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NAVISTAR INTERNATIONAL CORP
Form 8-K
June 09, 2003

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K
CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
Date of Report (Date of earliest event reported): June 9, 2003

NAVISTAR INTERNATIONAL CORPORATION
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

1-9618
(Commission File No.)

36-3359
(I.R.S. Emp
Identificat

4201 Winfield Road, P.O. Box 1488, Warrenville, Illinois
(Address of principal executive offices)

60
(Zip

Registrant's telephone number, including area code (630) 753-5000

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ITEM 5. OTHER EVENTS

Navistar International Corporation (the "Registrant") hereby updates the description of its share, contained in the registration statement of its original predecessor filed with the Securities and Exchange Commission ("SEC") under Section 12(b) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") by reference to Exhibit A attached hereto and incorporated by reference herein. The Registrant is updating such description of common stock contained in the registration statement, insofar as longer possible for the Registrant to incorporate such description of common stock contained in the registration statement, by reference into registration statements filed on Form S-3 or Form S-8 under the Securities Act of 1933, to the length of time that has passed since such Exchange Act registration statement was originally filed, and to reflect the subsequent completion of corporate reorganizations.

SIGNATURES

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Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly behalf by the undersigned hereunto duly authorized.

NAVISTAR INTERNATIONAL CORPORATION
Registrant

Date: June 9, 2003

/s/ Mark T. Schwetschenau
Mark T. Schwetschenau
Vice President and Controller
(Principal Accounting Officer)

DESCRIPTION OF NAVISTAR INTERNATIONAL CORPORATION CAPITAL STOCK

Our authorized capital stock consists of 150 million shares, of which 110 million shares with a par value of \$.10 per share, 30 million shares are designated as preferred stock, with a par value of \$.10 per share, 10 million shares are designated as preference stock, with a par value of \$1.00 per share. The following information is qualified in its entirety by the provisions of our restated certificate of incorporation and by-laws, which are filed with the SEC and are available for inspection. The SEC maintains a website on the Internet at www

Common Stock

The authorized common stock consists of 110 million shares, of which 67,950,362 shares were held in treasury at May 30, 2003. There were approximately 19,542 holders of common stock as of such date.

Dividend Rights and Restrictions. Holders of common stock are entitled to receive dividends out of funds legally available therefor, provided that, so long as any shares of common stock are outstanding, no dividends (other than dividends payable in common stock) or other distributions may be made with respect to the common stock unless full cumulative dividends, if any, on the shares of common stock have been paid. Under the Delaware General Corporation Law (the "DGCL"), dividends may only be paid out of net profits for the fiscal year in which the dividend is declared or the preceding fiscal year, or out of assets in excess of common stock at any time during which the capital of outstanding preferred stock or preference stock exceeds the amount of common stock.

We do not expect to pay cash dividends on the common stock in the foreseeable future, and we do not intend to make any such payments in the future. The indentures for our \$250 million 8% Senior Subordinated Notes and \$400 million 9.375% Senior Notes may require us to pay cash dividends on the common stock.

Voting Rights. Holders of shares of our common stock are entitled to one vote for each share and on any question arising at any shareholders meeting. The UAW, as holder of the series B preference stock, has the right to elect one member to our board of directors. See "--Preferred Stock and Preference Stock."

Liquidation Rights. In the event of the voluntary or involuntary dissolution, liquidation or winding up of the corporation, the holders of common stock are entitled to receive after satisfaction in full of the prior rights of creditors (including claims for indebtedness) and holders of preferred stock and preference stock, all of our remaining assets available for distribution.

Miscellaneous. The holders of common stock are not entitled to preemptive, redemption or other rights. Investor Services is the transfer agent and the registrar for the common stock.

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As of May 30, 2003, we had reserved for issuance: (i) approximately 7.2 million shares of common stock under stock option plans, stock discount purchase plans and other award plans for officers, employees and directors; (ii) approximately 7.0 million shares were outstanding; (iii) 48,679 shares issuable upon the conversion of our 4.75% preference stock; (iii) 3,947,605 shares issuable upon the conversion of NFC's 4.75% subordinated notes; (iv) 5,473,926 shares issuable under the conversion of our 2.50% senior convertible notes due 2008.

Preferred Stock and Preference Stock

We are authorized to issue preferred stock and preference stock, which may be issued from time to time upon authorization by our board of directors. The board of directors, without further approval of the stockholders, may fix the dividend rights and terms, conversion rights, voting rights, redemption rights and terms, other rights, preferences, privileges and restrictions applicable to each series of preferred stock. The issuance of preferred stock and preference stock, while providing flexibility in connection with our corporate purposes, could, among other things, adversely affect the voting power of the holders of common stock. In certain circumstances, make it more difficult for a third party to gain control of us, discourage bids for our common stock or otherwise adversely affect the market price of the common stock. We have no present plans to issue preferred stock or preference stock.

