



CORPORATE GOVERNANCE GUIDELINES

Navistar International Corporation's (the "Corporation") Board of Directors (the "Board" and each such director thereof a "Director") has adopted the following corporate governance guidelines (the "Guidelines") in order to preserve and strengthen the structure and processes of the Board. The Guidelines acknowledge the leadership exercised by the Board's standing committees (the "Committees") and their chairs. The Guidelines also recognize the importance of maintaining the flexibility to adapt corporate governance processes to the changing requirements of business. These Guidelines may be amended by the Board and the Board may make exceptions to them.

1. SELECTION OF THE CHAIR OF THE BOARD AND CHIEF EXECUTIVE OFFICER.

The Board will select the Chair of the Board and Chief Executive Officer (the "CEO") and determine from time to time whether the positions are to be combined and filled by one person or separated and filled by two persons. If the positions are separated, the Chair of the Board may be an employee or a non-employee Director.

2. BOARD COMPOSITION AND INDEPENDENCE.

The number of Directors will be determined by the Board.

After reviewing recommendations from the Nominating and Governance Committee, the Board will establish criteria for Board membership which it will use in determining the size of the Board, filling vacancies on the Board and making recommendations to stockholders regarding the election of Directors. These criteria should include issues of diversity, skills, background, experience, etc. - all in the context of an assessment of the needs of the Board. One of the criteria will be that a majority of the Directors will be Independent Directors as defined under the New York Stock Exchange (NYSE) corporate governance rules and in accordance with the guidelines set forth in the annex to these policies.

The Board believes that Directors must be willing to devote sufficient time to carrying out their duties and responsibilities effectively. Directors who also serve as active CEOs or in equivalent positions should not serve on more than three boards of public companies in addition to the Navistar board, and other Directors should not serve on more than five other boards of public companies in addition to the Navistar board.

When the Board makes recommendations to stockholders regarding the election of Directors, or appoints new Directors to fill vacancies on the Board, the Nominating and Governance Committee will provide recommendations to the Board for its consideration. In evaluating candidates, the Nominating and Governance Committee will use the criteria established by the Board. In determining whether to recommend a Director for re-election, consideration should be given to the Director's past attendance at meetings, participation in and contributions to the activities of the Board and the results of the most recent Board self-evaluation. In the case of new Directors, after the Board has decided to make a recommendation to the stockholders, or to appoint a Director to fill a vacancy, the Board will authorize the CEO to extend an invitation to the candidate to become a Director.

The Board does not believe that arbitrary term limits on Director's service are appropriate, nor does it believe that Directors should expect to be re-nominated every three years until they reach the mandatory retirement age. In order to assist the Nominating and Governance Committee and the Board in applying the criteria for the size of the Board and for Board and Committee membership, each Director will notify the Corporate Secretary whenever his or her principal occupation or primary business affiliation changes. The notice should be accompanied by the Director's offer to resign from the Board. The notice will provide an opportunity for the Board, after consideration of recommendations of the Nominating and Governance Committee, to review the continued appropriateness of the Director's Board membership and decide whether to accept the Director's resignation. A Director who has served as an executive officer of the Corporation should likewise offer the Board his or her resignation as a Director at the end of his or her tenure as an executive officer. The Board will decide at that time whether it is appropriate for the departing executive officer to continue to serve as a Director.

Non-employee Directors are eligible to retire from the Board after they attain 5 years of service. All Directors should retire from the Board not later than the first annual meeting of stockholders which is held after they attain age 72.

3. BOARD MEETING AGENDAS AND INFORMATION.

The Chair of the Board and CEO will establish the agendas for meetings of the Board, taking into consideration any items suggested by other Directors. If the positions are held by two persons, then the CEO, in consultation with the Chair of the Board, will establish the agendas. Directors are free to raise subjects at a Board meeting that are not on the agenda for that meeting.

In order to enhance the Directors' understanding and consideration of matters to be discussed at Board meetings, concise written information regarding all agenda items will be distributed to Directors in advance of each meeting if possible and practicable.

4. COMMITTEES.

The Board will create committees of its members to exercise a lead role in addressing significant issues affecting the Corporation. The Committees will have such duties and responsibilities as are conferred by the by-laws or delegated by the Board. The five current standing Committees are Finance, Audit, Compensation, Nominating and Governance and Executive. Each of the Board's Finance, Audit, Compensation and Nominating and Governance shall be governed by a written charter and such other committees of the Board may be governed by a written charter as determined necessary or appropriate in the judgment of the Board. The written charters of the Finance, Audit, Compensation and Nominating and Governance Committees shall be published on the Corporation's website and mailed to stockholders upon request.

