



March 5, 1998

## **Navistar and Ford Working on New Diesel Engine**

CHICAGO, March 5 -- Following months of review of proposals from several diesel manufacturers, Navistar International Corporation (NYSE: NAV - news) has been selected to negotiate an extended term agreement to supply diesel engines for select Ford Motor Company (NYSE: F - news) under 8,500 lb. GVW light duty trucks and sport utility vehicles, such as the Ford Expedition, Lincoln Navigator, F-150 and F-250 pickups, and Econoline 150 and 250 Van models. Discussions in the next 30 days are expected to finalize design and commercial details. John R. Horne, Navistar chairman, president and chief executive officer, said, "This could represent a tremendous growth opportunity for both Navistar and our engine business, as it could further solidify our strong, long-term relationship with Ford, and move us into the growing light truck and sports utility vehicle market."

Dan Ustian, Navistar group vice president and general manager engine division, said, "As a worldwide leader in mid-range diesel engines, Navistar has continued to push the limits of diesel technology to meet our customers' needs for advanced, high performance engines. This work with Ford takes that tradition a step further, as we step up to the challenge of developing diesel engines that meet consumers' expectations for fuel economy, low-noise and environmental friendliness."

Navistar currently supplies 7.3-liter V8 diesel engines for Ford's over- 8,500 lb. GVW F-Series trucks and Econoline Vans. Last year, the companies agreed to extend that relationship, which began in 1981, with a new, 10-year contract beginning in the year 2003.

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, with a combined U.S. and Canadian market share for the first quarter 1998 of 28.6 percent, which is 2.2 percentage points higher than a year ago. The company also is a worldwide leader in the manufacture of mid-range diesel engines which are produced in a range of 160 to 300 horsepower.