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

FORM 10-K

[X]   ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended October 31, 2002

OR

[ ]   TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from __________ to__________

Commission File Number 1-4146-1

NAVISTAR FINANCIAL CORPORATION
(Exact name of Registrant as specified in its charter)

Delaware	**36-2472404**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
2850 West Golf Road Rolling Meadows, Illinois	60008
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code 847-734-4000

Securities registered pursuant to Section 12(b) of the Act: None

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months and (2) has been subject to such filing requirements for the past 90 days. Yes X   No__

As of November 30, 2002, the number of shares outstanding of the registrant's common stock was 1,600,000.

THE REGISTRANT IS A WHOLLY-OWNED SUBSIDIARY OF NAVISTAR INTERNATIONAL CORPORATION AND MEETS THE CONDITIONS SET FORTH IN GENERAL INSTRUCTION I(1) (a) AND (b) OF FORM 10-K AND IS THEREFORE FILING THIS FORM WITH THE REDUCED DISCLOSURE FORMAT.

NAVISTAR FINANCIAL CORPORATION
AND SUBSIDIARIES

FORM 10-K

Year Ended October 31, 2002

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(A)- Omitted or amended as the registrant is a wholly-owned subsidiary of Navistar International Corporation and meets the conditions set forth in General Instructions I(1) (a) and (b) of Form 10-K and is, therefore, filing this Form with the reduced disclosure format.

PART I

Item 1. Business

The registrant, Navistar Financial Corporation ("NFC"), was incorporated in Delaware in 1949 and is a wholly-owned subsidiary of International Truck and Engine Corporation ("International"), which is a wholly-owned subsidiary of Navistar International Corporation ("Navistar"). As used herein, the "Corporation" refers to Navistar Financial Corporation and its wholly-owned subsidiaries unless the context otherwise requires.

The Corporation is a commercial financing organization that provides wholesale, retail and lease financing in the United States for sales of new and used trucks sold by International and International's dealers. The Corporation also finances wholesale accounts and selected retail accounts receivable of International. Sales of new products (including trailers) of other manufacturers are also financed regardless of whether they are designed or customarily sold for use with International's truck products.

Until November 30, 2000, the Corporation owned all of the stock of Harco National Insurance Company ("Harco"), a property and casualty insurance company. On November 30, 2001, the Corporation completed the sale of all of the stock of Harco to IAT Reinsurance Syndicate Ltd., a Bermuda reinsurance company. Harco continues to provide commercial physical damage and liability insurance coverage to International's dealers and retail customers. As a result of this disposal, the consolidated financial statements and notes thereto, for all periods shown, have been restated to reflect discontinued operations accounting.

Item 2. Properties

The Corporation's properties principally consist of office equipment and leased office space in Rolling Meadows, Illinois; Duluth, Georgia and Frisco, Texas. The office equipment owned and in use by the Corporation is not significant in relation to the total assets of the Corporation.

Item 3. Legal Proceedings

There were no material pending legal proceedings other than ordinary, routine litigation incidental to the business of the Corporation.

Item 4. Submission of Matters to a Vote of Security Holders

Intentionally omitted. See the index page of this Report for explanation.

PART II

Item 5. Market for the Registrant's Common Equity and Related Stockholder Matters

As of October 31, 2002, all shares of NFC's issued and outstanding capital stock were owned by International. No shares are reserved for officers and employees, or for options, warrants, conversions and other rights. NFC paid dividends of $0 and $26 million to International during fiscal 2002 and 2001, respectively.

Item 6. Selected Financial Data

Intentionally omitted. See the index page of this Report for explanation.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

Certain statements under this caption, which involve risks and uncertainties, constitute "forward-looking statements" under the Securities Reform Act. Navistar Financial Corporation's actual results may differ significantly from the results discussed in such forward-looking statements. Factors that might cause such a difference include, but are not limited to, those discussed under the headings "Business Outlook" and "Quantitative and Qualitative Disclosures About Market Risk."

Financing Volume

Customer demand for Class 5 through 8 trucks in fiscal 2002 was 8% lower than 2001 and 34% lower than 2000. Financing support provided to retail customers over the last three years was as follows:

	2002	2001	2000
Retail and Lease Financing:		($ millions)	
Finance market share of new International trucks sold in the U.S.	**19.1%**	15.4%	16.4%
Originations of retail notes, finance leases, and equipment leased to others	**$1,050**	$997	$1,475
Net serviced retail notes and lease financing balances (including sold notes) as of October 31	**$2,528**	$2,992	$3,296

The Corporation's retail financing originations in 2002, including retail notes and leases, were 5% higher than 2001. The increase was primarily due to an increase in the Corporation's finance market share of new International trucks sold in the U.S., offset, in part, by an 8% reduction in industry retail sales.

Financing support provided to International's dealers over the last three years was as follows:

	2002	2001	2000
Wholesale Financing:		($ millions)	
Percent of wholesale financing of new International trucks sold to International's dealers in the U.S.	**96%**	96%	96%
Originations of receivables	**$2,955**	$2,804	$4,119
Serviced wholesale note balances (including sold notes) at October 31	**$839**	$817	$1,115

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations (continued)

Financing Volume (continued)

The Corporation's finance percentage of new International trucks sold to International's dealers remained at 96% in 2002. The volume of receivables originated in 2002 was 5% higher than 2001. Originations decreased 32% in 2001 from 2000 primarily due to a decrease in dealer inventory levels in response to lower industry retail sales.

Results from Continuing Operations

Results from continuing operations over the last three years were as follows:

	2002	2001	2000
		($ millions)	
Revenue	**$247**	$304	$308
Cost of borrowing	**66**	102	110
Income before taxes	**61**	72	92
Income from continuing operations	**35**	46	56
Return on average equity	**9.5%**	14.8%	18.9%

The decrease in the Corporation's return on average equity in 2002 from 2001 was primarily the result of lower average finance receivable balances. The decrease in 2001 from 2000 was due primarily to lower average finance receivable balances and higher retail losses, offset, in part, by higher gains on sales of retail note receivables.

Retail note financing revenue for 2002 was $51 million compared with $61 million and $77 million in 2001 and 2000, respectively. The decrease in 2002 is primarily the result of a decrease in average retail note balances.

Lease financing revenue for 2002 was $93 million compared with $99 million and $94 million in 2001 and 2000, respectively. Included in lease financing revenue is operating lease revenue of $76 million, $81 million and $75 million in 2002, 2001 and 2000, respectively. The lower operating lease revenue in 2002 is primarily the result of lower average operating lease balances.

In fiscal 2002, wholesale note revenue decreased 40% to $28 million compared to 2001, primarily as a result of lower average serviced wholesale note balances. Wholesale note revenue was $46 million and $64 million in 2001 and 2000, respectively.

In fiscal 2002, retail and wholesale account revenue decreased 32% to $19 million compared to 2001, as a result of the decrease in the prime rate. Retail and wholesale account revenue was $28 million and $43 million in 2001 and 2000, respectively.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations (continued)

Results from Continuing Operations (continued)

Gains on the sales of retail note receivables were $25 million, $21 million and $3 million in 2002, 2001 and 2000, respectively. The higher gains on sales resulted primarily from higher margins on retail notes.

Marketable securities revenue was $8 million in 2002 compared to $23 million and less than $1 million in 2001 and 2000, respectively. The decrease from 2001 was primarily the result of lower interest rates on investments. The increase in 2001 from 2000 was primarily the result of higher average marketable securities balances.

Borrowing costs decreased 35% in 2002 to $66 million from $102 million in 2001 primarily due to lower average receivable funding requirements and lower average interest rates. Accounts payable to affiliates reduced debt levels and resulted in a reduction in borrowing costs of $2 million, $4 million and $16 million for fiscal years ending 2002, 2001 and 2000, respectively. The Corporation's weighted average interest rate on all debt was 4.0% in 2002, 5.7% in 2001 and 6.4% in 2000. The decrease in the Corporation's weighted average interest rate is primarily a result of the lower interest rates. The ratio of debt to equity was 4:1, 5:1, and 6:1 as of October 31, 2002, 2001 and 2000, respectively.

The provision for losses on receivables totaled $21 million in 2002 compared with $28 million in 2001 and $12 million in 2000. The decrease in 2002 compared to 2001 is primarily due to lower repossessions. Notes and account write-offs, net of recoveries, including sold notes, were $21 million in 2002, $24 million in 2001 and $12 million in 2000. The Corporation's allowance for losses as a percentage of net serviced finance receivables and investments in operating leases were .75%, .71% and .54% as of October 31, 2002, 2001 and 2000, respectively.

Liquidity and Funds Management

In fiscal 2002, cash and cash equivalents increased $10 million to $32 million compared to 2001. The Corporation's primary sources of cash during 2002 were sales of finance receivables and issuance of debt. Sales of retail receivables contributed $999 million to cash flows from investing activities in 2002. Issuances of long-term debt during 2002 generated aggregate cash flows of $234 million. The Corporation also generated $132 million from operating activities, which benefited in 2002 from an increase in accounts payable to affiliates, and $63 million from the sale of Harco.

The Corporation uses cash primarily to originate or acquire finance receivables and equipment leased to others and to repay debt outstanding. Total cash invested in originations of retail receivables and purchases of leased equipment was $1,050 million during 2002. Repayments of long-term debt and a reduction in the revolving credit facility balance outstanding used cash of $333 million in 2002. See also the Statements of Consolidated Cash Flow on page 14.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations (continued)

Liquidity and Funds Management (continued)

The Corporation has traditionally obtained the funds to provide financing to International's dealers and retail customers from sales of receivables, short and long-term bank borrowings, medium and long-term debt and equity capital. Fitch, Moody's, and Standard and Poor's lowered the Corporation's debt ratings in December 2002. The Corporation's current debt ratings are as follows:

	Fitch	Moody's	Standard and Poor's
Senior unsecured debt	BB	Ba3	BB-
Subordinated debt	B+	B2	B
Outlook	Negative	Stable	Stable

The Corporation's current debt ratings have made securitization of finance receivables the most economical source of funding. The Corporation securitizes finance receivables through Navistar Financial Retail Receivables Corporation ("NFRRC"), Navistar Financial Securities Corporation ("NFSC"), Truck Retail Accounts Corporation ("TRAC") and Truck Engine Receivables Financing Corporation ("TERFCO"), all special purpose, wholly-owned subsidiaries of the Corporation. Securitization involves the sale of receivables to a qualifying special purpose entity ("QSPE"), typically a trust. The QSPE issues interest-bearing securities, also known as asset-backed securities, that are secured by the future collections on the sold receivables. The QSPE uses the proceeds from the sales of these securities to pay the purchase price for the sold receivables.

The sales of finance receivables in each of the securitizations constitute sales under accounting principles generally accepted in the United States of America, with the result that the sold finance receivables are removed from the Corporation's balance sheet and the investor's interests in the related trust or conduit are not reflected as liabilities. However, the Corporation's residual interest in the related trusts or assets held by the conduit is reflected on the Statements of Consolidated Financial Condition in Amounts Due From Sales of Receivables.

NFRRC, NFSC, TRAC and TERFCO have limited recourse on the sold receivables and their assets are available to satisfy the claims of their creditors prior to such assets becoming available for their own uses or to the Corporation or affiliated companies. The terms of receivable sales generally require the Corporation to maintain cash reserves with the trusts and conduits as credit enhancement. The use of cash reserves held by the trusts and conduits is restricted under the terms of the securitized sales agreements. The maximum exposure under all receivable sale recourse provisions as of October 31, 2002 was $345 million; however, management believes the recorded reserves for losses are adequate.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations (continued)

Liquidity and Funds Management (continued)

Receivable sales were a significant source of funding in 2002, 2001 and 2000. Through the asset-backed public market and private placement sales, the Corporation has been able to fund fixed rate retail note receivables at rates which were more economical than those available to the Corporation in the public unsecured bond market.

During fiscal 2002, the Corporation sold $1,000 million of retail notes, net of unearned finance income, through NFRRC in two separate sales. The Corporation sold $500 million of retail notes during the three month period ended January 2002 to an owner trust which, in turn, issued asset-backed securities that were sold to investors. During the two month period ended May 2002, the Corporation sold $500 million of retail notes to an owner trust which, in turn, issued asset-backed securities that were sold to investors. Aggregate gains of $25 million were recognized on the sales. As of October 31, 2002, the remaining shelf registration available to NFRRC for the public issuance of asset-backed securities was $2,500 million.

On November 19, 2002, the Corporation sold $618 million of retail notes and leases, net of unearned finance income. The notes and leases were sold through NFRRC to an owner trust which, in turn, issued asset-backed securities that were sold to investors. The Corporation recognized a gain of $24 million on the sale.

