February 4, 1998

Navistar Completes Debt Placements

CHICAGO, Feb. 4 -- Navistar International Corporation (NYSE: NAV - news) announced today that it completed the private placement of two previously announced debt issues. The proceeds of the $100 million five-year 7 percent senior note issue will be used to repay the $45 million 9 percent sinking fund debentures due June, 2004, and to prepay a $26 million 8 percent note due August, 2002.

The proceeds of the $250 million 10-year 8 percent senior subordinated note issue will be used to redeem the company's $240 million, $6.00 cumulative convertible Series G Preferred Stock.

Navistar also said that it has issued the required written notice to all registered holders of its $6.00 cumulative convertible Series G Preferred Stock for a redemption price of $50.00 per share plus accrued dividends. The redemption will be effective March 6, 1998.

In conjunction with the placements, Moody's Investors Service, Standard & Poors and Duff & Phelps Credit Rating Co. upgraded Navistar's debt ratings to reflect the company's improved financial condition and competitiveness, including significant progress in improving its cost structure.

"The rating agencies reviewed our recent performance and recognized the improvements in increasing productivity and margins, and the cost savings momentum," said John R. Horne, chairman, president and chief executive officer. "These new debt ratings will lower Navistar's financing costs and continue our steady progress toward reaching investment grade credit -- a major financial objective."

While the financial restructuring lowers the interest rates, it increases debt. This results in a decrease in net income, but by eliminating the $6.00 Preferred G dividend the company generates annual cash flow of between $15 million to $20 million and greater income available to common shareowners. Factoring in the repurchase of 3 million Class B common shares reported January 14, 1998, earnings per share will increase by approximately $.30 on a full year basis.

The two debt offerings were underwritten by J.P. Morgan & Co. and Credit Suisse First Boston, with Chase Securities Inc., BancAmerica Robertson Stephens, and NationsBanc Montgomery Securities LLC acting as co-managers. The securities offered by the company have not been registered under the Securities Act of 1933 and may not be offered or sold in the United States absent registration or an applicable exemption from registration requirements.

Navistar International Corporation, with world headquarters in Chicago and 1997 annual sales of $6.4 billion, is the leading North American producer of heavy and medium trucks and school buses. Navistar maintained its position as sales leader in the combined United States and Canadian retail markets for medium and heavy trucks and school buses through the 1997 fiscal year, achieving a 28.6 percent share, which is 1.1 percentage points higher than a year ago. The company is also a worldwide leader in the manufacture of mid- range diesel engines which are produced in the range of 160 to 300 horsepower.