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Navistar Forecast on Industry Truck Volume, Business Plan Goal Of 29.9 Percent Return on Equity Remain Unchanged

CHICAGO, Jan. 31 -- Navistar International Corporation (NYSE: NAV) today reported that despite a recent slowdown in industry heavy truck orders, it still is forecasting total industry truck volume in the United States and Canada at 405,000 units in fiscal 2000 and said it has not changed its business goal of achieving a previously announced 29.9 percent return on equity this year.

John R. Horne, Navistar chairman, president and chief executive officer, said that security analysts who follow the trucking industry are too focused on the recent weakness in heavy truck orders, some of which is related to seasonal demand and a shift in buying patterns.

"As I have said before, there has been a sea change in the demand for new trucks," Horne said. "While heavy trucks once drove total truck tonnage, the explosive growth of e-commerce has increased the demand for medium trucks, where our International[®] brand is the market share leader."

Horne also said that the company believes it can achieve meaningful competitive and economic advantage through achieving scale vertically in its truck business as opposed to achieving scale through geographic expansion.

"We believe we have more synergistic opportunities between heavy and medium truck and school bus in North and South America in the next five to 10 years than those for manufacturers who are trying to achieve scale in heavy truck by adapting their platforms across North and South America and Western Europe," Horne said.

He explained that the company's next generation medium vehicle to be introduced in early 2001 is being designed so that there is a commonality in engineering, parts and manufacturing processes for all three of the International product lines -- medium and heavy trucks and school buses.

"Management is confident that our strategy can be successfully implemented and will add significant growth in sales and income over a period of time," Horne said. "In addition, we worked with business and financial consultants in 1999 to develop strategies to gain additional meaningful competitive advantage and to increase the perceived value of the company in the near future. The studies are complete and alternatives identified. Implementation will proceed as quickly as practical."

Horne said he told security analysts in New York last week that the company's demonstrated earnings power and business plan to improve that earnings power over the next few years and to accelerate the growth of its engine business deserves a higher stock price.

"We believe that the current emphasis on the impact of the next cyclical downturn in heavy truck, whenever that may occur, on the performance of our company does not reflect the progress we have made improving our overall balance," Horne said. "Our business is cyclical, but over the last few years the engine and medium truck business have grown and are likely to moderate the impact of the heavy truck cycle on our performance. Additionally, we have a more flexible cost structure than we had in past cycles."

A summary of the content of the January 24, 2000 New York City analyst meeting as well as the remarks Horne made on a December 2, 1999 conference call to analysts following release of 1999 earnings can be found on the company's web site at www.navistar.com .

Navistar International Corporation, with world headquarters in Chicago, and fiscal 1999 sales and revenues of \$8.6 billion, manufactures and markets heavy, medium, and severe service trucks and school buses and mid-range diesel engines in North America, Latin America and selected export markets. The company is a leading supplier of mid-range diesel engines in the 160 to 300 horsepower range

Forward Looking Statements

Statements contained in this news release that are not purely historical are forward -looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including statements regarding the company's expectations, hopes, beliefs and intentions on strategies regarding the future. It is important to note that the company's actual future results could differ materially from those projected in such forward-looking statements because of a number of factors, including but not limited to

general economic, business and financing conditions, labor relations, governmental action, competitor pricing activity, expense volatility, Year 2000 computer issues and other risks detailed from time to time in Navistar's Securities and Exchange Commission filings. Navistar assumes no obligation to update the information included in this release.