During fiscal 2001, the Corporation sold a total of $1,365 million of retail notes, net of unearned finance income, through NFRRC, in three separate sales. The Corporation sold $765 million of retail notes in November 2000 and $400 million of retail notes during the three month period ended June 2001 to an owner trust which, in turn, issued asset-backed securities that were sold to investors. The Corporation also sold $200 million of retail notes in December 2000 to a multi-seller asset backed commercial conduit sponsored by a major financial institution. Aggregate gains of $21 million were recognized on the sales.

During fiscal 2000, the Corporation sold a total of $1,008 million of retail notes, net of unearned finance income, through NFRRC, in two separate sales. The Corporation sold $533 million of retail notes in November 1999 to two multi-seller asset-backed commercial paper conduits sponsored by a major financial institution and $475 million of retail notes in March 2000 to an owner trust which, in turn, issued asset-backed securities that were sold to investors. Aggregate gains of $3 million were recognized on the sales.

As of October 31, 2002, Navistar Financial Securities Corporation ("NFSC"), a wholly-owned subsidiary of the Corporation, had in place a revolving wholesale note trust that funded $789 million of eligible wholesale notes. As of October 31, 2002, the trust was comprised of three $200 million tranches of investor certificates expiring in 2003, 2004 and 2008, a $212 million tranche of investor certificates expiring in 2005 and a variable funding certificate with a maximum capacity of $25 million. The variable funding certificate expires in January 2003, with an option for renewal.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations (continued)

Liquidity and Funds Management (continued)

As of October 31, 2002, TRAC had in place a revolving retail account facility with a bank conduit that provides for the funding of up to $100 million of eligible retail accounts. The facility expires in August 2003 and is renewable upon mutual consent. As of October 31, 2002, the Corporation had utilized $27 million of this facility.

As of October 31, 2002, TERFCO provided for funding of up to $100 million of eligible Ford Motor Company accounts receivables. The funding facility expires in 2005. As of October 31, 2002 the Corporation had utilized $100 million of this facility.

As of October 31, 2002, the Corporation had a $500 million revolving retail warehouse facility expires in October 2005. On October 16, 2000, Truck Retail Instalment Paper Corporation ("TRIP"), a special purpose wholly-owned subsidiary of the Corporation, issued $500 million of senior and subordinated floating rate asset-backed notes. The proceeds were used to establish a revolving retail warehouse facility to fund the Corporation's retail notes and retail leases, other than fair market value leases. As of October 31, 2002, the Corporation had utilized $500 million of this facility.

As of October 31, 2002, the Corporation had an $820 million contractually committed bank revolving credit facility that will mature in November 2005. Under the revolving credit agreement, Navistar's three Mexican finance subsidiaries are permitted to borrow up to $100 million in the aggregate. As of October 31, 2002, the Corporation and Navistar's Mexican subsidiaries had utilized $582 million and $31 million, respectively, of this facility.

During fiscal 2002, 2001 and 2000, the Corporation entered into secured borrowing agreements with third party financiers involving vehicles subject to retail finance leases and operating leases with end users. Total proceeds were $70 million, $121 million and $137 million in 2002, 2001 and 2000, respectively.

On March 25, 2002, the Corporation issued $220 million of 4.75% subordinated exchangeable unsecured notes. The Corporation received $170 million, before expenses, and Navistar received $50 million, which was equal to the fair market value of the conversion option at issuance. The Corporation used the proceeds for general business purposes, including working capital.

As of October 31, 2002, available funding under the bank revolving credit facility, the revolving retail warehouse facility, the retail account facilities and the revolving wholesale note trust was $469 million. When combined with unrestricted cash and cash equivalents, $501 million remained available to fund the various business purposes of the Corporation.

The Corporation manages its exposure to fluctuations in interest rates by limiting the amount of fixed rate assets funded with variable rate debt generally by selling fixed rate receivables on a fixed rate basis and by

Liquidity and Funds Management (continued)

utilizing derivative financial instruments when appropriate. These derivative financial instruments may include forward contracts, interest rate swaps and interest rate caps. The Corporation recognized an aggregate net loss of $6 million in 2002 compared to an aggregate net gain of $2 million in 2001. See also Notes 1 and 13 to the Consolidated Financial Statements.

Critical Accounting Policies

The consolidated financial statements are prepared in conformity with accounting principles generally accepted in the United States of America. The preparation of these financial statements requires the use of estimates, judgments, and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the periods presented. In preparing these financial statements, management has made its best estimates and judgments of certain amounts included in the financial statements, giving due consideration to materiality. The significant accounting principles which management believes are the most important to aid in fully understanding the Corporation’s financial results are included below. See the Notes to the Financial Statements for a more detailed description of these and other accounting policies.

- **Sales of Receivables**

The Corporation securitizes finance receivables through QSPE’s, which then issue securities to public and private investors. The Corporation sells receivables to the QSPE’s with limited recourse. Gains or losses on sales of receivables are credited or charged to financing revenue in the periods in which the sales occur. Retained interests, which include interest-only receivables, cash reserve accounts, and subordinated certificates, are recorded at fair value in the periods in which the sales occur.

Management estimates the prepayment speed for the receivables sold and the discount rate used to present value the interest-only receivable in order to calculate the gain or loss. Estimates of prepayment speeds and discount rates are based on historical experience and other factors and are made separately for each securitization transaction. In addition, the Corporation estimates the fair value of the interest-only receivable on a quarterly basis. The fair value of the interest-only receivable is based on updated estimates of prepayment speeds and discount rates.

- **Allowance for Losses**

The allowance for losses reflects management’s estimate of the losses inherent in the Corporation’s portfolio of finance receivables and operating leases. The allowance is maintained at an amount management considers appropriate in relation to the outstanding portfolio based on factors such as

Critical Accounting Policies (continued)

overall portfolio credit risk quality, historical loss experience, and current economic conditions. These factors require management judgment and different assumptions or changes in economic circumstances could result in changes to the allowance for losses.

Under various agreements, International and its dealers may be liable for a portion of customer losses or may be required to repurchase the repossessed collateral at the receivable principal value. The Corporation’s losses are net of these benefits.

New Accounting Standards

In August 2001, the Financial Accounting Standards Board (“FASB”) issued Statement of Financial Accounting Standards (“SFAS”) No. 144, “Accounting for the Impairment or Disposal of Long-Lived Assets,” which is effective for fiscal years beginning after December 15, 2001, and interim periods within those fiscal years. The Corporation has adopted SFAS No. 144 early, effective November 1, 2001. The adoption of SFAS No. 144 did not have any impact on the Corporation’s financial statements.

In August 2002, the Corporation adopted the FASB’s SFAS No. 145, “Rescission of FASB Statements No. 4, 44, and 64, Amendment of FASB Statement No. 13, and Technical Corrections.” SFAS 145 No. requires that early extinguishments of debt that are normal and recurrent operations of the Corporation not be accounted for as extraordinary items. The adoption of SFAS No. 145 did not have any impact on the Corporation’s financial statements.

In June 2002, the FASB issued SFAS No. 146, “Accounting for Costs Associated with Exit or Disposal Activities,” which is to be applied prospectively to exit or disposal activities initiated after December 31, 2002. Upon adoption, SFAS No. 146 will generally require that costs from exit or disposal activities be recognized at a later date and over time, rather than in a single charge.

Business Outlook

Certain statements, which involve risks and uncertainties, constitute "forward-looking statements" under the Securities Reform Act. The Corporation's actual results may differ significantly from the results discussed in such forward-looking statements.

Navistar currently projects 2003 U.S. and Canadian Class 8 heavy truck demand to be down 4% from 2002. Class 6 and 7 medium truck demand, excluding school buses, is forecasted to be 13% higher than in 2002. Demand for school buses is projected to remain unchanged from 2002.

Management believes that collections on the outstanding finance receivables portfolio plus funding available from the Corporation’s various sources will permit the Corporation to meet the financing requirements of International’s dealers and retail customers through 2003 and beyond.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

The Corporation is exposed to market risk primarily due to fluctuations in interest rates. Interest rate risk arises from the funding of a portion of the Corporation’s fixed rate receivables with floating rate debt. The Corporation has managed exposure to interest rate changes by funding floating rate receivables with floating rate debt and fixed rate receivables with fixed rate debt, floating rate debt and equity capital. Management has reduced the net exposure, which results from the funding of fixed rate receivables with floating rate debt by generally selling fixed rate receivables on a fixed rate basis and by utilizing derivative financial instruments when appropriate. The Corporation does not use derivative financial instruments for trading purposes.

The Corporation measures its interest rate risk by estimating the net amount by which the fair value of all interest rate sensitive assets and liabilities, including derivative financial instruments, would be impacted by selected hypothetical changes in market interest rates. Fair value is estimated using a discounted cash flow analysis. Assuming a hypothetical instantaneous 10% adverse change in interest rates as of October 31, 2002 and 2001, the estimated fair value of the net assets would decrease by approximately $5 million. The Corporation’s interest rate sensitivity analysis assumes a parallel shift in interest rate yield curves. The model, therefore, does not reflect the potential impact of changes in the relationship between short-term and long-term interest rates.

Item 8. Financial Statements and Supplementary Data

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Navistar Financial Corporation and Subsidiaries

Statements of Consolidated Income and Retained Earnings

Millions of Dollars For the years ended October 31	2002	2001	2000
Revenues			
Retail Notes	**$ 51.2**	$ 60.9	$ 76.8
Lease Financing	**92.5**	99.2	93.5
Wholesale Notes	**27.6**	46.2	64.4
Accounts	**18.9**	28.4	42.9
Gain on Sale of Retail Notes	**25.4**	20.5	2.5
Servicing Fee Income	**23.0**	26.6	27.1
Marketable Securities	**8.1**	22.6	0.6
Total	**246.7**	304.4	307.8
Expenses			
Cost of Borrowing			
Interest Expense	**58.0**	92.9	104.1
Other	**8.1**	9.2	5.8
Total	**66.1**	102.1	109.9
Credit, Collection and Administrative	**41.0**	41.2	38.8
Provision for Losses on Receivables	**20.5**	27.8	12.1
Depreciation Expense and Other	**58.3**	61.0	55.1
Total	**185.9**	232.1	215.9
Income Before Taxes	**60.8**	72.3	91.9
Taxes on Income	**25.9**	26.1	35.5
Income from Continuing Operations	**34.9**	46.2	56.4
Gain (loss) on Disposal of Discontinued Operations, (net of tax of $0.7, ($5.1) and $6.4)	**(1.2)**	8.3	(10.5)
Income from Discontinued Operations, (net of tax of $0.0, $0.0 and $(0.1))	-	-	0.5
Income (loss) from Discontinued Operations	**(1.2)**	8.3	(10.0)
Net Income	**33.7**	54.5	46.4
Retained Earnings			
Beginning of Year	**163.4**	134.9	111.2
Dividends Paid	**-**	(26.0)	(22.7)
End of Year	**$ 197.1**	$ 163.4	$ 134.9

Statements of Consolidated Comprehensive Income

Millions of Dollars For the years ended October 31	2002	2001	2000
Net Income	**$ 33.7**	$ 54.5	$ 46.4
Other comprehensive loss, net of tax:			
Net unrealized losses on derivative contracts (net of tax of ($0.2), $0.6 and $0.0)	**0.3**	(1.6)	-
Minimum pension liability adjustment (net of tax of $0.3, $0.0 and $0.2)	**(0.5)**	-	(0.3)
Other comprehensive loss, net of tax	**(0.2)**	(1.6)	(0.3)
Comprehensive Income	**$ 33.5**	$ 52.9	$ 46.1

See Notes to Consolidated Financial Statements.

Navistar Financial Corporation and Subsidiaries

Statements of Consolidated Financial Condition

Millions of Dollars

As of October 31	**2002**	2001
ASSETS		
Cash and Cash Equivalents	**$ 32.0**	$ 22.3
Receivables		
Finance Receivables	**1,313.7**	1,092.8
Allowance for Losses	**(16.0)**	(13.3)
Receivables, Net	**1,297.7**	1,079.5
Amounts Due from Sales of Receivables	**331.0**	323.5
Net Investment in Operating Leases	**248.2**	283.8
Repossessions	**26.0**	77.7
Restricted Marketable Securities	**104.6**	213.7
Other Assets	**53.4**	48.5
Net Assets of Discontinued Operations	**-**	61.9
Total Assets	**$ 2,092.9**	$ 2,110.9
LIABILITIES AND SHAREOWNER'S EQUITY		
Net Accounts Payable to Affiliates	**$ 52.2**	$ 14.2
Other Liabilities	**92.3**	90.6
Senior and Subordinated Debt	**1,562.5**	1,652.6
Dealers' Reserves	**21.1**	22.2
Commitments and Contingencies	**-**	-
Shareowner's Equity		
Capital Stock (Par value $1.00, 1,600,000 shares issued and outstanding) and paid-in capital	**171.0**	171.0
Retained Earnings	**197.1**	163.4
Accumulated Other Comprehensive Loss	**(3.3)**	(3.1)
Total	**364.8**	331.3
Total Liabilities and Shareowner's Equity	**$ 2,092.9**	$ 2,110.9

See Notes to Consolidated Financial Statements.

