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

FORM 10-Q

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

For the quarterly period ended April 30, 2003

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 1-9618

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

Delaware	36-3359573
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

4201 Winfield Road, P.O. Box 1488
Warrenville, Illinois 60555
(Address of principal executive offices, Zip Code)

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

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 ___

APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PRECEDING FIVE YEARS

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes ___ No ___

APPLICABLE ONLY TO CORPORATE ISSUERS:

As of May 30, 2003, the number of shares outstanding of the registrant's common stock was 68,338,314.

NAVISTAR INTERNATIONAL CORPORATION
AND CONSOLIDATED SUBSIDIARIES

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PART I - FINANCIAL INFORMATION

ITEM 1. Financial Statements

STATEMENT OF INCOME (Unaudited)
Millions of dollars, except per share data

	Navistar International Corporation and Consolidated Subsidiaries			
	Three Months Ended April 30		**Six Months Ended April 30**	
	2003	2002	**2003**	2002
Sales and revenues				
Sales of manufactured products	**$ 1,806**	$ 1,596	**$ 3,287**	$ 2,978
Finance and insurance revenue	**53**	72	**145**	149
Other income	**5**	4	**10**	10
Total sales and revenues	**1,864**	1,672	**3,442**	3,137
Costs and expenses				
Cost of products and services sold	**1,588**	1,382	**3,008**	2,630
Postretirement benefits expense	**71**	58	**154**	116
Engineering and research expense	**61**	65	**118**	129
Selling, general and administrative expense	**122**	128	**246**	261
Interest expense	**33**	38	**71**	77
Other expense	**7**	6	**18**	16
Total costs and expenses	**1,882**	1,677	**3,615**	3,229
Loss from continuing operations before income taxes	**(18)**	(5)	**(173)**	(92)
Income tax benefit	**(6)**	(3)	**(63)**	(37)
Loss from continuing operations	**(12)**	(2)	**(110)**	(55)
Loss from discontinued operations	**(2)**	(2)	**(3)**	(5)
Net loss	**$ (14)**	$ (4)	**$ (113)**	$ (60)
Basic earnings (loss) per share				
Continuing operations	**$ (0.18)**	$ (0.04)	**$ (1.64)**	$ (0.92)
Discontinued operations	**(0.03)**	(0.03)	**(0.04)**	(0.08)
Net loss	**$ (0.21)**	$ (0.07)	**$ (1.68)**	$ (1.00)
Diluted earnings (loss) per share				
Continuing operations	**$ (0.18)**	$ (0.04)	**$ (1.64)**	$ (0.92)
Discontinued operations	**(0.03)**	(0.03)	**(0.04)**	(0.08)
Net loss	**$ (0.21)**	$ (0.07)	**$ (1.68)**	$ (1.00)
Average shares outstanding (millions)				
Basic	**68.4**	60.4	**67.3**	60.1
Diluted	**68.4**	60.4	**67.3**	60.1

See Notes to Financial Statements.

STATEMENT OF FINANCIAL CONDITION (Unaudited)
Millions of dollars

	Navistar International Corporation and Consolidated Subsidiaries		
	April 30 2003	October 31 2002	April 30 2002
ASSETS			
Current assets			
Cash and cash equivalents	**$ 463**	$ 620	$ 558
Marketable securities	**85**	-	39
Receivables, net	**975**	1,054	748
Inventories	**555**	595	644
Deferred tax asset, net	**256**	242	153
Other assets	**144**	97	133
Total current assets	**2,478**	2,608	2,275
Marketable securities	**240**	116	526
Finance and other receivables, net	**1,005**	1,214	931
Property and equipment, net	**1,314**	1,479	1,676
Investments and other assets	**323**	177	201
Prepaid and intangible pension assets	**61**	63	277
Deferred tax asset, net	**1,356**	1,286	867
Total assets	**$ 6,777**	$ 6,943	$ 6,753
LIABILITIES AND SHAREOWNERS' EQUITY			
Liabilities			
Current liabilities			
Notes payable and current maturities of long-term debt	**$ 250**	$ 358	$ 493
Accounts payable, principally trade	**1,018**	1,020	946
Other liabilities	**1,028**	1,021	745
Total current liabilities	**2,296**	2,399	2,184
Debt: Manufacturing operations	**882**	747	799
Financial services operations	**1,426**	1,651	1,436
Postretirement benefits liability	**1,360**	1,354	850
Other liabilities	**541**	541	392
Total liabilities	**6,505**	6,692	5,661
Commitments and contingencies			
Shareowners' equity			
Series D convertible junior preference stock	**4**	4	4
Common stock and additional paid in capital (75.3 million shares issued)	**2,120**	2,146	2,139
Retained earnings (deficit)	**(906)**	(721)	(244)
Accumulated other comprehensive loss	**(723)**	(705)	(333)
Common stock held in treasury, at cost (7.0 million, 14.8 million and 14.9 million shares held)	**(223)**	(473)	(474)
Total shareowners' equity	**272**	251	1,092
Total liabilities and shareowners' equity	**$ 6,777**	$ 6,943	$ 6,753

See Notes to Financial Statements.

STATEMENT OF CASH FLOW (Unaudited)
Millions of dollars

	Navistar International Corporation and Consolidated Subsidiaries	
	Six Months Ended April 30	
	2003	2002
Cash flow from operations		
Net loss	**$ (113)**	$ (60)
Adjustments to reconcile net loss to cash used in operations:		
Depreciation and amortization	**108**	109
Deferred income taxes	**(87)**	(32)
Postretirement benefits funding less than (in excess of) expense	**(23)**	15
Other, net	**(53)**	(69)
Change in operating assets and liabilities:		
Receivables	**(8)**	95
Inventories	**23**	(9)
Prepaid and other current assets	**(56)**	(35)
Accounts payable	**4**	(169)
Other liabilities	**43**	29
Cash used in operations	**(162)**	(126)
Cash flow from investment programs		
Purchases of retail notes and lease receivables	**(586)**	(553)
Collections/sales of retail notes and lease receivables	**914**	899
Purchases of marketable securities	**(258)**	(366)
Sales or maturities of marketable securities	**49**	64
Proceeds from sale of business	**-**	63
Capital expenditures	**(87)**	(114)
Proceeds from sale-leasebacks	**-**	5
Property and equipment leased to others	**24**	(30)
Capitalized interest and other	**3**	(4)
Cash provided by (used in) investment programs	**59**	(36)
Cash flow from financing activities		
Issuance of debt	**218**	257
Principal payments on debt	**(223)**	(94)
Net decrease in notes and debt outstanding under bank revolving credit facility and commercial paper programs	**(196)**	(291)
Proceeds from sale of stock to benefit plans	**175**	-
Premiums on call options, net	**(25)**	-
Debt issuance costs and other financing activities	**(3)**	26
Cash used in financing activities	**(54)**	(102)
Cash and cash equivalents		
Decrease during the period	**(157)**	(264)
At beginning of the period	**620**	822
Cash and cash equivalents at end of the period	**$ 463**	$ 558

See Notes to Financial Statements.

Navistar International Corporation and Consolidated Subsidiaries
Notes to Financial Statements (Unaudited)

Note A. Summary of Accounting Policies

Navistar International Corporation (NIC) is a holding company whose principal operating subsidiary is International Truck and Engine Corporation (International). As used hereafter, "company" or "Navistar" refers to Navistar International Corporation and its consolidated subsidiaries. Navistar operates in three principal industry segments: truck, engine (collectively called "manufacturing operations"), and financial services. The consolidated financial statements include the results of the company's manufacturing operations and its wholly owned financial services subsidiaries. The effects of transactions between the manufacturing and financial services operations have been eliminated to arrive at the consolidated totals.

The accompanying unaudited financial statements have been prepared in accordance with accounting policies described in the 2002 Annual Report on Form 10-K and should be read in conjunction with the disclosures therein.

In the opinion of management, these interim financial statements reflect all adjustments, consisting of normal recurring accruals, necessary to present fairly the financial condition, results of operations and cash flow for the periods presented. Interim results are not necessarily indicative of results for the full year. Certain 2002 amounts have been reclassified to conform with the presentation used in the 2003 financial statements.

The disposal of the domestic truck business in Brazil has been accounted for as discontinued operations in accordance with Statement of Financial Accounting Standards No. 144 (SFAS 144), "Accounting for the Impairment or Disposal of Long-Lived Assets." Accordingly, the operating results of this business have been classified as "Discontinued operations" and prior periods have been restated. See Note I for further information.

As a result of the 2002 Plan of Restructuring as further described in Note H, substantially all of the participants of the company's pension plans are inactive. Accordingly, effective February 1, 2003, cumulative unrecognized gains and losses related to pension benefits are amortized over the remaining life expectancy of the participants in the plans. The company previously recognized these costs over the remaining service life of employees. The change in amortization period did not have a material impact on the results of operations for the three and six month periods ended April 30, 2003.

Navistar International Corporation and Consolidated Subsidiaries
Notes to Financial Statements (Unaudited)

Note A. Summary of Accounting Policies (continued)

Statement of Financial Accounting Standards No. 123 (SFAS 123), "Accounting for Stock-Based Compensation" and Statement of Financial Accounting Standards No. 148 (SFAS 148), "Accounting for Stock-Based Compensation – Transition and Disclosure," encourage, but do not require, companies to record compensation cost for stock-based employee compensation plans at fair value. The company has chosen to continue to account for stock-based compensation in accordance with Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees," and related interpretations. Accordingly, no compensation cost has been recognized for fixed stock options because the exercise prices of the stock options equal the market value of the company's common stock at the date of grant. Further disclosure about the company's stock compensation plans can be found in Note 20 to the company's 2002 Annual Report on Form 10-K. The following table illustrates the effect on the company's net loss and earnings (loss) per share if the company had applied the fair value recognition provision of SFAS 123 in accordance with the disclosure provisions of SFAS 148.

	Three Months Ended April 30		**Six Months Ended April 30**	
Millions of dollars	**2003**	2002	**2003**	2002
Net loss, as reported	**$ (14)**	$ (4)	**$ (113)**	$ (60)
Deduct: Total stock-based employee compensation expense determined under fair value based method for all awards, net of related tax effects	**(3)**	(3)	**(6)**	(5)
Pro forma net loss	**$ (17)**	$ (7)	**$ (119)**	$ (65)
Earnings (loss) per share:				
Basic – as reported	**$ (0.21)**	$ (0.07)	**$ (1.68)**	$ (1.00)
Basic – pro forma	**$ (0.25)**	$ (0.12)	**$ (1.76)**	$ (1.09)
Diluted – as reported	**$ (0.21)**	$ (0.07)	**$ (1.68)**	$ (1.00)
Diluted – pro forma	**$ (0.25)**	$ (0.12)	**$ (1.76)**	$ (1.09)

Note B. New Accounting Pronouncements

In November 2002, the Financial Accounting Standards Board (FASB) issued Interpretation No. 45 (FIN 45), "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others." FIN 45 elaborates on the disclosures to be made by a guarantor in its interim and annual financial statements about its obligations under certain guarantees that it has issued. It also requires a guarantor to recognize, at inception of a guarantee, a liability for the fair value of the obligation undertaken in issuing the guarantee. The initial recognition and measurement provisions of FIN 45 are applicable on a prospective basis to guarantees issued or modified after December 31, 2002. The disclosure requirements are effective for financial statements of interim or annual periods ending after December 15, 2002. The company has provided disclosures about guarantees in Note K.

In January 2003, the FASB issued Interpretation No. 46, "Consolidation of Variable Interest Entities." This interpretation addresses consolidation requirements of variable interest entities. Transferors to qualified special purpose entities (QSPEs) subject to the reporting requirements of Statement of Financial Accounting Standards No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities," are excluded from the scope of this interpretation. The company currently sells receivables to entities meeting the requirements of QSPEs.

Navistar International Corporation and Consolidated Subsidiaries
Notes to Financial Statements (Unaudited)

Note B. New Accounting Pronouncements (continued)

In April 2003, the FASB issued Statement of Financial Accounting Standards No. 149, "Amendment of Statement 133 on Derivative Instruments and Hedging Activities," which amends and clarifies accounting and reporting for certain derivative instruments. This statement is effective for contracts entered into or modified after June 30, 2003, and for hedging relationships designated after June 30, 2003, and is to be applied prospectively. The company is evaluating the impact of this standard on its financial condition, results of operations and cash flows.

In May 2003, the FASB issued Statement of Financial Accounting Standards No. 150, "Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity," which establishes standards for how an issuer classifies and measures certain financial instruments with characteristics of both liabilities and equity. This statement is effective for financial instruments entered into or modified after May 31, 2003, and otherwise is effective at the beginning of the first interim period beginning after June 15, 2003. The company is evaluating the impact of this new standard on its financial condition, results of operations and cash flows.

Note C. Supplemental Cash Flow Information

Consolidated interest payments during the first six months of 2003 and 2002 were $74 million and $81 million, respectively. Consolidated tax payments made during the first six months of 2003 and 2002 were not significant.

