Navistar Releases Unaudited Restated 2003-2005 Financial Data; Reaffirms 2009 Revenue Growth and Margin Targets

Addresses Growth of Non-Traditional Business

• Management reaffirms 2009 targets: greater than $15 billion revenue with $1.5 billion pro forma segment margin;
• Actions being taken to strengthen internal control environment;
• Third quarter 2007 operating metrics reported;
• Military orders and other non-traditional business drive growth;
• Navistar in discussion with General Motors to acquire GM's medium truck business.

NEW YORK, Oct. 25, 2007 – Navistar International Corp. (Other OTC: NAVZ) today released summary preliminary and unaudited results for fiscal years ended October 31, 2003, 2004 and 2005, marking progress toward becoming a current filer with the Securities and Exchange Commission (SEC). Navistar's senior management also provided the company's third quarter 2007 operating metrics and reaffirmed its commitment to 2009 growth and pro forma segment margin targets.

"We've reached the point in our restatement process where we can review many of our key financial indicators with investors and analysts," said Daniel C. Ustian, Navistar chairman, president and chief executive officer. "This is a significant milestone toward becoming current in our SEC filings and toward the relisting of our stock on a major exchange. We are committed to thorough and accurate financial reporting for our shareholders and investment community and to guide our business decisions."

Ustian emphasized the company's commitment to its 2009 financial targets: $15 billion in revenue and $1.5 billion pro forma segment margins. "Our unwavering focus is on producing great products, improving the

competitiveness of our cost structure and generating profitable growth for our shareholders," he said. "Nothing in the restatement effects will hinder us from maintaining that focus and delivering on our targets."

The company's pre-tax restatement adjustments total negative $1.12 billion during the restatement period of 2003 and prior, 2004 and the first three quarters of 2005. In addition, the company recorded $874 million in income tax adjustments, including a full valuation allowance for deferred tax assets. (Condensed unaudited financial information is attached to this news release.)

Included in the $1.12 billion are warranty reserve increases of $321 million, representing the largest change to operational results. During an investor and analyst meeting today, Ustian detailed recent warranty performance improvements and committed to report the company's warranty expense progress on a quarterly basis.

"The fundamentals of our business have grown stronger throughout the restatement process," Ustian said. "We've developed exciting new products with high-quality launches, maintained strong dealer relationships and expanded our reach into non-traditional areas including military and export markets."

Navistar Strengthens Financial Control Environment

Management has assessed the effectiveness of Navistar's internal controls over financial reporting and identified a number of material weaknesses. This assessment determined a need to establish stronger awareness regarding consistent application of highly ethical standards across all areas of the company, the importance of internal controls over financial reporting and strict adherence to generally accepted accounting principles (GAAP). To address these issues, the company has developed a broad and aggressive plan to

reinforce within its culture the importance of ethics, integrity and working in a manner consistent with the company's seven core values, including accountability and communication.

"Our leadership team is committed to strengthening our control environment and reemphasizing the importance of operating within our values and guiding behaviors, which are grounded in simply doing the right thing," Ustian said. "We are actively engaged in implementing comprehensive remediation efforts to address these control deficiencies."

"We are continuing to strengthen our company's financial reporting and internal control environment," said Bill Caton, executive vice president and chief financial officer. "Navistar's reputation is one of its greatest assets and is the basis upon which we build the trust of our shareholders, our customers, our business partners and our employees. We have taken significant measures to rebuild an effective internal control environment, and we expect to continue to aggressively invest in this area in the coming years."

Among actions taken to strengthen its financial processes, the company has hired more than 50 additional accounting employees; strengthened its finance and accounting leadership; realigned its finance and accounting reporting structure; and hired a new vice president of internal audit, a new chief accounting officer and a new chief information officer. Additionally, Navistar has enhanced company-wide communication regarding the importance of accurate financial reporting and a robust control environment.