Navistar Financial Corporation and Subsidiaries

Statements of Consolidated Cash Flow

Millions of Dollars

For the years ended October 31	**2002**	2001	2000
Cash Flow From Operations			
Net Income	**$ 33.7**	$ 54.5	$ 46.4
Adjustment to reconcile net income to cash provided from operations:			
(Gain) loss on disposal of discontinued operations, net of tax	**1.2**	(8.3)	10.5
Gains on sales of receivables	**(25.4)**	(20.5)	(2.5)
Depreciation and amortization	**60.6**	61.7	56.0
Provision for losses on receivables	**20.5**	27.8	12.1
Net change in accounts payable to affiliates	**38.0**	(252.2)	(440.5)
Other	**3.2**	2.9	(3.7)
Total	**131.8**	(134.1)	(321.7)
Cash Flow From Investing Activities			
Proceeds from sold retail notes	**999.0**	1,238.7	958.0
Repurchases of sold retail notes	**(251.1)**	(317.1)	(57.6)
Amounts due/deferred from sale of receivables	**17.9**	13.5	(72.0)
Originations of retail notes and lease receivables	**(989.8)**	(879.5)	(1,303.9)
Principal collections on retail notes and lease receivables, net of change in unearned finance income	**114.6**	301.7	188.7
(Repurchase of) proceeds from sold wholesale notes, net	**4.1**	(226.1)	282.2
Net change in wholesale notes and accounts receivable	**(63.7)**	284.1	216.1
Proceeds from sold retail accounts	**-**	120.0	80.0
Net change in restricted marketable securities	**109.1**	(128.5)	(85.2)
Purchase of equipment leased to others	**(59.9)**	(110.2)	(98.6)
Sale of equipment leased to others	**33.5**	61.0	21.2
Proceeds from sale of discontinued operations	**63.3**	-	-
Total	**(23.0)**	357.6	128.9
Cash Flow From Financing Activities			
Net change in short-term debt	**-**	-	(34.5)
Net change in bank revolving credit facility usage	**(110.0)**	(203.0)	55.0
Net change in asset-backed commercial paper facility usage	**-**	-	(358.9)
Proceeds from revolving retail warehouse facility	**-**	-	500.0
Proceeds from issuance of convertible debt, net of debt issue costs	**163.2**	-	-
Proceeds from long-term debt	**70.4**	121.3	136.9
Principal payments on long-term debt	**(222.7)**	(136.0)	(80.9)
Dividends paid to International	**-**	(26.0)	(22.7)
Total	**(99.1)**	(243.7)	194.9
(Decrease) increase in Cash and Cash Equivalents from Continuing Operations	**9.7**	(20.2)	2.1
Net Cash from Discontinued Operations	**-**	0.9	0.5
Cash and Cash Equivalents at Beginning of Year	**22.3**	41.6	39.0
Cash and Cash Equivalents at End of Year	**$ 32.0**	$ 22.3	$ 41.6

See Notes to Consolidated Financial Statements.

Navistar Financial Corporation and Subsidiaries

Statements of Consolidated Cash Flow (continued)

Millions of Dollars For the years ended October 31	**2002**	2001	2000
Supplementary disclosure of cash flow information:			
Interest paid	**$ 62.1**	$ 94.5	$ 102.8
Income taxes paid	**$ 22.0**	$ 16.0	$ 37.8

NAVISTAR FINANCIAL CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE YEARS ENDED OCTOBER 31, 2002

MILLIONS OF DOLLARS

1. SUMMARY OF ACCOUNTING POLICIES

Principles of Consolidation

The consolidated financial statements include the accounts of Navistar Financial Corporation and its wholly-owned subsidiaries ("Corporation"). International Truck and Engine Corporation ("International"), which is wholly-owned by Navistar International Corporation ("Navistar"), is the parent company of the Corporation. All significant intercompany balances and transactions have been eliminated.

Nature of Operations

The Corporation is a commercial financing organization that provides retail, wholesale and lease financing of products sold by International and its dealers within the United States. The Corporation also finances wholesale accounts and selected retail accounts receivable of International. Sales of new products (including trailers) of other manufacturers are also financed regardless of whether they are designed or customarily sold for use with International's truck products.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue on Receivables

Revenue from finance receivables is recognized using the interest method. Revenue on operating leases is recognized on a straight-line basis over the life of the lease. Recognition of revenue is suspended when management determines the collection of future income is not probable. Income recognition is resumed if collection doubts are removed.

Sales of Receivables

The Corporation securitizes finance receivables through qualified special purpose entities (QSPE's) which then issue securities to public and private investors. The Corporation sells receivables to the QSPE's with limited recourse. The Corporation continues to service the receivables, for which a servicing fee is received. Servicing fees are earned on a level yield basis over the terms of the related sold receivables and are included in servicing fee income. Gains or losses on sales of receivables are credited or charged to financing revenue in the period in which the sales occur. Retained interests, which include interest-only receivables, cash reserve

1. SUMMARY OF ACCOUNTING POLICIES (continued)

Sales of Receivables (Continued)

accounts, and subordinated certificates, are recorded at fair value in the periods in which the sales occur. An adequate allowance for credit losses is provided prior to the sale.

Interest-only strip receivables are recorded at estimated fair value. The difference between market value and cost for interest-only strip receivables is recorded within other comprehensive income(loss), net of related taxes. Differences between market value and cost were immaterial during fiscal years 2002 and 2001.

Income Taxes

Navistar and its subsidiaries file a consolidated federal income tax return, which includes International and the Corporation. Federal income taxes for the Corporation are computed on a separate consolidated return basis and are payable to International.

Cash and Cash Equivalents

Cash and cash equivalents include money market funds and marketable securities with original maturities of three months or less.

Allowance for Losses

The allowance for losses is established through a charge to the provision for losses. The allowance is an estimate of the amount required to absorb losses on the existing portfolio of finance receivables and operating leases that may become uncollectible. The allowance is maintained at an amount management considers appropriate in relation to the outstanding portfolio based on factors such as overall portfolio credit risk quality, historical loss experience, and current economic conditions. Finance receivables and lease investments are charged off to the allowance for losses when amounts due from the customers are determined to be uncollectible.

Under various agreements, International and its dealers may be liable for a portion of customer losses or may be required to repurchase the repossessed collateral at the receivable principal value. The Corporation’s losses are net of these benefits.

Restricted Marketable Securities

On October 16, 2000, Truck Retail Instalment Paper Corporation ("TRIP"), a special purpose wholly-owned subsidiary of the Corporation, issued $500.0 of senior and subordinated floating rate asset-backed notes. The proceeds were used to establish a revolving retail warehouse facility to fund the Corporation's retail notes and retail leases, other than fair market value leases. The Corporation is required to maintain the revolving retail warehouse facility with collateral in the amount of $500.0. In the event that retail note and lease

1. SUMMARY OF ACCOUNTING POLICIES (continued)

Restricted Marketable Securities (continued)

balances pledged to the revolving retail warehouse facility fall below $500.0, the excess proceeds are invested in marketable securities, which are restricted and have maturities of three months or less. Due to the short-term nature of these marketable securities, their fair value approximates carrying value.

Net Investments in Operating Leases

The Corporation has significant investments in the residual values of its leasing portfolio. The residual values represent an estimate of the values of the assets at the end of the lease contracts and are initially recorded based on estimates of future market values. Realization of the residual values is dependent on the Corporation's future ability to market the vehicles under then prevailing conditions. Management reviews residual values periodically to determine that recorded amounts are appropriate and the operating lease assets have not been impaired. Each of these assets is depreciated on a straight-line basis over the term of the lease in an amount necessary to reduce the leased vehicle to its estimated residual value at the end of the lease term.

Repossessions

Losses arising from the repossession of collateral supporting finance receivables and operating leases are recognized upon repossession. Repossessed assets are recorded at the lower of historical cost or fair value and are reclassified from finance receivables or operating leases to repossessions with the related adjustments recorded in provision for losses on receivables.

Derivative Financial Instruments

The Corporation recognizes all derivatives as assets or liabilities in the statement of financial condition and measures them at fair value in accordance with Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities", as amended. This statement standardizes the accounting for derivative instruments by requiring that an entity recognize all derivatives as assets or liabilities in the statement of financial condition and measure them at fair value. When certain criteria are met, the timing of gain or loss recognition on the derivative instrument is matched with the recognition of (a) the changes in the fair value or cash flows of the hedged asset or liability attributable to the hedged risk or (b) the earnings effect of the hedged forecasted transaction.

All derivative financial instruments, such as forward contracts, interest rate swaps and interest rate caps, are held for purposes other than trading. The Corporation's policy prohibits the use of derivative financial instruments for speculative purposes. The Corporation generally uses derivative financial instruments to reduce its exposure to interest rate volatility.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MILLIONS OF DOLLARS

1. SUMMARY OF ACCOUNTING POLICIES (continued)

Derivative Financial Instruments (continued)

The Corporation may use forward contracts to hedge future interest payments on the notes and certificates related to an expected sale of receivables. The principal balance of receivables expected to be sold by the Corporation equals or exceeds the notional amount of open forward contracts. The Corporation may use interest rate swaps or caps to reduce exposure to interest rate changes when it sells fixed rate receivables on a variable rate basis.

All derivative instruments are recorded at their fair value. For those instruments which do not qualify for hedge accounting, changes in fair value are recognized in net income.

New Accounting Standards

In August 2001, the Financial Accounting Standards Board (“FASB”) issued Statement of Financial Accounting Standards (“SFAS”) No. 144, “Accounting for the Impairment or Disposal of Long-Lived Assets,” which is effective for fiscal years beginning after December 15, 2001, and interim periods within those fiscal years. The Corporation has adopted SFAS No. 144 early, effective November 1, 2001. The adoption of SFAS No. 144 did not have any impact on the Corporation’s financial statements.

In August 2002, the Corporation adopted the FASB’s SFAS No. 145, “Rescission of FASB Statements No. 4, 44, and 64, Amendment of FASB Statement No. 13, and Technical Corrections.” SFAS No. 145 requires that early extinguishments of debt that are normal and recurrent operations of the Corporation not be accounted for as extraordinary items. The adoption of SFAS No. 145 did not have any impact on the Corporation’s financial statements.

In June 2002, the FASB issued SFAS No. 146, “Accounting for Costs Associated with Exit or Disposal Activities,” which is to be applied prospectively to exit or disposal activities initiated after December 31, 2002. . Upon adoption, SFAS No. 146 will generally require that costs from exit or disposal activities be recognized at a later date and over time, rather than in a single charge.

Reclassification

Certain prior year amounts have been reclassified to conform with the presentation used in the 2002 financial statements.

2. TRANSACTIONS WITH AFFILIATED COMPANIES

Wholesale Notes, Wholesale Accounts and Retail Accounts

In accordance with the agreements between the Corporation and International relating to financing of wholesale notes, wholesale accounts and retail accounts, the Corporation receives interest income from International at agreed upon interest rates applied to the average outstanding balances less interest amounts paid by dealers on wholesale notes and wholesale accounts. Substantially all revenue earned on wholesale and retail accounts is received from International. Aggregate revenue collected from International was $32.2 in 2002, $51.3 in 2001 and $85.6 in 2000.

Retail Notes and Lease Financing

In accordance with agreements between the Corporation and International, International may be liable for certain losses on finance receivables and may be required to repurchase the repossessed collateral at the receivable principal value. Losses recorded by International were $38.2 in 2002, $37.3 in 2001 and $22.5 in 2000.

Support Agreements

Under provisions of certain public and private financing arrangements, agreements with International and Navistar provide that the Corporation's consolidated income before interest expense and income taxes will be maintained at not less than 125% of its consolidated interest expense. No income maintenance payments were required during the three-year period ended October 31, 2002.

Administrative Expenses

The Corporation pays a fee to International for data processing and other administrative services based on the actual cost of services performed. The amount of the fee was $2.2, $2.5, and $3.0 for fiscal 2002, 2001 and 2000, respectively.

Accounts Payable

Accounts payable to affiliates, which the Corporation is obligated to repay upon request, were $52.2, $14.2, and $266.4 as of October 31, 2002, 2001, and 2000, respectively. Accounts payable to affiliates reduced debt levels and resulted in a reduction in borrowing costs of $2.1, $3.9 and $15.9 for fiscal 2002, 2001, and 2000, respectively.

