Navistar's Growth Actions Continue To Gain Traction Despite Weak Truck Industry

WARRENVILLE, Ill. (March 18, 2008) Sustained strength in military and export shipments continue to drive the growth strategy of Navistar International Corporation (Other OTC: NAVZ) despite softness in traditional markets, the company reported today in its first quarter operational update.

The company expects “expansionary shipments” of 40,000 to 45,000 vehicles this year will account for a third of Navistar’s total worldwide vehicle shipments and help to mitigate the current weakness in its core markets, said Daniel C. Ustian, Navistar chairman, president and chief executive officer.

“The commercial truck market is beginning to improve slowly but clearly it is still tough going,” Ustian said. “To help offset cyclical downturns, our strategy has been to build successful and sustainable businesses in military and export markets. That strategy is paying off in the success of these expansionary businesses. And we are well positioned in our truck and engine businesses with strong products to respond to demand when the market does recover.”

Navistar’s defense business is expected to consistently generate $1.5 billion to $2.0 billion in annual revenue going forward, Ustian said. The latest order of 743 International® MaxxPro™ Mine Resistant Ambush Protected (MRAP) vehicles, announced yesterday, increases Navistar’s total Category I MRAP orders to 5,214 since Navistar’s first contract awarded in May 2007. These orders total more than $3 billion.

Navistar’s fiscal first quarter results reflect the soft market experienced through January. Worldwide shipments of school buses, Class 6-7 medium trucks and Class 8 heavy trucks and expansion market vehicles for the three months ending January 31 totaled 18,720 units, down 37 percent from 29,680

units shipped in the same period a year earlier when totals benefited from a historic pre-buy in advance of 2007 emissions standards.

“As the class 8 on-highway market begins to rebound, we are well poised to capture a solid portion of that segment with our fuel-efficiency leading International ProStarTM and the introduction of three new ProStar derivative models that are just now entering the market,” Ustian said.

Significant new products are on the horizon as well. “We’re continuing our product momentum to deliver profitable growth well into the future,” Ustian said. “Our customers and dealers are particularly excited about the upcoming International LoneStarTM that we introduced to the world last month at the Chicago Auto Show.”

The company plans to become current by mid-year in its financial filings with the Securities and Exchange Commission.

“As we continue to make progress toward becoming a current filer, we have maintained our focus on delivering on our commitments by aggressively implementing a plan based on three strategic pillars: great products, a competitive cost structure, and profitable growth,” Ustian said.

Manufacturing cash balances, together with other sources of liquidity leading into the expected 2009 pre-buy in advance of 2010 diesel emission requirements, are sufficient to support the operating and capital needs of the business, said Terry M. Endsley, senior vice president and treasurer. “The funding needs of the company and our financial services subsidiary, NFC, have been largely unaffected by the credit crunch and we are well positioned, with regard to liquidity and capital structure, to take full advantage of the 2008 and 2009 truck markets,” he said.

Note concerning the March 18 conference call: can be accessed via the company's Web site, www.navistar.com , and clicking on the link on the investor relations page. A series of questions and answers dealing with company operations is attached to the end of this news release. The financial and statistical information provided as part of the call will be available to investors on the investor relations page of the company's Web site. The Web cast will be available for replay at the same Web address within 3 hours following its conclusion and will be available for a period of 10 days.

Forward Looking Statements

Information provided and statements contained in this report that are not purely historical are forward-looking statements within the meaning of Section 27A of the Securities Act, Section 21E of the Exchange Act, and the Private Securities Litigation Reform Act of 1995. Such forward-looking statements only speak as of the date of the report and the company assumes no obligation to update the information included in the presentation. Such forward-looking statements include information concerning our possible or assumed future results of operations, including descriptions of our business strategy. These statements often include words such as "believe," "expect," "anticipate," "intend," "plan," "estimate," “goal” or similar expressions. These statements are not guarantees of performance or results and they involve risks, uncertainties and assumptions, including the risk of continued delay in the completion of our financial statements and the consequences thereof, the availability of funds, either through cash on hand or the company's other liquidity sources, to repay any amounts due should any of the company's debt become accelerated, and decisions by suppliers and other vendors to restrict or eliminate customary trade and other credit terms for the company's future orders and other services, which would require the company to pay cash and which could have a material adverse effect on the company's liquidity position and financial condition. Although we believe that these forward-looking statements are based on reasonable assumptions, there are many factors that

could affect our actual financial results or results of operations and could cause actual results to differ materially from those in the forward-looking statements. For a further description of these and other factors, see Item 1A, Risk Factors of our Form 10-K for fiscal year ended October 31, 2005, which was filed on December 10, 2007.