Note D. Income Taxes

The Statement of Income reflects the tax benefit of current Net Operating Losses (NOL), net of valuation reserves, while the cumulative benefit of NOL carryforwards is recognized as a deferred tax asset in the Statement of Financial Condition. Cash payment of income taxes may be required for certain state income, foreign income and withholding and federal alternative minimum taxes. Until the company has utilized its significant NOL carryforwards, the cash payment of United States (U.S.) federal and state income taxes will be minimal.

Note E. Inventories

Inventories are as follows:

Millions of dollars	**April 30 2003**	October 31 2002	April 30 2002
Finished products	**$ 310**	$ 313	$ 403
Work in process	**58**	65	50
Raw materials and supplies	**187**	217	191
Total inventories	**$ 555**	$ 595	$ 644

Note F. Sales of Receivables

Navistar Financial Corporation's (NFC) 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, NFC's finance receivables and leases have significant concentration in the trucking industry. NFC retains as collateral an ownership interest in the equipment associated with leases and a security interest in equipment associated with wholesale notes and retail notes.

Navistar International Corporation and Consolidated Subsidiaries
Notes to Financial Statements (Unaudited)

Note F. Sales of Receivables (continued)

NFC securitizes and sells 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 corporations (SPCs) and wholly owned subsidiaries of NFC. The sales of receivables in each securitization constitute sales under accounting principles generally accepted in the United States of America, with the result that the sold receivables are removed from NFC's balance sheet and the investor's interests in the related trust or conduit are not reflected as liabilities.

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 NFC or affiliated companies. The terms of receivable sales generally require NFC to provide credit enhancements in the form of over collateralizations and/or cash reserves with the trusts and conduits. The use of such cash reserves by NFC is restricted under the terms of the securitized sales agreements. The maximum exposure under all receivable sale recourse provisions as of April 30, 2003, was $313 million. The allowance for losses allocated to sold receivables totaled $13 million, $14 million and $18 million at April 30, 2003, October 31, 2002 and April 30, 2002, respectively.

The SPCs' retained interests in the related trusts or assets held by the trusts are included in "Finance and other receivables" on the Statement of Financial Condition. The carrying amounts of these retained interests approximate fair value and were $313 million, $345 million and $401 million at April 30, 2003, October 31, 2002 and April 30, 2002, respectively.

Management estimates the prepayment speed for the receivables sold and the discount rate used to present value the interest-only receivables 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, NFC estimates the fair value of the interest-only receivables on a quarterly basis. The fair value of the interest-only receivables is based on updated estimates of prepayment speeds and discount rates.

Key economic assumptions used in measuring the interest-only receivables at the date of the sale for sales of retail notes and finance leases completed during the quarter ended April 30, 2003, were a prepayment speed of 1.4, a weighted average life of 40 months and an interest-only receivables discount rate of 5.35%. For those sales completed during the quarter ended April 30, 2002, the assumptions used were a prepayment speed of 1.4 to 1.6, a weighted average life of 40 months and an interest-only receivables discount rate of 6.93%.

Sold receivable balances are summarized below.

Millions of dollars	**April 30 2003**	October 31 2002	April 30 2002
Retail notes, net of unearned income	**$ 1,718**	$ 1,522	$ 2,078
Finance leases, net of unearned income	**24**	-	-
Wholesale notes	**857**	788	694
Retail accounts	**131**	127	200
Total	**$ 2,730**	$ 2,437	$ 2,972

Navistar International Corporation and Consolidated Subsidiaries
Notes to Financial Statements (Unaudited)

Note F. Sales of Receivables (continued)

Serviced portfolio balances are summarized below.

Millions of dollars	**April 30 2003**	October 31 2002	April 30 2002
Gross serviced receivables:			
Retail notes	**$ 2,522**	$ 2,529	$ 2,516
Finance leases	**193**	206	218
Wholesale notes	**910**	839	745
Accounts	**359**	384	351
Total gross serviced receivables	**3,984**	3,958	3,830
Net investment in operating leases	**204**	248	280
Total serviced portfolio	**$ 4,188**	$ 4,206	$ 4,110

Additional financial data for the gross serviced portfolio as of April 30, 2003, and for the six months then ended is as follows:

Millions of dollars	Retail Notes	Finance and Operating Leases	Wholesale Notes	Accounts
Balances with payments past due over 60 days	$ 18	$ 5	$ 1	$ 6
Credit losses, net of recoveries	7	1	-	-

The following table summarizes certain cash flows received from (paid to) securitization trusts/conduits.

Millions of dollars	**Six Months Ended April 30 2003**	2002
Proceeds from sales of finance receivables	**$ 850**	$ 893
Proceeds from sales of finance receivables into revolving facilities	**2,411**	2,240
Servicing fees received	**13**	12
Repurchase of receivables in breach of terms	**(20)**	-
Cash used in exercise of purchase option	**(64)**	(45)
All other cash received from trusts	**88**	123

Note G. Debt

In December 2002, the company completed the private placement of $190 million of senior convertible bonds due 2007. The bonds were priced to yield 2.5% with a conversion premium of 30% on a closing price of $26.70. Simultaneous with the issuance of the convertible bonds, the company entered into two call option derivative contracts, the consequences of which will allow the company to minimize share dilution upon conversion of the convertible debt from the conversion price of the bond up to a 100% premium over the share price at issuance. The net premium paid for the call options was $25 million. In February 2003, $100 million of the net proceeds from the $190 million offering was used to repay the aggregate principal amount of the 7% senior notes due February 2003. The remaining funds were used to repay other existing debt, replenish cash balances that were used to repay other debt that matured in fiscal 2002 and to pay fees and expenses related to the offering.

Navistar International Corporation and Consolidated Subsidiaries
Notes to Financial Statements (Unaudited)

Note H. Restructuring and Other Non-recurring Charges

2000 and 2002 Restructuring Charges

In October 2000, the company incurred charges for restructuring, asset write-downs and other exit costs eventually totaling $309 million, after $3 million in net adjustments in 2001 and 2002, as part of an overall plan to restructure its manufacturing and corporate operations (2000 Plan of Restructuring). The major restructuring, integration and cost reduction initiatives, which were substantially complete as of November 30, 2001, included in the 2000 Plan of Restructuring are as follows:

- Replacement of steel cab trucks with a new line of High Performance Vehicles (HPV) and a concurrent realignment of the company's truck manufacturing facilities
- Closure of certain operations
- Launch of the next generation technology diesel engines (NGD)
- Consolidation of corporate operations
- Realignment of the bus and truck dealership network and termination of various dealerships' contracts

In October 2002, the company's board of directors approved a separate restructuring plan (2002 Plan of Restructuring) and the company incurred charges for restructuring, asset and inventory write-downs and other exit costs totaling $372 million. In addition, the company incurred non-recurring charges of $170 million related to its V-6 diesel engine program and $60 million in losses (net of tax) from discontinued operations associated with its exit of the Brazil domestic truck market (see Note I).

The following are the major restructuring, integration and cost reduction initiatives included in the 2002 Plan of Restructuring:

- Closure of facilities and exit of certain activities including the Chatham, Ontario heavy truck assembly facility, the Springfield, Ohio body plant and a manufacturing production line within one of the company's plants
- Offer of an early retirement program to certain union represented employees
- Completion of the launch of the HPV and NGD product programs

Of the 2002 pre-tax restructuring, other non-recurring charges and adjustments of $544 million, $157 million represented non-cash charges.

Through April 30, 2003, approximately $596 million in charges related to the 2000 and 2002 Plans of Restructuring and the 2002 non-recurring charges have been incurred. Curtailment losses of $169 million related to the company's postretirement benefit plans have been reclassified as a non-current postretirement benefits liability. The remaining restructuring and other non-recurring charges liability of $255 million is expected to be funded from existing cash balances and internally generated cash flows from operations.

Navistar International Corporation and Consolidated Subsidiaries
Notes to Financial Statements (Unaudited)

Note H. Restructuring and Other Non-recurring Charges (continued)

2000 and 2002 Restructuring Charges (continued)

A description of the significant components of the 2000 and 2002 restructuring charges is as follows:

The 2000 Plan of Restructuring included the reduction of approximately 1,900 employees from the workforce, primarily in North America. At October 31, 2002, the remaining $18 million balance of the total net charge of $75 million was adjusted as part of the $94 million charge for severance and benefits related to the 2002 restructuring charge. Pursuant to the 2002 Plan of Restructuring, an additional 3,500 positions will be eliminated throughout the company, primarily in North America. During the six months ended April 30, 2003, approximately $24 million was paid for severance and other benefits to approximately 1,400 employees as a result of the two Plans of Restructuring, of which $12 million was paid in the second quarter. The severance and other benefits balance represents costs related to future payments due to the company's contractual severance obligations.

Lease termination costs related to the 2000 Plan of Restructuring include future obligations under long-term non-cancelable lease agreements at facilities being vacated following workforce reductions. This charge primarily consisted of the estimated lease costs, net of probable sublease income, associated with the cancellation of the company's corporate office lease at NBC Tower in Chicago, Illinois, which expires in 2010. As of April 30, 2003, $10 million of the total net charge of $38 million has been incurred for lease termination costs, of which $1 million was incurred during the quarter.

The 2000 Plan of Restructuring included the effect of the sale of Harco National Insurance Company (Harco). On November 30, 2001, NFC completed the sale of Harco to IAT Reinsurance Syndicate Ltd. (IAT), a Bermuda reinsurance company. During the six months ended April 30, 2003, $2 million of payments related to exit costs were incurred. All of these payments were made in the first quarter.

Dealer termination costs related to the 2000 Plan of Restructuring include the termination of certain dealer contracts in connection with the realignment of the company's bus distribution network, and other litigation costs to implement the 2000 restructuring initiatives. Other exit costs principally include $25 million of contractually obligated exit and closure costs incurred as a result of the planned closure of both the Chatham Assembly Plant and the Springfield Body Plant. As of April 30, 2003, $25 million of the total net charge of $68 million has been paid for dealer termination and other exit costs, of which $1 million was incurred during the quarter.

Other Non-Recurring Charges

In addition to the 2002 Plan of Restructuring charges, the company recorded non-recurring charges of $170 million primarily related to the discontinuance of the company's V-6 diesel engine program with Ford Motor Company (Ford). In October 2002, Ford advised the company that its current business case for a V-6 diesel engine in the specified vehicles was not viable and discontinued its program for the use of these engines. As a result, the company determined that the timing of the commencement of the V-6 diesel engine program was neither reasonably predictable nor probable. The non-recurring pre-tax charge of $167 million in 2002 included the write-off of deferred pre-production costs, the write-down to fair value of certain V-6 diesel engine-related fixed assets that were abandoned, an accrual for future lease obligations under non-cancelable operating leases for certain V-6 diesel engine assembly assets that will not be used by the company, an accrual for amounts contractually owed to suppliers related to the V-6 diesel engine program and the write-down to fair value of certain other assets.

Navistar International Corporation and Consolidated Subsidiaries
Notes to Financial Statements (Unaudited)

Note H. Restructuring and Other Non-recurring Charges (continued)

Other Non-Recurring Charges (continued)

The company worked with Ford to negotiate a reimbursement of its investment and development costs as well as any amounts owed to the company's suppliers. While the company believed that it was legally entitled to such reimbursement under the agreement, Ford did not agree to any such reimbursement of the company's investment and development costs. No anticipated recovery has been recorded as part of the $167 million pre-tax charge. As of April 30, 2003, of the total net charge of $170 million, $76 million has been incurred primarily related to the write-off or write-down to fair value of fixed assets and for the payment of lease obligations of which $2 million was incurred during the quarter.

Components of the company's restructuring plans and other non-recurring charges, including the plans initiated in both 2002 and 2000, are shown in the following table.

Millions of dollars	Balance October 31 2002	Amount Incurred	Balance April 30 2003
Severance and other benefits	$ 112	$ (24)	$ 88
Lease terminations	30	(2)	28
Loss on sale of business	4	(2)	2
Dealer terminations and other exit costs	46	(3)	43
Other non-recurring charges	104	(10)	94
Total	$ 296	$ (41)	$ 255

In April 2003, the company reached a comprehensive agreement with Ford concerning termination of its V-6 diesel engine program. The terms of the agreement include compensation to neutralize certain current and future V-6 diesel engine program related costs not accrued for as part of the 2002 non-recurring charge, resolution of ongoing pricing related to the company's V-8 diesel engine program and a release by the parties of all of their obligations under the V-6 diesel engine contract. The company will continue as Ford's exclusive supplier of V-8 diesel engines through 2012 for use in its over 8,500 lb. gross vehicle weight pick-up trucks, vans and SUVs for North America. The agreement did not have a material net impact on the company's financial position or results of operations for the three and six month periods ended April 30, 2003.

Note I. Discontinued Operations

In October 2002, the company announced its decision to discontinue the domestic truck business in Brazil (Brazil Truck) effective October 31, 2002. In connection with this discontinuance, the company recorded a loss on disposal of $46 million in fiscal 2002. The loss related to the write-down of assets to fair value, contractual settlement costs for the termination of the dealer contracts, severance and other benefits costs, and the write-off of Brazil Truck's cumulative translation adjustment due to the company's substantial liquidation of its investment in Brazil Truck. The disposal of Brazil Truck has been accounted for as discontinued operations in accordance with SFAS 144. Accordingly, the operating results of Brazil Truck have been classified as "Discontinued operations" and prior periods have been restated.