Note Receivable

On October 8, 2002, the Corporation received a $19.0 note receivable from Navistar due October 31, 2003. The Corporation earns interest at a rate of 7.75%, collected monthly. In fiscal 2002, the Corporation recognized $0.1 in interest revenue related to this transaction. The balance of the note receivable is included in Other Assets in the Statements of Consolidated Financial Condition.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MILLIONS OF DOLLARS

3. DISCONTINUED OPERATIONS

On November 30, 2000, the Corporation’s Board of Directors approved management’s plan for the sale of Harco National Insurance Company ("Harco"), the wholly-owned insurance subsidiary. On November 30, 2001, the Corporation completed the sale of all of the stock of Harco to IAT Reinsurance Syndicate Ltd., a Bermuda reinsurance company. Cash proceeds of $63.3 were received.

The Harco insurance segment is accounted for as a discontinued operation and, accordingly, amounts in the consolidated financial statements and notes thereto for all periods shown have been restated to reflect discontinued operations accounting. The net assets of Harco were reflected in the Statements of Consolidated Financial Condition at net realizable value and consisted of the following as of October 31, 2001:

Marketable securities, at fair value	**$121.3**
Reinsurance receivables	**20.1**
Other assets	**23.6**
Total assets	**165.0**
Insurance reserves and unearned premiums	**88.4**
Other liabilities	**7.6**
Total liabilities	**96.0**
Net assets	**69.0**
Adjustment to net realizable value	**(7.1)**
Net assets of discontinued operations	**$ 61.9**

Below are the components of the gain (loss) on disposal recorded in the Statements of Consolidated Income and Retained Earnings.

	2002	2001	2000	Total
Gain (loss) on sale	**$ -**	$13.1	$(11.9)	$ 1.2
Severance and other exit costs	**(1.9)**	0.3	(3.8)	(5.4)
Curtailment loss	**-**	-	(1.2)	(1.2)
Pretax gain (loss) on disposal	**(1.9)**	13.4	(16.9)	(5.4)
Deferred tax (expense) benefit	**0.7**	(5.1)	6.4	2.0
Total gain (loss) on disposal of Discontinued operations	**$(1.2)**	$ 8.3	$(10.5)	$(3.4)

The cumulative pretax loss on disposal of Harco was $5.4 and includes the gain on sale of $1.2, $5.4 of severance and other exit costs, and $1.2 of curtailment loss associated with the related reduction of employees from the Corporation’s postretirement benefit plans.

MILLIONS OF DOLLARS

4. FINANCE RECEIVABLES

Finance receivable balances, net of unearned finance income, as of October 31 are summarized as follows:

	2002	2001
Retail notes	**$ 827.1**	$ 634.1
Lease financing	**179.6**	211.5
Wholesale notes	**50.5**	31.7
Accounts:		
Retail	**181.1**	137.1
Wholesale	**75.4**	78.4
Total	**256.5**	215.5
Total finance receivables	**$1,313.7**	$1,092.8

Contractual maturities of finance receivables including unearned finance income as of October 31, 2002, are summarized as follows:

	Retail	Lease	Wholesale	Accounts
Due in fiscal year:				
2003	$ 276.1	$ 26.3	$ 44.2	$ 256.5
2004	221.4	44.2	6.3	-
2005	187.4	43.9	-	-
2006	139.3	43.8	-	-
2007	77.7	38.9	-	-
Due after 2007	23.0	8.6	-	-
Gross finance receivables	924.9	205.7	50.5	256.5
Unearned finance income	(97.8)	(26.1)	-	-
Total finance receivables	$ 827.1	$ 179.6	$ 50.5	$ 256.5

The actual cash collections from finance receivables may vary from the contractual cash flows because of sales, prepayments, extensions and renewals. The contractual maturities, therefore, should not be regarded as a forecast of future collections.

The Corporation’s primary business is to provide wholesale, retail and lease financing for new and used trucks sold by International and International’s dealers, and as a result, the Corporation’s receivables and leases have significant concentration in the trucking industry. On a geographic basis, there is not a disproportionate concentration of credit risk in any area of the United States. The Corporation retains as collateral an ownership interest in the equipment associated with leases and a security interest in the equipment associated with wholesale notes and retail notes.

MILLIONS OF DOLLARS

5. ALLOWANCE FOR LOSSES

The allowance for losses is summarized as follows:

	2002	2001	2000
Total allowance for losses at beginning of year	**$30.0**	$26.2	$26.2
Provision for losses	**20.5**	27.8	12.1
Net losses charged to allowance	**(20.5)**	(24.0)	(12.1)
Total allowance for losses at end of year	**$30.0**	$30.0	$26.2
Allowance pertaining to:			
Owned notes	**$16.0**	$13.3	$12.9
Sold notes	**14.0**	16.7	13.3
Total	**$30.0**	$30.0	$26.2

6. INVESTMENT IN OPERATING LEASES

Operating leases at year-end were as follows:

	2002	2001
Investment in operating leases:		
Vehicles and other equipment, at cost	**$373.9**	$405.1
Less: Accumulated depreciation	**(125.7)**	(121.3)
Net investment in operating leases	**$248.2**	$283.8

Future minimum rentals on operating leases are as follows: 2003, $74.4; 2004, $59.2; 2005, $34.2; 2006, $20.7; 2007, $10.4 and $4.4 thereafter.

7. TAXES ON INCOME

Taxes on income from continuing operations for the years ended October 31 are summarized as follows:

	2002	2001	2000
Current:			
Federal	**$11.6**	$14.5	$26.8
State and local	**3.9**	5.6	4.5
Total current	**15.5**	20.1	31.3
Deferred (primarily Federal)	**9.7**	11.1	(2.2)
Sub-total	**25.2**	31.2	29.1
Less amount from Discontinued Operations	**(0.7)**	5.1	(6.4)
Total income tax expense	**$25.9**	$26.1	$35.5

MILLIONS OF DOLLARS

7. TAXES ON INCOME (continued)

A reconciliation of the statutory federal income tax rate from continuing operations is as follows:

	2002	2001	2000
Statutory federal income tax rate	**35.0%**	35.0%	35.0%
State income taxes net of federal income taxes	**4.2**	3.6	2.9
Original issue discount	**5.3**	-	-
Other	**(1.9)**	(2.5)	.7
Effective income tax rate	**42.6%**	36.1%	38.6%

NFC and its domestic subsidiaries are included in Navistar's consolidated federal income tax returns. State income tax returns are generally filed on a separate basis. In accordance with its intercompany tax sharing agreement with Navistar, all federal income tax liabilities or credits are allocated to NFC and its domestic subsidiaries as if it filed a separate return. Total tax payments made during 2002, 2001 and 2000 were $22.0, $16.0, and $37.8, respectively.

The net deferred tax liability from continuing operations is included in Other Liabilities on the Statements of Financial Condition. Net deferred tax assets of $1.2 as of October 31, 2001 are included in Net Assets from Discontinued Operations on the Statements of Consolidated Financial Condition. The components of deferred tax assets and liabilities from continuing operations as of October 31 are as follows:

	2002	2001
Deferred tax assets:		
Other postretirement benefits	**$ 4.2**	$ 4.4
Deferred tax liabilities:		
Loss on disposal of discontinued operations	**-**	0.6
Depreciation and other	**29.6**	19.4
Total deferred tax liabilities	**29.6**	20.0
Net deferred tax liabilities	**$25.4**	$ 15.6

MILLIONS OF DOLLARS

8. SENIOR AND SUBORDINATED DEBT

Senior and subordinated debt outstanding as of October 31 is summarized as follows:

	2002	2001
Bank revolving credit facility, at variable rates, due November 2005	**$ 582.0**	$ 692.0
Funding under revolving retail warehouse facility, at variable rates, due October 2005	**500.0**	500.0
Borrowings secured by leases, 4.11% to 6.65%, Due serially through November 2009	**307.8**	360.6
Convertible Debt, 4.75%, due April 2009	**172.7**	-
Senior Subordinated Notes, 9%, due June 2002	**-**	100.0
Total senior and subordinated debt	**$1,562.5**	$1,652.6

On March 25, 2002, the Corporation issued $220.0 of 4.75% subordinated exchangeable notes. The Corporation received $169.5, before expenses, and Navistar received $50.5, which was equal to the fair market value of the conversion option at issuance. The Corporation used the proceeds for general business purposes, including working capital. As of October 31, 2002, the Corporation had unaccreted discount of $47.3 related to the exchangeable notes.

The notes are exchangeable before maturity into Navistar common stock at an initial exchange price of $55.73 per share, subject to adjustment under the terms of the notes. The notes will mature on April 1, 2009, unless exchanged or redeemed at an earlier date.

The Corporation may redeem some or all of the notes on or after April 1, 2005. In addition, the holders may require the Corporation to repurchase the notes before April 1, 2009 under certain circumstances. The notes are general unsecured obligations of the Corporation and are subordinated in right of payment to the Corporation's existing and future senior indebtedness. The notes are also effectively subordinated to the Corporation's secured indebtedness and other liabilities, including trade payables.

The weighted average interest rate on total debt, including short-term debt and the effect of discounts and related amortization, was 4.0% in 2002, 5.7% in 2001 and 6.4% in 2000. The aggregate annual maturities and required payments of senior and subordinated debt are as follows:

MILLIONS OF DOLLARS

8. SENIOR AND SUBORDINATED DEBT (continued)

Fiscal year ended October 31	
2003	$ 122.1
2004	74.6
2005	560.6
2006	615.3
2007	12.4
Thereafter	177.5
Total	$1,562.5

Available funding under the bank revolving credit facility, the revolving retail warehouse facility and the revolving wholesale note trust was $469.4. When combined with unrestricted cash and cash equivalents, $501.4 was available to fund the general business purposes of the Corporation as of October 31, 2002. Under the terms of the bank revolving credit facility, the Corporation is required to maintain a debt to tangible net worth ratio of no greater than 7.0 to 1, an interest expense to earnings before income tax ratio not less than 1.25 to 1, and a twelve month rolling combined retail/lease loss to liquidation ratio of no greater than .045 to 1. The bank revolving credit agreement permits security interests in substantially all of the Corporation’s assets to the participants in the credit agreement. Compensating cash balances are not required under the bank revolving credit facility. Facility fees are paid quarterly regardless of usage.

The Corporation enters into secured borrowing agreements involving vehicles subject to finance and operating leases with retail customers. The balances are classified under senior and subordinated debt as borrowings secured by leases. In connection with the securitizations and secured borrowing agreements of certain of its leasing portfolio assets, the Corporation and its subsidiary, Harco Leasing, Inc. (“HLC”), have established Navistar Leasing Company (“NLC”), a Delaware business trust. NLC holds legal title to leased vehicles and is the lessor on substantially all leases originated by the Corporation. The assets of NLC have been and will continue to be allocated into various beneficial interests issued by NLC. HLC owns one such beneficial interest in NLC and HLC has transferred other beneficial interests issued by NLC to purchasers under secured borrowing agreements. Neither the beneficial interests held by purchasers under secured borrowing agreements or the assets represented thereby, nor legal interest in any assets of NLC, are available to HLC, the Corporation or its creditors.

9. POSTRETIREMENT BENEFITS

The Corporation provides postretirement benefits to a substantial number of its employees. Costs associated with postretirement benefits include pension and postretirement health care expenses for employees, retirees and surviving spouses and dependents.

Generally, the pension plans are non-contributory. The Corporation’s policy is to fund its pension plans in accordance with applicable United States government regulations. As of October 31, 2002, all legal funding requirements had been met.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MILLIONS OF DOLLARS

9. POSTRETIREMENT BENEFITS (continued)

Postretirement Expense

Net periodic benefit cost included in the Statements of Consolidated Income is composed of the following:

	Pension Benefits			Other Benefits		
	2002	2001	2000	**2002**	2001	2000
Service cost for benefits earned during the period	**$ 0.7**	$ 0.7	$ 0.7	**$ 0.5**	$ 0.5	$ 0.4
Interest cost on obligation	**3.8**	3.9	3.7	**1.5**	1.6	1.2
Net amortization costs and other	**0.3**	0.2	0.1	**0.3**	0.4	-
Less expected return on assets	**(5.2)**	(5.4)	(5.2)	**(0.7)**	(0.9)	(0.9)
Net postretirement (income) expense	**$(0.4)**	$(0.6)	$(0.7)	**$ 1.6**	$ 1.6	$ 0.7

"Amortization costs" include amortization of cumulative gains and losses over the expected remaining service life of employees and amortization of the initial transition liability over 15 years and amortization of plan amendments. Plan amendments are recognized over the expected remaining service life of employees.