Frequently Asked Questions

Q1: What is the status of the GM opportunity?
A: As for the potential acquisition of the General Motors medium-duty truck business, we are diligently working to make sure that any acquisition would be in the best interests of the company and its shareholders but given the status of negotiations and our confidentiality obligations, we are not in a position at this time to make any further public announcements on this matter.

Q2: Why did you file the 2006 results as an 8K versus a 10K?
A: To be expedient and adhere to our plan to be current by mid-year; we responded to what we thought the market was seeking and determined that we would report 2006 audited financials under an 8K. This allowed us to tighten the timeline while still providing the pertinent information our shareholders need—financial statements, MD&A and other valuable disclosures. Keep in mind that since we expect to file the 2007 10K relatively soon, the 2006 8K will have a relatively short “shelf life.” The important point is we followed the same internal certification processes and KPMG followed the same standards for providing their audit opinion on the financial statements as if we had filed a 10k. We continue our ongoing dialogue with the SEC. They are aware of our process and supportive of our goal to be current by mid-year.

Q3: What should we assume as the total on capital expenditures for 2008?
A: For 2008, excluding our NFC and Dealcor acquisition of vehicles for

leasing, we still expect our capital expenditures to be within the lower half of the $250 million to $350 million range. We continue to fund our strategic programs.

Q4: What is in your Dealcor debt?
A: Dealcor debt is comprised of wholesale (floor plan) financing and also retail financing on lease and rental fleets.

Q5: How many Dealcor dealers did you have as of January 31, 2008?
A: Of our 303 primary NAFTA dealers, 22 were Dealcor dealers as of January 31, 2008. We expect to have 19 Dealcor dealers on October 31, 2008.

Q6: What percentage of Navistar's parts revenue is proprietary versus all makes?
A: Approximately 40% of part's revenue is proprietary.

Q7: What do you finance at Navistar Finance Corporation (NFC)?
A: NFC is a commercial financing organization that provides wholesale, retail and lease financing for sales of new and used trucks sold by the company. NFC also finances the company's wholesale accounts and selected retail accounts receivable. Sales of new truck related equipment (including trailers) of other manufacturers are also financed.

Q8: Have you seen any year-over-year steel, precious metals and resin cost increases in 2008?
A: Steel and Other Commodities – Commodity price increases, particularly for aluminum, copper, precious metals, resins, and steel have contributed to substantial cost pressures in the industry as well as from our suppliers. Cost increases related to steel, precious metals, resins, and petroleum products totaled approximately $184 million, $178 million, $90 million, and $7 million for 2005, 2006, 2007, and the first three months of 2008, respectively, as

compared to the corresponding prior year period. Generally, we have been able to mitigate the effects of these cost increases via a combination of design changes, material substitution, resourcing, global sourcing efforts, and pricing performance, although we do not specifically identify these items on customer invoices. In addition, although the terms of supplier contracts and special pricing arrangements can vary, generally a time lag exists between when we incur increased costs and when we might recoup them through increased pricing. This time lag can span several quarters or years, depending on the specific situation.

Q9: What is the status of your hybrid program?
A: We were the first manufacturer to bring this technology to on line production and currently are producing our DuraStar hybrid trucks well as a hybrid version of our industry-leading IC Bus-brand school bus. To date, we have built and fielded over 100 units covering medium truck, bus, and package car applications. We have over 1.5 million miles of validation testing and are in the process of training our entire dealer organization on selling and servicing this new product.

Q10: The future of diesel transportation is being impacted by environmental and energy issues such as fuel efficiency, climate change and clean air. How is Navistar responding to these growing influences?
A: Navistar and its production units are fully engaged. Aerodynamic efficiency is the single most important issue to address to improve the fuel economy of on-highway trucks. International ProStar is the industry's most aerodynamic and fuel efficient Class 8 truck. We do extensive development in wind tunnels and work hard to achieve industry-leading aero-efficiency. And our recently introduced International LoneStar is setting a whole new standard of aero-efficiency among premium Class 8 trucks. We also believe hybrid technology will be a large part of the national response to climate change and fuel use and we are raising our role as a contributor to energy efficient transportation

solutions in the commercial truck, commercial bus and school bus businesses. We are leveraging the natural fuel efficiency of diesel engines and vehicles in several key moves.

We are building on our record as the leader in Green Diesel Technology, where Navistar set the pace for the industry in achieving this year's historically low emission requirements. We have advanced the standard of efficiency with our new ProStarTM truck. And we are well into the important wave of customer interest in hydraulic and electric hybrids.

Navistar was recognized for leadership in the development of hybrid advanced technology in California, receiving the Blue Sky Award for 2007 from WestStart-CALSTART.
