW will expire in October 2014. Any strikes, threats of strikes, arbitration or other resistance in connection with the negotiation of new labor agreements or otherwise could materially adversely affect our business as well as impair our ability to implement further measures to reduce structural costs and improve production efficiencies. A lengthy strike that involves a significant portion of our manufacturing facilities could have a material adverse effect on our financial condition, results of operations, and cash flows.

We are involved in pending litigation and an adverse resolution of such litigation may adversely affect our business, financial condition, results of operations and cash flows.

Litigation can be expensive, lengthy, and disruptive to normal business operations. The results of complex legal proceedings are often uncertain and difficult to predict. An unfavorable outcome of a particular matter described in our periodic filings or any future legal proceedings could have a material adverse effect on our business, financial condition, results of operations or cash flows. We are currently involved in a number of pending litigation matters. For additional information regarding certain lawsuits in which we are involved, see our 2011 Annual Report, Item 3, *Legal Proceedings*, and Note 15, *Commitments and contingencies*, to our consolidated financial statements contained therein, and our Third Quarter 10-Q, Note 12, *Commitments and contingencies*, to our consolidated financial statements contained therein, all of which are incorporated by reference in this prospectus supplement.

Table of Contents

Our ability to benefit from deferred tax assets could be negatively impacted if we are not able to generate sufficient income.

We have a significant amount of deferred tax assets, the majority of which are not subject to a valuation allowance. We are required to evaluate the need to establish a valuation allowance for our deferred tax assets based on our assessment of whether it is more likely than not that current or deferred tax benefits will be realized through the generation of future taxable income. Any establishment of a valuation allowance for our deferred tax assets could have an adverse effect on our financial condition and results of operations.

Our operations are subject to environmental, health and safety laws and regulations that could result in liabilities to us.

Our operations are subject to environmental, health and safety laws and regulations, including those governing discharges to air and water; the management and disposal of hazardous substances; the cleanup of contaminated sites; and health and safety matters. We could incur material costs, including cleanup costs, civil and criminal fines, penalties and third-party claims for property damage or personal injury as a result of violations of our liabilities under such laws and regulations. Contamination has been identified at and in the vicinity of some of our current and former properties for which we have established financial reserves. The ultimate cost of remediating contaminated sites is difficult to accurately predict and could exceed our current estimates. For example, along with the current operator, we are addressing contamination associated with our formerly owned Solar Turbines Site in San Diego, California. While we believe that we have adequate accruals to cover the costs of the ongoing cleanup, we and other parties may be required to conduct additional investigations and remediation in the area, including with respect to any impacts identified in nearby bay sediments. As a result, we also could incur material costs in excess of current reserves at these or other sites as a result of additional cleanup obligations imposed or contamination identified in the future. In addition, environmental, health and safety laws and regulations have tended to become stricter, we could incur additional costs complying with requirements that are promulgated in the future.

Risks related to our common stock and this offering

Provisions in our charter and by-laws, our stockholder rights plan and Delaware law could delay and discourage takeover attempts that stockholders may consider favorable.

Certain provisions of our certificate of incorporation and by-laws, and applicable provisions of Delaware corporate law, may make it more difficult for or prevent a third party from acquiring control of us or changing our board of directors and management. These provisions include:

- the ability of our board of directors to issue so-called flexible preferred stock;
- a classified board of directors (which has the effect under Delaware law of precluding shareowners from removing directors without cause);
- a limitation on the ability to fill board vacancies to only the remaining directors;
- the inability of stockholders to act by written consent or call special meetings;
- advance notice procedures for stockholder proposals to be brought before an annual meeting of our stockholders;

S-32

the affirmative vote of holders of the greater of (a) a majority of the voting power of all common stock and (b) at least 85% of the shares of common stock present at a meeting is required to approve certain change of control transactions; and

Section 203 of the Delaware General Corporation Law, which generally restricts us from engaging in certain business combinations with a person who acquires 15% or more of our common stock for a period of three years from the date such person acquired such common stock, unless stockholder or board approval is obtained prior to the acquisition.

In addition, the fact that our ability to utilize our tax net operating losses and research and development tax credits could be adversely affected by a change of control could have an anti takeover effect.

We have a stockholders rights plan, which may be triggered if any person or group becomes the beneficial owner of or announces an offer to acquire 15% or more of our common shares.