Navistar International Corporation and Consolidated Subsidiaries
Notes to Financial Statements (Unaudited)

Note J. Financial Instruments

The company uses derivative financial instruments as part of its overall interest rate and foreign currency risk management strategy as further described under Item 7A and in Note 13 to the 2002 Annual Report on Form 10-K.

The financial services operations manage exposure to fluctuations in interest rates by limiting the amount of fixed rate assets funded with variable rate debt. This is accomplished by selling fixed rate receivables on a fixed rate basis and by utilizing derivative financial instruments. These derivative financial instruments may include interest rate swaps, interest rate caps and forward contracts. 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. NFC 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. NFC does not require collateral or other security to support derivative financial instruments with credit risk. NFC's counter-party credit exposure is limited to the positive fair value of contracts at the reporting date. As of April 30, 2003, NFC's derivative financial instruments had a negative net fair value. Notional amounts of derivative financial instruments do not represent exposure to credit loss.

At April 30, 2003, the notional amounts and fair values of the company's derivatives are presented in the following table, in millions. The fair values of all these derivatives are recorded in other assets or other liabilities on the Statement of Financial Condition.

Inception Date	Maturity Date	Derivative Type	Notional Amount	Fair Value
January 1999 – April 2003	May 2003 – March 2007	Interest Rate Swaps	$ 394	$ (4)
October 2000 – November 2002	October 2003 – November 2012	Interest Rate Caps	1,014	-
February 2003 – April 2003	February 2005 – July 2005	Forward Starting Swaps	900	(6)
February 2003 – March 2003	May 2003	Foreign Currency Forward Contracts	10	(1)
April 2003	October 2003	Cross Currency Swaps	15	(1)

In November 2002, NFC entered into an interest rate swap agreement in connection with a sale of retail notes and lease receivables. The purpose of the swap was to convert the floating rate portion of the asset-backed securities issued into fixed rate interest to match the interest basis of the receivables pool sold to the owner trust and to protect NFC from interest rate volatility. The notional amount of this swap is calculated as the difference between the actual pool balances and the projected pool balances. At April 30, 2003, the notional amount was zero. The outcome of the swap results in NFC 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, NFC has retained interest rate exposure on this difference. This transaction is accounted for as a non-hedging derivative instrument and gains and losses are recorded in other income.

Navistar International Corporation and Consolidated Subsidiaries
Notes to Financial Statements (Unaudited)

Note J. Financial Instruments (continued)

During the second quarter of 2003, NFC entered into several forward starting swap contracts with aggregate notional amounts of $900 million in connection with anticipated sales of retail notes and finance leases. NFC recognized a pre-tax loss of $6 million related to these contracts. The purpose of these swaps is to limit NFC's interest rate risk exposure during the period it is accumulating receivables for the anticipated sales of receivables.

In addition to those instruments described above, the company entered into two call option derivative contracts in connection with the issuance of the $190 million senior convertible notes in December 2002. The purchased call option and written call option will allow the company to minimize share dilution associated with the convertible debt from the conversion price of the bond up to a 100% premium over the share price at issuance. In accordance with EITF 00-19, "Accounting for Derivative Financial Instruments Indexed to, and Potentially Settled in, a Company's Own Stock," the company has recorded these instruments in permanent equity, and will not recognize subsequent changes in fair value as long as the instruments remain classified as equity. The net premium paid for the call options was $25 million.

Note K. Guarantees

The company and its subsidiaries occasionally provide guarantees that could obligate them to make future payments if the primary entity fails to perform under its contractual obligations. The company has not recorded a liability for these guarantees. The company has no recourse as guarantor in case of default.

In connection with the $400 million 9 3/8% Senior Notes due 2006 that were issued by the company in May 2001, International provided a full and unconditional guarantee of this indebtedness along with guarantees on the $250 million 8% Senior Subordinated Notes due 2008 that were issued by the company in February 1998. International has also provided a guarantee on the $190 million 2½% Senior Convertible Notes due 2007 that were issued by the company in December 2002.

The company provided a guarantee on the $19 million 9.95% Senior Notes due 2011 that International issued in June 2001. As of April 30, 2003, the outstanding balance on this debt was $18 million.

The company and International are obligated under certain agreements with public and private lenders of NFC to maintain the subsidiary's income before interest expense and income taxes at not less than 125% of its total interest expense. No income maintenance payments were required for the six months ended April 30, 2003.

The company guarantees a total of $393 million of lines of credit made available to its Mexican finance subsidiaries by third parties and NFC. At April 30, 2003, outstanding loans under the lines of credit totaled $120 million. The lines of credit have various maturity dates with June 2007 being the longest maturity date from a third party.

The company also guarantees many of the operating leases of its operating subsidiaries. The leases have various expiration dates that extend through June 2014. The remaining maximum obligations under these leases as of April 30, 2003, totaled approximately $706 million.

The company and International also guarantee real estate operating leases of International and of the subsidiaries of the company. The leases have various maturity dates extending out through 2013. As of April 30, 2003, the total remaining obligation under these leases is approximately $28 million.

Navistar International Corporation and Consolidated Subsidiaries
Notes to Financial Statements (Unaudited)

Note K. Guarantees (continued)

The company and NFC have issued residual value guarantees in connection with various operating leases. The amount of the guarantees is undeterminable because in some instances, neither the company nor NFC is responsible for the entire amount of the guaranteed lease residual. The company's and NFC's guarantees are contingent upon the fair value of the leased assets at the end of the lease term. The excess of the guaranteed lease residual value over the fair value of the residual represents the amount of the company's and NFC's exposure.

NFC has an $820 million contractually committed bank revolving credit facility that will mature in December 2005. Under this agreement, the company's Mexican finance subsidiaries are permitted to borrow up to $100 million in the aggregate. Such borrowings by the Mexican finance subsidiaries are guaranteed by the company and NFC. As of April 30, 2003, the outstanding balance on this portion of the facility was $40 million.

In October 2002, NFC entered into an agreement to guarantee the 200 million peso-denominated bank facility of two of the company's Mexican finance subsidiaries. The due date of the longest loan maturity is May 2006. As of April 30, 2003, the total outstanding balance of the debt was equivalent to $19 million, or 200 million pesos.

In May 2002, NFC entered into an agreement to guarantee the peso-denominated line of credit of two of the Mexican finance subsidiaries up to the amount of 600 million pesos, equivalent to $58 million. The due date of the longest loan maturity is March 2006. As of April 30, 2003, the total outstanding balance of the debt was equivalent to $19 million.

In November 2001, NFC entered into an agreement to guarantee the 500 million peso-denominated medium term note of one of the Mexican finance subsidiaries. The due date is November 2004. As of April 30, 2003, the outstanding balance of peso-denominated debt was $49 million, or 500 million pesos.

As of April 30, 2003, NFC had guaranteed derivative contracts for foreign currency forwards, interest rate swaps and cross currency swaps related to two of the company's Mexican finance subsidiaries. NFC is liable up to the fair market value of these derivative contracts only in cases of default by the two Mexican finance subsidiaries. The notional amount available on this date under these derivative contracts is $25 million in foreign currency forwards and $52 million in interest rate swaps and cross currency swaps. As of April 30, 2003, the outstanding balances related to these forwards and swaps were $10 million of foreign currency forwards and $49 million of interest rate swaps and cross currency swaps, and the fair market values of these outstanding balances were both $1 million.

As part of the sale of Harco to IAT, NFC has agreed to guarantee the adequacy of Harco's loss reserves as of November 30, 2001, the closing date of the sale. There is no limit to the potential amount of future payments required under this agreement, which is scheduled to expire in November 2008. As security for its obligation under this agreement, NFC has escrowed $5 million, which will become available for use in February 2004. The carrying amount of the liability under this guarantee is estimated at $2 million as of April 30, 2003. Management believes this reserve is adequate to cover any future potential payments to IAT.

At April 30, 2003, the Canadian operating subsidiary was contingently liable for $307 million of retail customers' contracts and $39 million of retail leases that are financed by a third party. The Canadian operating subsidiary is responsible for the residual values of these financing arrangements. These contract amounts approximate the resale market value of the collateral underlying the note liabilities.

Navistar International Corporation and Consolidated Subsidiaries
Notes to Financial Statements (Unaudited)

Note K. Guarantees (continued)

In addition, the company entered into various guarantees for purchase commitments, credit guarantees and buyback programs with various expiration dates that total approximately $87 million. In the ordinary course of business, the company also provides routine indemnifications and other guarantees whose terms range in duration and often are not explicitly defined. The company does not believe these will have a material impact on the results of operations or financial condition of the company.

Product Warranty

Provisions for estimated expenses related to product warranty are made at the time products are sold. These estimates are established using historical information about the nature, frequency and average cost of warranty claims. Management actively studies trends of warranty claims and takes action to improve vehicle quality and minimize warranty claims. Management believes that the warranty reserve is appropriate; however, actual claims incurred could differ from the original estimates, requiring adjustments to the reserve.

Changes in the product warranty accrual for the six months ended April 30, 2003, were as follows:

Millions of dollars		
Balance, beginning of period	$	185
Change in liability for warranties issued during the period		68
Change in liability for preexisting warranties		(2)
Payments made		(85)
Balance, end of period	$	166

Note L. Legal Proceedings and Environmental Matters

The company and its subsidiaries are subject to various claims arising in the ordinary course of business, and are parties to various legal proceedings that constitute ordinary routine litigation incidental to the business of the company and its subsidiaries. In the opinion of the company's management, none of these proceedings or claims is material to the business or the financial condition of the company.

The company has been named a potentially responsible party (PRP), in conjunction with other parties, in a number of cases arising under an environmental protection law, the Comprehensive Environmental Response, Compensation, and Liability Act, popularly known as the Superfund law. These cases involve sites that allegedly have received wastes from current or former company locations. Based on information available to the company which, in most cases, consists of data related to quantities and characteristics of material generated at, or shipped to, each site as well as cost estimates from PRPs and/or federal or state regulatory agencies for the cleanup of these sites, a reasonable estimate is calculated of the company's share, if any, of the probable costs and is provided for in the financial statements. These obligations are generally recognized no later than completion of the remedial feasibility study and are not discounted to their present value. The company reviews its accruals on a regular basis and believes that, based on these calculations, its share of the potential additional costs for the cleanup of each site will not have a material effect on the company's financial results.

Navistar International Corporation and Consolidated Subsidiaries
Notes to Financial Statements (Unaudited)

Note M. Segment Data

Reportable operating segment data is as follows:

Millions of dollars	Truck	Engine	Financial Services	Total
	For the quarter ended April 30, 2003			
External revenues	**$ 1,255**	**$ 551**	**$ 55**	**$ 1,861**
Intersegment revenues	**-**	**126**	**9**	**135**
Total revenues	**$ 1,255**	**$ 677**	**$ 64**	**$ 1,996**
Segment profit (loss)	**$ (23)**	**$ 47**	**$ 13**	**$ 37**
	For the six months ended April 30, 2003			
External revenues	**$ 2,346**	**$ 941**	**$ 149**	**$ 3,436**
Intersegment revenues	**-**	**236**	**17**	**253**
Total revenues	**$ 2,346**	**$ 1,177**	**$ 166**	**$ 3,689**
Segment profit (loss)	**$ (119)**	**$ 12**	**$ 61**	**$ (46)**
	As of April 30, 2003			
Segment assets	**$ 1,549**	**$ 982**	**$ 2,247**	**$ 4,778**
	For the quarter ended April 30, 2002			
External revenues	$ 1,143	$ 453	$ 74	$ 1,670
Intersegment revenues	-	118	9	127
Total revenues	$ 1,143	$ 571	$ 83	$ 1,797
Segment profit (loss)	$ (44)	$ 61	$ 23	$ 40
	For the six months ended April 30, 2002			
External revenues	$ 2,085	$ 893	$ 154	$ 3,132
Intersegment revenues	-	215	18	233
Total revenues	$ 2,085	$ 1,108	$ 172	$ 3,365
Segment profit (loss)	$ (155)	$ 103	$ 54	$ 2
	As of April 30, 2002			
Segment assets	$ 1,827	$ 1,080	$ 2,415	$ 5,322

Navistar International Corporation and Consolidated Subsidiaries
Notes to Financial Statements (Unaudited)

Note M. Segment Data (continued)

Reconciliation to the consolidated financial statements as of and for the three months and six months ended April 30 is as follows:

Millions of dollars	Three Months Ended April 30 **2003**	Three Months Ended April 30 2002	Six Months Ended April 30 **2003**	Six Months Ended April 30 2002
Segment sales and revenues	**$ 1,996**	$ 1,797	**$ 3,689**	$ 3,365
Other income	**3**	2	**6**	5
Intercompany	**(135)**	(127)	**(253)**	(233)
Consolidated sales and revenues	**$ 1,864**	$ 1,672	**$ 3,442**	$ 3,137
Segment profit (loss)	**$ 37**	$ 40	**$ (46)**	$ 2
Restructuring adjustment	**-**	-	**-**	1
Corporate items	**(43)**	(32)	**(99)**	(69)
Manufacturing net interest expense	**(12)**	(13)	**(28)**	(26)
Consolidated pre-tax loss from continuing operations	**$ (18)**	$ (5)	**$ (173)**	$ (92)
Segment assets	**$ 4,778**	$ 5,322		
Cash and marketable securities	**361**	400		
Deferred taxes	**1,612**	1,020		
Corporate intangible pension assets	**12**	74		
Other corporate and eliminations	**14**	(63)		
Consolidated assets	**$ 6,777**	$ 6,753		

Note N. Common Shareowners' Equity

In November 2002, the company completed the sale of a total of 7,755,030 shares of its common stock held in Treasury, par value $0.10 per share, at a price of $22.566 per share, for an aggregate purchase price of $175 million to the three employee benefit plan trusts of International. The securities were offered and sold in reliance upon the exemption from securities registration afforded by Section 4(2) of the Securities Act of 1933 and Rule 506 under Regulation D. The proceeds from the sale of the stock will be used primarily to fund the company's retirement plans in 2003.

