NAVISTAR INTERNATIONAL CORP
Form S-4
June 01, 2005

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As filed with the Securities and Exchange Commission on June 1, 2005

No. 333-

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM S-4

**REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933**

NAVISTAR INTERNATIONAL CORPORATION*

(Exact name of registrant as specified in its charter)

Delaware	**3711**	**36-3359573**
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification No.)

**4201 Winfield Road
P.O. Box 1488
Warrenville, Illinois 60555
Telephone: (630) 753-5000**

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

**Steven K. Covey
Senior Vice President and General Counsel
P.O. Box 1488
Warrenville, Illinois 60555
Telephone: (630) 753-5000**

(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies of all communications, including communications sent to agent for service, should be sent to:

**Dennis M. Myers, P.C.
Kirkland & Ellis LLP
200 East Randolph Drive
Chicago, Illinois 60601
Telephone: (312) 861-2000**

*The co-registrant listed below is also included in this Form S-4 Registration Statement as an additional registrant. The co-registrant is the principal operating subsidiary of the registrant and the guarantor of the notes to be registered hereby.

Approximate date of commencement of proposed sale to the public: As soon as practicable after this Registration Statement becomes effective.

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box. / /

If this Form is filed to registered additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. / /

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. / /

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered	Proposed Maximum Offering Price Per Unit(1)	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee
$6^{1}/_{4}$% Senior Notes due 2012, Series B	$400,000,000	100%	$400,000,000	$47,080.00(1)
Guarantee of Senior Notes(2)	$400,000,000			(3)

(1) Calculated in accordance with Rule 457 under the Securities Act of 1933, as amended.

(2) The subsidiary guarantor is a wholly owned direct subsidiary of the Registrant.

(3) Pursuant to Rule 457(n), no separate fee is payable with respect to the guarantee being registered hereby.

The registrant and the co-registrant hereby amend this Registration Statement on such date or dates as may be necessary to delay its effective date until the registrant and the co-registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until this Registration Statement shall become effective on such date as the SEC, acting pursuant to said Section 8(a), may determine.

Exact Name of Co-Registrant*	Jurisdiction of Formation	I.R.S. Employer Identification No.
International Truck and Engine Corporation	Delaware	36-1264810

* The address for the Co-Registrant is c/o 4201 Winfield Road, P.O. Box 1488, Warrenville, Illinois 60555, telephone (630) 753-5000. The primary standard industrial classification number for the Co-Registrant is 3711.

The information in this prospectus is not complete and may be changed. These securities may not be sold until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Subject to Completion, Dated June 1, 2005

Prospectus

Exchange Offer for $400,000,000 $6^1/_4$% Senior Notes due 2012

We are offering to exchange:
up to $400,000,000 of our new $6^1/_4$% Senior Notes due 2012, Series B
for
a like amount of our outstanding $6^1/_4$% Senior Notes due 2012

Material Terms of Exchange Offer

The terms of the exchange notes to be issued in the exchange offer are substantially identical to the outstanding notes, except that the transfer restrictions and registration rights relating to the outstanding notes will not apply to the exchange notes.

All notes that are validly tendered and not validly withdrawn will be exchanged.

There is no existing public market for the outstanding notes or the exchange notes. We do not intend to list the exchange notes on any securities exchange or seek approval for quotation through any automated trading system.

The exchange notes will be guaranteed on a senior unsecured basis by our principal operating subsidiary, International Truck and Engine Corporation. The exchange notes will be our senior unsecured obligations and will rank behind in right of payment to all of our future secured debt and equally in right of payment to all of our existing and future senior unsecured debt.

Expires at 5:00 p.m., New York City time, on   , 2005, unless extended.

The exchange of notes will not be a taxable event for U.S. federal income tax purposes.

The exchange offer is not subject to any condition other than that the exchange offer not violate applicable law or any applicable interpretation of the Staff of the Securities and Exchange Commission, or the "SEC."

We will not receive any proceeds from the exchange offer.

For a discussion of certain factors that you should consider before participating in this exchange offer, see "Risk Factors" beginning on page 20 of this prospectus.

Neither the SEC nor any state securities commission has approved or disapproved of the notes to be distributed in the exchange offer or passed upon the adequacy of this prospectus. Any representation to the contrary is a criminal offense.

, 2005

We have not authorized anyone to give any information or represent anything to you other than the information contained in this prospectus. You must not rely on any unauthorized information or representations.

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Prospectus Summary

The following is qualified in its entirety by the more detailed information and consolidated financial statements and related notes appearing elsewhere in this prospectus. It does not contain all the information that you may consider important in making your decision to participate in the exchange offer. Therefore, you should read the entire prospectus carefully, including, in particular, the section entitled "Risk Factors" and the consolidated financial statements and the related notes to those statements. The fiscal year of Navistar ends on October 31. Fiscal years are identified in this prospectus according to the calendar year in which they end. For example, the fiscal year ended October 31, 2004 is referred to as "fiscal 2004."