After reviewing recommendations from the Nominating and Governance Committee, the Board will establish criteria for Committee membership. In addition to the requirement that a majority of the Directors be Independent Directors, members of the Audit Committee must also satisfy any additional NYSE independence requirement. Specifically, they may not directly or indirectly receive any compensation from the Corporation other than their Director's compensation.

The Board will appoint members of its Committees, including a chair of each Committee, after reviewing recommendations from the Nominating and Governance Committee. The appointments will be made annually at the first meeting of the Board after the annual meeting of the stockholders. Consideration will be given to periodic rotation of Committee membership and leadership by taking into account continuity, expertise and tenure. Committee chairs will report the highlights of their meetings to the full Board following each meeting of the respective Committees. The Committees shall occasionally hold meeting in conjunction with the full Board.

Committee chairs, in consultation with the Chair of the Board and CEO, other committee members and appropriate members of management, will determine the frequency, length and agendas of meetings of their Committees and will communicate agendas and meeting dates to the other Directors as far in advance of Committee meetings as is practicable.

5. DIRECTORS' RESPONSIBILITIES.

Directors are expected to exercise their business judgment to act in good faith, on an informed basis and in what they reasonably believe to be the best interest of the Corporation and its stockholders. Directors are expected to attend the meetings of the Board and the Committees on which they serve and to review in advance materials distributed before the meeting.

6. EXECUTIVE SESSIONS OF NON-EMPLOYEE AND INDEPENDENT DIRECTORS.

Executive Sessions are those sessions that include only non-employee Directors. Independent Director Sessions are those sessions that include only Independent Directors. From time to time management of the Corporation may be asked to attend an Executive Session or Independent Director Session of the Board but the Board will have at least three regularly scheduled meetings a year for non-employee Directors without management present. The Director who chairs the Committee which has responsibility for the subject to be considered shall act as chair pro tem. If any non-employee Directors is not independent, then the Independent Directors shall also schedule an Independent Director Session at least twice per year.

The performance of the CEO shall be reviewed annually at an Independent Director Session. Other executive sessions will include a review and discussion of the Corporation's Board evaluation, strategic plans or such other matters as may be determined by the non-employee Directors, but actions of the Board generally should be taken separately at a Board meeting.

7. CEO AND MANAGEMENT EVALUATION, DEVELOPMENT AND SUCCESSION PLANNING.

The Independent Directors, acting together, may retain consultants and advisors to assist them in performing the evaluation of the CEO at the Independent Director Session. After the executive session, the chair of the Compensation Committee and the CEO will discuss the results of that evaluation. The agenda for the other executive session will include an evaluation of the Board's structure, processes and performance.

The CEO will report to the Board at least annually on the Corporation's program for management development and on the CEO's succession plan. The CEO will provide opportunities for members of management to meet with the Directors.

8. REVIEW OF THE CORPORATION'S STRATEGIC PLANS.

At least annually, the Board will review the Corporation's strategic plans with those members of management who have primary responsibility for their development and execution and then will discuss those strategic plans in executive session.

9. COMMUNICATIONS.

The Board believes that management speaks for the Corporation. Directors may from time to time meet or otherwise communicate with various constituencies that are involved with the Corporation but it is expected that Directors would do this only with the knowledge of management and, in most instances, at the request of management.

10. BOARD COMPENSATION REVIEW.

Management will report to the Nominating and Governance Committee once a year regarding the compensation of the Directors, including a comparison of the Directors' compensation with the compensation received by directors of other companies. Compensation of the Directors will be determined by the Board after reviewing recommendations of the Compensation Committee.

11. DIRECTOR STOCK OWNERSHIP.

The Board believes that, in order to align the interests of Directors and stockholders, Directors elected by the holders of the Corporation's common stock should have a meaningful personal investment in the Corporation. In furtherance of this policy, the Board believes that each such Director who has served on the Board for at least 5 years should own a minimum of 2,000 shares of common stock or stock units. The Board will evaluate whether exceptions should be made in the case of any director who, due to his or her unique financial circumstances, would incur a hardship by complying with this requirement.

12. ACCESS TO MANAGEMENT AND OUTSIDE ADVISORS.

Directors shall have full and free access to any member of management for the purpose of understanding issues facing the Corporation. Any meetings or contacts that a Director wishes to initiate may be arranged through the CEO or the Corporate Secretary or directly by the Director. It is the expectation of the Board to keep the CEO informed of communications between a Director and a manager of the Corporation, as appropriate. The Directors will use their judgment to ensure that any such contact is not disruptive to the business operations of the Corporation. The Board and its Committees shall have the right at any time to retain independent outside financial, legal or other advisors.