Note O. Comprehensive Income

The components of comprehensive income (loss) for the three months and six months ended April 30 are as follows:

Millions of dollars	Three Months Ended April 30 **2003**	Three Months Ended April 30 2002	Six Months Ended April 30 **2003**	Six Months Ended April 30 2002
Net loss	**$ (14)**	$ (4)	**$ (113)**	$ (60)
Other comprehensive income (loss)	**(4)**	6	**(18)**	6
Total comprehensive income (loss)	**$ (18)**	$ 2	**$ (131)**	$ (54)

Navistar International Corporation and Consolidated Subsidiaries
Notes to Financial Statements (Unaudited)

Note P. Earnings Per Share

Earnings (loss) per share was computed as follows:

Millions of dollars, except share and per share data	Three Months Ended April 30		Six Months Ended April 30	
	2003	2002	**2003**	2002
Loss from continuing operations	**$ (12)**	$ (2)	**$ (110)**	$ (55)
Loss from discontinued operations	**(2)**	(2)	**(3)**	(5)
Net loss	**$ (14)**	$ (4)	**$ (113)**	$ (60)
Average shares outstanding (millions)				
Basic	**68.4**	60.4	**67.3**	60.1
Diluted	**68.4**	60.4	**67.3**	60.1
Basic earnings (loss) per share				
Continuing operations	**$ (0.18)**	$ (0.04)	**$ (1.64)**	$ (0.92)
Discontinued operations	**(0.03)**	(0.03)	**(0.04)**	(0.08)
Net loss	**$ (0.21)**	$ (0.07)	**$ (1.68)**	$ (1.00)
Diluted earnings (loss) per share				
Continuing operations	**$ (0.18)**	$ (0.04)	**$ (1.64)**	$ (0.92)
Discontinued operations	**(0.03)**	(0.03)	**(0.04)**	(0.08)
Net loss	**$ (0.21)**	$ (0.07)	**$ (1.68)**	$ (1.00)

The computation of diluted shares outstanding for the six months ended April 30, 2003 and 2002, excludes incremental shares of 8.1 million and 2.1 million, respectively, related to employee stock options, convertible debt and other dilutive securities. These shares are excluded due to their anti-dilutive effect as a result of the company's losses for the first half of 2003 and 2002.

Navistar International Corporation and Consolidated Subsidiaries
Notes to Financial Statements (Unaudited)

Note Q. Condensed Consolidating Guarantor and Non-Guarantor Financial Information

The following tables set forth the condensed consolidating Statements of Financial Condition as of April 30, 2003 and 2002, and the Statements of Income and Cash Flow for the six months ended April 30, 2003 and 2002. The following information is included as a result of the guarantee of the 9 3/8% senior notes due 2006 by International, exclusive of its subsidiaries. International is a direct wholly owned subsidiary of NIC. International, exclusive of its subsidiaries, also guarantees NIC's obligations under its 2 ½% senior convertible notes due 2007 and 8% senior subordinated notes due 2008. None of NIC's other subsidiaries guarantee any of these notes. Each of the guarantees is full and unconditional. Separate financial statements and other disclosures concerning International have not been presented because management believes that such information is not material to investors. NIC includes the consolidated financial results of the parent company only, with all of its wholly owned subsidiaries accounted for under the equity method. International, for purposes of this disclosure only, includes the consolidated financial results of its wholly owned subsidiaries accounted for under the equity method. "Non-Guarantor Companies and Eliminations" includes the consolidated financial results of all other non-guarantor subsidiaries including the elimination entries for all intercompany transactions. All applicable corporate expenses have been allocated appropriately among the guarantor and non-guarantor subsidiaries.

NIC files a consolidated U.S. federal income tax return which includes International and its U.S. subsidiaries. International has a tax allocation agreement (Tax Agreement) with NIC which requires International to compute its separate federal income tax expense based on its adjusted book income. Any resulting tax liability is paid to NIC. In addition, under the Tax Agreement, International is required to pay to NIC any tax payments received from its subsidiaries. The effect of the Tax Agreement is to allow NIC, rather than International, to utilize U.S. operating income/losses and NIC operating loss carryforwards.

Navistar International Corporation and Consolidated Subsidiaries
Notes to Financial Statements (Unaudited)

Note Q. Condensed Consolidating Guarantor and Non-Guarantor Financial Information (continued)

Millions of dollars	NIC	International	Non-Guarantor Companies and Eliminations	Consolidated
CONDENSED CONSOLIDATING STATEMENT OF INCOME FOR THE SIX MONTHS ENDED APRIL 30, 2003				
Sales and revenues	$ 1	$ 2,592	$ 849	$ 3,442
Cost of products and services sold	13	2,431	564	3,008
All other operating expenses	(11)	525	93	607
Total costs and expenses	2	2,956	657	3,615
Equity in income (loss) of non-consolidated subsidiaries	(172)	175	(3)	-
Income (loss) from continuing operations before income taxes	(173)	(189)	189	(173)
Income tax expense (benefit)	(63)	21	(21)	(63)
Income (loss) from continuing operations	(110)	(210)	210	(110)
Loss from discontinued operations	(3)	-	-	(3)
Net income (loss)	$ (113)	$ (210)	$ 210	$ (113)
CONDENSED CONSOLIDATING STATEMENT OF FINANCIAL CONDITION AS OF APRIL 30, 2003				
Assets				
Cash and marketable securities	$ 241	$ 7	$ 540	$ 788
Receivables, net	6	156	1,818	1,980
Inventories	-	300	255	555
Property and equipment, net	-	786	528	1,314
Investment in affiliates	(2,793)	827	1,966	-
Deferred tax asset and other assets	1,620	150	370	2,140
Total assets	$ (926)	$ 2,226	$ 5,477	$ 6,777
Liabilities and Shareowners' Equity				
Debt	$ 840	$ 19	$ 1,699	$ 2,558
Postretirement benefits liability	-	1,452	162	1,614
Amounts due (from) to affiliates	(2,296)	2,184	112	-
Other liabilities	258	1,605	470	2,333
Total liabilities	(1,198)	5,260	2,443	6,505
Shareowners' equity (deficit)	272	(3,034)	3,034	272
Total liabilities and shareowners' equity	$ (926)	$ 2,226	$ 5,477	$ 6,777
CONDENSED CONSOLIDATING STATEMENT OF CASH FLOW FOR THE SIX MONTHS ENDED APRIL 30, 2003				
Cash provided by (used in) operations	$ (391)	$ 65	$ 164	$ (162)
Cash flow from investment programs				
Purchases, net of collections, of finance receivables	-	-	328	328
Net increase in marketable securities	(45)	-	(164)	(209)
Capital expenditures	-	(73)	(14)	(87)
Other investing activities	(9)	8	28	27
Cash provided by (used in) investment programs	(54)	(65)	178	59
Cash flow from financing activities				
Net borrowings (repayments) of debt	52	(2)	(251)	(201)
Other financing activities	174	1	(28)	147
Cash provided by (used in) financing activities	226	(1)	(279)	(54)
Cash and cash equivalents				
Increase (decrease) during the period	(219)	(1)	63	(157)
At beginning of the period	415	8	197	620
Cash and cash equivalents at end of the period	$ 196	$ 7	$ 260	$ 463

Navistar International Corporation and Consolidated Subsidiaries
Notes to Financial Statements (Unaudited)

Note Q. Condensed Consolidating Guarantor and Non-Guarantor Financial Information (continued)

Millions of dollars	NIC	International	Non-Guarantor Companies and Eliminations	Consolidated
CONDENSED CONSOLIDATING STATEMENT OF INCOME FOR THE SIX MONTHS ENDED APRIL 30, 2002				
Sales and revenues	$ 3	$ 2,417	$ 717	$ 3,137
Cost of products and services sold	8	2,207	415	2,630
All other operating expenses	(12)	475	136	599
Total costs and expenses	(4)	2,682	551	3,229
Equity in income (loss) of non-consolidated subsidiaries	(99)	126	(27)	-
Income (loss) from continuing operations before income taxes	(92)	(139)	139	(92)
Income tax expense (benefit)	(37)	12	(12)	(37)
Income (loss) from continuing operations	(55)	(151)	151	(55)
Loss from discontinued operations	(5)	-	-	(5)
Net income (loss)	$ (60)	$ (151)	$ 151	$ (60)
CONDENSED CONSOLIDATING STATEMENT OF FINANCIAL CONDITION AS OF APRIL 30, 2002				
Assets				
Cash and marketable securities	$ 375	$ 5	$ 743	$ 1,123
Receivables, net	6	87	1,586	1,679
Inventories	-	314	330	644
Property and equipment, net	-	893	783	1,676
Investment in affiliates	(1,235)	989	246	-
Deferred tax asset and other assets	1,011	281	339	1,631
Total assets	$ 157	$ 2,569	$ 4,027	$ 6,753
Liabilities and shareowners' equity				
Debt	$ 821	$ 21	$ 1,886	$ 2,728
Postretirement benefits liability	-	1,004	101	1,105
Amounts due (from) to affiliates	(1,893)	1,693	200	-
Other liabilities	137	1,284	407	1,828
Total liabilities	(935)	4,002	2,594	5,661
Shareowners' equity (deficit)	1,092	(1,433)	1,433	1,092
Total liabilities and shareowners' equity	$ 157	$ 2,569	$ 4,027	$ 6,753
CONDENSED CONSOLIDATING STATEMENT OF CASH FLOW FOR THE SIX MONTHS ENDED APRIL 30, 2002				
Cash provided by (used in) operations	$ (299)	$ 58	$ 115	$ (126)
Cash flow from investment programs				
Purchases, net of collections, of finance receivables	-	-	346	346
Net (increase) decrease in marketable securities	26	-	(328)	(302)
Capital expenditures	-	(94)	(20)	(114)
Other investing activities	(106)	35	105	34
Cash provided by (used in) investment programs	(80)	(59)	103	(36)
Cash flow from financing activities				
Net repayments of debt	-	-	(128)	(128)
Other financing activities	82	-	(56)	26
Cash provided by (used in) financing activities	82	-	(184)	(102)
Cash and cash equivalents				
Increase (decrease) during the period	(297)	(1)	34	(264)
At beginning of the period	658	6	158	822
Cash and cash equivalents at end of the period	$ 361	$ 5	$ 192	$ 558

Navistar International Corporation and Consolidated Subsidiaries
Notes to Financial Statements (Unaudited)

Note Q. Condensed Consolidating Guarantor and Non-Guarantor Financial Information (continued)

Millions of dollars	NIC	International	Non-Guarantor Companies and Eliminations	Consolidated
CONDENSED CONSOLIDATING STATEMENT OF FINANCIAL CONDITION AS OF OCTOBER 31, 2002				
Assets				
Cash and marketable securities	$ 415	$ 8	$ 313	$ 736
Receivables, net	6	104	2,158	2,268
Inventories	-	300	295	595
Property and equipment, net	-	770	709	1,479
Investment in affiliates	(2,539)	720	1,819	-
Deferred tax asset and other assets	1,476	101	288	1,865
Total assets	$ (642)	$ 2,003	$ 5,582	$ 6,943
Liabilities and shareowners' equity				
Debt	$ 788	$ 21	$ 1,947	$ 2,756
Postretirement benefits liability	-	1,483	149	1,632
Amounts due (from) to affiliates	(1,872)	1,817	55	-
Other liabilities	191	1,472	641	2,304
Total liabilities	(893)	4,793	2,792	6,692
Shareowners' equity (deficit)	251	(2,790)	2,790	251
Total liabilities and shareowners' equity	$ (642)	$ 2,003	$ 5,582	$ 6,943

Note R. Subsequent Events

In May 2003, the company announced that as a result of discussions with the National Automobile, Aerospace and Agricultural Implement Workers of Canada, or CAW, it has reached a conditional understanding on a plan that would keep the company's Chatham, Ontario plant open if certain conditions are met. The plan is subject to review and approval by company management and Navistar's board of directors. Accordingly, no adjustments have been made to the 2002 Plan of Restructuring as of April 30, 2003, as a result of this conditional understanding. The company has previously announced its intention to close the plant on July 18, 2003.