Unless the context indicates otherwise, as used in this prospectus: (i)"company," "us," "we," "our" and "Navistar" refer to Navistar International Corporation and its consolidated subsidiaries and their respective predecessors; (ii)"International" refers to International Truck and Engine Corporation, our principal operating subsidiary; (iii)"NIC" refers to Navistar International Corporation, exclusive of our subsidiaries; (iv)"NFC" refers to Navistar Financial Corporation, a wholly owned subsidiary of International, which together with NIC's three Mexican subsidiaries that provide financial services to its dealers and customers in Mexico, comprise our financial services operations; (v)"mid-range diesel engines" refers to 160-325 horsepower diesel fuel-powered engines; (vi)"North America" refers to the United States and Canada and (vii)"OEMs" refers to original equipment manufacturers.

Our Company

We are a leading manufacturer and distributor of a full line of diesel-powered medium and heavy trucks, school buses and parts and services sold under the International® truck brand and IC bus lines. We sell truck products to the common carrier, private carrier, government/service, leasing, construction, energy/petroleum and student transportation markets. We are also the leading supplier of mid-range diesel engines in the 160-325 horsepower range. Diesel engines are sold under the International® brand as well as produced for other OEMs in the United States, Mexico and Brazil, principally Ford Motor Company. We are the exclusive supplier of 6.0L electronically controlled diesel engines to Ford through the year 2012 for use in all of Ford's diesel-powered super-duty pick-up trucks and vans between 8,500 and 12,500 lbs. gross vehicle weight, or GVW, in North America.

We market our truck products, parts and services through the industry's largest dealer network in North America, specializing in medium and heavy trucks and school buses. As of January 31, 2005, our dealer network was comprised of 842 locations in North America. In addition, as of January 31, 2005, we had 69 dealer locations in Mexico. Our dealer network offers a comprehensive range of service, financing and other support functions to our customers. We also operate seven North American regional parts distribution centers that provide 24-hour availability and shipment with a 97% order fill rate of our truck and engine parts. We provide certain financial services to our customers and dealers through our financial services operations.

Our financial services operations are conducted through NFC and NIC's three Mexican finance subsidiaries. NFC is a commercial financing organization that provides wholesale, retail and lease financing for sales of new and used trucks sold to dealers and retail customers in the United States. NFC also finances our wholesale accounts and selected retail accounts receivable.

NIC's three Mexican finance subsidiaries provide wholesale, retail and lease financing for sales of new and used trucks and service parts sold to dealers and retail customers in Mexico. The financial services operations also finance sales of new and used products of other manufacturers, regardless of whether those products are designed or customarily sold for use with International's truck products.

Demand for our truck and mid-range diesel engine products is cyclical and depends in part on the business environment, particularly the industrial sector. Levels of freight tonnage hauled, which track the primary end use for our truck products, are driven in large part by demand in the industrial sector. In our first quarter, we recorded a profit of $18 million compared to losses in the first quarter of previous years. Based upon our results for fiscal 2004, we generated record revenue and profitability was its highest since fiscal 1999. We also achieved our highest level of engine shipments in fiscal 2004 of 432,800 units.

Set forth below is certain information regarding our principal product lines for fiscal 2004 and, with respect to unit deliveries and estimated market share, our results for fiscal 2004 total units.

Product Line Description		Fiscal 2004 Revenues (in millions)	% of Fiscal 2004 Mfg. Revenues	Fiscal 2004 Unit Deliveries[1]	Estimated 2004 Market Share[2]	Typical End-Use/User
Medium Trucks (Class 6-7)	$	1,849	19.5%	39,900	40.3%	Local and regional delivery/beverage, refrigeration, utilities, towing, municipalities and emergency rescue
Heavy Trucks (Class 8)		2,252	23.8%	28,100	17.1%	Long-haul, local and regional delivery/fleets and owner operators
School Buses		946	10.0%	16,000	61.0%	School districts
Severe Service Vehicles		975	10.3%	12,800	23.2%	Construction, waste management and other on-off highway applications
DealCor Subsidiaries[3]		252	2.7%	N/A	N/A	All end-users listed above
Total Trucks	$	6,274	66.3%	96,800	28.1%	
Mid-Range Diesel Engines	$	1,981	20.9%	357,900	NA	Ford and other OEMs
Service Parts	$	1,213	12.8%	NA	NA	All end-users listed in this table

(1) Reflects North American retail unit deliveries of trucks, school buses and severe service vehicles and OEM deliveries of engines.

(2) Combined North American markets for fiscal 2004.

(3) Represents revenue of our majority-owned subsidiaries whose principal business is owning an International dealership. These subsidiaries are acquired and disposed of from time to time in order to facilitate the transition of International dealerships from one independent owner to another.

Completion of Five Point Plan and current strategic focus

We have completed a comprehensive, strategic investment and product development program, which we refer to as our Five Point Plan. From 1997 to 2002, we made significant investments, including $1,390 million of research and development and $2,013 million of capital investments, much of which related to our Five Point Plan. These investments have substantially transformed our company by allowing us to upgrade our product line and improve our cost structure. We believe that these actions have enhanced our business and financial profile and improved our position in the marketplace. The goals and results to date of our Five Point Plan are:

Developed a new line of high performance truck and engine products to replace our maturing product offerings. We have developed and substantially completed the launch of a full line of new, high performance trucks, which we refer to as our HPV line. These technologically advanced trucks offer enhanced value to our customers over the entire life of the product, which we refer to as lifecycle value, allowing us to command premium pricing versus competitive products.

