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, 2004

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 ___

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule12b-2 of the Act.) 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 31, 2004, the number of shares outstanding of the registrant's common stock was 69,814,456.

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**	
	2004	2003	**2004**	2003
Sales and revenues				
Sales of manufactured products	**$ 2,255**	$ 1,806	**$ 4,061**	$ 3,287
Finance revenue	**70**	53	**120**	145
Other income	**6**	5	**9**	10
Total sales and revenues	**2,331**	1,864	**4,190**	3,442
Costs and expenses				
Cost of products and services sold	**1,976**	1,588	**3,579**	3,008
Restructuring and other non-recurring charges	**-**	-	**4**	-
Postretirement benefits expense	**67**	71	**133**	154
Engineering and research expense	**51**	61	**115**	118
Selling, general and administrative expense	**133**	122	**254**	246
Interest expense	**30**	33	**61**	71
Other expense	**9**	7	**16**	18
Total costs and expenses	**2,266**	1,882	**4,162**	3,615
Income (loss) from continuing operations before income taxes	**65**	(18)	**28**	(173)
Income tax expense (benefit)	**24**	(6)	**10**	(63)
Income (loss) from continuing operations	**41**	(12)	**18**	(110)
Loss from discontinued operations	**-**	(2)	**-**	(3)
Net income (loss)	**$ 41**	$ (14)	**$ 18**	$ (113)
Basic earnings (loss) per share				
Continuing operations	**$ 0.59**	$ (0.18)	**$ 0.26**	$ (1.64)
Discontinued operations	**-**	(0.03)	**-**	(0.04)
Net income (loss)	**$ 0.59**	$ (0.21)	**$ 0.26**	$ (1.68)
Diluted earnings (loss) per share				
Continuing operations	**$ 0.54**	$ (0.18)	**$ 0.25**	$ (1.64)
Discontinued operations	**-**	(0.03)	**-**	(0.04)
Net income (loss)	**$ 0.54**	$ (0.21)	**$ 0.25**	$ (1.68)
Average shares outstanding (millions)				
Basic	**69.8**	68.4	**69.5**	67.3
Diluted	**80.6**	68.4	**70.9**	67.3

See Notes to Financial Statements.

STATEMENT OF FINANCIAL CONDITION (Unaudited)
Millions of dollars

	Navistar International Corporation and Consolidated Subsidiaries		
	April 30 2004	October 31 2003	April 30 2003
ASSETS			
Current assets			
Cash and cash equivalents	**$ 389**	$ 447	$ 463
Marketable securities	**121**	78	85
Receivables, net	**942**	869	988
Inventories	**621**	494	516
Deferred tax asset, net	**154**	176	256
Other assets	**177**	149	197
Total current assets	**2,404**	2,213	2,505
Marketable securities	**515**	517	240
Finance and other receivables, net	**804**	955	1,003
Property and equipment, net	**1,283**	1,350	1,314
Investments and other assets	**326**	336	298
Prepaid and intangible pension assets	**65**	66	61
Deferred tax asset, net	**1,481**	1,463	1,356
Total assets	**$ 6,878**	$ 6,900	$ 6,777
LIABILITIES AND SHAREOWNERS' EQUITY			
Liabilities			
Current liabilities			
Notes payable and current maturities of long-term debt	**$ 262**	$ 214	$ 250
Accounts payable, principally trade	**1,159**	1,079	1,018
Other liabilities	**961**	911	986
Total current liabilities	**2,382**	2,204	2,254
Debt: Manufacturing operations	**854**	863	882
Financial services operations	**1,367**	1,533	1,426
Postretirement benefits liability	**1,403**	1,435	1,360
Other liabilities	**504**	555	583
Total liabilities	**6,510**	6,590	6,505
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)	**2,121**	2,118	2,120
Retained earnings (deficit)	**(830)**	(824)	(906)
Accumulated other comprehensive loss	**(780)**	(786)	(723)
Common stock held in treasury, at cost (5.5 million, 6.5 million and 7.0 million shares held)	**(147)**	(202)	(223)
Total shareowners' equity	**368**	310	272
Total liabilities and shareowners' equity	**$ 6,878**	$ 6,900	$ 6,777

See Notes to Financial Statements.