In June 2003, NFC sold $394 million of retail notes and lease receivables. The gain recognized on this sale was $21 million.

Navistar International Corporation and Consolidated Subsidiaries

Additional Financial Information (Unaudited)

The following additional financial information is provided based upon the continuing interest of certain shareholders and creditors.

Navistar International Corporation (with financial services operations on an equity basis)
Millions of dollars

Condensed Statement of Income	Three Months Ended April 30 2003	Three Months Ended April 30 2002	Six Months Ended April 30 2003	Six Months Ended April 30 2002
Sales of manufactured products	**$ 1,806**	$ 1,596	**$ 3,287**	$ 2,978
Other income	**4**	2	**7**	5
Total sales and revenues	**1,810**	1,598	**3,294**	2,983
Cost of products sold	**1,573**	1,365	**2,976**	2,598
Postretirement benefits expense	**70**	58	**153**	115
Engineering and research expense	**61**	65	**118**	129
Selling, general and administrative expense	**106**	108	**214**	224
Other expense	**30**	30	**66**	64
Total costs and expenses	**1,840**	1,626	**3,527**	3,130
Income (loss) from continuing operations before income taxes:				
Manufacturing operations	**(30)**	(28)	**(233)**	(147)
Financial services operations	**12**	23	**60**	55
Loss from continuing operations before income taxes	**(18)**	(5)	**(173)**	(92)
Income tax benefit	**(6)**	(3)	**(63)**	(37)
Loss from continuing operations	**(12)**	(2)	**(110)**	(55)
Loss from discontinued operations	**(2)**	(2)	**(3)**	(5)
Net loss	**$ (14)**	$ (4)	**$ (113)**	$ (60)

Condensed Statement of Financial Condition	April 30 2003	October 31 2002	April 30 2002
Cash, cash equivalents and marketable securities	**$ 452**	$ 549	$ 450
Inventories	**530**	566	594
Property and equipment, net	**1,092**	1,208	1,370
Equity in non-consolidated subsidiaries	**480**	448	438
Other assets	**860**	683	995
Deferred tax asset, net	**1,611**	1,526	1,016
Total assets	**$ 5,025**	$ 4,980	$ 4,863
Accounts payable, principally trade	**$ 979**	$ 970	$ 905
Postretirement benefits liability	**1,601**	1,618	1,092
Debt	**911**	897	940
Other liabilities	**1,262**	1,244	834
Shareowners' equity	**272**	251	1,092
Total liabilities and shareowners' equity	**$ 5,025**	$ 4,980	$ 4,863

Navistar International Corporation and Consolidated Subsidiaries

Additional Financial Information (Unaudited) (continued)

Navistar International Corporation (with financial services operations on an equity basis)
Millions of dollars

	Six Months Ended April 30	
Condensed Statement of Cash Flow	**2003**	2002
Cash flow from operations		
Net loss	**$ (113)**	$ (60)
Adjustments to reconcile net loss to cash used in operations:		
Depreciation and amortization	**80**	77
Deferred income taxes	**(89)**	(32)
Postretirement benefits funding less than (in excess of) expense	**(23)**	15
Equity in earnings of investees, net of dividends received	**(32)**	(33)
Other, net	**(23)**	(53)
Change in operating assets and liabilities	**(14)**	(139)
Cash used in operations	**(214)**	(225)
Cash flow from investment programs		
Purchases of marketable securities	**(125)**	(29)
Sales or maturities of marketable securities	**49**	55
Capital expenditures	**(86)**	(111)
Proceeds from sale-leasebacks	**-**	5
Receivable from financial services operations	**38**	(79)
Capitalized interest and other	**5**	(3)
Cash used in investment programs	**(119)**	(162)
Cash provided by financing activities	**160**	57
Cash and cash equivalents		
Decrease during the period	**(173)**	(330)
At beginning of the period	**549**	766
Cash and cash equivalents at end of the period	**$ 376**	$ 436

Navistar International Corporation and Consolidated Subsidiaries

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Certain statements under this caption that are not purely historical constitute "forward-looking statements" under the Private Securities Litigation Reform Act of 1995 and involve risks and uncertainties. These forward-looking statements are based on current management expectations as of the date made. The company assumes no obligation to update any forward-looking statements. Navistar International 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 captions "Restructuring and Other Non-recurring Charges" and "Business Environment." Additional information regarding factors that could cause actual results to differ materially from those in the forward-looking statements is contained from time to time in the company's filings with the Securities and Exchange Commission.

Results of Operations

Second Quarter Ended April 30, 2003

The company reported a net loss of $14 million, or a $0.21 loss per diluted common share for the second quarter ended April 30, 2003, primarily due to lower finance revenue, higher start-up costs, and higher postretirement benefits expense. For the comparable quarter last year, the net loss was $4 million, or a $0.07 loss per diluted common share.

The truck segment's loss decreased $21 million and revenues increased $112 million for the second quarter of 2003 compared to the same period in 2002. The truck segment's improvements are primarily the results of higher shipments driven by increased industry demand.

The engine segment's profit for the second quarter of 2003 was $47 million, a $14 million decrease compared to the same period in 2002. The decrease is primarily due to start-up costs associated with the ramp up of the new 6.0 liter (6.0L) V-8 engine. The engine segment's revenues were $677 million in the second quarter of 2003, 19% higher than the comparable quarter in 2002. This increase is mainly driven by higher shipments due to strong demand for the new 6.0L V-8 engine as well as the fulfillment of first quarter shipment shortfalls.

The financial services segment's profit decreased $10 million from the second quarter of 2002 to $13 million primarily due to lower gains on sales of receivables. Revenues for the financial services segment decreased $19 million compared to the same period last year primarily due to changes in finance and insurance revenue discussed below.

Sales and Revenues. Sales and revenues for the second quarter of 2003 totaled $1,864 million, 11% higher than the $1,672 million reported for the comparable quarter in 2002.

United States (U.S.) and Canadian industry retail sales of Class 5 through 8 trucks totaled 70,700 units in the second quarter of 2003, which is 5% higher than the 67,600 units sold during this period in 2002. Class 8 heavy truck sales of 33,900 units during the second quarter of 2003 were 5% lower than the 2002 level of 35,600 units. Industry sales of Class 5, 6 and 7 medium trucks, including school buses, increased 15% compared to the second quarter of 2002, to 36,700 units. Industry sales of school buses, which accounted for 22% of the medium truck market, were 4% higher than the 2002 level of 7,700 units.

The company's market share in the combined U.S. and Canadian Class 5 through 8 truck market for the second quarter of 2003 increased to 28.5% from 27.4% reported in the same period in 2002. This improvement was the result of focused sales and marketing efforts for the new High Performance Vehicles (HPV).

Results of Operations (continued)

Total engine shipments for the quarter ended April 30, 2003, reached 111,900 units, which is 18% higher than the 94,600 units shipped in the same quarter last year. Shipments of mid-range diesel engines by the company to other original equipment manufacturers (OEMs) during the second quarter of 2003 totaled 95,800 units, a 22% increase from the same period in 2002.

Finance and insurance revenue of $53 million in the second quarter of 2003 decreased 26% from 2002. This decrease was attributable to lower gains on the sales of receivables and losses incurred on forward starting swap contracts entered into in connection with the anticipated sales of retail notes and finance leases during the second quarter of 2003.

Costs and expenses. Manufacturing gross margin was 12.9% of sales for the second quarter of 2003 compared with 14.4% for the same period in 2002. This decrease is primarily due to start-up costs associated with the new 6.0L V-8 engine and ramp up costs associated with the planned move of premium conventional heavy truck production from the company's Chatham, Ontario plant to its plant in Escobedo, Mexico.

Postretirement benefits expense increased $13 million from the second quarter of 2002 to $71 million. This increase is the result of higher pension and health care obligations combined with lower returns on invested assets. In addition, higher amortization expense due to significant losses in 2002 contributed to the increase. These increases were partially offset by the effects of a required change in how certain unrecognized gains and losses are amortized into income which is described in Note A to the Financial Statements.

Engineering and research expense in 2003 decreased $4 million from the second quarter of 2002 to $61 million due to completion of new products and controlled spending.

Selling, general and administrative expense decreased 5% to $122 million in the second quarter of 2003 from $128 million for the comparable quarter in 2002. This change is due to a decrease in the provision for losses on receivables driven by a reduction in the repossession frequency.

Interest expense totaled $33 million for the second quarter of 2003, compared to $38 million for the same period last year. This decrease is due to the company's lower weighted average interest rates on new debt.

Six Months Ended April 30, 2003

The company reported a net loss of $113 million, or a $1.68 loss per diluted common share for the first six months of 2003, primarily due to higher start-up costs and postretirement benefits expense. The net loss was $60 million, or a $1.00 loss per diluted common share, for the comparable period of 2002.

The truck segment's loss decreased $36 million and revenues increased $261 million for the first six months of 2003 compared to the same period in 2002. The truck segment's improvements are primarily the result of higher shipments driven by increased industry demand.

The engine segment's profit for the first half of 2003 was $12 million, a $91 million decrease compared to the same period in 2002. The decrease is primarily the result of start-up costs associated with the new 6.0L V-8 engine. The engine segment's revenues were $1,177 million in the first half of 2003, 6% higher than the comparable period in 2002. This increase was driven by higher shipments to Ford Motor Company (Ford) in the second quarter.

Results of Operations (continued)

The financial services segment's profit was $61 million for the first six months of 2003, a $7 million increase over the comparable period in 2002. The increase in earnings was primarily attributable to a greater gain on the sale of retail receivables during the first quarter of 2003 partially offset by lower gains in the second quarter and the loss incurred on the forward starting swap contracts during the second quarter that was previously discussed. Revenues for the financial services segment decreased $6 million primarily due to changes in finance and insurance revenue discussed below.

Sales and Revenues. Sales and revenues for the first six months of 2003 totaled $3,442 million, 10% higher than the $3,137 million reported for the comparable period in 2002.

U.S. and Canadian industry retail sales of Class 5 through 8 trucks totaled 134,900 units for the first six months of 2003, which is 5% higher than the 128,400 units sold during this period in 2002. Class 8 heavy truck sales of 70,000 units during the first half of 2003 were 2% higher than the 2002 level of 68,900 units. Industry sales of Class 5, 6 and 7 medium trucks, including school buses, increased 9% to 64,900 units. Industry sales of school buses, which accounted for 22% of the medium truck market, increased 8% to 14,200 units.

The company's market share in the combined U.S. and Canadian Class 5 through 8 truck market for the first six months of 2003 increased to 27.7% from 26.8% reported in the same period of 2002. This improvement was the result of focused sales and marketing efforts.

Total engine shipments for the six months ended April 30, 2003, reached 189,500 units, which is 2% higher than the 185,400 units shipped in the same period last year. Shipments of mid-range diesel engines by the company to other OEMs during the first half of 2003 totaled 159,100 units, slightly higher than the same period of 2002.

Finance and insurance revenue of $145 million for the first half of 2003 decreased 3% from 2002. This decrease is due to lower gains on sales of receivables.

Costs and expenses. Manufacturing gross margin was 9.5% of sales for the first half of 2003, compared to 12.7% for the same period in 2002. The decrease is mainly due to start-up costs associated with the new 6.0L V-8 engine and costs associated with the planned move of premium conventional heavy truck production.

Postretirement benefits expense increased $38 million from the first half of 2002 to $154 million. This increase is the result of higher pension and health care obligations combined with lower returns on invested assets. In addition, higher amortization expense due to significant losses in 2002 contributed to the increase. These increases were partially offset by the effects of a required accounting change which is described previously and in Note A to the Financial Statements.

Engineering and research expense in the first half of 2003 decreased $11 million from the same period in 2002 to $118 million due to completion of new products and controlled spending.

Selling, general and administrative expense decreased 6% from the first half of 2002. This change is due to a decrease in the provision for losses on receivables driven by a reduction in the repossession frequency.

Interest expense for the first six months of 2003 decreased 8% from the first half of 2002 primarily due to the company's lower weighted average interest rates on new debt.

Restructuring and Other Non-recurring Charges

2000 and 2002 Restructuring Charges

In October 2000, the company incurred charges for restructuring, asset write-downs and other exit costs eventually totaling $309 million, after $3 million in net adjustments in 2001 and 2002, as part of an overall plan to restructure its manufacturing and corporate operations (2000 Plan of Restructuring). The major restructuring, integration and cost reduction initiatives, which were substantially complete as of November 30, 2001, included in the 2000 Plan of Restructuring are as follows:

- Replacement of steel cab trucks with a new line of HPV and a concurrent realignment of the company's truck manufacturing facilities
- Closure of certain operations
- Launch of the next generation technology diesel engines (NGD)
- Consolidation of corporate operations
- Realignment of the bus and truck dealership network and termination of various dealerships' contracts

In October 2002, the company's board of directors approved a separate restructuring plan (2002 Plan of Restructuring) and the company incurred charges for restructuring, asset and inventory write-downs and other exit costs totaling $372 million. In addition, the company incurred non-recurring charges of $170 million related to its V-6 diesel engine program and $60 million in losses (net of tax) from discontinued operations associated with its exit of the Brazil domestic truck market (see Note I to the Financial Statements).