Reduced product complexity. We have reduced the complexity of our products, which has improved our manufacturing efficiency, purchasing leverage and product reliability.

Improved cost structure. We have improved our labor and overhead costs, providing more flexibility in our manufacturing processes and improving our competitive position.

Focused manufacturing facilities. We have reorganized our manufacturing operations to utilize more focused manufacturing facilities. This strategy shifted the manufacture of high-volume truck models to larger facilities to better leverage our overhead, while more complex, customized trucks are manufactured in lower-cost, more flexible manufacturing facilities.

Expanded presence in Mexico. We have undertaken a number of initiatives to expand our presence in the Mexican truck market, where our market share increased to approximately 28.6% in 2004 as compared to approximately 5.0% in 1996.

Our current strategic focus builds upon the foundation created with the completion of the Five Point Plan. We believe that we have significant new opportunities to increase revenue. In addition, we believe we can continue to improve our cost structure and product quality relative to our competition to further enhance the recent improvements achieved through the completion of the Five Point Plan. Specifically, our strategic focus in the next few years will center around: Great Products, Competitive Cost Structure and Growth:

Great products: We will continue to leverage the investment made in the design and development of our line of High Performance Vehicles. We believe we have a competitive advantage in driver comfort, ergonomics, vehicle maintainability, fuel efficiency and electronics.

Set the standard for product quality in the industry: We believe there is significant opportunity to differentiate ourselves in the marketplace through an improvement in quality relative to our competition.

Derivative products: We will introduce derivative products that are built off of the main product platform of our High Performance Vehicles to target specific opportunities.

Competitive cost structure: We have developed very aggressive cost improvement targets over the next several years with an objective of net cost reduction of $8,000 per vehicle by 2009 as compared to 2002. These targets include improvements in purchasing and logistics, manufacturing, engineering design and warranty.

Product scale: We believe that scale, from both a design and production perspective, can be a differentiator in our cost structure. In our engine business, we have more scale in mid-range diesel engines worldwide than our competitors.

Global sourcing: We are committed to identifying and sourcing the most appropriate components and services to meet the requirements of our customers and the company.

Growth: We are committed to growth incremental to the recovery in the North American truck market. Our current growth initiatives include:

Military opportunities: We are currently exploring several opportunities to provide vehicles, engines and service parts to both the U.S. and Allied Military. These opportunities include providing both combat and non-combat vehicles as well as V-6 diesel-powered engines.

Service parts growth: We believe that we can increase the growth rate of service parts revenue through increased dealer participation, increased national account services and increased all-makes product offerings. These strategies contributed to a 12.6% and 11.3% growth rate of service parts revenue for fiscal 2004 and 2003, respectively.

Light-duty diesel expansion: The under 8,500 lbs. GVW North American pick-up truck market has never had a diesel engine offering. We believe significant opportunities exist for engine growth in this segment, especially with growing consumer acceptance of diesel fuel due to its improved sociability characteristics (noise, vibration, harshness, exhaust smoke and emissions) and its inherent performance superiority over gasoline engines.

Dealer distribution strategy: While we continue to have the most extensive North American dealer network in the industry, we have identified further increases in overall effectiveness of the systems as an opportunity for enhanced competitiveness.

In addition, as part of our strategy, the company is pursuing a number of strategic initiatives that the company believes will positively impact growth, cost competitiveness and product capabilities. These strategic initiatives could take the form of joint ventures, acquisitions or strategic alliances or other such relationships that the company believes acceptable.

Competitive strengths

Strong market positions in truck products. We are a leading manufacturer of Class 6-8 trucks and school buses. We are the leading manufacturer of Class 6-7 medium trucks and school bus chassis in North America, with a fiscal 2004 market share of 40.3% for Class 6-7 medium trucks and 61.0% in school bus chassis. Our new integrated bus strategy allowed us to maintain our market share of approximately 61.0% in fiscal 2004 for buses while improving our market share in bus bodies from approximately 14.8% in 1995 to approximately 53.1% in 2004. Our recommitment to the Class 8 market, improved cost structure and product quality drove overall Class 8 market share to 18.6% in fiscal 2004, up from 16.4% in fiscal 2003.

Leading global supplier of mid-range diesel engines. We are the leading global supplier of mid-range diesel engines, shipping approximately 432,800 engines in fiscal 2004.

Improved, more flexible cost structure. We have improved and continue to improve our cost structure by reducing both fixed and variable costs. As a part of our Five Point Plan, we have re-aligned our manufacturing facilities and processes to increase flexibility and efficiency.

Large installed customer base and leading parts program. As a result of both our strong market positions and the industry's largest dealer network, we have a substantial installed base of truck and engine products that provides us and our dealers with profitable, stable revenues from the sale of truck and engine parts.

Business strategy

Truck strategy

Organic growth through High Performance Vehicle (HPV) platform. In February 2001, we successfully initiated the introduction of our HPV line. Since that time, we have substantially completed the launch of an entire line of new school buses, high performance medium trucks, severe service vehicles and regional-haul heavy trucks.

