

Edgar Filing: NAVISTAR INTERNATIONAL CORP - Form 8-K

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 p
million shares are designated as preference stock, with a par value of \$1.00 per share. The follo
qualified in its entirety by the provisions of our restated certificate of incorporation and by-l
with the SEC and are available for inspection. The SEC maintains a website on the Internet at ww

Common Stock

The authorized common stock consists of 110 million shares, of which 67,950,362 shares w
7,345,932 shares were held in treasury at May 30, 2003. There were approximately 19,542 holders
such date.

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

We do not expect to pay cash dividends on the common stock in the foreseeable future, an
the indentures for our \$250 million 8% Senior Subordinated Notes and \$400 million 9.375% Senior N
we may pay.

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

Liquidation Rights. In the event of the voluntary or involuntary dissolution, liquidati
common stock are entitled to receive after satisfaction in full of the prior rights of creditors
indebtedness) and holders of preferred stock and preference stock, all of our remaining assets av

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

Edgar Filing: NAVISTAR INTERNATIONAL CORP - Form 8-K

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; (iv) 3,947,605 shares issuable upon the conversion of NFC's 4.75% subordinated notes; and (v) 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 any additional 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, 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. The 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. The 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 available in 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. 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's assets falls below 85% of the fully funded amount). The series B preference stock is not transferable by the UAW Director. The UAW Director's rights 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 election of directors in 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 election of 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 a majority of the quorum, is empowered to fill any vacancy on the board of directors. Notwithstanding the foregoing, the holders of one 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

Edgar Filing: NAVISTAR INTERNATIONAL CORP - Form 8-K

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 prohibits action taken by shareowners except at an annual or special meeting of shareowners, and prohibits action taken 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 former post-retirement health care and life insurance benefits, our certificate of incorporation provides that approval of holders of the greater of (a) a majority of the voting power of all common stock or (b) at least 75% of the stock 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.