The funded status of the Corporation’s plans as of October 31, 2002 and 2001 and a reconciliation with amounts recognized in the Statements of Consolidated Financial Condition are as follows:

	Pension Benefits		Other Benefits	
	2002	2001	**2002**	2001
Change in benefit obligation				
Benefit obligation at beginning of year	**$53.6**	$50.3	**$20.5**	$21.0
Service cost	**0.7**	0.7	**0.5**	0.5
Interest on obligation	**3.8**	3.9	**1.5**	1.6
Actuarial net loss (gain)	**1.8**	1.9	**2.2**	(2.1)
Benefits paid	**(3.6)**	(3.2)	**(0.7)**	(0.5)
Benefit obligation at end of year	**$56.3**	$53.6	**$24.0**	$20.5
Change in plan asset				
Fair value of plan assets at beginning of year	**$54.1**	$56.2	**$ 6.6**	$ 8.0
Actual return on plan assets	**(1.0)**	0.7	**(0.6)**	(1.5)
Employer contribution	**-**	-	**0.4**	0.3
Benefits paid	**(3.2)**	(2.8)	**(0.3)**	(0.2)
Fair value of plan assets at year-end	**$49.9**	$54.1	**$ 6.1**	$ 6.6
Funded status	**$(6.4)**	$ 0.5	**$(17.9)**	$(13.9)
Unrecognized actuarial net (gain) loss	**10.5**	2.6	**9.8**	6.6
Unrecognized transition amount	**-**	0.1	**-**	-
Unrecognized prior service cost	**0.3**	0.4	**-**	-
Net amount recognized	**$ 4.4**	$ 3.6	**$ (8.1)**	$ (7.3)

MILLIONS OF DOLLARS

9. POSTRETIREMENT BENEFITS (continued)

Postretirement Expense (continued)

	Pension Benefits		Other Benefits	
	2002	2001	**2002**	2001
Amounts recognized in the Statements of Consolidated Financial Condition consists of:				
Prepaid benefit cost	**$ 6.4**	$ 5.5	**$ -**	$ -
Accrued benefit liability	**(5.2)**	(4.3)	**(8.1)**	(7.3)
Accumulated reduction in shareowner's equity	**3.2**	2.4	**-**	-
Net amount recognized	**$ 4.4**	$ 3.6	**$(8.1)**	$(7.3)

The accumulated reduction in shareowner's equity is recorded in the Statements of Consolidated Financial Condition.

The sale of Harco resulted in a curtailment loss of $1.2, which is recorded as a part of the loss on disposal of discontinued operations in the Statements of Consolidated Income.

The projected benefit obligation, accumulated benefit obligation and fair value of plan assets for the pension plan with accumulated benefit obligations in excess of plan assets were $5.2, $5.2, and $0.0, respectively, as of October 31, 2002, and $4.3, $4.3, and $0.0, respectively, as of October 31, 2001.

The weighted average rate assumptions used in determining expenses and benefit obligations were:

	Pension Benefits			Other Benefits		
	2002	2001	2000	**2002**	2001	2000
Discount rate used to determine present value of benefit obligation at year-end	**7.2%**	7.4%	8.0%	**7.1%**	7.4%	8.2%
Expected long-term rate of return on plan assets at beginning of year	**9.8%**	9.8%	9.8%	**11.0%**	10.8%	11.0%
Expected rate of increase in future compensation levels	**3.5%**	3.5%	3.5%	**N/A**	N/A	N/A

For 2003, the Corporation has reduced the expected long-term rate of return assumption on plan assets for the pension and postretirement benefit plans to 9.0%. For 2002, the weighted average rate of increase in the per capita cost of covered health care benefits is projected to be 11.0%. The rate is projected to decrease to 5.0% by the year 2007 and remain at that level each year thereafter. The effect of changing the health care cost trend rate is as follows:

MILLIONS OF DOLLARS

9. POSTRETIREMENT BENEFITS (continued)

Postretirement Expense (continued)

	1-Percentage-Point Increase	1-Percentage-Point Decrease
Effect on total of service and interest cost components	$ 0.4	$ (0.2)
Effect on postretirement benefit obligation	2.7	(2.2)

10. COMMITMENTS AND CONTINGENCIES

Leases

The Corporation is obligated under non-cancelable operating leases for the majority of its office facilities. These leases are generally renewable and provide that property taxes and maintenance costs are to be paid by the lessee. As of October 31, 2002, future minimum lease commitments under non-cancelable operating leases with remaining terms in excess of one year are as follows:

Year Ended October 31,	
2003	$ 2.0
2004	1.9
2005	1.5
2006	1.1
Total	$ 6.5

The total operating lease expense was $2.2 in 2002, $2.0 in 2001 and $2.0 in 2000.

Guarantees

The Corporation periodically guarantees the outstanding debt of affiliates. As of October 31, 2002, the Corporation has four outstanding guarantees related to Navistar's three Mexican finance subsidiaries, Servicios Financieros Navistar, S.A. de C.V.("SOFOL"), Arrendadora Financiera Navistar, S.A. de C.V.("Arrendadora"), and Navistar Comercial S.A. de C.V. ("Comercial").

The Corporation has an $820.0 contractually committed bank revolving credit facility that will mature in November 2005. Under the revolving credit agreement, Arrendadora and Comercial are permitted to borrow up to $100.0 in the aggregate, which is guaranteed by the Corporation. As of October 31, 2002, the outstanding balance on the Mexican finance subsidiaries' portion of the revolver was $31.0.

On October 21, 2002, the Corporation entered into an agreement to guarantee the peso-denominated debt of SOFOL and Arrendadora, as co-borrowers, up to the amount of 200 million pesos (equivalent to $19.7 U.S. dollars). As of October 31, 2002, the total outstanding balance of the debt was equivalent to $19.7 U.S. dollars.

MILLIONS OF DOLLARS

10. COMMITMENTS AND CONTINGENCIES (continued)

Guarantees (continued)

On May 27, 2002, the Corporation entered into an agreement to guarantee the dollar- and/or peso-denominated debt of SOFOL and Arrendadora, as co-borrowers, up to the amount of 600 million pesos (equivalent to $59.1 U.S. dollars). As of October 31, 2002, the total outstanding balance of the debt was equivalent to $32.7 U.S. dollars.

On November 18, 2001, the Corporation entered into an agreement to guarantee the peso-denominated debt of SOFOL up to the amount of 500 million pesos (equivalent to $49.2 U.S. dollars). As of October 31, 2002, the outstanding balance of peso-denominated debt was equivalent to $49.2 U.S. dollars.

11. SHAREOWNER’S EQUITY

The number of authorized shares of capital stock as of October 31, 2002 and 2001 was 2,000,000, of which 1,600,000 shares were issued and outstanding. All of the issued and outstanding capital stock is owned by International. No shares are reserved for officers and employees, or for options, warrants, conversions and other rights.

The components of accumulated other comprehensive income (loss), net of taxes, are as follows:

	Net Unrealized Gains (Losses) on Securities	Net Unrealized Losses on Derivatives	Minimum Pension Liability	Accumulated Other Comprehensive Income (Loss)
Balance as of October 31, 1999 ..	$(0.7)	$ -	$(1.2)	$(1.9)
Change in 2000	-	-	(0.3)	(0.3)
Reclass to loss on disposal of Discontinued Operations .	0.7	-	-	0.7
Balance as of October 31, 2000 ..	-	-	(1.5)	(1.5)
Change in 2001	-	(1.6)	-	(1.6)
Balance as of October 31, 2001 ..	-	(1.6)	(1.5)	(3.1)
Change in 2002	-	0.3	(0.5)	(0.2)
Balance as of October 31, 2002 ..	$ -	$(1.3)	$(2.0)	$(3.3)

12. SALES OF RECEIVABLES

The Corporation securitizes finance receivables through Navistar Financial Retail Receivables Corporation ("NFRRC"), Navistar Financial Securities Corporation ("NFSC"), Truck Retail Accounts Corporation ("TRAC") and Truck Engine Receivables Financing Corporation ("TERFCO"), all special purpose, wholly-owned subsidiaries of the Corporation. Securitization involves the sale of receivables to a qualifying special purpose entity ("QSPE"), typically a trust. The QSPE issues interest-bearing securities, also known as asset-backed securities, that are secured by the future collections on the sold receivables. The QSPE uses the proceeds from the sales of these securities to pay the purchase price for the sold receivables.

The sales of finance receivables in each of the securitizations constitute sales under accounting principles generally accepted in the United States of America, with the result that the sold finance receivables are removed from the Corporation's balance sheet and the investor's interests in the related trust or conduit are not reflected as liabilities. However, the Corporation's residual interest in the related trusts or assets held by the conduit is reflected on the Statements of Consolidated Financial Condition in Amounts Due From Sales of Receivables. NFRRC, NFSC, TRAC and TERFCO have limited recourse on the sold receivables and their assets are available to satisfy the claims of their creditors prior to such assets becoming available for their own uses or to the Corporation or affiliated companies. The terms of receivable sales generally require the Corporation to maintain cash reserves with the trusts and conduits as credit enhancement. The use of cash reserves held by the trusts and conduits is restricted under the terms of the securitized sales agreements. The maximum exposure under all receivable sale recourse provisions as of October 31, 2002 was $345.0; however, management believes the recorded reserves for losses are adequate.

The Corporation continues to service the sold finance receivables, for which a servicing fee is received. Servicing fees are earned on a level yield basis over the terms of the related sold finance receivables and are included in servicing fee income. Servicing fees are typically set at 1.0% of average outstanding net finance receivable balances, representing the Corporation's estimated costs to service the finance receivables.

Gains or losses on sales of finance receivables are estimated based upon the present value of future expected cash flows using assumptions for prepayment speeds and current market interest rates. These assumptions use management's best estimates commensurate with the risks involved. An allowance for credit losses is provided prior to the receivable sale.

Finance receivable balances do not include finance receivables sold by the Corporation to public and private investors with limited recourse provisions. Outstanding sold finance receivable balances as of October 31 are as follows:

MILLIONS OF DOLLARS

12. SALES OF RECEIVABLES (continued)

	2002	2001
Retail notes, net of unearned finance income	**$1,521.8**	$1,862.6
Wholesale notes	**788.7**	797.3
Retail accounts	**126.9**	191.3
Total	**$2,437.4**	$2,851.2

Additional financial data for gross serviced finance receivables as of October 31, 2002 is as follows:

	Retail Notes	Finance Leases	Wholesale Notes	Accounts
Gross serviced finance receivables	$2,529.1	$205.7	$839.2	$383.4
Gross serviced finance receivables with installments past due(1)	13.5	3.9	4.5	13.4
Credit losses net of recoveries	17.9	1.9	(0.1)	0.8

(1) Balances for retail notes and leases represent amounts past due over 60 days. Balances for wholesale notes and accounts represent amounts due over 30 days.

In fiscal 2002, the Corporation sold $1,000.0 of retail notes, net of unearned finance income, through NFRRC in two separate sales. The Corporation sold $500.0 of retail notes during the three months ended January 2002 to owner trusts, which, in turn issued asset-backed securities that were sold to investors. During the two month period ended May 2002, the Corporation sold $500.0 of retail notes to an owner trust which, in turn, issued asset-backed securities that were sold to investors. Aggregate gains of $25.4 were recognized on the sales.

As of October 31, 2002, NFSC has in place a revolving wholesale note trust that provides for the funding of up to $837.0 of eligible wholesale notes. The trust is comprised of three $200.0 tranches of investor certificates expiring in 2003, 2004 and 2008, a $212.0 tranche of investor certificates expiring in 2005 and a variable funding certificate with a maximum capacity of $25.0. The variable funding certificate expires in January 2003 with an option for renewal.

As of October 31, 2002, TRAC has in place a revolving retail account conduit that provides for the funding of up to $100.0 of eligible retail accounts. It expires in August 2003 and is renewable upon mutual consent of the parties.

As of October 31, 2002, TERFCO has in place a revolving trust that provides for the funding of up to $100.0 of eligible Ford Motor Company accounts receivables. This facility will expire in 2005.

MILLIONS OF DOLLARS

12. SALES OF RECEIVABLES (continued)

When receivables are sold, the Corporation retains an interest in the securitized receivables in the form of interest-only strips, cash reserve accounts and subordinated certificates. The following is a summary of retained interests included in Amounts Due from Sales of Receivables as of October 31:

	2002	2001
Cash held and invested by trusts	**$105.6**	$146.6
Subordinated retained interests in wholesale receivables	**126.2**	127.1
Subordinated retained interests in retail receivables	**96.4**	56.4
Interest only receivables	**16.8**	10.1
Allowance for credit losses	**(14.0)**	(16.7)
Total	**$331.0**	$323.5

The fair value of cash deposits included in Amounts Due from Sales of Receivables approximate their carrying value due to their short-term nature and variable interest rate terms. The subordinated retained interests in wholesale and retail receivables principally consist of wholesale notes or marketable securities, retail accounts, and certain cash collections on finance receivables. Due to the short-term nature of these assets, their fair value approximates carrying value.