STATEMENT OF CASH FLOW (Unaudited)
Millions of dollars

	Navistar International Corporation and Consolidated Subsidiaries	
	Six Months Ended April 30	
	2004	2003
Cash flow from operations		
Net income (loss)	**$ 18**	$ (113)
Adjustments to reconcile net income (loss) to cash used in operations:		
Depreciation and amortization	**102**	108
Deferred income taxes	**9**	(75)
Postretirement benefits funding in excess of expense	**(28)**	(23)
Gains on sales of receivables	**(32)**	(33)
Other, net	**(41)**	(21)
Change in operating assets and liabilities:		
Receivables	**(77)**	(2)
Inventories	**(131)**	23
Prepaid and other current assets	**(17)**	(63)
Accounts payable	**83**	12
Other liabilities	**39**	31
Cash used in operations	**(75)**	(156)
Cash flow from investment programs		
Purchases of retail notes and lease receivables	**(755)**	(660)
Collections/sales of retail notes and lease receivables	**911**	985
Purchases of marketable securities	**(225)**	(258)
Sales or maturities of marketable securities	**184**	49
Capital expenditures	**(49)**	(87)
Property and equipment leased to others	**13**	24
Other investment programs	**26**	(3)
Cash provided by investment programs	**105**	50
Cash flow from financing activities		
Issuance of debt	**23**	218
Principal payments on debt	**(79)**	(223)
Net decrease in notes and debt outstanding under bank revolving credit facility and commercial paper programs	**(67)**	(193)
Proceeds from sale of stock to benefit plans	**-**	175
Premiums on call options, net	**-**	(25)
Other financing activities	**35**	(3)
Cash used in financing activities	**(88)**	(51)
Cash and cash equivalents		
Decrease during the period	**(58)**	(157)
At beginning of the period	**447**	620
Cash and cash equivalents at end of the period	**$ 389**	$ 463

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 2003 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 position, results of operations and cash flow for the periods presented. Interim results are not necessarily indicative of results for the full year. Certain 2003 amounts have been reclassified to conform with the presentation used in the 2004 financial statements.

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 2003 Annual Report on Form 10-K. The following table illustrates the effect on the company’s net income (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.

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

Note A. Summary of Accounting Policies (continued)

	Three Months Ended April 30		Six Months Ended April 30	
Millions of dollars, except per share data	**2004**	2003	**2004**	2003
Net income (loss), as reported	**$ 41**	$ (14)	**$ 18**	$ (113)
Add: Interest expense on 2.5% senior convertible and 4.75% subordinated exchangeable debt for dilutive purposes (net of tax)	**2**	-	**-**	-
Adjusted net income (loss) available to common shareholders plus assumed conversions	**$ 43**	$ (14)	**$ 18**	$ (113)
Deduct: Total stock-based employee compensation expense determined under fair value based method for all awards net of related tax effects	**(3)**	(3)	**(6)**	(6)
Pro forma net income (loss)	**$ 40**	$ (17)	**$ 12**	$ (119)
Earnings (loss) per share:				
Basic – as reported	**$ 0.59**	$ (0.21)	**$ 0.26**	$ (1.68)
Basic – pro forma	**$ 0.55**	$ (0.25)	**$ 0.17**	$ (1.77)
Diluted – as reported	**$ 0.54**	$ (0.21)	**$ 0.25**	$ (1.68)
Diluted – pro forma	**$ 0.50**	$ (0.25)	**$ 0.17**	$ (1.77)

Note B. New Accounting Pronouncements

In December 2003, the Financial Accounting Standards Board (FASB) issued a revision to SFAS No. 132 (SFAS 132), "Employers' Disclosure about Pensions and Other Postretirement Benefits." This Statement retains the disclosures previously required by SFAS 132 but adds additional disclosure requirements about the assets, obligations, cash flows, and net periodic benefit cost of defined benefit pension plans and other defined benefit postretirement plans. It also calls for the required information to be provided separately for pension plans and for other postretirement benefit plans. The interim-period disclosures required by this Statement are included in Note D to the financial statements.

In May 2004, the FASB issued FASB Staff Position (FSP) 106-2, "Accounting and Disclosure Requirements Related to the Medicare Prescription Drug, Improvement and Modernization Act of 2003" (the Act). The FSP provides guidance on the accounting for the effects of the Act and requires certain disclosures regarding the effect of the federal subsidy provided by the Act. See Note D to the financial statements for additional information.