The following are the major restructuring, integration and cost reduction initiatives included in the 2002 Plan of Restructuring:

- Closure of facilities and exit of certain activities including the Chatham, Ontario heavy truck assembly facility, the Springfield, Ohio body plant and a manufacturing production line within one of the company's plants
- Offer of an early retirement program to certain union represented employees
- Completion of the launch of the HPV and NGD product programs

Of the 2002 pre-tax restructuring, other non-recurring charges and adjustments of $544 million, $157 million represented non-cash charges.

Through April 30, 2003, approximately $596 million in charges related to the 2000 and 2002 Plans of Restructuring and the 2002 non-recurring charges have been incurred. Curtailment losses of $169 million related to the company's postretirement benefit plans have been reclassified as a non-current postretirement benefits liability. The remaining restructuring and other non-recurring charges liability of $255 million is expected to be funded from existing cash balances and internally generated cash flows from operations.

Restructuring and Other Non-recurring Charges (continued)

2000 and 2002 Restructuring Charges (continued)

A description of the significant components of the 2000 and 2002 restructuring charges is as follows:

The 2000 Plan of Restructuring included the reduction of approximately 1,900 employees from the workforce, primarily in North America. At October 31, 2002, the remaining $18 million balance of the total net charge of $75 million was adjusted as part of the $94 million charge for severance and benefits related to the 2002 restructuring charge. Pursuant to the 2002 Plan of Restructuring, an additional 3,500 positions will be eliminated throughout the company, primarily in North America. During the six months ended April 30, 2003, approximately $24 million was paid for severance and other benefits to approximately 1,400 employees as a result of the two Plans of Restructuring, of which $12 million was paid in the second quarter. The severance and other benefits balance represents costs related to future payments due to the company's contractual severance obligations.

Lease termination costs related to the 2000 Plan of Restructuring include future obligations under long-term non-cancelable lease agreements at facilities being vacated following workforce reductions. This charge primarily consisted of the estimated lease costs, net of probable sublease income, associated with the cancellation of the company's corporate office lease at NBC Tower in Chicago, Illinois, which expires in 2010. As of April 30, 2003, $10 million of the total net charge of $38 million has been incurred for lease termination costs, of which $1 million was incurred during the quarter.

The 2000 Plan of Restructuring included the effect of the sale of Harco National Insurance Company (Harco). On November 30, 2001, Navistar Financial Corporation (NFC) completed the sale of Harco to IAT Reinsurance Syndicate Ltd., a Bermuda reinsurance company. During the six months ended April 30, 2003, $2 million of payments related to exit costs were incurred. All of these payments were made in the first quarter.

Dealer termination costs related to the 2000 Plan of Restructuring include the termination of certain dealer contracts in connection with the realignment of the company's bus distribution network, and other litigation costs to implement the 2000 restructuring initiatives. Other exit costs principally include $25 million of contractually obligated exit and closure costs incurred as a result of the planned closure of both the Chatham Assembly Plant and the Springfield Body Plant. As of April 30, 2003, $25 million of the total net charge of $68 million has been paid for dealer termination and other exit costs, of which $1 million was incurred during the quarter.

Other Non-Recurring Charges

In addition to the 2002 Plan of Restructuring charges, the company recorded non-recurring charges of $170 million primarily related to the discontinuance of the company's V-6 diesel engine program with Ford. In October 2002, Ford advised the company that its current business case for a V-6 diesel engine in the specified vehicles was not viable and discontinued its program for the use of these engines. As a result, the company determined that the timing of the commencement of the V-6 diesel engine program was neither reasonably predictable nor probable. The non-recurring pre-tax charge of $167 million in 2002 included the write-off of deferred pre-production costs, the write-down to fair value of certain V-6 diesel engine-related fixed assets that were abandoned, an accrual for future lease obligations under non-cancelable operating leases for certain V-6 diesel engine assembly assets that will not be used by the company, an accrual for amounts contractually owed to suppliers related to the V-6 diesel engine program and the write-down to fair value of certain other assets.

Restructuring and Other Non-recurring Charges (continued)

Other Non-Recurring Charges (continued)

The company worked with Ford to negotiate a reimbursement of its investment and development costs as well as any amounts owed to the company's suppliers. While the company believed that it was legally entitled to such reimbursement under the agreement, Ford did not agree to any such reimbursement of the company's investment and development costs. No anticipated recovery has been recorded as part of the $167 million pre-tax charge. As of April 30, 2003, of the total net charge of $170 million, $76 million has been incurred primarily related to the write-off or write-down to fair value of fixed assets and for the payment of lease obligations of which $2 million was incurred during the quarter.

The actions to implement the 2002 restructuring initiatives are expected to generate at least $70 million in annual savings for the company, due to the reduction of manufacturing fixed costs. The company realized approximately $23 million of these benefits in the first six months of 2003, of which $13 million was realized in the second quarter, and expects to realize modestly higher savings throughout the rest of the year. Full annualized savings will be realized in late 2003, once the restructuring initiatives are fully implemented.

Components of the company's restructuring plans and other non-recurring charges, including the plans initiated in both 2002 and 2000, are shown in the following table.

Millions of dollars	Balance October 31 2002	Amount Incurred	Balance April 30 2003
Severance and other benefits	$ 112	$ (24)	$ 88
Lease terminations	30	(2)	28
Loss on sale of business	4	(2)	2
Dealer terminations and other exit costs	46	(3)	43
Other non-recurring charges	104	(10)	94
Total	$ 296	$ (41)	$ 255

In April 2003, the company reached a comprehensive agreement with Ford concerning termination of its V-6 diesel engine program. The terms of the agreement include compensation to neutralize certain current and future V-6 diesel engine program related costs not accrued for as part of the 2002 non-recurring charge, resolution of ongoing pricing related to the company's V-8 diesel engine program and a release by the parties of all of their obligations under the V-6 diesel engine contract. The company will continue as Ford's exclusive supplier of V-8 diesel engines through 2012 for use in its over 8,500 lb. gross vehicle weight pick-up trucks, vans and SUVs for North America. The agreement did not have a material net impact on the company's financial position or results of operations for the three and six month periods ended April 30, 2003.

Liquidity and Capital Resources

Cash flow is generated from the manufacture and sale of trucks and mid-range diesel engines and their associated service parts as well as from product financing provided to the company's dealers and retail customers by the financial services segment. The company's current debt ratings have made sales of finance receivables the most economical source of funding for NFC.

Liquidity and Capital Resources (continued)

The company had working capital of $182 million at April 30, 2003, compared to $209 million at October 31, 2002. Cash used in operations during the first six months of 2003 totaled $162 million primarily from a net loss of $113 million and a net change in non-cash items of $55 million.

The net source of cash resulting from the change in operating assets and liabilities included a $43 million increase in other liabilities due to an increase in customer prepayments as well as a $23 million decrease in inventories due to lower truck production. This change was partially offset by a $56 million increase in prepaid and other current assets primarily due to an increase in prepaid insurance and foreign income taxes.

Cash provided by investment programs resulted from a net decrease in retail notes and lease receivables of $328 million and a net decrease in property and equipment leased to others of $24 million. These were partially offset by a net increase in marketable securities of $209 million and $87 million of capital expenditures primarily for the HPV and NGD programs.

Cash used by financing activities resulted from a net decrease of $196 million in notes and debt outstanding under the bank revolving credit facility and other commercial paper programs as well as net premiums paid on call options on the company's stock of $25 million. This was partially offset by the sale of 7,755,030 shares of the company's common stock for an aggregate purchase price of $175 million.

NFC has traditionally obtained the funds to provide financing to the company's dealers and retail customers from sales of finance receivables, commercial paper, short and long-term bank borrowings, medium and long-term debt and equity capital. As of April 30, 2003, NFC's funding consisted of sold finance receivables of $2,730 million, bank and other borrowings of $911 million, convertible debt of $175 million, secured borrowings of $270 million and equity of $384 million.

NFC securitizes and sells 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 corporations and wholly owned subsidiaries of NFC. The sales of finance receivables in each securitization constitute sales under accounting principles generally accepted in the United States of America, with the result that the sold receivables are removed from NFC's balance sheet and the investor's interests in the related trust or conduit are not reflected as liabilities.

Through the asset-backed public market and private placement sales, NFC has been able to fund fixed rate retail notes and finance leases at rates which are more economical than those available to NFC in the unsecured public bond market. NFC sells retail notes and finance leases through NFRRC. During the first six months of 2003 and 2002, NFC sold $850 million and $888 million, respectively, of retail notes and finance leases to an owner trust, which in turn, issued asset-backed securities that were sold to investors. As of April 30, 2003, the remaining shelf registration available to NFRRC for the public issuance of asset-backed securities was $1,650 million.

TERFCO has in place a trust that provides for the funding of $100 million of unsecured trade receivables generated by the sale of diesel engines and engine service parts from International to Ford. The facility matures in 2006. As of April 30, 2003, NFC has utilized $100 million of this facility.

TRAC has in place a revolving retail account conduit that provides for the funding of $100 million of eligible retail accounts. As of April 30, 2003, NFC has utilized $33 million of this facility. The facility expires in August 2003 and is renewable upon mutual consent of the parties.

Liquidity and Capital Resources (continued)

As of April 30, 2003, NFSC has in place a revolving wholesale note trust that provides for the funding of $1,012 million of eligible wholesale notes, of which $856 million has been utilized.

As of April 30, 2003, cash available to fund retail notes, wholesale notes and leases under NFC's bank revolving credit facilities, the revolving retail warehouse facility and the revolving wholesale note trust was $730 million. When combined with unrestricted cash and cash equivalents, $784 million was available to fund the general business purposes of NFC.

There have been no material changes in the company's hedging strategies or derivative positions since October 31, 2002, except for the purchased and written call options associated with the issuance of the $190 million convertible notes. Further disclosure may be found in Note J to the Financial Statements and in the company's 2002 Annual Report on Form 10-K.

In November 2002, the company completed the sale of a total of 7,755,030 shares of its common stock held in Treasury, par value $0.10 per share, at a price of $22.566 per share, for an aggregate purchase price of $175 million to the three employee benefit plan trusts of International. The securities were offered and sold in reliance upon the exemption from securities registration afforded by Section 4(2) of the Securities Act of 1933 and Rule 506 under Regulation D. The proceeds from the sale of the stock will be used primarily to fund the company's retirement plans in 2003.

In December 2002, Fitch IBCA lowered the company's and NFC's senior unsecured debt ratings to BB from BB+. They also lowered the company's and NFC's senior subordinated debt ratings to B+ from BB-. Also in December 2002, Standard and Poor's lowered the company's and NFC's senior unsecured debt ratings to BB- from BB and the company's senior subordinated debt rating to B from B+. In December 2002, Moody's also lowered the company's senior unsecured debt rating to Ba3 from Ba1 and the company's and NFC's senior subordinated debt ratings to B2 from Ba2.

In December 2002, the company completed the private placement of $190 million of senior convertible bonds due 2007. The bonds were priced to yield 2.5% with a conversion premium of 30% on a closing price of $26.70. Simultaneous with the issuance of the convertible bonds, the company entered into two call option derivative contracts, the consequences of which will allow the company to eliminate share dilution upon conversion of the convertible debt from the conversion price of the bond up to a 100% premium over the share price at issuance. In February 2003, $100 million of the net proceeds from the $190 million offering was used to repay the aggregate principal amount of the 7% senior notes due February 2003. The remaining funds were used to repay other existing debt, replenish cash balances that were used to repay other debt that matured in fiscal 2002 and to pay fees and expenses related to the offering.

Cash flow from the company's manufacturing operations, financial services operations and financing capacity is currently sufficient to cover planned investment in the business. The company had outstanding capital commitments of $124 million at April 30, 2003, primarily for the HPV, NGD and other new engine programs.

It is the opinion of management that, in the absence of significant unanticipated cash demands, current and forecasted cash flow as well as anticipated financing actions will provide sufficient funds to meet operating requirements and capital expenditures. Currently, under limitations in various debt agreements, the company is generally unable to incur material amounts of additional debt. The company is generally allowed under these limitations to refinance debt as it matures.

Management of the company's financial services operations believes that collections on the outstanding receivables portfolios as well as funds available from various funding sources will permit the financial services operations to meet the financing requirements of International's dealers and retail customers.

Critical Accounting Policies

The company has identified critical accounting policies that, as a result of the judgments, uncertainties, uniqueness and complexities of the underlying accounting standards and operations involved, could result in material changes to its financial condition or results of operations under different conditions or using different assumptions. The company's most critical accounting policies are related to sales allowances, sales of receivables, product warranty, product liability, pension and other postretirement benefits, allowance for losses and impairment of long-lived assets. Details regarding the company's use of these policies are described in the 2002 Annual Report on Form 10-K filed with the Securities and Exchange Commission. There have been no material changes to these policies since October 31, 2002, except as noted below.