In addition to management's own assessment, a thorough investigation has been conducted by an independent law firm. Initiated by an independent committee of Navistar's board of directors, the investigation echoed the findings of management regarding the internal control environment and determined that most of the errors corrected in the restatement were due to

lack of proper accounting knowledge, which resulted in the misapplication of GAAP. The independent investigation also identified instances of intentional misconduct that resulted in some of the company's smaller, but in some cases material, restatement adjustments. Most of the individuals who were involved in instances of misconduct are no longer employed by the company. In other instances, the independent committee of the board has implemented appropriate remediation plans.

Non-Traditional Business Drives Growth

Ustian also detailed the company's third quarter 2007 operating results in an extremely weak North American truck market. The company expects industry volumes of 316,000 medium and heavy trucks and school buses sold in the U.S. and Canada for its fiscal year ending October 31, 2007, a 30 percent overall decline from the record 454,500 units shipped in fiscal 2006.

Navistar's worldwide shipments of school buses, Class 6-7 medium trucks and Class 8 heavy trucks and non-traditional vehicles for the third quarter 2007 were 23,700 units, down 39.5 percent from the 39,200 units delivered in the corresponding quarter one year ago.

Importantly, Navistar's non-traditional new business is providing a lift to the company's revenues. Expansion market shipments in the third quarter totaled 10,000 units, a gain of 22 percent over year earlier shipments of 7,900 units. Since May 2007, the company has secured more than $1.6 billion in contracts with the U.S. Armed Services for military vehicles and parts support. Last week, the U.S. Marine Corp awarded Navistar a contract for an additional 1,000 International® MaxxPro™ mine-resistant ambush-protected (MRAP) vehicles, bringing Navistar's total MRAP orders to 2,971 since first awarded a contract in May 2007. In just two full months of production, Navistar has delivered 188 MaxxPros to the military (77 in August and 111 in September)

and is on track to achieve its production goal of 500 a month in February 2008.

“Non-traditional market growth is vital to our success in remaining profitable in the down years of a very cyclical truck business,” said Ustian. “We expect that our non-traditional truck shipments will reach 35 percent of our total truck shipments in 2008. Military sales alone should grow to $2 billion next year.”

The world’s largest mid-range diesel engine manufacturer, Navistar shipped a total of 108,300 units during the third quarter 2007, down more than 14.6 percent from 126,800 engines shipped in the same period in 2006. Shipments of diesel engines to Ford Motor Company were down by nearly 8,000 units due to lower sales of Ford pickup trucks.

Navistar in Talks to Acquire GM’s Medium Truck Business

Navistar also announced that it is in discussions with General Motors Corp. about a plan for Navistar to acquire GM’s medium-duty truck business, including the rights to manufacture GMC and Chevrolet brand trucks.

Under this proposal, Navistar would sell a competitive line of Chevrolet and GMC medium trucks and service parts through GM’s proprietary dealer network in the United States and Canada. This agreement would leverage Navistar’s strengths in commercial trucks and engines, and advance its strategy to build scale and reduce costs.

“An agreement with GM could become an important part of our growth strategy as we leverage our core strengths in commercial trucks and engines,” Ustian said. “General Motors would entrust Navistar to support two of its most important brands because of the depth of our experience and success in the medium truck business.”

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 this report and the company assumes no obligation to update the information included in this report. 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” 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 factors, see Exhibit 99.1 to our Form 8-K filed on April 12, 2006.

The financial information contained in this press release is preliminary and unaudited and has been prepared by management in good faith and based on current company data. It has not been reviewed by the company’s

independent accountants. When the restatement of the company's prior year financial statements is completed, the unaudited information herein may differ from its restated financial statements. It is likely that the process of restating the prior year financial statements will require changes to the company's financial statements for 2005 and financial information for 2005, 2006, and 2007 due to revised application of certain accounting principles and methodologies that, individually or in the aggregate, may be material. In particular, work continues on the proper accounting for the valuation allowances with respect to deferred tax assets.

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