Note C. Supplemental Cash Flow Information

Consolidated interest payments during the first six months of 2004 and 2003 were $61 million and $74 million, respectively. Consolidated tax payments made during the first six months of 2004 and 2003 were not significant.

Note D. Postretirement Benefits

Postretirement Benefits Expense

The company provides postretirement benefits to a substantial portion of its employees. Costs associated with postretirement benefits include pension and postretirement health care expenses for employees, retirees and surviving spouses and dependents. In addition, as part of the 1993 restructured health care and life insurance plans, profit sharing payments to the Retiree Supplemental Benefit Trust (Trust) are required.

The cost of postretirement benefits is segregated as a separate component on the Statement of Income and is as follows:

	Three Months Ended April 30		Six Months Ended April 30	
Millions of dollars	**2004**	2003	**2004**	2003
Pension expense	**$ 18**	$ 25	**$ 38**	$ 61
Other benefits	**44**	46	**90**	93
Profit sharing provision to Trust	**5**	-	**5**	-
Net postretirement benefits expense	**$ 67**	$ 71	**$ 133**	$ 154

Net periodic postretirement benefits expense included on the Statement of Income is composed of the following:

	Pension Benefits			
	Three Months Ended April 30		Six Months Ended April 30	
Millions of dollars	**2004**	2003	**2004**	2003
Service costs for benefits earned during the period	**$ 7**	$ 7	**$ 14**	$ 13
Interest on obligation	**58**	62	**116**	125
Amortization of cumulative losses	**12**	11	**25**	30
Amortization of prior service cost	**1**	-	**3**	1
Other	**7**	3	**13**	8
Less expected return on assets	**(67)**	(58)	**(133)**	(116)
Net postretirement benefits expense	**$ 18**	$ 25	**$ 38**	$ 61

	Other Benefits			
	Three Months Ended April 30		Six Months Ended April 30	
Millions of dollars	**2004**	2003	**2004**	2003
Service costs for benefits earned during the period	**$ 4**	$ 5	**$ 7**	$ 10
Interest on obligation	**39**	38	**78**	77
Amortization of cumulative losses	**14**	15	**27**	29
Other	**1**	-	**5**	-
Less expected return on assets	**(14)**	(12)	**(27)**	(23)
Net postretirement benefits expense	**$ 44**	$ 46	**$ 90**	$ 93

"Other" includes the expense related to yearly lump-sum payments to retirees required by negotiated labor contracts, expense related to defined contribution plans and other postretirement benefit costs.

Note D. Postretirement Benefits (continued)

Employer Contributions

The company previously disclosed in its financial statements for the year ended October 31, 2003 that it expected to contribute approximately $162 million to its pension plans in 2004. As of April 30, 2004, $77 million of contributions have been made to the company's qualified pension plans. The company presently anticipates contributing an additional $154 million to fund these plans in 2004 for a total contribution of $231 million.

The company also makes contributions to partially fund retiree health care benefits. As of April 30, 2004, $5 million of contributions have been made to the company's retiree healthcare plans and the company anticipates contributing an additional $4 million in 2004 for a total contribution of $9 million.

Medicare Prescription Drug Law

On December 8, 2003, the President signed the Medicare Prescription Drug, Improvement and Modernization Act of 2003 (the Act) into law. The Act introduces a voluntary prescription drug benefit under Medicare as well as a federal subsidy to sponsors of retiree healthcare plans that provide prescription drug benefits that are at least actuarially equivalent to Medicare Part D. As permitted by FSP 106-1, the company previously chose to defer recognizing the effects of the Act on its postretirement healthcare insurance plans until authoritative guidance was issued by the FASB. Accordingly, the company's measures of the accumulated projected benefit obligation and net periodic postretirement benefit expense do not reflect the effects of the Act. In May 2004, the FASB issued FSP 106-2, which supercedes FSP 106-1 and requires the commencement of accounting recognition for the effects of the Act no later than the company's quarter ending October 31, 2004. The company anticipates implementing the accounting guidance related to the effects of the Act during the quarter ending July 31, 2004 and will be required to report the cumulative effect of accounting for the subsidy as of the date of the Act through the date of implementation. The company anticipates the Act will result in a reduction of its future net healthcare expenses and liabilities.