Improve manufacturing efficiency and cost structure. As a part of our Five Point Plan, we have focused our manufacturing facilities and simplified product designs resulting in improved efficiency and lower costs.

Leverage Blue Diamond truck production. In September 2001, we formed the Blue Diamond Truck joint venture with Ford to produce Class 3-7 commercial vehicles. Through this joint venture, we are capitalizing on Ford's and Navistar's combined medium truck volumes to generate manufacturing efficiencies and economies of scale.

Capitalize on dealer network. We have the industry's largest dealer network in North America, consisting of 842 dealer locations as of January 31, 2005, which is a key competitive advantage over other truck and school bus manufacturers.

Engine strategy

Enhance diesel engine technology leadership. We are an industry leader in diesel engine technology and believe we have an established reputation of meeting and exceeding quality and emissions requirements of both our customers and government regulatory agencies.

Capitalize on dieselization trends. The percentage of Class 5-7 medium trucks and heavy pick-up trucks using diesel engines has increased over time to approximately 95% and 55%, respectively, in 2004 from approximately 50% and 10%, respectively, in 1983. In 2004, we maintained a 48% share of total North American on-highway diesel engine production and approximately 50% share of mid-range diesel engines in over 8,500 lbs. GVW pick-up trucks, vans and SUVs. In the future, we expect the global dieselization trends to positively impact our longer-term engine growth opportunities due to our diesel engine technology leadership, market position and product capabilities.

Expand strategic relationships. We have a long history of strong strategic relationships with major customers and suppliers. We have been supplying diesel engines to Ford since 1982 and have a long-term exclusive supply agreement to provide diesel engines to Ford through 2012 for use in its pick-up trucks, vans and SUVs between 8,500 and 12,500 lbs. GVW in North America. We have significantly expanded our relationship with Ford over the last decade, including the formation of the Blue Diamond joint ventures. In December 2004, we announced a strategic relationship with MAN Nutzfahrzeuge AG to collaborate in the design, development and production of certain powertrain components. The first project initiated as part of this agreement is for International to produce 11 to 13 liter engines for the North American Class 8 market based on a MAN design.

Business environment

Sales of Class 6-8 trucks have historically been cyclical, with demand affected by such economic factors as industrial production, construction, demand for consumer durable goods, interest rates and the earnings and cash flow of dealers and customers. Beginning in 2004, heavy truck customers and leasing companies began to resume purchases in response to signs of an overall economic recovery, which has resulted in increased order receipts in the heavy and medium truck industries. Our North American order backlog at January 31, 2005, increased to 29,100 units, compared to 21,700 units at January 31, 2004.

North American heavy truck demand was 64,400 units in the first quarter of fiscal 2005, up 29.6% from the first quarter of fiscal 2004 and 219,300 units in fiscal 2004, up 38% from fiscal 2003 and Class 6-7 medium truck demand, excluding school buses, was 25,400 units in the first quarter of fiscal 2005, up 12% from the first quarter of fiscal 2004 and 99,200 units in fiscal 2004, up 32% from fiscal 2003. Demand for school buses was 5,700 units in the first quarter of fiscal 2005, down 16% from the first quarter of fiscal 2004 and 26,200 units in fiscal 2004, down 10% from fiscal 2003. Mid-range diesel engine shipments by us to OEMs in the first quarter of fiscal 2005 were 88,860 units, 18% higher than the first quarter of fiscal 2004 and in fiscal 2004 were 357,900 units, 8% higher than fiscal 2003.

Corporate structure

NIC is a holding company that conducts its manufacturing operations principally through International and certain other wholly owned foreign and domestic subsidiaries. Our manufacturing operations are supported by our financial services subsidiaries, including NFC. Our financial services subsidiaries provide wholesale, retail and lease financing for sales of new and used trucks, truck chassis, buses and trailers, service parts and engines by International and retail and lease financing for sales of such products by International dealers to their customers.

Our financial services subsidiaries generally fund their operations on an independent basis. Our financial services subsidiaries obtain funds to provide financing to our dealers and retail customers from sales of receivables, medium- and long-term debt securities and short- and long-term bank borrowings. As of January 31, 2005, NFC had $707 million of combined funding availability from its bank credit facility and other on- and off-balance sheet funding conduits.

We provide credit support to NFC under NFC's bank credit facility through an agreement whereby International has agreed not to permit NFC's consolidated income before income taxes, interest expense and dividends on preferred stock, if any, to be less than 125% of NFC's consolidated interest expense and dividends on preferred stock, if any, for any period of four fiscal quarters immediately preceding the date of measurement. For fiscal 2004, NFC's ratio of income before income taxes and consolidated interest expense to its consolidated interest expense was 3.5 to 1. International has not made a payment to NFC under this arrangement since 1984. In addition, NIC had guaranteed an aggregate of $136 million of outstanding borrowings by its financial services subsidiaries as of January 31, 2005.

In general, we sell to NFC on a regular basis for cash all wholesale and retail notes which we generate in the regular course of our business from the sale of trucks and related equipment to our dealers and retail customers. As a result, such sales to NFC provide us with significant working capital during periods of increasing unit sales volume.