As a result of the 2002 Plan of Restructuring substantially all of the participants of the company's pension plans are inactive. Accordingly, effective February 1, 2003, cumulative unrecognized gains and losses related to pension benefits are amortized over the remaining life expectancy of the participants in the plans. The company previously recognized these costs over the average remaining service life of employees. The change in amortization period did not have a material impact on the results of operations for the three and six month periods ended April 30, 2003.

Income Taxes

The Statement of Financial Condition at April 30, 2003, includes a deferred tax asset of $1,612 million, net of valuation allowances of $110 million. The company performs extensive analysis to determine the amount of the deferred tax asset. Such analysis is based on the premise that the company is, and will continue to be, a going concern and that it is more likely than not that deferred tax benefits will be realized through the generation of future taxable income. For more information, refer to Management's Discussion and Analysis of Financial Condition and Results of Operations and Note 3 in the company's 2002 Annual Report on Form 10-K.

New Accounting Pronouncements

In November 2002, the Financial Accounting Standards Board (FASB) issued Interpretation No. 45 (FIN 45), "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others." FIN 45 elaborates on the disclosures to be made by a guarantor in its interim and annual financial statements about its obligations under certain guarantees that it has issued. It also requires a guarantor to recognize, at inception of a guarantee, a liability for the fair value of the obligation undertaken in issuing the guarantee. The initial recognition and measurement provisions of FIN 45 are applicable on a prospective basis to guarantees issued or modified after December 31, 2002. The disclosure requirements are effective for financial statements of interim or annual periods ending after December 15, 2002. The company has provided disclosures about guarantees in Note K to the Financial Statements.

In December 2002, the FASB issued Statement of Financial Accounting Standards No. 148 (SFAS 148), "Accounting for Stock-Based Compensation – Transition and Disclosure," which amends Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation." SFAS 148 provides alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based employee compensation. It also requires prominent disclosures in both annual and interim financial statements about the method of accounting for stock-based employee compensation and the effect of the method used on reported results. The provisions of SFAS 148 are effective for fiscal years ending after December 15, 2002, and the interim disclosure provisions are effective for interim periods beginning after December 15, 2002. The company has provided the required interim disclosures in Note A to the Financial Statements.

New Accounting Pronouncements (continued)

In January 2003, the FASB issued Interpretation No. 46, "Consolidation of Variable Interest Entities." This interpretation addresses consolidation requirements of variable interest entities. Transferors to qualified special purpose entities (QSPEs) subject to the reporting requirements of Statement of Financial Accounting Standards No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities," are excluded from the scope of this interpretation. The company currently sells receivables to entities meeting the requirements of QSPEs.

In April 2003, the FASB issued Statement of Financial Accounting Standards No. 149, "Amendment of Statement 133 on Derivative Instruments and Hedging Activities," which amends and clarifies accounting and reporting for certain derivative instruments. This statement is effective for contracts entered into or modified after June 30, 2003, and for hedging relationships designated after June 30, 2003, and is to be applied prospectively. The company is evaluating the impact of this standard on its financial condition, results of operations and cash flows.

In May 2003, the FASB issued Statement of Financial Accounting Standards No. 150, "Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity," which establishes standards for how an issuer classifies and measures certain financial instruments with characteristics of both liabilities and equity. This statement is effective for financial instruments entered into or modified after May 31, 2003, and otherwise is effective at the beginning of the first interim period beginning after June 15, 2003. The company is evaluating the impact of this new standard on its financial condition, results of operations and cash flows.

Business Environment

Sales of Class 5 through 8 trucks have historically been cyclical, with demand affected by such economic factors as industrial production, construction, demand for consumer durable goods, interest rates and the earnings and cash flow of dealers and customers. Truck sales in the first half of 2003 were hindered by a number of factors including the overall state of the economy, rising insurance costs, tightened credit availability and increased fuel prices. The company's U.S. and Canadian order backlog at April 30, 2003, is 17,900 units, compared with 23,100 at April 30, 2002. Historically, retail deliveries have been impacted by the rate at which new truck orders are received. Therefore, in order to manage through the current downturn, the company continually evaluates order receipts and backlog throughout the year by balancing production with demand as appropriate.

The company currently projects 2003 U.S. and Canadian Class 8 heavy truck demand to be 156,000 units, down 4% from 2002. Class 6 and 7 medium truck demand, excluding school buses, is forecast at 77,300 units, 6% higher than in 2002. Demand for school buses is expected to be 27,500 units, consistent with 2002. Mid-range diesel engine shipments by the company to OEMs in 2003 are expected to be 346,000 units, 10% higher than 2002.

In May 2003, the company announced that as a result of discussions with the National Automobile, Aerospace and Agricultural Implement Workers of Canada, or CAW, it has reached a conditional understanding on a plan that would keep the company's Chatham, Ontario plant open if certain conditions are met. The plan is subject to review and approval by company management and Navistar's board of directors. Accordingly, no adjustments have been made to the 2002 Plan of Restructuring as of April 30, 2003, as a result of this conditional understanding. The company has previously announced its intention to close the plant on July 18, 2003.

Navistar International Corporation and Consolidated Subsidiaries

Item 3. Quantitative and Qualitative Disclosures About Market Risk

The company's primary market risks include fluctuations in interest rates and foreign currency exchange rates as further described in Item 7A of the 2002 Annual Report on Form 10-K.

Interest rate risk is the risk that the company will incur economic losses due to adverse changes in interest rates. Assuming a hypothetical instantaneous 10% adverse change in interest rates as of April 30, 2003, the net fair value of these instruments would decrease by approximately $20 million.

Foreign currency risk is the risk that the company will incur economic losses due to adverse changes in the foreign currency exchange rates. There have been no material changes in the company's foreign currency risk exposure since October 31, 2002, as reported in the 2002 Annual Report on Form 10-K.

Item 4. Controls and Procedures

Evaluation of disclosure controls and procedures

The company's principal executive officer and principal financial officer evaluated the company'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 (the Exchange Act)) as of a date within 90 days before the filing of this quarterly report (the Evaluation Date). Based on that evaluation, the principal executive officer and principal financial officer of the company concluded that, as of the Evaluation Date, the disclosure controls and procedures in place at the company were adequate to ensure that information required to be disclosed by the company, including its consolidated subsidiaries, in reports that the company 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 company's principal executive officer and principal financial officer believe the company's existing disclosure controls and procedures are adequate to enable the company to comply with its disclosure obligations, the company has established a disclosure committee that is in the process of formalizing and documenting the procedures already in place.

Changes in internal controls

The company has not made any significant changes to its internal controls subsequent to the Evaluation Date. The company 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.

Navistar International Corporation and Consolidated Subsidiaries

PART II – OTHER INFORMATION

Item 1. Legal Proceedings

The company and its subsidiaries are subject to various claims arising in the ordinary course of business, and are parties to various legal proceedings that constitute ordinary routine litigation incidental to the business of the company and its subsidiaries. In the opinion of the company's management, none of these proceedings or claims are material to the business or the financial condition of the company.

Various claims and controversies have arisen between the company and its former fuel system supplier, Caterpillar Inc. (Caterpillar), regarding the ownership and validity of certain patents covering fuel system technology used in the company's new version of diesel engines that were introduced in February 2002. In June 1999, in Federal Court in Peoria, Illinois, Caterpillar sued Sturman Industries, Inc. (Sturman), the company's joint venture partner in developing fuel system technology, alleging that technology invented and patented by Sturman and licensed to the company, belongs to Caterpillar. After a trial, on July 18, 2002, the jury returned a verdict in favor of Caterpillar finding that this technology belongs to Caterpillar under a prior contract between Caterpillar and Sturman. Sturman will appeal this decision and the company intends to cooperate in these efforts. In May 2003, in Federal Court in Columbia, South Carolina, Caterpillar sued the company, its supplier of injectors and joint venture partner Siemens Diesel Systems Technology, LLC and Sturman for patent infringement, alleging that certain Caterpillar patents are infringed in the company's new engines. In January 2002, Caterpillar sued the company in the Circuit Court in Peoria County, Illinois, and the company counter claimed against Caterpillar each alleging the other breached the purchase agreement pursuant to which Caterpillar supplied fuel systems for the company's prior version of diesel engines. The alleged breaches involve disputes over the price paid by the company to Caterpillar for fuel injectors delivered, Caterpillar's refusal to supply the new fuel system and the company's subsequent replacement of Caterpillar as the supplier of such systems for the company's new version of diesel engines. The company believes that it has meritorious defenses to the claims Caterpillar has asserted against the company and will defend vigorously any such actions. Based upon the information developed to date, the company believes that the proceedings or claims will not have a material adverse impact on the business, results of operations or financial condition of the company.

Item 2. Changes in Securities and Use of Proceeds

Directors of the company who are not employees receive an annual retainer and meeting fees payable at their election in shares of common stock of the company or in cash. Currently the board of directors mandates that at least one-fourth of the annual retainer be paid in the form of common stock of the company. For the period covered by this report, receipt of approximately 2,071 shares were deferred as payment for the 2003 annual retainer and meeting fees. In each case, the shares were acquired at prices ranging from $22.325 to $28.115 per share, which represented the fair market value of such shares on the date of acquisition. Exemption from registration of the shares is claimed by the company under Section 4(2) of the Securities Act of 1933, as amended.

Payments of cash dividends and the repurchase of common stock are currently limited due to restrictions contained in the company's $400 million Senior Notes, $250 million Senior Subordinated Notes and $19 million Note Purchase Agreement. The company has not paid dividends on the common stock since 1980 and does not expect to pay cash dividends on the common stock in the foreseeable future.

Navistar International Corporation and Consolidated Subsidiaries

PART II - OTHER INFORMATION (continued)

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

At the company's Annual Meeting of Shareowners on February 18, 2003, the following nominees were elected to the board of directors to serve three-year terms expiring at the 2006 Annual Meeting of Shareowners and until their successors are duly elected and qualified. There were no broker non-votes or abstentions with respect to this matter. The results of the voting for the election of directors were as follows:

Nominee	Votes For	Votes Withheld
Y. Marc Belton	50,638,272	2,991,578
Abbie J. Griffin	50,639,417	2,990,433
Robert C. Lannert	52,944,835	685,015

Accordingly, the three nominees received a plurality of the votes cast in the election of directors at the meeting and were elected. The names of the remaining directors who did not stand for election at the Annual Meeting and whose terms of office as directors continued after such meeting are Michael N. Hammes, John R. Horne, James H. Keyes, Southwood J. Morcott, Eugenio Clariond, John D. Correnti, William F. Patient, Daniel C. Ustian and David McAllister.

Item 6. Exhibits and reports on Form 8-K

(a) Exhibits:

		10-Q Page
3.	Articles of Incorporation and By-Laws	E-1
4.	Instruments Defining The Rights of Security Holders, Including Indentures	E-2
10.	Material Contracts	E-6
99.1	CEO Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	E-8
99.2	CFO Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	E-9

(b) Reports on Form 8-K:

The company filed a current report on Form 8-K with the Commission on February 14, 2003, in which the company released its first quarter 2003 earnings.

The company furnished a current report on Form 8-K with the Commission on March 4, 2003, in which the company announced the presentation of an overview of the business at the Salomon Smith Barney Sixteenth Annual Global Industrials Manufacturing Conference in New York.

The company furnished a current report on Form 8-K with the Commission on March 26, 2003, in which the company announced the presentation of an overview of the business at the Deutsche Bank Basic Industries Conference in New York.

The company filed a current report on Form 8-K with the Commission on April 14, 2003, in which the company announced that it reached a comprehensive agreement with Ford Motor Company concerning the termination of the Ford V-6 diesel engine program.

SIGNATURE

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

NAVISTAR INTERNATIONAL CORPORATION

(Registrant)

/s/ Mark T. Schwetschenau

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

June 13, 2003

CERTIFICATION

I, Daniel C. Ustian, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Navistar International Corporation;

2. Based on my knowledge, this quarterly 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 quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly 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 quarterly 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 quarterly 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 quarterly report (the "Evaluation Date"); and
c) presented in this quarterly 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 quarterly 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: June 13, 2003

/s/ Daniel C. Ustian
Daniel C. Ustian
President and Chief Executive Officer
(Principal Executive Officer)

CERTIFICATION

I, Robert C. Lannert, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Navistar International Corporation;

2. Based on my knowledge, this quarterly 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 quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly 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 quarterly 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 quarterly 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 quarterly report (the "Evaluation Date"); and
c) presented in this quarterly 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 quarterly 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: June 13, 2003

/s/ Robert C. Lannert
Robert C. Lannert
Vice Chairman and Chief Financial Officer
(Principal Financial Officer)

EXHIBIT 3

NAVISTAR INTERNATIONAL CORPORATION
AND CONSOLIDATED SUBSIDIARIES
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ARTICLES OF INCORPORATION AND BY-LAWS

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

3.1 Restated Certificate of Incorporation of Navistar International Corporation effective July 1, 1993, filed as Exhibit 3.2 to Annual Report on Form 10-K dated October 31, 1993, which was filed on January 27, 1994, Commission File No. 1-9618, and amended as of May 4, 1998.