Note E. Income Taxes

The Statement of Income reflects tax expense which primarily reduces the cumulative benefit of NOL carryforwards currently 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 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 F. Inventories

Inventories are as follows:

Millions of dollars	**April 30 2004**	October 31 2003	April 30 2003
Finished products	**$ 315**	$ 279	$ 271
Work in process	**86**	47	58
Raw materials and supplies	**220**	168	187
Total inventories	**$ 621**	$ 494	$ 516

Note G. 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.

During the first six months of fiscal 2004, NFC sold $795 million of retail notes and leases for a pre-tax gain of $32 million compared to the first six months of fiscal 2003, when NFC sold $850 million of retail receivables for a pre-tax gain of $33 million.

Note G. Sales of Receivables (continued)

NFC's retained interests which include interest-only receivables, cash reserve accounts, and subordinated certificates, are recorded at fair value in the periods in which the sales occur. The fair value of the interest-only receivable is based on updated estimates of prepayment speeds and discount rates. NFC reassesses the fair value of the retained interests on a quarterly basis.

Note H. Restructuring and Other Non-recurring Charges

Restructuring Charges

In 2000 and 2002, the company's board of directors approved separate plans to restructure its manufacturing and corporate operations. The company incurred charges for severance and other benefits, curtailment losses, lease terminations, asset and inventory write-downs and other exit costs relating to these plans. The following are the major restructuring, integration and cost reduction initiatives originally included in the 2000 and 2002 Plans of Restructuring (Plans of Restructuring):

- 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
- 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
- Closure of certain facilities and operations 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 early retirement and voluntary severance programs to certain union represented employees

The Plans of Restructuring originally called for a reduction in workforce of approximately 5,400 employees, primarily in North America, resulting in charges totaling $169 million. The decision, in 2003, to keep open the Chatham facility along with changes in staffing requirements at other manufacturing facilities will lower the total number of employee reductions to 4,200. The change in expected employee reductions along with an evaluation of the severance reserves related to the HPV and NGD product programs resulted in a net reversal to the previously recorded severance and other benefits reserves totaling $46 million in 2003. In the first quarter of 2004, the company recorded an adjustment of $2 million to previously recorded charges to account for those employees who accepted the early retirement and voluntary severance program at the Chatham facility since October 31, 2003.

A curtailment loss of $157 million was recorded in 2002 relating to the company's postretirement plans. This loss was the result of an early retirement program for represented employees at the company's Springfield and Indianapolis plants and the planned closure of the Chatham facility. In 2003, the decision to keep open the Chatham facility, the offer of an early retirement and voluntary severance program to certain employees at the Chatham facility, and the completion of the sign-up period for the early retirement window program offered to certain eligible, long serviced UAW employees, resulted in a net reduction to the previously recorded curtailment loss totaling $5 million. An additional $2 million adjustment in the first quarter of 2004 finalized the postretirement curtailment charge taken in 2003. The curtailment liability has been classified as a postretirement benefits liability on the Statement of Financial Condition.

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

Lease termination charges include estimated lease costs, net of probable sublease income, under long-term non-cancelable lease agreements. These charges primarily relate to the lease at the company's previous corporate office in Chicago, Illinois, which expires in 2010. As of April 30, 2004, $12 million of the total net charge of $44 million has been incurred, of which less than $1 million was incurred during the quarter.

Dealer termination costs include the termination of certain dealer contracts in connection with the realignment of the company's bus distribution network. Other exit costs include contractually obligated exit and closure costs associated with facility closures and an accrual for the loss on sale of Harco National Insurance Company (Harco). As of April 30, 2004, $42 million of the total net charge of $66 million has been incurred, of which $2 million was incurred during the quarter.

Other Non-Recurring Charges

In October 2002, Ford Motor Company (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. Accordingly, the company recorded charges of $170 million for the write-off of deferred pre-production costs, the write-down of fixed assets that were abandoned, lease obligations under non-cancelable operating leases, and accruals for amounts contractually owed to suppliers. In 2003, the company recorded an adjustment of $11 million for additional amounts contractually owed to suppliers related to the V-6 diesel engine program. In April 2003, the company reached a comprehensive agreement with Ford concerning the 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, under current agreements, will continue as Ford's exclusive supplier of V-8 diesel engines through 2012. The agreement with Ford does not have a material net impact on the Statement of Financial Condition or the Statement of Income for the periods covered in this report.