The following chart summarizes our principal organizational structure as discussed above:

The following table sets forth NIC's principal outstanding indebtedness as of January 31, 2005, after giving effect to the sale of the notes in the offering and the application of the estimated net proceeds therefrom as set forth in "Use of Proceeds":

Title of Security		Amount
		(in millions)
$6^{1}/_{4}$% senior notes due 2012	$	400.0
$7^{1}/_{2}$% senior notes due 2011 (net of unamortized discount of $2 million)		248.0
$9^{3}/_{8}$% senior notes due 2006		400.0
2.5% senior convertible notes due 2007		190.0
4.75% subordinated exchangeable notes due 2009		220.0
Total	$	1,458.0

All of NIC's existing senior notes have been unconditionally guaranteed on a senior unsecured basis by International. In addition, NIC has guaranteed approximately $13 million of outstanding borrowings by International and $136 million of outstanding borrowings by its financial services subsidiaries as of January 31, 2005. International has not guaranteed NIC's subordinated notes.

International will unconditionally guarantee on a senior unsecured basis all of NIC's obligations under the notes and the related indenture. For the most part, substantially all of NIC's foreign and domestic manufacturing subsidiaries are considered "Restricted Subsidiaries" under the indenture governing the notes and NFC, its subsidiaries, and NIC's foreign finance and International dealership subsidiaries and the Blue Diamond joint venture entities are "Unrestricted Subsidiaries" under the indenture governing the notes. For more information relating to NFC's financing arrangements and the relationship between International and NFC, see "Capitalization," "Description of the Notes Guarantee," "Description of Other Financing Arrangements" and "Certain Arrangements with NFC."

Recent developments

Restatement of prior period financial statements. In December 2004, NFC determined that it would restate its consolidated financial statements for the first three quarters of fiscal 2004 and the fiscal years ended October 31, 2003 and 2002 due to certain misapplications of GAAP. The primary area where it was determined that GAAP was incorrectly applied was in the accounting for retail note securitizations. As a result of NFC's restatement, we concluded that it was necessary to restate our financial statements for the same periods. In the course of preparing the restatement of our consolidated financial statements, we determined that it was appropriate to make other adjustments as well including consolidating our Dealcor subsidiaries. See Note 23 to our audited consolidated financial statements included elsewhere in this prospectus for more information regarding this restatement.

Due to this restatement, the company and certain of its affiliates failed to timely complete and file with the SEC their respective Annual Reports on Form 10-K. The failure of the company and its affiliates to timely complete their respective Annual Reports on Form 10-K and deliver those reports to their respective lenders or lessors resulted in a default under such agreements. However, the company and its affiliates did not receive a notice of default and no adverse action was taken by those lenders or lessors against the company or its affiliates. The company filed its Annual Report on Form 10-K with the SEC on February 15, 2005, thereby curing any pending defaults under its agreements. NFC obtained the necessary waivers from its various lenders to allow it to continue to borrow under the facility until February 28, 2005 and subsequently cured its defaults by filing its Annual Report on Form 10-K with the SEC on February 15, 2005.

As a result of the additional work and delay in filing the Annual Report on Form 10-K, the company and certain of its affiliates were unable to file their respective Quarterly Reports on Form 10-Q for the fiscal quarter ended January 31, 2005, with the SEC on a timely basis. The failure of the company and its affiliates to timely complete their respective Quarterly Reports on Form 10-Q and deliver those reports to their respective lenders or lessors resulted in a default under such agreements. However, the company and its affiliates did not receive a notice of default and no adverse action was taken by those lenders or lessors against the company or its affiliates. The company filed its Quarterly Report on Form 10-Q for the quarter ended January 31, 2005 with the SEC on April 25, 2005, thereby curing any pending defaults under its agreement. NFC obtained the necessary waivers from its various lenders, and subsequently cured its defaults by filing its Quarterly Report on Form 10-Q for the quarter ended January 31, 2005 with the SEC on April 19, 2005.

The SEC notified the company on February 9, 2005, that it was conducting an informal inquiry into the company's restatement. As part of its ongoing cooperation with the SEC's inquiry, the company identified information potentially relevant to the investigation that may be in the possession of one or more former employees outside of the company's control. The company informed the SEC of that information. Following the company's notification, the SEC changed the status of its inquiry to a formal investigation. The company currently is not able to predict the final outcome of the investigation and continues to cooperate with the SEC's requests.

Mexican financing. One of our Mexican finance subsidiaries entered into a trust agreement for purposes of creating an irrevocable trust. On December 3, 2004, the trust issued and placed in the Mexican Stock Exchange, Certificados Burs titles, Series A (Notes), having an aggregate original principal amount of 516,000,000 Mexican Pesos (or $46.4 million based on an exchange rate of a 1.00 Mexican Pesos = $.0899), under the revolving securitization program authorized by the Mexican National Banking and Securities Commission in the aggregate amount of 1,100,000,000 Mexican Pesos (or $98.9 million based on an exchange rate of a 1.00 Mexican Pesos = $.0899).

