

NAVISTAR INTERNATIONAL CORP

Form 8-K

July 23, 2007

**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): July 23, 2007

NAVISTAR INTERNATIONAL CORPORATION

(Exact name of registrant as specified in its charter)

Delaware

1-9618

36-3359573

(State or other jurisdiction of
incorporation or organization)

(Commission File No.)

(I.R.S. Employer
Identification No.)

4201 Winfield Road, P.O. Box 1488, Warrenville,
Illinois

60555

(Address of principal executive offices)

(Zip Code)

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

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act.

Item 1.01 Entry into a Material Definitive Agreement.

On July 23, 2007, the Board of Directors (the Board) of Navistar International Corporation, a Delaware corporation (the Company), authorized and declared a dividend distribution of one right (a Right) for each outstanding share of the common stock of the Company, par value \$0.10 per share (the Common Stock), to stockholders of record at the close of business on such date (the Record Date). Each Right entitles the registered holder to purchase from the Company a unit consisting of one one-thousandth of a share (a Unit) of Junior Participating Preferred Stock, Series A (the Preferred Stock), at a purchase price of \$150.00 per Unit, subject to adjustment (the Purchase Price). The description and terms of the Rights are set forth in a Rights Agreement (the Rights Agreement), dated as of July 23, 2007, between the Company and Mellon Investor Services LLC, as Rights Agent.

Initially, the Rights will be attached to all shares of Common Stock then outstanding, and no separate rights certificates (Rights Certificates) will be distributed. Subject to certain exceptions specified in the Rights Agreement, the Rights will separate from the Common Stock and a distribution date (a Distribution Date) will occur upon the earlier of (i) 10 business days following a public announcement that a person or group of affiliated or associated persons (an Acquiring Person) has acquired beneficial ownership of fifteen percent (15%) or more of the outstanding shares of Common Stock (the Stock Acquisition Date), other than as a result of repurchases of stock by the Company or certain inadvertent actions by institutional or certain other stockholders or (ii) 10 business days (or such later date as the Board shall determine) following the commencement of a tender offer or exchange offer that would result in a person or group becoming an Acquiring Person.

Until the Distribution Date, (i) the Rights will be evidenced by shares of Common Stock certificates and will be transferred with and only with such Common Stock certificates and (ii) the surrender for transfer of any shares of Common Stock outstanding will also constitute the transfer of the Rights associated with the Common Stock represented by such certificates. Pursuant to the Rights Agreement, the Company reserves the right to require prior to the occurrence of a Triggering Event (as defined below) that, upon any exercise of Rights, a number of Rights be exercised so that only whole shares of Preferred Stock will be issued.

The Rights are not exercisable until the Distribution Date and will expire on at 5:00 P.M., New York City time on July 23, 2008, unless such date is extended or the Rights are earlier redeemed or exchanged by the Company.

As soon as practicable after the Distribution Date, Rights Certificates will be mailed to holders of record of the Common Stock as of the close of business on the Distribution Date and, thereafter, the separate Rights Certificates alone will represent the Rights.

In the event that a person or group of affiliated or associated persons becomes an Acquiring Person, except pursuant to an offer for all outstanding shares of Common Stock which the independent directors determine to be fair and not inadequate and to otherwise be in the best interests of the Company and its stockholders after receiving advice from one or more investment banking firms, each holder of a Right will thereafter have the right to receive, upon exercise, Common Stock (or, in certain circumstances, cash, property or other securities of the Company) having a value equal to two times the exercise price of the Right. Notwithstanding any of the foregoing, following the occurrence of the event set forth in this paragraph, all Rights that are, or (under certain circumstances specified in the Rights Agreement) were, beneficially owned by any Acquiring Person will be null and void. However, Rights are not exercisable following the occurrence of the event set forth above until such time as the Rights are no longer

redeemable by the Company as set forth below. Any person who, together with its affiliates and associates, beneficially owns 15% or more of the outstanding shares of Common Stock at 5 P.M., New York City time, on July 23, 2007 (an Exempt Person) shall not be deemed an Acquiring Person, but only for so long as such person, together with its affiliates and associates, does not become the beneficial owner of any additional shares of Common Stock while such person is an Exempt Person. A person will cease to be an Exempt Person if such person, together with such person's affiliates and associates, becomes the beneficial owner of 15% or less of the outstanding shares of Common Stock.

In the event that, at any time following the Stock Acquisition Date, (i) the Company engages in a merger or other business combination transaction in which the Company is not the surviving corporation, (ii) the Company engages in a merger or other business combination transaction in which the Company is the surviving corporation and the Common Stock of the Company is changed or exchanged, or (iii) 50% or more of the Company's assets, cash flow or earning power is sold or transferred, each holder of a Right (except Rights which have previously been voided as set forth above) shall thereafter have the right to receive, upon exercise, common stock of the acquiring company having a value equal to two times the exercise price of the Right. The events set forth in this paragraph and in the second preceding paragraph are referred to as the Triggering Events.