Summary

Through April 30, 2004, the company has recorded cumulative charges of $823 million relating to the Plans of Restructuring and other non-recurring charges. The remaining liability of $133 million is expected to be funded from existing cash balances and internally generated cash flows from operations. The total cash outlay for the remainder of 2004 is expected to be $30 million with the remaining obligation of $103 million, primarily related to non-recurring charges and long-term non-cancelable lease agreements, to be settled in 2005 and beyond.

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

Components of the company's Plans of Restructuring and other non-recurring charges are shown in the following table.

Millions of dollars	**Balance October 31 2003**	**Adjustments**	**Amount Incurred**	**Balance April 30 2004**
Severance and other benefits	$ 21	$ 2	$ (15)	$ 8
Curtailment loss	-	2	(2)	-
Lease terminations	33	-	(1)	32
Dealer terminations and other charges	29	-	(5)	24
Other non-recurring charges	74	-	(5)	69
Total	$ 157	$ 4	$ (28)	$ 133

The first quarter adjustments are included in "Restructuring and other non-recurring charges" on the Statement of Income. The company is in the process of completing certain aspects of the Plans of Restructuring and will continue to evaluate the remaining restructuring reserves as the plans are executed. As a result, there may be additional adjustments to the reserves noted above. Since the company-wide restructuring plans are an aggregation of many individual components requiring judgments and estimates, actual costs have differed from estimated amounts.

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. 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, "Accounting for the Impairment or Disposal of Long-Lived Assets." Accordingly, the operating results of Brazil Truck have been classified as "Discontinued operations."

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 2003 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.

Note J. Financial Instruments (continued)

NFC’s counter-party credit exposure is limited to the positive fair value of contracts at the reporting date. As of April 30, 2004, 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, 2004, the notional amounts and fair values of the company’s derivatives are presented in the following table, in millions of dollars. 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
June 2000 – April 2004	May 2004 – April 2008	Interest Rate Swaps *	$ 166	$ (2)
October 2000 – February 2004	July 2004 – November 2012	Interest Rate Caps	1,020	-
March 2004	May 2004	Cross Currency Swaps *	25	1

*Accounted for as non-hedging instruments.

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 a guarantee 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, 2004, the outstanding balance on this debt was $16 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, 2004.

NIC guarantees lines of credit made available to its Mexican finance subsidiaries by third parties and NFC. NFC guarantees the borrowings of the Mexican finance subsidiaries. The following table summarizes the borrowings as of April 30, 2004, in millions of dollars.

Entity	Amount of Guaranty	Outstanding Balance	Maturity dates extend to
NIC	$ 393	$ 83	2009
NFC	$ 100	$ 84	2009
NIC and NFC	$ 100	$ 32	2005

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 obligation under these leases as of April 30, 2004, totaled approximately $625 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 through 2019. As of April 30, 2004, the total remaining obligation under these leases is approximately $48 million.

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 difference between this fair value and the guaranteed lease residual represents the amount of the company's and NFC's exposure.

Note K. Guarantees (continued)

As of April 30, 2004, NFC had guaranteed derivative contracts for 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. As of April 30, 2004, there was an outstanding notional balance of $69 million related to interest rate swaps and cross currency swaps, and the fair market value of the outstanding balance was $1 million.

As part of the sale of Harco, 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 reserved $5 million. Management believes the carrying amount of the liability is adequate to cover any future potential payments.

At April 30, 2004, the Canadian operating subsidiary was contingently liable for $334 million of retail customers' contracts and $38 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.

In addition, the company entered into various guarantees for purchase commitments, credit guarantees and buyback programs with various expiration dates that total approximately $96 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, 2004, were as follows:

Millions of dollars		
Balance, beginning of period	$	173
Change in liability for warranties issued during the period		94
Change in liability for pre-existing warranties		7
Payments made		(92)
Balance, end of period	$	182

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.