Key economic assumptions used in measuring the interest only receivables at the date of the sale, for sales of retail finance receivables completed during the fiscal year were as follows:

	2002	2001
Prepayment speed	1.4 – 1.6	1.4 – 1.6
Weighted average life	41 months	41 months
Residual cash flows discount rate	6.41% - 6.93%	7.85% - 8.35%

The Corporation used the following key assumptions in estimating the fair value of interest only receivables as of October 31, 2002: prepayment speed of 1.4, weighted average life of 47 months, and a residual cash flows discount rate of 5.35%. The impact of hypothetical 10% and 20% adverse changes in these assumptions would have no material effect on the fair value of the interest only receivables as of October 31, 2002. These sensitivities are hypothetical and should be used with caution. The effect of a variation of a particular assumption on the fair value of the interest only receivables is calculated without changing any other assumption; in reality, changes in one factor may result in changes in another.

12. SALES OF RECEIVABLES (continued)

The following table summarizes certain cash flows received from and (paid to) securitization trusts/conduits during the year ended October 31, 2002:

	2002	2001
	($ Millions)	
Proceeds from initial sales of retail receivables ...	**$ 999.0**	$1,390.4
Proceeds from subsequent sales of receivables into revolving facilities ...	**4,903.0**	5,063.8
Servicing fees received ...	**23.0**	26.6
All other cash received from trusts ...	**228.9**	192.8
Repurchase of receivables in breach of terms ...	**(128.9)**	(96.3)
Cash used in exercise of purchase option ...	**(84.7)**	(220.8)

13. FINANCIAL INSTRUMENTS

Fair Value of Financial Instruments

The carrying amounts and estimated fair values of the Corporation's financial instruments as of October 31 were as follows:

	2002		2001	
	Carrying Value	**Fair Value**	Carrying Value	Fair Value
Financial assets:				
Finance receivables:				
Retail notes ...	**$827.1**	**$844.8**	$ 634.1	$ 664.8
Wholesale notes and accounts .	**307.0**	**307.0**	247.2	247.2
Amounts due from sales of receivables..	**331.0**	**331.0**	323.5	323.5
Marketable securities ...	**8.1**	**8.1**	22.6	22.6
Financial liabilities:				
Senior and subordinated debt	**1,562.5**	**1,524.2**	1,652.6	1,614.7
Derivative contracts ...	**7.2**	**7.2**	1.8	1.8

The carrying amount of cash and cash equivalents approximates fair value. The fair value of retail notes is estimated by discounting the future contractual cash flows using an estimated discount rate reflecting interest rates currently being offered for notes with similar terms. For wholesale notes and retail and wholesale accounts, all of which reprice monthly, the carrying amounts approximate fair value as a result of the short-term nature of the receivables.

The fair values of cash deposits included in amounts due from sales of receivables approximate their carrying values due to their short-term nature and variable interest rate terms. The subordinated retained interests in wholesale and retail receivables principally consist of wholesale notes or marketable securities, retail accounts and certain cash collections on finance receivables. Due to the short-term nature of these assets the fair value approximates carrying

13. FINANCIAL INSTRUMENTS (continued)

Fair Value of Financial Instruments (continued)

value. The fair value of the interest only receivables is derived by discounting the expected future cash flows at estimated current market rates.

For fixed rate debt, the fair value is estimated based on quoted market prices where available and, where not available, on quoted market prices of debt with similar characteristics. For variable rate debt the fair values approximate their carrying value.

The estimated fair values for all other financial instruments approximate their carrying values due to the short-term nature or variable interest terms inherent in the financial instruments.

Derivatives Held or Issued for Purposes Other Than Trading

The Corporation manages its exposure to fluctuations in interest rates by limiting the amount of fixed rate assets funded with variable rate debt generally by selling fixed rate receivables on a fixed rate basis and by utilizing derivative financial instruments. These derivative financial instruments may include forward contracts, interest rate swaps and interest rate caps. The fair value of these instruments is estimated based on quoted market prices and is subject to market risk as the instruments may become less valuable due to changes in market conditions or interest rates. The Corporation manages exposure to counter-party credit risk by entering into derivative financial instruments with major financial institutions that can be expected to fully perform under the terms of such agreements. The Corporation does not require collateral or other security to support derivative financial instruments with credit risk. The Corporation's counter-party credit exposure is limited to the fair value of contracts with a positive fair value at the reporting date. As of October 31, 2002, the Corporation's derivative financial instruments had a negative net fair value. Notional amounts are used to measure the volume of derivative financial instruments and do not represent exposure to credit loss.

The Corporation also enters into derivative financial instruments to manage its exposure to fluctuations in the fair value of retail notes anticipated to be sold. The Corporation manages such risk by entering into forward contracts to sell fixed debt securities or forward interest rate swaps whose fair value is highly correlated with that of the Corporation's receivables. Gains or losses incurred with the closing of these agreements are included as a component of the gain or loss on sale of receivables.

As of October 31, 2002, the notional amounts and fair values of the Corporation's derivatives are presented in the following table. The fair values of all derivatives are recorded in Other Liabilities on the Statements of Consolidated Financial Condition:

MILLIONS OF DOLLARS

13. FINANCIAL INSTRUMENTS (continued)

Derivatives Held or Issued for Purposes Other Than Trading (continued)

Inception Date	Maturity Date	Derivative Types	Notional Amount	Fair Value
November 1999	February 2003	Interest Rate Swap	$ 24.0	$2.1
October 2000	November 2012	Interest Rate Cap	500.0	(3.6)
	November 2012	Interest Rate Cap	500.0	3.6
December 2000	January 2004	Interest Rate Swap	17.7	(0.8)
July 2001	April 2006	Interest Rate Swap	31.6	(2.1)
November 2001	June 2004	Interest Rate Swap	179.0	(2.7)
	July 2006	Interest Rate Swap	179.0	3.0
June 2002 – October 2002	November 2002	Interest Rate Forward Contracts	650.0	(6.7)

In November 1999, the Corporation sold fixed rate retail receivables on a variable rate basis and entered into an amortizing interest rate swap agreement to fix the future cash flows of interest paid to lenders. In March 2000, the Corporation transferred all the rights and obligations of the swap to the bank conduit. The notional amount of the amortizing swap is based on the expected outstanding principal balance of the sold retail receivables. Under the terms of the agreement, the Corporation will make or receive payments based on the differential between the transferred swap notional amount and the outstanding principal balance of the sold retail receivables. This transaction was accounted for as a non-hedging derivative instrument.

In October 2000, the Corporation entered into a $500.0 retail revolving facility as a method to fund retail notes and finance leases prior to the sale of receivables. Under the agreements of this facility, the Corporation sells fixed rate retail notes or finance leases to the conduit and pays investors a floating rate of interest. As required by the rating agencies, the Corporation purchased an interest rate cap to protect investors against rising interest rates. To offset the economic cost of this cap, the Corporation sold an identical interest rate cap.

In December 2000, the Corporation sold fixed rate retail receivables on a variable rate basis and entered into an interest rate swap agreement. Under the terms of the agreement, the Corporation will make or receive payments based on the differential between the transferred swap notional amount and the outstanding principal balance of the sold retail receivables and on changes in the interest rates. This transaction was accounted for as a non-hedging derivative instrument.

In July 2001, the Corporation entered into an interest rate swap agreement to fix a portion of its floating rate revolving debt. This transaction is accounted for as a cash flow hedge, and consequently, to the extent that the hedge is effective, gains and losses on the derivative are recorded in other comprehensive income. There has been no ineffectiveness related to this derivative since inception.

MILLIONS OF DOLLARS

13. FINANCIAL INSTRUMENTS (continued)

Derivatives Held or Issued for Purposes Other Than Trading (continued)

In November 2001, the Corporation entered into two interest rate swap agreements in connection with a sale of retail note receivables. The purpose of the swaps was to convert the floating rate portion of the bonds issued into fixed rate interest to match the interest basis of the receivables pool sold to the owner trust, and to protect the Corporation from interest rate volatility. The net outcome, after applying the effect of these swaps, results in the Corporation paying a fixed rate of interest on the projected balance of the pool. To the extent that actual pool balances differ from the projected balances, the Corporation has retained interest rate exposure on this difference. These transactions were accounted for as non-hedging derivative instruments.

During the five month period ended October 2002, the Corporation entered into ten forward rate contracts for an aggregate notional amount of $650.0 in anticipation of its November retail receivables sale. These forward rate contracts are accounted for as non-hedging derivative instruments.

The net recognized gain or loss on all non-hedging derivative instruments is recorded in Retail Notes Revenue and Gain on Sale of Retail Notes in the Statements of Consolidated Income. Aggregate net recognized loss for fiscal 2002 was $5.7, compared to net aggregate recognized gain of $1.6 in 2001.

14. LEGAL PROCEEDINGS

The Corporation is subject to various claims arising in the ordinary course of business, and is party to various legal proceedings, which constitute ordinary routine litigation incidental to the business of the Corporation. In the opinion of the Corporation’s management, none of these proceedings or claims are material to the business or the financial condition of the Corporation.

15. SUBSEQUENT EVENTS

On November 19, 2002, the Corporation sold $618.4 of retail notes and leases, net of unearned finance income. The notes and leases were sold through NFRRC to an owner trust which, in turn, issued asset-backed securities that were sold to investors. The Corporation recognized a gain of $24.4 on the sale.

Fitch, Moody’s, and Standard and Poor’s lowered the Corporation’s debt ratings in December 2002. The Corporation’s current debt ratings are as follows:

	Fitch	Moody’s	Standard and Poor’s
Senior unsecured debt	BB	Ba3	BB-
Subordinated debt	B+	B2	B
Outlook	Negative	Stable	Stable

16. QUARTERLY FINANCIAL INFORMATION (unaudited)

	2002				
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Fiscal Year
Results of Continuing Operations					
Revenues	**$72.0**	**$65.7**	**$54.8**	**$54.2**	**$246.7**
Interest expense	**14.5**	**15.0**	**14.0**	**14.5**	**58.0**
Provision for losses on receivables	**4.3**	**6.2**	**5.1**	**4.9**	**20.5**
Income from Continuing Operations	**16.7**	**10.5**	**5.7**	**2.0**	**34.9**
Gain (Loss) on Disposal of Discontinued Operations	**0.7**	**-**	**-**	**(1.9)**	**(1.2)**
Net income	**17.4**	**10.5**	**5.7**	**0.1**	**33.7**

	2001				
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Fiscal Year
Results of Continuing Operations					
Revenues	$84.3	$82.3	$69.6	$68.2	$304.4
Interest expense	30.0	24.8	20.8	17.3	92.9
Provision for losses on receivables	6.5	7.6	6.1	7.6	27.8
Income from Continuing Operations	12.8	12.8	9.3	11.3	46.2
Gain on Disposal of Discontinued Operations	-	-	-	8.3	8.3
Net income	12.8	12.8	9.3	19.6	54.5

Statement of Financial Reporting Responsibility

Management of Navistar Financial Corporation and its subsidiaries is responsible for the preparation and for the integrity and objectivity of the accompanying financial statements and other financial information in this report. The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America and include amounts that are based on management’s estimates and judgments.

The accompanying financial statements have been audited by Deloitte & Touche LLP, independent auditors. Management has made available to Deloitte & Touche LLP all the Corporation’s financial records and related data, as well as the minutes of Directors’ meetings. Management believes that all representations made to Deloitte & Touche LLP during its audit were valid and appropriate.

Management is responsible for establishing and maintaining a system of internal controls throughout its operations that provides reasonable assurance as to the integrity and reliability of the financial statements, the protection of assets from unauthorized use and the execution and recording of transactions in accordance with management’s authorization. The system of internal controls which provides for appropriate division of responsibility is supported by written policies and procedures that are updated by management as necessary. The system is tested and evaluated regularly by the parent company’s internal auditors as well as by the independent auditors in connection with their annual audit of the financial statements. The independent auditors conduct their audit in accordance with auditing standards generally accepted in the United States of America and perform such tests of transactions and balances as they deem necessary. Management considers the recommendations of its internal auditors and independent auditors concerning the Corporation’s system of internal controls and takes the necessary actions that are cost-effective in the circumstances to respond appropriately to the recommendations presented. Management believes that the Corporation’s system of internal controls accomplishes the objectives set forth in the first sentence of this paragraph.