Collaboration agreement. On December 6, 2004, the company announced that International signed an agreement with truck and engine manufacturer, MAN Nutzfahrzeuge AG of Munich, Germany, to collaborate in the design, development, sourcing and manufacturing of components and systems for commercial trucks, including a range of diesel engines. Specifically, International is working through this agreement to develop and produce International engines in the 11 to 13 liter range to be offered exclusively in International Class 8 highway tractors and severe service trucks starting in fall 2007.

Acquisition of diesel engine company. On April 14, 2005, we announced that our South American engine subsidiary, International Engines South America, completed its acquisition of MWM Motores Diesel Ltda, subject to review by CADE, the Brazilian anti-trust regulatory authority. MWM, which had sales of approximately $370 million in 2004, produces a broad line of medium and high speed diesel engines ranging from 50 to 310 horsepower for use in pick-ups, vans, light and semi-heavy trucks, as well as agricultural, marine and electric generator applications.

Additional information

NIC was incorporated under the laws of the State of Delaware in 1993 and is the successor to the truck and engine business of International Harvester Company, which business began in 1907. Our principal executive offices are located at 4201 Winfield Road, Warrenville, Illinois 60555, and our telephone number is (630) 753-5000. Our Web site is www.internationaldelivers.com. Our Web site, and the information contained therein, are expressly not included in or as part of this prospectus.

Industry data

In this prospectus, including the information incorporated herein by reference, we rely on and refer to information regarding the heavy and medium truck, bus and mid-range diesel engine markets from several sources, including internal estimates and industry publications, including those generated by Ward's Communications in the United States, the Canadian Vehicle Manufacturers Association, R.L. Polk & Company and Power Systems Research of Minneapolis, Minnesota as well as other sources. Although we believe this information is reliable, we cannot guarantee the accuracy and completeness of the information and we have not independently verified it or make any representations as to the accuracy of such information. Unless otherwise indicated, all market data relates only to those markets in the United States and Canada.

Summary of the Exchange Offer

The initial offering of outstanding notes	NIC sold the outstanding notes on March 2, 2005 to Banc of America Securities LLC, Citigroup Global Markets Inc., J.P. Morgan Securities Inc., Credit Suisse First Boston LLC, Scotia Capital (USA) Inc., BNY Capital Markets, Inc. and RBC Capital Markets Corporation. NIC collectively refers to those parties in this prospectus as the "initial purchasers." The initial purchasers subsequently resold the outstanding notes to qualified institutional buyers pursuant to Rule 144A under the Securities Act of 1933, as amended and to persons outside the United States under Regulation S.
Registration rights agreement	Simultaneously with the initial sale of the outstanding notes, NIC entered into an exchange and registration rights agreement for the exchange offer. In the exchange and registration rights agreement, NIC agreed, among other things, to use its reasonable best efforts to file a registration statement with the SEC and to complete this exchange offer within 365 days of issuing the outstanding notes. The exchange offer is intended to satisfy your rights under the exchange and registration rights agreement. After the exchange offer is complete, you may no longer be entitled to any exchange or registration rights with respect to your outstanding notes.
Exchange offer	NIC is offering to exchange the exchange notes, which have been registered under the Securities Act, for your outstanding notes. In order to be exchanged, an outstanding note must be properly tendered and accepted. All outstanding notes that are validly tendered and not validly withdrawn will be exchanged. NIC will issue exchange notes promptly after the expiration of the exchange offer.
Resales	We believe that the exchange notes issued in the exchange offer may be offered for resale, resold and otherwise transferred by you without compliance with the registration and prospectus delivery requirements of the Securities Act provided that: the exchange notes are being acquired in the ordinary course of your business; you are not participating, do not intend to participate, and have no arrangement or understanding with any person to participate, in the distribution of the exchange notes issued to you in the exchange offer; and you are not an affiliate of ours. If any of these conditions are not satisfied and you transfer any exchange notes issued to you in the exchange offer without delivering a prospectus meeting the requirements of the Securities Act or without an exemption from registration of your exchange notes from these requirements you may incur liability under the Securities Act. We will not assume, nor will we indemnify you against, any such liability.

Each broker-dealer that is issued exchange notes in the exchange offer for its own account in exchange for outstanding notes that were acquired by that broker-dealer as a result of market-marking or other trading activities, must acknowledge that it will deliver a prospectus meeting the requirements of the Securities Act in connection with any resale of the exchange notes. A broker-dealer may use this prospectus for an offer to resell, resale or other retransfer of the exchange notes issued to it in the exchange offer.

Record date

We mailed this prospectus and the related exchange offer documents to registered holders of outstanding notes on , 2005.

Expiration date

The exchange offer will expire at 5:00 p.m., New York City time, on , 2005 unless extended.

Conditions to the exchange offer

The exchange offer is not subject to any condition other than the exchange offer not violate applicable law or any applicable interpretation of the Staff of the SEC.