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 has appealed the adverse judgment, and the company is cooperating with Sturman in this effort. In May 2003, in Federal Court in Columbia, South Carolina, Caterpillar sued the company, its supplier of fuel injectors and joint venture, Siemens Diesel Systems Technology, L.L.C., and Sturman for patent infringement alleging that the Sturman fuel system technology patents and certain Caterpillar patents are infringed in the company’s new engines. The company believes that it has meritorious defenses to the claims of infringement of the Sturman patents as well as the Caterpillar patents and will vigorously defend such claims. Based on the information developed to date, the company believes that the proceedings will not have a material adverse impact on the business, results of operations or financial condition of the company.

In January 2002, Caterpillar sued the company in the Circuit Court in Peoria County, Illinois, and the company counterclaimed 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. Caterpillar’s claims involve a 1990 agreement to reimburse Caterpillar for costs associated with the delayed launch of the company’s V-8 diesel engine program. Reimbursement of the delay costs was made by a surcharge of $8.08 on each injector purchased and the purchase of certain minimum quantities of spare parts. In 1999, the company concluded that, in accordance with the 1990 agreement, it had fully reimbursed Caterpillar for its delay costs and stopped paying the surcharge and purchasing the minimum quantities of spare parts. Caterpillar is asserting that the surcharge and the spare parts purchase requirements continue throughout the life of the contract and has sued the company to recover these amounts, plus interest. Caterpillar also asserts that the company failed to purchase all of its fuel injector requirements under the contract and, in collusion with Sturman, failed to pursue a future fuel systems supply relationship with Caterpillar. The company has counterclaimed that Caterpillar breached the Supply Agreement by refusing to supply the new fuel system for the company’s new diesel engines. The company is seeking damages from Caterpillar on account of this refusal and the company’s subsequent replacement of Caterpillar as its fuel system supplier. Based upon the information developed to date, and taking into account established reserves, the company believes that the ultimate resolution of the foregoing matters will not have a material adverse impact on the business, results of operations or financial condition of the company.

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

Note L. Legal Proceedings and Environmental Matters (continued)

Along with other vehicle manufacturers, the company and certain of its subsidiaries have been subject to an increase in the number of asbestos-related claims in recent years. Management believes that such claims will not have a material adverse affect on the company's financial condition or results of operations. In general these claims relate to illnesses alleged to have resulted from asbestos exposure from component parts found in older vehicles, although some cases relate to the presence of asbestos in company facilities. In these claims the company is not the sole defendant, and the claims name as defendants numerous manufacturers and suppliers of a wide variety of products allegedly containing asbestos. Management has strongly disputed these claims, and it has been the company's policy to defend against them vigorously. Historically, the actual damages paid out to claimants have not been material to the company's financial condition. However, management believes the company and other vehicle manufacturers are being more aggressively targeted, largely as a result of bankruptcies of manufacturers of asbestos and products containing asbestos. It is possible that the number of these claims will continue to grow, and that the costs for resolving asbestos related claims could become significant in the future.

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, 2004			
External revenues	**$ 1,698**	**$ 557**	**$ 73**	**$ 2,328**
Intersegment revenues	**-**	**146**	**10**	**156**
Total revenues	**$ 1,698**	**$ 703**	**$ 83**	**$ 2,484**
Segment profit	**$ 63**	**$ 29**	**$ 36**	**$ 128**
	For the six months ended April 30, 2004			
External revenues	**$ 3,044**	**$ 1,017**	**$ 124**	**$ 4,185**
Intersegment revenues	**-**	**280**	**19**	**299**
Total revenues	**$ 3,044**	**$ 1,297**	**$ 143**	**$ 4,484**
Segment profit	**$ 69**	**$ 32**	**$ 54**	**$ 155**
	As of April 30, 2004			
Segment assets	**$ 1,510**	**$ 1,072**	**$ 2,199**	**$ 4,781**
	For the quarter ended April 30, 2003			
External revenues	$ 1,256	$ 551	$ 54	$ 1,861
Intersegment revenues	-	126	9	135
Total revenues	$ 1,256	$ 677	$ 63	$ 1,996
Segment profit (loss)	$ (23)	$ 48	$ 12	$ 37
	For the six months ended April 30, 2003			
External revenues	$ 2,347	$ 941	$ 148	$ 3,436
Intersegment revenues	-	236	17	253
Total revenues	$ 2,347	$ 1,177	$ 165	$ 3,689
Segment profit (loss)	$ (118)	$ 12	$ 60	$ (46)
	As of April 30, 2003			
Segment assets	$ 1,354	$ 966	$ 2,247	$ 4,567

