

April 20, 2009

Navistar Defense LLC
4201 Winfield Road
Warrenville, IL 60555-4025

Dear Sir or Madam:

The Project On Government Oversight (POGO) has updated its Federal Contractor Misconduct Database (<http://www.contractormisconduct.org/>), a compilation of information from public resources regarding government contractors, including Navistar Defense. I have enclosed the findings relevant to your company, and I am seeking verification of this data.

Any response would be greatly appreciated, as the accuracy of this information is in the best interest of all parties. Out of fairness to Navistar Defense, please be assured that any response received by POGO will be posted on the website along with the data. Please note that the database includes pending instances, but these are kept separate from resolved instances and are not included in the totals.

If you have any questions, I can be reached at (202) 347-1122. Thank you for your time and consideration.

Sincerely,

Neil Gordon
Investigator

Enclosure

Instance

Waukesha, WI Environmental Violations

Date: 12/18/2007 (Date of Settlement)

Misconduct Type: Environment

Enforcement Agency: State/Local

Contracting Party: None

Court Type: Administrative

Amount: Unknown

Disposition: Settlement

Synopsis: The Wisconsin Department of Natural Resources issued Navistar a notice of violation regarding the operation of its foundry facility in Waukesha. WDNR alleged Navistar violated state environmental regulations concerning implementation of storm water pollution prevention plans. In December 2007, the state and Navistar reached a settlement on this and another matters involving the facility for less than \$1 million.

Pending Instances

Norfolk County Retirement System v. Ustian, et al. (Securities Fraud)

Date: 12/13/2007 (Date of Filing)

Misconduct Type: Securities

Enforcement Agency: Non-Governmental

Contracting Party: None

Court Type: Civil

Amount: \$0

Disposition: Pending

Synopsis: A securities fraud lawsuit was filed against Navistar, several of its current and former senior officers and its former outside auditing firm on behalf of investors who purchased Navistar International Corp. securities on the open market from February 14, 2003 through July 17, 2006. The complaint alleges the defendants knowingly and fraudulently misrepresented Navistar's financial results during the class period, and when the true results were reported it caused a 30% drop in Navistar's stock price. See related Navistar Defense pending instance, "Garza v. Belton, et al. (Securities Fraud)."

Garza v. Belton, et al. (Securities Fraud)

Date: 03/07/2008 (Date of Filing)

Misconduct Type: Securities

Enforcement Agency: Non-Governmental

Contracting Party: None

Court Type: Civil

Amount: \$0

Disposition: Pending

Synopsis: Richard Garza filed a stockholders' derivative lawsuit alleging Navistar's executive officers, two of its former executive officers, and certain of its directors violated their fiduciary obligations by willfully ignoring certain accounting and financial reporting problems at the company, thereby knowingly disseminating false and misleading financial information about the

company, and were unjustly enriched in connection with their sale of company stock between December 2002 and January 2006. See related Navistar Defense pending instance, “Norfolk County Retirement System v. Ustian, et al. (Securities Fraud).”