Procedures for tendering outstanding notes

If you wish to tender your notes in the exchange offer, you must transmit to the exchange agent on or before the expiration date either:

- an original or a facsimile of a properly completed and duly executed copy of the letter of transmittal, which accompanies this prospectus, together with your outstanding notes and any other documentation required by the letter of transmittal, at the address provided on the cover page of the letter of transmittal; or

- if the notes you own are held of record by The Depository Trust Company, or "DTC," in book-entry form and you are making delivery by book-entry transfer, a computer-generated message transmitted by means of the Automatic Tender Offer Program System of DTC, or "ATOP," in which you acknowledge and agree to be bound by the terms of this prospectus and the letter of transmittal and which, when received by the exchange agent, forms a part of a confirmation of book-entry transfer. As part of the book-entry transfer, DTC will facilitate the exchange of your notes and update your account to reflect the issuance of the exchange notes to you. ATOP allows you to electronically transmit your acceptance of the exchange offer to DTC instead of physically completing and delivering a letter of transmittal to the notes exchange agent.

In addition, you must deliver to the exchange agent on or before the expiration date:

- a timely confirmation of book-entry transfer of your outstanding notes into the account of the notes exchange agent at DTC if you are effecting delivery of book-entry transfer, or

	if necessary, the documents required for compliance with the guaranteed delivery procedures.
Withdrawal rights	Tenders of outstanding notes may be withdrawn any time prior to 5:00 p.m., New York City time, on the expiration date of the exchange offer.
United States federal income tax considerations	The exchange of outstanding notes for exchange notes will not be a taxable event for U.S. federal income tax purposes. You should read "United States Federal Income Tax Considerations" for a discussion of the significant U.S. federal income tax consequences of exchanging your outstanding notes. You should consult your own tax advisor as to the consequences of the exchange to you.
Procedures for beneficial owners	If you are the beneficial owner of outstanding notes registered in the name of a broker, dealer or other nominee and you wish to tender your notes, you should contact the person in whose name your notes are registered and promptly instruct such person to tender on your behalf.
Guaranteed delivery procedures	If you wish to tender your outstanding notes and time will not permit your required documents to reach the exchange agent by the expiration date, or the procedure for book-entry transfer cannot be completed on time, you may tender your notes pursuant to the guaranteed delivery procedures. See "The Exchange Offer Guaranteed Delivery Procedures."
Acceptance of notes, delivery of exchange notes	Subject to certain conditions, we will accept outstanding notes which are properly tendered in the exchange offer and not withdrawn, prior to 5:00 p.m., New York City time, on the expiration date of the exchange offer. The exchange notes will be delivered as promptly as practicable following the expiration date.
Use of proceeds	We will not receive any proceeds from the issuance of the exchange notes pursuant to the exchange offer. We will pay all of our expenses incident to the exchange offer.
Exchange agent	The Bank of New York Trust Company, N.A. is serving as the exchange agent in connection with the exchange offer. The Bank of New York Trust Company, N.A. also serves as trustee under the indenture that governs the notes.

Summary of Terms of the Exchange Notes

The form and terms of the exchange notes are the same as the form and terms of the outstanding notes, except that the exchange notes will be registered under the Securities Act. As a result, the exchange notes will not bear legends restricting their transfer and will not contain the registration rights and liquidated damage provisions contained in the outstanding notes. The exchange notes represent the same debt as the outstanding notes. Both the outstanding notes and the exchange notes are governed by the same Indenture. We use the term notes in this prospectus to collectively refer to the outstanding notes and the exchange notes.

Issuer	Navistar International Corporation
Securities	\$400.0 million aggregate principal amount of $6^1/_4$% Senior Notes due 2012, Series B.
Maturity	March 1, 2012.
Interest payment dates	March 1 and September 1, commencing September 1, 2005. First Payment: September 1, 2005.
Optional redemption	The exchange notes will be redeemable at NIC's option in whole at any time or in part at any time on and after March 1, 2009 at the redemption prices set forth in this prospectus plus accrued and unpaid interest to the date of redemption. In addition, at any time on or before March 1, 2008, we may also redeem up to 35% of the aggregate principal amount of the exchange notes using the proceeds of public offerings of equity of NIC at a redemption price equal to 106.25%, together with accrued and unpaid interest, if any, so long as at least 65% of the aggregate principal amount of the notes remains outstanding after each permitted redemption made with equity proceeds.
Ranking	The exchange notes will be senior, unsecured obligations of NIC. Accordingly, they will rank: behind all of NIC's future secured debt, if any, to the extent of the value of the assets securing such debt; equally with all of NIC's existing and future senior unsecured debt, which includes the $7^1/_2$% senior notes due 2011, the $9^3/_8$% senior notes due 2006 and the 2.5% senior convertible notes due 2007; ahead of any of NIC's existing and future subordinated debt, which includes the 4.75% subordinated exchangeable notes due 2009; and structurally subordinated to all of the liabilities (including trade payables) of NIC's non-guarantor subsidiaries, including those of its financial services operations.

As of January 31, 2005, after giving pro forma effect to the initial offering and the application of the net proceeds therefrom:

- NIC would have had $1,458 million of total indebtedness outstanding (including the notes), of which $838 million would have ranked equally with the exchange notes and $220 million would have been subordinated to the exchange notes;
- NIC's financial services subsidiaries would have had $136 million of indebtedness and International would have had $13 million of indebtedness that was guaranteed by NIC, which guarantees rank equally with the exchange notes; and
- NIC's non-guarantor subsidiaries would have had $2,358 million of liabilities (including trade payables), of which $1,426 million would be liabilities of the financial services operations. See "Description of the Notes Ranking."