Note M. Segment Data (continued)

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

Millions of dollars	Three Months Ended April 30 2004	Three Months Ended April 30 2003	Six Months Ended April 30 2004	Six Months Ended April 30 2003
Segment sales and revenues	**$ 2,484**	$ 1,996	**$ 4,484**	$ 3,689
Other income	**3**	3	**5**	6
Intercompany	**(156)**	(135)	**(299)**	(253)
Consolidated sales and revenues	**$ 2,331**	$ 1,864	**$ 4,190**	$ 3,442
Segment profit (loss)	**$ 128**	$ 37	**$ 155**	$ (46)
Restructuring adjustment	**-**	-	**(4)**	-
Corporate items	**(52)**	(43)	**(98)**	(99)
Manufacturing net interest expense	**(11)**	(12)	**(25)**	(28)
Consolidated pre-tax income (loss) from continuing operations	**$ 65**	$ (18)	**$ 28**	$ (173)
Segment assets	**$ 4,781**	$ 4,567		
Cash and marketable securities	**379**	361		
Deferred taxes	**1,635**	1,612		
Corporate intangible pension assets	**-**	12		
Other corporate and eliminations	**83**	225		
Consolidated assets	**$ 6,878**	$ 6,777		

Note N. Comprehensive Income

The components of comprehensive income (loss) are as follows:

Millions of dollars	Three Months Ended April 30 2004	Three Months Ended April 30 2003	Six Months Ended April 30 2004	Six Months Ended April 30 2003
Net income (loss)	**$ 41**	$ (14)	**$ 18**	$ (113)
Other comprehensive income (loss)	**3**	(4)	**6**	(18)
Total comprehensive income (loss)	**$ 44**	$ (18)	**$ 24**	$ (131)

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

Note O. 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 **2004**	Three Months Ended April 30 2003	Six Months Ended April 30 **2004**	Six Months Ended April 30 2003
Income (loss) from continuing operations	**$ 41**	$ (12)	**$ 18**	$ (110)
Add: Interest expense on 2.5% senior convertible and 4.75% subordinated exchangeable debt for dilutive purposes (net of tax)	**2**	-	**-**	-
Adjusted income (loss) from continuing operations	**43**	(12)	**18**	(110)
Loss from discontinued operations	**-**	(2)	**-**	(3)
Net income (loss) available to common shareholders plus assumed conversions	**$ 43**	$ (14)	**$ 18**	$ (113)
Average shares outstanding (millions)				
Basic	**69.8**	68.4	**69.5**	67.3
Diluted	**80.6**	68.4	**70.9**	67.3
Basic earnings (loss) per share				
Continuing operations	**$ 0.59**	$ (0.18)	**$ 0.26**	$ (1.64)
Discontinued operations	**-**	(0.03)	**-**	(0.04)
Net income (loss)	**$ 0.59**	$ (0.21)	**$ 0.26**	$ (1.68)
Diluted earnings (loss) per share				
Continuing operations	**$ 0.54**	$ (0.18)	**$ 0.25**	$ (1.64)
Discontinued operations	**-**	(0.03)	**-**	(0.04)
Net income (loss)	**$ 0.54**	$ (0.21)	**$ 0.25**	$ (1.68)

The computation of diluted shares outstanding for three months ended April 30, 2003, and for the six months ended April 30, 2004 and 2003, excludes incremental shares of 9.7 million, 10.8 million and 8.1 million, respectively, related to employee stock options, convertible debt and other dilutive securities. These shares are excluded due to their anti-dilutive effect.

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

The following tables set forth the condensed consolidating Statements of Financial Condition as of April 30, 2004 and 2003, and the Statements of Income and Cash Flow for the six months ended April 30, 2004 and 2003. 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 2.5% 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 that 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 the parent company, rather than International, to utilize U.S. operating income/losses and NIC operating loss carryforwards.