13. DIRECTOR ORIENTATION AND EDUCATION.

The Corporate Secretary is responsible for providing an orientation for new Directors, and for periodically providing material or briefing sessions for all Directors on subjects that would assist them in discharging their duties. In addition, each Director is expected to maintain the necessary level of expertise to perform his or her responsibilities as a director. The Corporation may reimburse Directors for costs relating to continuing education.

14. VOTING FOR DIRECTORS.

In an uncontested election, any nominee for Director who receives a greater number of votes "withheld" from his or her election than votes "for" such election (a "Majority Withheld Vote") shall promptly tender his or her resignation following certification of the stockholder vote. The Nominating and Governance Committee shall promptly consider the resignation offer and make a recommendation to the Board. The Board will act on the Nominating and Governance Committee's recommendation within 90 days following certification of the stockholder vote. Thereafter, the Board will promptly publicly disclose its decision regarding whether to accept the Director's resignation offer. Any Director who tenders his or her resignation pursuant to this paragraph shall not participate in the Nominating and Governance Committee recommendation or Board action regarding whether to accept the resignation offer. However, if each member of the Nominating and Governance Committee received a Majority Withheld Vote at the same election, then all Independent Directors on the Board who did not receive a Majority Withheld Vote shall appoint a committee amongst themselves to consider the resignation offers and recommend to the Board whether to accept them.

15. ANNUAL PERFORMANCE EVALUATION.

The Board's structure processes and performance shall be reviewed annually at a separate Independent Director Session to determine whether it and its Committees are functioning effectively. The evaluation will be based on criteria established by the Directors after receiving recommendations from the Nominating and Governance Committee. The Nominating and Governance Committee will receive comments from all Directors and report annually to the Board with an assessment of the Board's performance. The assessment will focus on the Board's contribution to the Corporation and specifically focus on areas in which the Board or management believes that the Board could improve.

AS REVISED BY THE BOARD OF DIRECTORS ON OCTOBER 21, 2008.

ANNEX

The Board has established the following guidelines to assist it in determining director independence in accordance with the New York Stock Exchange (NYSE) corporate governance rules. An "Independent Director" shall mean a Director who, in the opinion of the Board: (a) has no material relationship with the Corporation, either directly or as a partner, stockholder or officer

of an organization that has a relationship with the Corporation, and does not have any relationship that precludes independence under the NYSE director independence standards; (b) is not and has not been employed by the Corporation within the previous three years; (c) is not and has not been employed by or affiliated with a (present or former) auditor of the Corporation within the previous three years; (d) is not and has not been (and is not and has not been affiliated with an organization that has been) a significant advisor or consultant to the Corporation within the previous three years; (e) is not affiliated with a significant customer or supplier of the Corporation; (f) does not provide and has not provided within the previous three years significant personal services to the Corporation; (g) is not affiliated with a tax-exempt entity that receives or has received significant contributions from the Corporation within the previous three years; (h) is not, and has not been within the previous three years, a part of an interlocking directorate in which an executive officer of the Corporation serves on the compensation committee of another company that concurrently employs the director; and (i) is not an Immediate Family Member of any person described in (a) through (h).

In forming its opinion as to the independence of any Director, the Board will be guided by the principle that in order to be independent, a Director should be independent of management and free from any material relationship that would interfere with that person's exercise of independent judgment as a Director.

The following commercial relationships will not be considered to be significant relationships that would impair a director's independence: (a) if a director of the Corporation is an executive officer of another company that does business with the Corporation and the annual sales to, or purchases from, the Corporation during any of the previous three years are less than the greater of \$1,000,000 or two percent of the annual revenues of the company he or she serves as an executive officer; or (b) if a director of the Corporation is an executive officer of another company which is indebted to the Corporation, or to which the Corporation is indebted, and the total amount of either company's indebtedness to the other during any of the previous three years is less than the greater of \$1,000,000 or two percent of the total consolidated assets of the company he or she serves as an executive officer.

For purposes of the above definition, the following phrases shall have the meaning given to them:

A person "affiliated with" a specified person, shall mean a person that directly or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, the specified person.

"Corporation" shall mean Navistar International Corporation and its subsidiaries, which includes any corporation a majority of the voting stock of which is owned, directly or indirectly through one or more other subsidiaries, by Navistar International Corporation.

An "Immediate Family Member" includes a person's spouse, parents, children, siblings, mothers and fathers-in-laws, sons and daughters-in-laws, brothers and sisters-in-laws, and anyone (other than domestic employees) who shares such person's home.