John J. Bongiorno
President and Chief Executive Officer

Ronald D. Markle
Vice President and Controller

Independent Auditors' Report

Navistar Financial Corporation:

We have audited the accompanying consolidated financial statements of Navistar Financial Corporation (the "Corporation") and its subsidiaries as of October 31, 2002 and 2001 and for each of the three years in the period ended October 31, 2002, listed in Item 8. These consolidated financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Navistar Financial Corporation and its subsidiaries as of October 31, 2002 and 2001 and the results of their operations and their cash flow for each of the three years in the period ended October 31, 2002 in conformity with accounting principles generally accepted in the United States of America.

/s/DELOITTE & TOUCHE LLP
Deloitte & Touche LLP
December 9, 2002
Chicago, Illinois

SUPPLEMENTARY FINANCIAL DATA
(unaudited)
Five Year Summary of Financial and Operating Data

MILLIONS OF DOLLARS

	2002	2001	2000	1999	1998
Results of Continuing Operations:					
Revenues	**$ 246.7**	$ 304.4	$ 307.8	$ 282.0	$ 234.3
Income	**34.9**	46.2	56.4	59.3	48.9
Dividends paid	**-**	26.0	22.7	60.3	57.0
Percent of net income to average shareowner's equity	**9.5%**	14.8%	18.9%	21.0%	17.1%
Financial Data:					
Finance receivables, net ..	**$1,297.7**	$1,079.5	$1,666.1	$2,062.5	$1,510.9
Total assets	**2,092.9**	2,110.9	2,518.9	2,769.9	2,127.8
Total debt	**1,562.5**	1,652.6	1,874.0	1,710.3	1,633.0
Shareowner's equity	**364.8**	331.3	304.4	280.3	281.5
Debt to equity ratio	**4.3:1**	5.0:1	6.2:1	6.1:1	5.8:1
Senior debt to capital funds ratio	**2.6:1**	3.6:1	4.4:1	4.2:1	3.1:1
Number of employees at October 31	**303**	311	291	307	300
Results of Discontinued Operations:					
Revenues	**$ -**	$ 61.6	$ 55.9	$ 44.2	$ 41.6
Income	**-**	6.4	0.5	3.2	4.0
Number of employees at October 31	**-**	78	94	92	94

SUPPLEMENTARY FINANCIAL DATA (continued)
(unaudited)

MILLIONS OF DOLLARS

Gross Finance Receivables and Leases Originated

($ Millions)	**2002**	2001	2000	1999	1998
Wholesale notes	**$2,955.3**	$2,803.7	$4,119.3	$4,188.5	$3,812.8
Retail notes and leases:					
New	**946.9**	963.1	1,561.4	1,519.7	1,358.0
Used	**279.6**	228.3	268.6	286.4	309.2
Total	**1,226.5**	1,191.4	1,830.0	1,806.1	1,667.2
Total	**$4,181.8**	$3,995.1	5,949.3	$5,994.6	$5,480.0

Serviced (including sold notes) Retail Notes and Leases With Installments Past Due Over 60 Days

As of October 31 ($ Millions)	2002	2001	2000	1999	1998
Original amount of notes and leases	**$ 35.1**	$ 72.3	$ 91.7	$ 40.4	$ 33.6
Balance of notes and leases	**17.4**	37.9	46.3	17.9	16.5
Balance as a percent of total outstanding notes and leases	**.57%**	1.12%	1.26%	0.53%	0.57%

Retail Note and Lease Repossessions (including sold notes)

	2002	2001	2000	1999	1998
Retail note and lease repossessions acquired as a percentage of average serviced retail note and lease balances	**2.88%**	4.47%	2.80%	1.82%	2.26%

SUPPLEMENTARY FINANCIAL DATA (continued)
(unaudited)

MILLIONS OF DOLLARS

Credit Loss Experience on Serviced (including sold notes) Receivables

($ Millions)	2002	2001	2000	1999	1998
Net losses (recoveries):					
Retail notes and leases	**$19.8**	$23.4	$12.2	$ 5.5	$0.2
Wholesale notes	**(0.1)**	0.6	-	(0.2)	(0.3)
Accounts	**0.8**	-	(0.1)	0.1	-
Total	**$20.5**	$24.0	$12.1	$5.4	$(0.1)
Percent net losses (recoveries) to liquidations:					
Retail notes and leases	**1.34%**	1.52%	.82%	.41%	.02%
Wholesale notes	**-**	.02	-	-	(.01)
Total	**.45%**	.52%	.21%	.10%	-%
Percent net losses (recoveries) to related average gross receivables outstanding:					
Retail notes and leases	**.65%**	.68%	.36%	.18%	.01%
Wholesale notes	**(.02)**	.06	-	(.02)	(.04)
Accounts	**.25**	-	(.02)	.02	-
Total	**.49%**	.50%	.30%	.12%	-%

Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure

None

PART III

Items 10, 11, 12 and 13

Intentionally omitted. See the index page of this Report for explanation.

Item 14. Controls and Procedures

Evaluation of disclosure controls and procedures

The Corporation’s principal executive officer and principal financial officer evaluated the Corporation’s disclosure controls and procedures (as defined in rule 13a-14(c) and 15d-14(c) under the Securities Exchange Act of 1934, as amended) as of a date within 90 days before the filing of this annual report (the “Evaluation Date”). Based on that evaluation, the principal executive officer and principal financial officer of the Corporation concluded that, as of the Evaluation Date, the disclosure controls and procedures in place at the Corporation were adequate to ensure that information required to be disclosed by the Corporation, including its consolidated subsidiaries, in reports that the Corporation files or submits under the Exchange Act, is recorded, processed, summarized and reported on a timely basis in accordance with applicable rules and regulations. Although the Corporation’s principal executive officer and principal financial officer believe the Corporation’s existing disclosure controls and procedures are adequate to enable the Corporation to comply with its disclosure obligations, the Corporation intends to formalize and document the procedures already in place and establish a disclosure committee.

Changes in internal controls

The Corporation has not made any significant changes to its internal controls subsequent to the Evaluation Date. The Corporation has not identified any significant deficiencies or material weaknesses or other factors that could significantly affect these controls, and therefore, no corrective action was taken.

PART IV

Item 15. Exhibits, Financial Statement Schedules and Reports on Form 8-K

Financial Statements

See Index to Financial Statements in Item 8.

Financial Statement Schedules

All schedules are omitted because of the absence of the conditions under which they are required or because information called for is shown in the financial statements and notes thereto.

Exhibits, Including Those Incorporated By Reference

See Index to Exhibits.

Reports on Form 8-K

No reports on Form 8-K were filed for the three months ended October 31, 2002.

SIGNATURE

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

NAVISTAR FINANCIAL CORPORATION
(Registrant)

By: /s/Ronald D. Markle December 12, 2002
Ronald D. Markle
Vice President and Controller
(Principal Accounting Officer)

Exhibit 24

POWER OF ATTORNEY

Each person whose signature appears below does hereby make, constitute and appoint John J. Bongiorno, Ronald D. Markle and Steven K. Covey and each of them acting individually, true and lawful attorneys-in-fact and agents with power to act without the other and with full power of substitution, to execute, deliver and file, for and on such person’s behalf, and in such person’s name and capacity or capacities as stated below, any amendment, exhibit or supplement to the Form 10-K Report making such changes in the report as such attorney-in-fact deems appropriate.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated:

Signature	Title	Date
/s/JOHN J. BONGIORNO John J. Bongiorno	President and Chief Executive Officer; Director (Principal Executive Officer)	December 12, 2002
/s/R. WAYNE CAIN R. Wayne Cain	Senior Vice President; Director	December 12, 2002
/s/ANDREW J. CEDEROTH Andrew J. Cederoth	Vice President and Treasurer; Director (Principal Financial Officer)	December 12, 2002
/s/RONALD D. MARKLE Ronald D. Markle	Vice President and Controller; Director (Principal Accounting Officer)	December 12, 2002
/s/PHYLLIS E. COCHRAN Phyllis E. Cochran	General Manager; Director	December 12, 2002
/s/JOHN R. HORNE John R. Horne	Director	December 12, 2002

NAVISTAR FINANCIAL CORPORATION
AND SUBSIDIARIES

SIGNATURES (Continued)

Signature	Title	Date
/s/THOMAS M. HOUGH Thomas M. Hough	Director	December 12, 2002
/s/ROBERT C. LANNERT Robert C. Lannert	Director	December 12, 2002
/s/MARK SCHWETSCHENAU Mark Schwetschenau	Director	December 12, 2002

NAVISTAR FINANCIAL CORPORATION
AND CONSOLIDATED SUBSIDIARIES

CERTIFICATIONS

I, John J. Bongiorno, certify that:

1. I have reviewed this annual report on Form 10-K of Navistar Financial Corporation;

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;

4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

b) evaluated the effectiveness of the registrant’s disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the “Evaluation Date”); and

c) presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant’s auditors and the audit committee of registrant’s board of directors (or persons performing the equivalent functions):

a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant’s ability to record, process, summarize and report financial data and have identified for the registrant’s auditors any material weaknesses in internal controls; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal controls; and

6. The registrant's other certifying officer and I have indicated in this annual report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: December 12, 2002

/s/John J. Bongiorno
John J. Bongiorno
President and Chief Executive Officer
(Principal Executive Officer)

NAVISTAR FINANCIAL CORPORATION
AND CONSOLIDATED SUBSIDIARIES

CERTIFICATIONS

I, Andrew J. Cederoth, certify that:

1. I have reviewed this annual report on Form 10-K of Navistar Financial Corporation;

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date"); and

c) presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officer and I have indicated in this annual report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: December 12, 2002

/s/Andrew J. Cederoth
Andrew J. Cederoth
(Principal Financial Officer)

NAVISTAR FINANCIAL CORPORATION
AND SUBSIDIARIES

INDEX TO EXHIBITS

The following documents of Navistar Financial Corporation are incorporated herein by reference:

3.1 Restated Certificate of Incorporation of Navistar Financial Corporation (as amended and in effect on December 15, 1987). Filed on Form 8-K dated December 17, 1987. Commission File No. 1-4146-l.

3.2 The By-Laws of Navistar Financial Corporation (as amended February 29, 1988). Filed on Form 10-K dated January 19, 1989. Commission File No. 1-4146-1.

4.1 Indenture dated as of March 25, 2002, by and among the Corporation, Navistar International Corporation and The BNY Midwest Trust Company, as Trustee, for the Corporation's 4.75% Subordinated Exchangeable Notes due 2009 for $220,000,000. Registration No. 333-87716.

4.2 Registration Rights Agreement, dated as of March 25, 2002, by and among the Corporation, Navistar International Corporation, Salomon Smith Barney, Inc. and Banc of America Securities, LLC. Filed as Exhibit 4.2 to Form S-3 dated May 7, 2002. Registration No. 333-87716.

10.1 Master Inter-company Agreement dated as of April 26, 1993, between the Corporation and International. Filed on Form 8-K dated April 30, 1993. Commission File No. 1-4146-1.

10.2 Inter-company Purchase Agreement dated as of April 26, 1993, between the Corporation and Truck Retail Instalment Paper Corp. Filed on Form 8-K dated April 30, 1993. Commission File No. 1-4146-1.

10.3 Pooling and Servicing Agreement dated as of June 8, 1995, among the Corporation, as Servicer, Navistar Financial Securities Corporation, as Seller, The Chase Manhattan Bank (survivor in the merger between The Chase Manhattan Bank and Chemical Bank which was the survivor in the merger between Chemical Bank and Manufacturers Hanover Trust Company), as 1990 Trust Trustee, and The Bank of New York, as Master Trust Trustee. Filed on Registration No. 33-87374.

10.4 Series 1995-1 Supplement to the Pooling and Servicing Agreement dated as of June 8, 1995, among the Corporation, as Servicer, Navistar Financial Securities Corporation, as Seller, and The Bank of New York, as Master Trust Trustee on behalf of the Series 1995-1 Certificate holders. Filed on Registration No. 33-87374.

10.5 Purchase Agreement dated as of June 8, 1995, between the Corporation and Navistar Financial Securities Corporation, as Purchaser, with respect to the Dealer Note Master Trust. Filed on Registration No. 33-87374.

10.6 Series 1997-1 Supplement to the Pooling and Servicing Agreement dated as of August 19, 1997, among Navistar Financial Corporation, as

Servicer, Navistar Financial Securities Corporation, as Seller, and the Bank of New York, as Master Trust Trustee on behalf of the Series 1997-1 Certificateholders. Filed on Registration No. 333-30737.