The foregoing provisions may adversely affect the marketability of the common stock by discouraging potential investors from acquiring our stock. In addition, these provisions could delay or frustrate the removal of incumbent directors and could make more difficult a merger, tender offer or proxy contest involving us, or impede an attempt to acquire a significant or controlling interest in us, even if such events might be beneficial to us and our stockholders.

Possible volatility in the price of our common stock increases the risk of your investment.

Numerous factors may significantly affect the market price for our common stock. Such factors include the announcement of new products or other strategic initiatives by us or our competitors, technological innovations by us or our competitors, the growth and expansion of our business, trends and uncertainties affecting the truck manufacturing industry as a whole, issuances and repurchases of common stock, quarterly variations in our operating results or the operating results of our competitors, investors expectations of our prospects, changes in earnings estimates by analysts or reported results that vary materially from such estimates and general economic and other conditions, including the cyclical nature of our business. In addition, in recent years the stock market has experienced extreme price fluctuations. This volatility has had a substantial effect on the market prices of securities issued by many companies for reasons unrelated to the operating performance of the specific companies. These broad market fluctuations may adversely affect the market price of our common stock.

We do not intend to pay dividends for the foreseeable future.

We have not paid cash dividends on our common stock since 1980 and do not anticipate paying any dividends on our common stock in the foreseeable future. We intend to retain our earnings, if any, to use in our ongoing operations. In addition, the terms of the agreements governing our indebtedness restrict our ability to pay dividends on our common stock. Furthermore, our board of directors has the authority to issue one or more series of preferred stock without action of the stockholders. Although we have no present plan to issue any additional series of preferred stock or preference shares, the issuance of any additional series could also have the effect of limiting dividends on the common stock.

Future sales of our common stock may depress our stock price.

Future sales of substantial amounts of our common stock in the public market, or the perception that these sales could occur, could adversely affect the price of our common stock and could impair our ability to raise capital through the sale of additional shares.

Table of Contents

Pursuant to a registration rights agreement, certain members of the MHR Group have the right to demand up to three registrations under the Securities Act of 1933, as amended, for shares of our common stock held by such investors, subject to certain limitations. In addition, members of the MHR Group party to the registration rights agreement are entitled to certain piggyback registration rights with respect to the registration of shares of our common stock. By exercising their registration rights or otherwise selling a large number of shares on the open market, these holders could cause the price of our common stock to decline.

In the future, we may also issue our securities if we need to raise capital in connection with a capital raise or acquisitions. The amount of shares of our common stock issued in connection with a capital raise or acquisition could constitute a material portion of our then-outstanding shares of our common stock.

We will have broad discretion in how we use the proceeds of this offering and we may not use these proceeds effectively. This could affect our profitability and cause our stock price to decline.

Management and our board of directors will have considerable discretion in the application of the net proceeds of this offering, and you will not have the opportunity, as part of your investment decision, to assess whether we are using the proceeds appropriately. We currently intend to use the net proceeds for general corporate purposes, which we expect to include funding capital expenditures and strategic initiatives. We may use the net proceeds for corporate purposes that do not improve our profitability or increase our market value, which could cause our stock price to decline.

Table of Contents

Forward-looking statements

This prospectus supplement and the documents incorporated herein contain forward-looking statements within the meaning of Section 27A of the Securities Act, Section 21E of the Exchange Act and the Private Securities Litigation Reform Act of 1995 that are subject to risks and uncertainties. You should not place undue reliance on those statements because they are subject to numerous uncertainties and factors relating to our operations and business environment, all of which are difficult to predict and many of which are beyond our control, and such forward-looking statements only speak as of the date of this prospectus supplement. 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 committed, believe, expect, anticipate, intend, plan, estimate or similar expressions. These statements are based on assumptions that made in light of our experience in the industry as well as our perceptions of historical trends, current conditions, expected future developments and other factors we believe are appropriate under the circumstances. As you read and consider this prospectus supplement and the documents incorporated herein, you should understand that these statements are not guarantees of performance or results. They involve risks, uncertainties and assumptions. Although we believe that these forward-looking statements are based on reasonable assumptions, you should be aware that many factors 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. Some of these factors include:

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

Increased warranty costs may negatively impact our near term operating results.