Two series of preference stock are currently outstanding. Three million shares of convertible preference stock, series D are authorized, of which 155,774 shares were outstanding as of May 30, 2003. At that date, 155,774 shares of junior preference stock, series B is authorized and held by the UAW.

Series D Preference Stock. Holders of shares of series D preference stock are entitled to receive dividends, if and when declared by the board of directors, in the amount of 120 percent of the dividend on common stock, other than a dividend payable solely in shares of common stock. Holders of series D preference stock, at their option to convert shares of the series D preference stock into shares of common stock at a rate of 0.3125 of a share of common stock for each share of series D preference stock, subject to adjustment. Series D preference stock is redeemable at any time, in whole or in part, at our option upon at least 30 days notice at a price of \$25 per share plus accrued dividends. Generally, holders of series D preference stock do not have the right to vote as provided by law and except that holders of at least two-thirds of the number of shares outstanding may propose an amendment, alteration or repeal of the preferences, special rights or powers of series D preference stock. Series D preference stock ranks to holders of common stock or of any other of our stock ranking junior upon liquidation to the extent of the assets upon liquidation, dissolution or winding up of us, holders of the series D preference stock are entitled to receive accrued dividends.

Series B Preference Stock. In connection with a 1993 restructuring of Navistar's post-merger health and life insurance benefits pursuant to a settlement agreement, the UAW was issued the series B preference stock. In connection with the series B preference stock, the UAW is entitled to elect one member of our board of directors, the UAW Director. The UAW Director fully funded our liability under the health care and life insurance benefits program (subject to the extent of the UAW Director's assets falls below 85% of the fully funded amount). The series B preference stock is not transferable by the UAW Director. The series B preference stock, other than as described above or as required by law, does not have the right to receive dividends. The series B preference stock is redeemable for a nominal price at such time as the UAW has not been entitled to elect a director.

Certain Certificate of Incorporation and By-laws Provisions; Certain Provisions of Delaware Law

General. Certain provisions of our certificate of incorporation and by-laws could have an anti-takeover effect. Provisions are intended to enhance the likelihood of continuity and stability in the composition of the board of directors. We are also subject to Section 203 of the DGCL. "Preferred Stock and Preference Stock," the ability of the board of directors to issue so-called "flexible" stock could have an anti-takeover effect. In addition, the fact that our utilization of our NOLs could be adversely affected could have an anti-takeover effect.

Classified Board; Board Vacancies. The certificate of incorporation provides for the board of directors to be divided into three classes of directors serving staggered three year terms, excluding the director elected by the UAW Director under the series B preference stock. See "Preferred Stock and Preference Stock." The overall effect of the staggered board may be to render more difficult a change in control by the incumbent directors. Under the DGCL, since we have a classified board, the shareowners may only elect a majority of the remaining directors elected by the holders of common stock then in office (and not the UAW Director) and the UAW Director, if a quorum, is empowered to fill any vacancy on the board of directors. Notwithstanding the foregoing, the UAW Director or more classes or series of preferred stock or preference stock issued by us have a preference or right to elect directors or upon liquidation have the right, voting separately by class or series, to elect directors (such as the UAW Director).

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preference stock), the number, election, term of office, filling of vacancies, terms of removal and directorships are governed by the terms relating to such rights.

Special Meetings of Shareowners; Action by Written Consent. The certificate of incorporation taken by shareowners except at an annual or special meeting of shareowners, and prohibits action at a meeting. Our by-laws provide that special meetings of shareowners may be called only by the chairman, chief executive officer or by the board of directors. This provision will make it more difficult for shareholders to call a meeting of the board of directors.

Approval of Supermajority Transactions. As a result of the settlement agreement relating to our post-retirement health care and life insurance benefits, our certificate of incorporation provides that a majority of holders of the greater of (a) a majority of the voting power of all common stock or (b) at least 75% of the shares present at a meeting is required to approve a supermajority transaction. Accordingly, any holder of 75% of the outstanding common stock represented at any meeting of shareowners will be able to block any supermajority transaction.

Certain Provisions of Delaware Law. We are governed by the provisions of Section 203 of the Delaware General Corporation Law, which prohibits a public Delaware corporation from engaging in a "business combination" with an "interested stockholder" within three years after the date of the transaction in which the person became an interested stockholder unless the transaction is approved in a prescribed manner. "Business combination" includes mergers, asset sales and other transactions that result in a financial benefit to the interested stockholder. An "interested stockholder" is a person who, together with his or her associates, owns (or within three years, did own) 15% or more of the corporation's voting stock.