



IC Bus, LLC
4201 Winfield Road
Warrenville, IL 60555 USA

P : 630-753-5000
W : navistar.com

A **NAVISTAR** COMPANY

Dear IC Bus Customer,

This week, I was pleased to read a letter from California's Air Resources Board confirming acceptance of our 2010 emissions compliance strategy.

As you may know, to meet 2010 EPA emissions requirements, all on highway diesel engine manufacturers must be at or below 0.50 g/bhp-hr of NOx. You may also be aware that IC Bus™ brand buses will meet that requirement through MaxxForce® Advanced EGR technology and will reach 0.20 g/bhp-hr NOx using earned emissions credits.

We have earned these emission credits from the Environmental Protection Agency (EPA) by purposely building pre-2010 MaxxForce engines that are cleaner than what the EPA requires today.

Marketplace rhetoric has insinuated that the use of credits somehow makes a manufacturer non-compliant. In some isolated conversations, customers have questioned whether the use of credits meets the standard. But the ARB letter inarguably confirms and accepts the approach on which we have been working with the EPA since 2004.

In the attached letter to our parent company, Navistar, Inc., ARB acknowledged that engines that use averaging, banking and trading (ABT) provisions comply with the 2010 emissions requirements. ARB added that engine families both using credits and creating credits are compliant and receive "an Executive Order making them legal for sale." Furthermore, our 2010 engines are considered Best Available Control Technology requiring no retrofitting and are essentially on equal footing with those at 0.20 g/bhp-hr of NOx.

We think this affirmation by ARB will resolve any doubts about the acceptability of credits for meeting emissions requirements. IC Bus is the only bus manufacturer who can meet 2010 emissions with an in-cylinder solution because we planned ahead for it. We have worked tirelessly to give our customers a solution that takes the burden of 2010 compliance off their shoulders.

We are incredibly confident in our 2010 emissions solution. And thanks to this letter from ARB, we think our customers will be, too.

John McKinney
President, IC Bus



Air Resources Board



Linda S. Adams
Secretary for
Environmental Protection

Mary D. Nichols, Chairman
9480 Telstar Avenue, Suite 4
El Monte, California 91731, www.arb.ca.gov

Arnold Schwarzenegger
Governor

July 30, 2009

Mr. Patrick Charbonneau
Vice President, Government Relations
Navistar Inc.
4201 Winfield Road
P.O. Box 1488
Warrenville, IL 60555

Dear Mr. Charbonneau,

Thank you for your email to Tom Cackette requesting clarification on the use of oxides of nitrogen emission credits for 2010 and later heavy-duty engine emission certification and the In-Use On-Road Diesel Vehicle Rule (Rule). Tom has asked me to respond to your request directly.

To comply with the 2010 heavy-duty (HD) highway engine regulations, manufacturers have the option to show compliance with the emission standards utilizing the averaging, banking and trading (ABT) provisions. Under that program, manufacturers may designate engine family emission limits above and below the emission standards. Engine families with low emissions create emission credits while engine families with higher emissions (above the standards) use the emission credits. Each of these engine families is emissions compliant and receives an Executive Order making them legal for sale in California. The program allows manufacturers to use ABT for oxides of nitrogen (NOx) and certify to the California 2010 HD highway emission standard. The engine manufacturer is able to certify 2010 and later model year engines to a maximum of 0.50 grams per horsepower-hour (g/hp-hr) to meet the 0.20 g/hp-hr NOx standard utilizing NOx credits.

Model Year 2010 and later certified HD highway engines which use NOx credits qualify as BACT (best achievable control technology) for the Rule approved by ARB in 2008. As such, for vehicles with these engines installed, no further actions are required under the Rule.

Thank you again for writing. If you have any questions or comments, please contact Jackie Lourenco, Chief, New Vehicle/Engine Programs Branch at 626.450.6152

The energy challenge facing California is real. Every Californian needs to take immediate action to reduce energy consumption. For a list of simple ways you can reduce demand and cut your energy costs, see our website: <http://www.arb.ca.gov>.

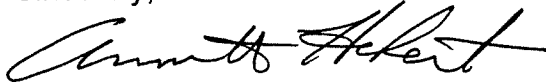
California Environmental Protection Agency

Mr. Patrick Charbonneau, Vice President
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regarding certification questions and Erik White, Chief, Heavy Duty Diesel In-Use Strategies Branch at 916.324.1362 regarding the Rule.

Sincerely,



Annette Hebert, Chief
Mobile Source Operations Division

cc: Tom Cackette, Chief Deputy Executive Officer
Air Resources Board

Jackie Lourenco, Chief
New Vehicle/Engine Programs Branch, ARB

Erik White, Chief
Heavy Duty Diesel In-Use Strategies Branch, ARB