



Navistar, Inc.
4201 Winfield Road
Warrenville, IL 60555 USA

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

2011-180
Comment Letter No. 53

Richard Tarapchak
VP & Corporate Controller

June 6, 2011

Technical Director
File Reference No. 2011-180
Financial Accounting Standards Board
401 Merritt 7
PO Box 5116
Norwalk, CT 06856-5116
Via email: director@fasb.org

Re: Proposed Accounting Standards Update, *Intangibles – Goodwill and Other*

Navistar International Corporation (“Navistar” or “we”) wishes to offer its comments on the Financial Accounting Standards Board’s (the “Board”) proposed update to Topic 350 “Intangibles – Goodwill and Other”. Navistar appreciates the Board’s objective to reduce the complexity and costliness of an entity’s annual goodwill impairment test by including an option to evaluate the likelihood of impairment through a qualitative assessment prior to requiring a quantitative test; however, as written, the qualitative assessment does not apply to other indefinite-lived intangible assets.

Question 1: *Please describe the entity or individual responding to this request:*

Navistar (NYSE: NAV), is the nation’s largest combined commercial truck, school bus and mid-range diesel engine producer. As of October 31, 2010, our most recent fiscal year end, Navistar’s balance sheet included approximately \$324 million of goodwill and approximately \$69 million of dealer franchise rights and trademarks which are classified as other indefinite-lived intangible assets.

Question 2: *For preparers, do you believe that the proposed amendments will reduce the overall costs and complexity compared with existing guidance? If not, please explain why.*

We believe that in situations in which a qualitative assessment is utilized and; as a result, the first step of the goodwill impairment test can be foregone, the proposed amendments will reduce the overall costs and complexity of performing the goodwill annual impairment test.

The proposed guidance states that the proposed amendments do not affect the current guidance for testing other indefinite-lived intangible assets for impairment. We believe, in certain cases, significant costs and complexity can exist for testing indefinite-lived intangible assets. We recommend the Board reconsider including other indefinite-lived intangible assets in the scope

of the proposed guidance, thereby superseding the guidance contained in ASC 350-30, 'General Intangibles Other than Goodwill'.

Question 3: *For preparers, do you expect your entity will choose to perform the qualitative assessment proposed in the amendments, or will your entity chose to proceed directly to performing the first step of the two-step impairment test? Please explain.*

We expect that we would utilize the qualitative assessment included in the proposed amendments for the goodwill impairment test.

If the scope of the proposed amendments is expanded to include other indefinite-lived intangible assets, as recommended above, we would expect to utilize the qualitative assessment option for indefinite-lived intangible assets. As we believe the current proposed amendments will provide for reduction in costs and complexity surrounding annual goodwill impairment tests, we recommend that the effective date of the proposed amendments not be delayed to accommodate such expansion of scope. If an expansion of the scope of the proposed amendments would result in a delayed effective date, we recommend that the qualitative assessment option for indefinite-lived intangible assets be considered in a future proposed accounting standards update.

Question 4-5: *Not applicable to preparers.*

Question 6: *Do you agree that the proposed examples of events and circumstances to be assessed are adequate? If not, what changes to you suggest?*

We believe that the examples of events and circumstances included in the proposed amendments are adequate.

Question 7: *Do you agree that the guidance in the proposed amendments about how an entity should assess relevant events or circumstances is clear? If not, how can the guidance be improved?*

We believe that the guidance in the proposed amendments about how an entity should assess relevant events or circumstances is clear.

Question 8: *Do you agree with the Board's decision to make the proposed amendments applicable to both public entities and nonpublic entities? If not, please explain why?*

We agree with the Board's decision to make the proposed amendments applicable to both public entities and nonpublic entities.

Question 9: *Do you agree with the proposed effective date provisions? If not, please explain why.*

We agree with the proposed effective date provision and the allowance for early adoption. However, we believe it is unclear whether early adoption would be permitted if the Accounting

Standards Update (“ASU”) is issued after an entity’s annual impairment election date but prior to the issuance of the entity’s quarterly or annual financial statements for that period. For example, if the ASU is issued in November 2011, would an entity with an annual impairment election date of October 31, 2011 be permitted to early adopt the proposed ASU if its financial statements have not yet been issued? We believe the Board should clarify any limitations on early adoption.

Summary

Thank you for your consideration of our comments. If requested, we would be pleased to discuss our comments with you at any time.

Sincerely,

A handwritten signature in dark ink, appearing to read "Richard Tarapchak". The signature is written in a cursive, flowing style.

Richard Tarapchak
VP & Corporate Controller