10.7 Series 1998-1 Supplement to the Pooling and Servicing Agreement dated as of July 17, 1997, among Navistar Financial Corporation, as Servicer, Navistar Financial Securities Corporation, as Seller, and the Bank of New York, as Master Trust Trustee on behalf of the Series 1998-1 Certificateholders. Filed on Registration No. 333-30737.

10.8 Purchase Agreement dated as of June 3, 1999, between the Corporation and Navistar Financial Retail Receivables Corporation, as Purchaser, with respect to Navistar Financial 1999-A Owner Trust, as Issuer. Filed on Registration No. 333-62445.

10.9 Pooling and Servicing Agreement dated as of June 3, 1999, among the Corporation, as Servicer, and Navistar Financial Retail Receivables Corporation, as Seller, and Navistar Financial 1999-A Owner Trust, as Issuer. Filed on Registration No. 333-62445.

10.10 Trust Agreement dated as of June 3, 1999, between Navistar Financial Retail Receivables Corporation, as Seller, and Chase Manhattan Bank Delaware, as Owner Trustee, with respect to Navistar Financial 1999-A Owner Trust. Filed on Registration No. 333-62445.

10.11 Indenture dated as of June 3, 1999, between Navistar Financial 1999-A Owner Trust and The Bank of New York, as Indenture Trustee, with respect to Navistar Financial 1999-A Owner Trust. Filed on Registration No. 333-62445.

10.12 Receivable Purchase Agreement dated as of November 12, 1999, between Navistar Financial Retail Receivables Corporation, as Seller, the Corporation, as Servicer, and, Falcon Asset Securitization Corporation and International Securitization Corporation, as investors, and Bank One NA as agent and as Securities Intermediary, with respect to Navistar Financial 1999-B Multi-seller Asset-backed Commercial Paper Conduit. Filed on Registration No. 333-62445.

10.13 Receivable Sale Agreement dated as of November 12, 1999, between the Corporation and Navistar Financial Retail Receivables Corporation, as Purchaser, with respect to Navistar Financial 1999-B Multi-seller Asset-backed Commercial Paper Conduit, as Issuer. Filed on Registration No. 333-62445.

10.14 Certificate Purchase Agreement dated as of January 28, 2000, between Navistar Financial Securities Corporation, as seller, the Corporation, as Servicer, Receivable Capital Corporation, as the Conduit Purchaser, Bank of America, National Association, as administrative Agent for the Purchasers, and Bank of America, National Association, as a Committed Purchaser filed on Form 8-K dated February 24, 2000. Commission File No. 333-30737.

10.15 Purchase Agreement dated as of March 9, 2000, between the Corporation and Navistar Financial Retail Receivables Corporation, as Purchaser, with respect to Navistar Financial 2000-A Owner Trust, as Issuer. Filed on Registration No. 333-62445.

10.16 Pooling and Servicing Agreement dated as of March 9, 2000, among the Corporation, as Servicer, and Navistar Financial Retail Receivables Corporation, as Seller, and Navistar Financial 2000-A Owner Trust, as Issuer. Filed on Registration No. 333-62445.

10.17 Trust Agreement dated as of March 9, 2000, between Navistar Financial Retail Receivables Corporation, as Seller, and Chase Manhattan Bank Delaware, as Owner Trustee, with respect to Navistar Financial 2000-A Owner Trust. Filed on Registration No. 333-62445.

10.18 Indenture dated as of March 9, 2000, between Navistar Financial 2000-A Owner Trust and The Bank of New York, as Indenture Trustee, with respect to Navistar Financial 2000-A Owner Trust. Filed on Registration No. 333-62445.

10.19 Series 2000-1 Supplement to the Pooling and Servicing Agreement dated as of July 13, 2000, among Navistar Financial Corporation, as Servicer, Navistar Financial Securities Corporation, as Seller, and the Bank of New York, as Master Trust Trustee on behalf of the Series 2000-1 Certificateholders. Filed on Registration No. 333-32960.

10.20 Purchase Agreement dated as of November 1, 2000, between the Corporation and Navistar Financial Retail Receivables Corporation, as Purchaser, with respect to Navistar Financial 2000-B Owner Trust, as Issuer. Filed on Registration No. 333-62445.

10.21 Pooling and Servicing Agreement dated as of November 1, 2000, among the Corporation, as Servicer, and Navistar Financial Retail Receivables Corporation, as Seller, and Navistar Financial 2000-B Owner Trust, as Issuer. Filed on Registration No. 333-62445.

10.22 Trust Agreement dated as of November 1, 2000, between Navistar Financial Retail Receivables Corporation, as Seller, and Chase Manhattan Bank Delaware, as Owner Trustee, with respect to Navistar Financial 2000-B Owner Trust. Filed on Registration No. 333-62445.

10.23 Indenture dated as of November 1, 2000, between Navistar Financial 2000-B Owner Trust and The Bank of New York, as Indenture Trustee, with respect to Navistar Financial 2000-B Owner Trust. Filed on Registration No. 333-62445.

10.24 Servicing Agreement dated as of October 16, 2000, between the Corporation, as Servicer, and Navistar Leasing Corporation, Harco Leasing Company, Inc., Truck Retail Instalment Paper Corp, The Bank of New York as Collateral Agent, and Bank One National Association, as Portfolio Trustee.

10.25 Receivables Purchase Agreement dated as of October 16, 2000, between Truck Retail Instalment Paper Corp. and the Corporation.

10.26 Indenture Agreement dated as of October 16, 2000, between Truck Retail Instalment Paper Corp., as Issuer, and The Bank of New York, as Indenture Trustee.

10.27 Series 2000-1 Supplement dated as of October 16, 2000, to the Indenture also dated October 16, 2000 between Truck Retail Instalment Paper Corp., as Issuer, and The Bank of New York, as Indenture Trustee.

10.28 Credit Agreement for $820,000,000 Revolving Credit and Competitive Advance Facility dated as of December 8, 2000, between the Corporation, Arrendadora Financiera Navistar, S.A. DE C.V., Servicios Financieros Navistar, S.A. DE C.V. and Navistar Comercial, S.A. DE C.V., as borrowers, lenders party hereto, The Chase Manhattan Bank as Administrative Agent, Bank of America as Syndication Agent and Bank of Nova Scotia as Documentation Agent.

10.29 Parents Side Agreement, dated as of December 8, 2000, by Navistar International Corporation, and International Truck and Engine Corporation, for the benefit of the Lenders from time to time party to the Credit Agreement referred to above.

10.30 Guarantee, dated as of December 8, 2000, made by Navistar International Corporation, in favor of The Chase Manhattan Bank, as Administrative Agent, for the lenders parties to the Credit Agreement, dated as of December 8, 2000, among Navistar Financial Corporation and Arrendadora Financiera Navistar, S.A. DE C.V., Servicios Financieros Navistar, S.A. DE C.V. and Navistar Comercial, S.A. DE C.V., the Lenders, Bank of America, N.A., as syndication agent, The Bank of Nova Scotia, as documentation agent, and the Administrative Agent.

10.31 Receivable Purchase Agreement dated as of December 21, 2000, between Navistar Financial Retail Receivables Corporation, as Seller, the Corporation, as Servicer, Thunder Bay Funding Inc., as company, and Royal Bank of Canada as agent, with respect to Navistar Financial 2000-C Multi-seller Asset-backed Commercial Paper Conduit. Filed on Registration No. 333-62449.

10.32 Receivable Sale Agreement dated as of December 21, 2000, between the Corporation, as Issuer, and Navistar Financial Retail Receivables Corporation, as Purchaser. Filed on Registration No. 333-62449.

10.33 Purchase Agreement dated as of April 27, 2001, between the Corporation and Navistar Financial Retail Receivables Corporation, as Purchaser, with respect to Navistar Financial 2001-A Owner Trust, as Issuer. Filed on Registration No. 033-50291.

10.34 Pooling and Servicing Agreement dated as of April 27, 2001, among the Corporation, as Servicer, and Navistar Financial Retail Receivables Corporation, as Seller, and Navistar Financial 2001-A Owner Trust, as Issuer. Filed on Registration No. 033-50291.

10.35 Trust Agreement dated as of April 27, 2001, between Navistar Financial Retail Receivables Corporation, as Seller, and Chase Manhattan Bank Delaware, as Owner Trustee, with respect to Navistar Financial 2001-A Owner Trust. Filed on Registration No. 033-50291.

10.36 Indenture dated as of April 27, 2001, between Navistar Financial 2001-A Owner Trust and The Bank of New York, as Indenture Trustee, with respect to Navistar Financial 2001-A Owner Trust. Filed on Registration No. 033-50291.

10.37 Supplement No. 1, dated as of July 24, 2001, to Indenture agreement dated October 16, 2000, among Truck Retail Instalment Paper Corp. and The Bank of New York, to amend the Indenture to (i) revise the definition of "Series 2000-1 Loss Reserve Specified Balance", and (ii) revise the Amortization Events filed on Form 8-K dated August 6, 2001. Commission File No. 1-4146-1.

10.38 Purchase Agreement dated as of November 1, 2001, between the Corporation and Navistar Financial Retail Receivables Corporation, as Purchaser, with respect to Navistar Financial 2001-B Owner Trust, as Issuer. Filed on Registration No. 033-50291.

10.39 Pooling and Servicing Agreement dated as of November 1, 2001, among the Corporation, as Servicer, and Navistar Financial Retail Receivables Corporation, as Seller, and Navistar Financial 2001-B Owner Trust, as Issuer. Filed on Registration No. 033-50291.

10.40 Trust Agreement dated as of November 1, 2001, between Navistar Financial Retail Receivables Corporation, as Seller, and Chase Manhattan Bank Delaware, as Owner Trustee, with respect to Navistar Financial 2001-B Owner Trust. Filed on Registration No. 033-50291.

10.41 Indenture dated as of November 1, 2001, between Navistar Financial 2001-B Owner Trust and The Bank of New York, as Indenture Trustee, with respect to Navistar Financial 2001-B Owner Trust. Filed on Registration No. 033-50291.

10.42 Purchase Agreement dated as of April 30, 2002, between the Corporation and Navistar Financial Retail Receivables Corporation, as Purchaser, with respect to Navistar Financial 2002-A Owner Trust, as Issuer. Filed on Registration No. 333-62445 and 333-67112.

10.43 Pooling and Servicing Agreement dated as of April 30, 2002, among the Corporation, as Servicer, and Navistar Financial Retail Receivables Corporation, as Seller, and Navistar Financial 2002-A Owner Trust, as Issuer. Filed on Registration No. 333-62445 and 333-67112.

10.44 Trust Agreement dated as of April 30, 2002, between Navistar Financial Retail Receivables Corporation, as Seller, and Chase Manhattan Bank Delaware, as Owner Trustee, with respect to Navistar Financial 2002-A Owner Trust. Filed on Registration No. 333-62445 and 333-67112.

10.45 Indenture dated as of April 30, 2002, between Navistar Financial 2002-A Owner Trust and The Bank of New York, as Indenture Trustee, with respect to Navistar Financial 2002-A Owner Trust. Filed on Registration No. 333-62445 and 333-67112.

10.46 Supplement No. 2, dated as of July 31, 2002, to Indenture agreement dated October 16, 2000, among Truck Retail Instalment Paper Corp. and The Bank of New York, to amend the Indenture to (i) revise the definition of “Series 2000-1 Loss Reserve Specified Balance,” and (ii) revise the definition of “Reserve Account Trigger Event” filed on Form 8-K dated November 27, 2002. Commission File No. 1-4146-1.

10.47 Purchase Agreement dated as of November 19, 2002, between the Corporation and Navistar Financial Retail Receivables Corporation, as Purchaser, with respect to Navistar Financial 2002-B Owner Trust, as Issuer. Filed on Registration No. 333-67112.

10.48 Pooling Agreement dated as of November 19, 2002, among the Corporation, as Servicer, and Navistar Financial Retail Receivables Corporation, as Seller, and Navistar Financial 2002-B Owner Trust, as Issuer. Filed on Registration No. 333-67112.

10.49 Servicing Agreement dated as of November 19, 2002, among the Corporation, as Servicer, and Navistar Financial Retail Receivables Corporation, as Seller, and Navistar Financial 2002-B Owner Trust, as Issuer. Filed on Registration No. 333-67112.

10.50 Trust Agreement dated as of November 19, 2002, between Navistar Financial Retail Receivables Corporation, as Seller, and Chase Manhattan Bank Delaware, as Owner Trustee, with respect to Navistar Financial 2002-B Owner Trust. Filed on Registration No. 333-67112.

10.51 Indenture dated as of November 19, 2002, between Navistar Financial 2002-B Owner Trust and The Bank of New York, as Indenture Trustee, with respect to Navistar Financial 2002-B Owner Trust. Filed on Registration No. 333-67112.