Subsidiary guarantee

The payment of the principal, premium and interest on the exchange notes will be guaranteed by International (the "International Guarantee"). International will be released from its obligations under the International Guarantee upon the occurrence of certain events that are described more fully in "Description of the Notes Guarantee."

The International Guarantee will be a senior, unsecured obligation of International and, as a result, it will rank:

- behind all of International's future secured debt, if any, to the extent of the value of the assets securing such debt;
- equally with all of International's existing and future senior unsecured debt, which includes the 9.95% senior notes due 2011 and International's guarantee of the $7^1/_2$% senior notes due 2011, the $9^3/_8$% senior notes due 2006 and the 2.5% senior convertible notes due 2007; and
- ahead of any of International's existing and future subordinated debt.

As of January 31, 2005, after giving pro forma effect to the initial offering and the application of the net proceeds therefrom, International would have had approximately $1,253 million of total indebtedness outstanding (including all guaranteed obligations), all of which would have ranked equally with the International Guarantee. International has not guaranteed NIC's 4.75% subordinated exchangeable notes due 2009.

Change of control

If a change of control occurs, subject to certain conditions, we must give holders of the exchange notes an opportunity to sell to us the notes at a purchase price of 101% of the principal amount of the exchange notes, plus accrued and unpaid interest to the date of the purchase. See "Description of the Notes Certain Covenants Change of Control."

Restrictive covenants	The indenture governing the exchange notes contains covenants that limit our ability and all of our restricted subsidiaries' ability to: incur additional indebtedness; create liens or enter into sale-leaseback transactions; pay dividends on our capital stock or redeem, repurchase or retire our capital stock or subordinated indebtedness; make investments; create restrictions on the payment of dividends or other amounts to us from our restricted subsidiaries; engage in transactions with our affiliates; sell assets, including capital stock of our subsidiaries; guarantee our indebtedness; and consolidate, merge or transfer assets. These covenants are subject to important exceptions and qualifications, which are described under "Description of the Notes Certain covenants." After the exchange notes have been assigned an investment grade rating by both Standard & Poor's and Moody's, NIC and its restricted subsidiaries will no longer be subject to the provisions of certain of the covenants listed above. See "Description of the Notes Certain covenants Application of Fall Away Covenants."

For more information about the exchange notes, see the "Description of the Notes" section of this prospectus.

You should carefully consider the information set forth under "Risk Factors," beginning on page 20 as well as the other information and data included in this prospectus before tendering your notes in exchange for exchange notes.

Summary Consolidated Financial Data

Navistar International Corporation and consolidated subsidiaries

The following consolidated financial information for the three-year period ended October 31, 2004 has been derived from our audited consolidated financial statements and notes thereto. The consolidated financial information set forth below gives effect to the restatement of our consolidated financial statements for the first three quarters of 2004 and for the fiscal years ended October 31, 2003 and 2002, as discussed in Note 23 to Navistar's consolidated financial statements included elsewhere in this prospectus. The consolidated financial information for the three months ended January 31, 2005 and 2004 (as restated) was derived from Navistar's unaudited consolidated financial statements, which financial statements, in management's opinion, reflect all adjustments, consisting of only normal and recurring adjustments, necessary for a fair presentation of such information. This information should be read in conjunction with "Selected Consolidated Historical Financial and Operating Data," "Management's Discussion and Analysis of Results of Operations and Financial Condition" and Navistar's consolidated financial statements and notes thereto, included elsewhere in this prospectus.

	Three Months Ended January 31,		Fiscal Year Ended October 31,		
(in millions)	**2005**	**2004**	**2004**	**2003**	**2002**
		As Restated		As Restated	As Restated
Selected Income Statement Data:					
Sales and revenues:					
Sales of manufactured products	$ 2,491	$ 1,886	$ 9,468	$ 7,282	$ 6,725
Finance revenue[1]	62	56	245	283	276
Other income	5	3	11	20	20
Total sales and revenues	2,558	1,945	9,724	7,585	7,021
Costs and expenses:					
Cost of products and services sold	2,177	1,653	8,159	6,361	5,949
Cost of products sold related to restructuring[2]				9	23
Total cost of products and services sold	2,177	1,653	8,159	6,370	5,972
All other restructuring and non-recurring charges[2]		4	(1)	(41)	521
Postretirement benefits expense	59	61	205	297	228
Engineering and research expense	77	64	245	242	260
Selling, general and administrative expense	176	149	656	597	624
Interest expense	33	32	127	142	159
Other expense	9	7	22	27	29
Total costs and expenses	2,531	1,970	9,413	7,634	7,793
Income (loss) from continuing operations before income taxes	27	(25)	311	(49)	(772)
Income tax expense (benefit)	9	(11)	64	(32)	(294)
Income (loss) from continuing operations	18	(14)	247	(17)	(478)
Discontinued operations, net of tax:[3]					
Loss from discontinued operations					(14)
Loss on disposal				(4)	(46)
Loss from discontinued operations					