At any time after a person becomes an Acquiring Person and prior to the acquisition by such person or group of fifty percent (50%) or more of the outstanding Common Stock, the Board may exchange the Rights (other than Rights owned by such person or group which have become void), in whole or in part, for Common Stock or Preferred Stock at an exchange ratio of one share of Common Stock, or one one-thousandth of a share of Preferred Stock (or of a share of a class or series of the Company's preferred stock having equivalent rights, preferences and privileges), per Right (subject to adjustment).

The Purchase Price payable, and the number of Units of Preferred Stock or other securities or property issuable, upon exercise of the Rights are subject to adjustment from time to time to prevent dilution (i) in the event of a stock dividend on, or a subdivision, combination, consolidation, reverse stock split or reclassification of, the Preferred Stock, (ii) if holders of the Preferred Stock are granted certain rights or warrants to subscribe for Preferred Stock or convertible securities at less than the current market price of the Preferred Stock, or (iii) upon the distribution to holders of the Preferred Stock of evidences of indebtedness or assets (excluding regular quarterly cash dividends) or of subscription rights or warrants (other than those referred to above).

With certain exceptions, no adjustment in the Purchase Price will be required until cumulative adjustments amount to at least 1% of the Purchase Price. No fractional Units will be issued and, in lieu thereof, an adjustment in cash will be made based on the market price of the Preferred Stock on the last trading date prior to the date of exercise.

At any time until ten business days following the Stock Acquisition Date, the Company may redeem the Rights in whole, but not in part, at a price of \$0.001 per Right (payable in cash, Common Stock or other consideration deemed appropriate by the Board of Directors). Immediately upon the action of the Board of Directors ordering redemption of the Rights, the Rights will terminate and the only right of the holders of Rights will be to receive the \$0.001 redemption price.

Until a Right is exercised, the holder thereof, as such, will have no separate rights as a stockholder of the Company, including, without limitation, the right to vote or to receive dividends in respect of Rights. While the distribution of the Rights will not be taxable to stockholders or to the Company, stockholders may, depending upon the circumstances, recognize taxable income in the event that the Rights become exercisable for Common Stock (or other consideration) of the Company or for common stock of the acquiring company or in the event of the redemption of the Rights as set forth above.

Any of the provisions of the Rights Agreement may be amended by the Board of Directors of the Company prior to the Distribution Date. After the Distribution Date, the provisions of the Rights Agreement may be amended by the Board in order to cure any ambiguity, to make changes which do not adversely affect the interests of holders of Rights, or to shorten or lengthen any time period under the Rights Agreement. The foregoing notwithstanding, no amendment may be made at such time as the

Rights are not redeemable.

The Rights Agreement specifying the terms of the Rights is attached as Exhibit 4.1 and is incorporated by reference herein. This summary description of the Rights Agreement does not purport to be complete and is qualified in its entirety by reference to such exhibit. Unless the context otherwise requires, the capitalized terms used herein shall have the meanings ascribed to them in the Rights Agreement attached hereto.

Item 3.03 Material Modification to Rights of Security Holders.

The information included in Item 1.01 is incorporated by reference into this item.

Item 5.03 Amendments to Articles of Incorporation or By-Laws; Change in Fiscal Year.

On July 23, 2007, in connection with the Rights Agreement the Board approved a Certificate of Designation Preferences and Rights of Junior Participating Preferred Stock, Series A (the Certificate of Designation) setting forth the rights, powers and preferences of the Junior Participating Preferred Stock, Series A. The Company filed the Certificate of Designation with the Secretary of State of the State of Delaware on the same day.

The summary of rights and preferences of the Junior Participating Preferred Stock, Series A set forth in Exhibit C to the Rights Agreement is incorporated into this Item 5.03 by reference and is qualified in its entirety by reference to the full text of the Certificate of Designation. A copy of the Certificate of Designation is attached hereto as Exhibit 3.1 and is incorporated by reference herein.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

| Exhibit No. | Description |
|-------------|---|
| Exhibit 3.1 | Certificate of Designation, Preferences and Rights of Junior Participating Preferred Stock, Series A, dated July 23, 2007. |
| Exhibit 4.1 | Rights Agreement, dated as of July 23, 2007, by and between Navistar International Corporation and Mellon Investor Services LLC, as Rights Agent. |

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

NAVISTAR INTERNATIONAL CORPORATION

\ William A. Caton

By: William A. Caton
Its: Executive Vice President and Chief
Financial
Officer

Date: July 23, 2007