3.2 The By-Laws of Navistar International Corporation effective February 14, 1995, filed as Exhibit 3.2 to Annual Report on Form 10-K dated October 31, 1995, which was filed on January 26, 1996, on Commission File No. 1-9618.

NAVISTAR INTERNATIONAL CORPORATION
AND CONSOLIDATED SUBSIDIARIES

INSTRUMENTS DEFINING RIGHTS OF SECURITY HOLDERS, INCLUDING INDENTURES

The following instruments of Navistar International Corporation and its principal subsidiary International Truck and Engine Corporation, and its principal subsidiary Navistar Financial Corporation defining the rights of security holders are incorporated herein by reference.

4.1 Indenture, dated as of February 4, 1998, by and between Navistar International Corporation and Harris Trust and Savings Bank, as Trustee, for 8% Senior Subordinated Notes due 2008 for $250,000,000. Filed on Registration No. 333-47063 as Exhibit 4.3.

4.2 $100,000,000 Revolving Credit Agreement dated as of July 9, 1999, as amended by Amendment No. 7 dated as of April 25, 2001, among Arrendadora Financiera Navistar, S.A. de C.V., Servicios Financieros Navistar, S.A. de C.V. and Navistar Comercial, S.A. de C.V. and Banco Nacional de Mexico, S.A. de C.V. The Registrant agrees to furnish to the Commission upon request a copy of such agreement which it has elected not to file under the provisions of Regulation 601(b)(4)(iii).

4.3 $50,000,000 Mexican Peso Credit Agreement dated as of November 22, 2000, by and between Servicios Financieros Navistar, S.A. de C.V., Arrendadora Financiera Navistar, S.A. de C.V., Navistar Comercial, S.A. de C.V. and Banco Nacional de Obras y Servicios Publicos, S.N.C. The Registrant agrees to furnish to the Commission upon request a copy of such agreement which it has elected not to file under the provisions of Regulation 601(b)(4)(iii).

4.4 Credit Agreement for $820,000,000 Revolving Credit and Competitive Advance Facility dated as of December 8, 2000, between Navistar Financial 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. Filed as Exhibit 10.05 to Navistar Financial Corporation's Form 10-Q dated March 15, 2001. Commission File No. 1-4146-1.

4.5 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. Filed as Exhibit 10.07 to Navistar Financial Corporation's Form 10-Q dated March 15, 2001. Commission File No. 1-4146-1.

4.6 Indenture, dated as of May 31, 2001, by and between Navistar International Corporation, International Truck and Engine Corporation and BNY Midwest Trust Company, as Trustee, for 9 3/8% Senior Notes due 2006 for $400,000,000. Filed on Registration No. 333-64626 as Exhibit 4.3.

NAVISTAR INTERNATIONAL CORPORATION
AND CONSOLIDATED SUBSIDIARIES

INSTRUMENTS DEFINING RIGHTS OF SECURITY HOLDERS, INCLUDING INDENTURES

4.7 First Supplement to Indenture, dated as of May 31, 2001, by and between Navistar International Corporation, International Truck and Engine Corporation and BNY Midwest Trust Company, as Trustee, for 8% Senior Subordinated Notes due 2008 for $250,000,000. Filed on Registration No. 333-64626 as Exhibit 4.2.

4.8 Note Purchase Agreement, dated as of June 15, 2001, as amended by Amendment dated August 16, 2001, between International Truck and Engine Corporation and the State of Wisconsin Investment Board for 9.95% Senior Notes due 2011 for $19,000,000. The Registrant agrees to furnish to the Commission upon request a copy of such agreement, which it has elected not to file under the provisions of Regulation 601(b)(4)(iii).

4.9 $250,000,000 Mexican Peso Credit Agreement dated as of July 25, 2001, as amended by Amendment No. 2 dated as of August 21, 2002, by and between Servicios Financieros Navistar, S.A. de C.V., Arrendadora Financiera Navistar, S.A. de C.V., Navistar Comercial, S.A. de C.V. and Banco Nacional de Obras y Servicios Publicos, S.N.C. The Registrant agrees to furnish to the Commission upon request a copy of such agreement which it has elected not to file under the provisions of Regulation 601(b)(4)(iii).

4.10 First Supplement to Indenture, dated as of August 22, 2001, by and between Navistar International Corporation, International Truck and Engine Corporation and BNY Midwest Trust Company, as Trustee, for 9 3/8% Senior Notes due 2006 for $400,000,000. Filed as Exhibit 4.19 to Annual Report on Form 10-K dated December 18, 2001. Commission File No. 1-9618.

4.11 Second Supplement to Indenture, dated as of August 22, 2001, by and between Navistar International Corporation, International Truck and Engine Corporation and BNY Midwest Trust Company, as Trustee, for 8% Senior Subordinated Notes due 2008 for $250,000,000. Filed as Exhibit 4.20 to Annual Report on Form 10-K dated December 18, 2001. Commission File No. 1-9618.

4.12 $30,000,000 Revolving Credit Agreement dated as of October 25, 2001, as amended by Amendment No. 2 dated as of August 29, 2002, among Arrendadora Financiera Navistar, S.A. de C.V. and Servicios Financieros Navistar, S.A. de C.V. and Export Development Canada. The Registrant agrees to furnish to the Commission upon request a copy of such agreement which it has elected not to file under the provisions of Regulation 601(b)(4)(iii).

4.13 $500,000,000 Mexican Peso Medium Term Promissory Notes Program issued November 22, 2001, by Servicios Financieros Navistar, S.A. de C.V. and placed in the market by the intermediate underwriter Casa de Bolsa Citibank, S.A. de C.V. The Registrant agrees to furnish to the Commission upon request a copy of such agreement which it has elected not to file under the provisions of Regulation 601(b)(4)(iii).

NAVISTAR INTERNATIONAL CORPORATION
AND CONSOLIDATED SUBSIDIARIES

INSTRUMENTS DEFINING RIGHTS OF SECURITY HOLDERS, INCLUDING INDENTURES

4.14 $200,000,000 Mexican Peso Revolving Credit Agreement dated as of November 27, 2001, as amended by Amendment No. 3 dated as of January 31, 2003, and renewed on this same date, among Arrendadora Financiera Navistar, S.A. de C.V. and Servicios Financieros Navistar, S.A. de C.V. and Comerica Bank Mexico, S.A. The Registrant agrees to furnish to the Commission upon request a copy of such agreement which it has elected not to file under the provisions of Regulation 601(b)(4)(iii).

4.15 $120,000,000 Mexican Peso Revolving Credit Agreement dated as of February 27, 2002, among Arrendadora Financiera Navistar, S.A. de C.V., as borrower, and Nacional Financiera, S.N.C., as lender. The Registrant agrees to furnish to the Commission upon request a copy of such agreement which it has elected not to file under the provisions of Regulation 601(b)(4)(iii).

4.16 $120,000,000 Mexican Peso Revolving Credit Agreement dated as of February 27, 2002, among Servicios Financieros Navistar, S.A. de C.V., as borrower, and Nacional Financiera, S.N.C., as lender. The Registrant agrees to furnish to the Commission upon request a copy of such agreement which it has elected not to file under the provisions of Regulation 601(b)(4)(iii).

4.17 Navistar International Corporation Restated Stock Certificate filed as Exhibit 4.20 to Form 10-Q dated March 11, 2002. Commission File No. 1-9618.

4.18 Indenture, dated as of March 25, 2002, by and among Navistar Financial Corporation, Navistar International Corporation and BNY Midwest Trust Company, as Trustee, for Navistar Financial Corporation's 4.75% Subordinated Exchangeable Notes due 2009 for $220,000,000. Filed as Exhibit 4.1 to Form S-3 dated May 7, 2002. Registration No. 333-87716.

4.19 Registration Rights Agreement, dated as of March 25, 2002, by and among Navistar Financial 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.

4.20 $141,000,000 Mexican Peso Revolving Credit Agreement dated as of May 14, 2002, among Servicios Financieros Navistar, S.A. de C.V. and Arrendadora Financiera Navistar, S.A. de C.V., as borrowers and Ixe Banco, S.A., as lender. The Registrant agrees to furnish to the Commission upon request a copy of such agreement which it has elected not to file under the provisions of Regulation 601 (b)(4)(iii).

NAVISTAR INTERNATIONAL CORPORATION
AND CONSOLIDATED SUBSIDIARIES

INSTRUMENTS DEFINING RIGHTS OF SECURITY HOLDERS, INCLUDING INDENTURES

4.21 $10,000,000 Revolving Credit Agreement dated as of May 31, 2002, among Servicios Financieros Navistar, S.A. de C.V. and Arrendadora Financiera Navistar, S.A. de C.V., as borrowers and Banco Internacional, S.A., as lender. The Registrant agrees to furnish to the Commission upon request a copy of such agreement which it has elected not to file under the provisions of Regulation 601 (b)(4)(iii).

4.22 $50,000,000 Mexican Peso Revolving Credit Agreement dated as of June 24, 2002, between Servicios Financieros Navistar, S.A. de C.V., as borrower and Banco Invex, S.A., as lender. The Registrant agrees to furnish to the Commission upon request a copy of such agreement which it has elected not to file under the provisions of Regulation 601 (b)(4)(iii).

4.23 $200,000,000 Mexican Peso Revolving Credit Agreement dated as of October 16, 2002, among Servicios Financieros Navistar, S.A. de C.V. and Arrendadora Financiera Navistar, S.A. de C.V., as borrowers and Scotiabank Inverlat, S.A., as lender. The Registrant agrees to furnish to the Commission upon request a copy of such agreement which it has elected not to file under the provisions of Regulation 601 (b)(4)(iii).

4.24 Registration Rights Agreement, dated as of November 8, 2002, by and between Navistar International Corporation and the Investors party thereto. Filed as Exhibit 4.3 to Form S-3 dated December 6, 2002. Registration No. 333-101684.

4.25 Indenture, dated as of December 16, 2002, by and among Navistar International Corporation, International Truck and Engine Corporation and BNY Midwest Trust Company, as Trustee, for Navistar International Corporation's 2.50% Senior Convertible Notes due 2007 for $190,000,000. Filed as Exhibit 4.3 to Form S-3 dated February 25, 2003. Registration No. 333-103437.

4.26 Registration Rights Agreement, dated as of December 16, 2002, by and between Navistar International Corporation and Credit Suisse First Boston Corporation. Filed as Exhibit 4.2 to Form S-3 dated February 25, 2003. Registration No. 333-103437.

Instruments defining the rights of holders of other unregistered long-term debt of Navistar and its subsidiaries have been omitted from this exhibit index because the amount of debt authorized under any such instrument does not exceed 10% of the total assets of the Registrant and its consolidated subsidiaries. The Registrant agrees to furnish a copy of any such instrument to the Commission upon request.

NAVISTAR INTERNATIONAL CORPORATION
AND CONSOLIDATED SUBSIDIARIES

MATERIAL CONTRACTS

The following documents of Navistar International Corporation are filed herewith.

		Form 10-Q Page
10.35*	Board of Directors resolution approving an increase in the additional retainer paid to the audit committee members and to the chairs of the committees.	E-7

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* Indicates a management contract or compensatory plan or arrangement required to be filed as an exhibit to this report pursuant to Item 14(c).

Board of Directors resolution approving an increase in the additional retainer paid to the audit committee members and to the chairs of the committees:

RESOLVED, that the Board hereby (i) increases the additional annual retainer for the Chair of the Audit Committee from $6,000 to $12,000, (ii) increases the additional annual retainer for the Chairs of the Committee on Compensation and Governance and the Finance Committee from $6,000 to $9,000 and (iii) pay an additional annual retainer of $3,000 to members of the Audit Committee, all such actions to be effective April 1, 2003.

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Navistar International Corporation (the "Company") on Form 10-Q for the period ended April 30, 2003 as filed with the Securities and Exchange Commission (the “SEC”) on the date hereof (the "Report"), I, Daniel C. Ustian, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

A signed original of this written statement required by Section 906 of the Sarbanes-Oxley Act of 2002 has been provided to the Company and will be retained by the Company and furnished to the SEC or its staff upon request.

/s/ Daniel C. Ustian
Daniel C. Ustian
Chief Executive Officer
June 13, 2003

This certification accompanies the Report pursuant to § 906 of the Sarbanes-Oxley Act of 2002 and shall not be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liability of that section. This certification shall also not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, except to the extent that the Company specifically incorporates it by reference.

EXHIBIT 99.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Navistar International Corporation (the "Company") on Form 10-Q for the period ended April 30, 2003 as filed with the Securities and Exchange Commission (the "SEC") on the date hereof (the "Report"), I, Robert C. Lannert, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

A signed original of this written statement required by Section 906 of the Sarbanes-Oxley Act of 2002 has been provided to the Company and will be retained by the Company and furnished to the SEC or its staff upon request.

/s/ Robert C. Lannert
Robert C. Lannert
Chief Financial Officer
June 13, 2003

This certification accompanies the Report pursuant to § 906 of the Sarbanes-Oxley Act of 2002 and shall not be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liability of that section. This certification shall also not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, except to the extent that the Company specifically incorporates it by reference.