Note P. 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, 2004				
Sales and revenues	$ 1	$ 3,259	$ 930	$ 4,190
Cost of products and services sold	(36)	3,001	614	3,579
Restructuring and other non-recurring charges	-	-	4	4
All other operating expenses	(9)	480	108	579
Total costs and expenses	(45)	3,481	726	4,162
Equity in income (loss) of non-consolidated subsidiaries	(18)	121	(103)	-
Income (loss) from continuing operations before income taxes	28	(101)	101	28
Income tax expense (benefit)	10	8	(8)	10
Net income (loss)	$ 18	$ (109)	$ 109	$ 18
CONDENSED CONSOLIDATING STATEMENT OF FINANCIAL CONDITION AS OF APRIL 30, 2004				
Assets				
Cash and marketable securities	$ 239	$ 11	$ 775	$ 1,025
Receivables, net	1	186	1,559	1,746
Inventories	-	371	250	621
Property and equipment, net	-	745	538	1,283
Investment in affiliates	(2,759)	948	1,811	-
Deferred tax asset and other assets	1,638	186	379	2,203
Total assets	$ (881)	$ 2,447	$ 5,312	$ 6,878
Liabilities and shareowners' equity				
Debt	$ 840	$ 16	$ 1,627	$ 2,483
Postretirement benefits liability	-	1,502	197	1,699
Amounts due to (from) affiliates	(2,399)	2,808	(409)	-
Other liabilities	310	1,344	674	2,328
Total liabilities	(1,249)	5,670	2,089	6,510
Shareowners' equity (deficit)	368	(3,223)	3,223	368
Total liabilities and shareowners' equity	$ (881)	$ 2,447	$ 5,312	$ 6,878
CONDENSED CONSOLIDATING STATEMENT OF CASH FLOW FOR THE SIX MONTHS ENDED APRIL 30, 2004				
Cash provided by (used in) operations	$ (20)	$ (70)	$ 15	$ (75)
Cash flow from investment programs				
Purchases, net of collections, of finance receivables	-	-	156	156
Net increase in marketable securities	(28)	-	(13)	(41)
Capital expenditures	-	(31)	(18)	(49)
Other investing activities	(11)	94	(44)	39
Cash provided by (used in) investment programs	(39)	63	81	105
Cash flow from financing activities				
Net repayments of debt	-	(1)	(122)	(123)
Other financing activities	30	(2)	7	35
Cash provided by (used in) financing activities	30	(3)	(115)	(88)
Cash and cash equivalents				
Decrease during the period	(29)	(10)	(19)	(58)
At beginning of the period	218	21	208	447
Cash and cash equivalents at end of the period	$ 189	$ 11	$ 189	$ 389

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

Note P. 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 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	(175)	175	-	-
Income (loss) from continuing operations before income taxes	(176)	(189)	192	(173)
Income tax expense (benefit)	(63)	21	(21)	(63)
Income (loss) from continuing operations	(113)	(210)	213	(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	1,829	1,991
Inventories	-	300	216	516
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	398	2,168
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 to (from) 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)	$ 72	$ 163	$ (156)
Cash flow from investment programs				
Purchases, net of collections, of finance receivables	-	-	325	325
Net increase in marketable securities	(45)	-	(164)	(209)
Capital expenditures	-	(73)	(14)	(87)
Other investing activities	(9)	1	29	21
Cash provided by (used in) investment programs	(54)	(72)	176	50
Cash flow from financing activities				
Net borrowings (repayments) of debt	52	(2)	(248)	(198)
Other financing activities	174	1	(28)	147
Cash provided by (used in) financing activities	226	(1)	(276)	(51)
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

Note Q. Subsequent Events

In June 2004, the company issued $250 million in senior notes due in 2011 and used the proceeds to finance its offer to purchase and redeem its outstanding 8 percent senior subordinated notes due in 2008. To enable the refinancing, the company obtained certain amendments from existing bondholders of its $400 million 9 3/8 percent senior notes due in 2006 and amended certain other existing covenants. The new senior notes were priced at a discount with a coupon rate of 7.50 percent to yield 7.625 percent.

The company also announced that it intends to assume the $220 million 4.75 percent exchangeable subordinated debt due in 2009 from NFC and receive approximately $170 million in cash from NFC as compensation for assumption of the debt. The company previously received $50 million from NFC as compensation for providing the shares in case the bonds convert.

Navistar International Corporation and Consolidated Subsidiaries

Additional Financial Information (Unaudited)

The following additional financial information is provided based upon the continuing interest of certain shareowners and creditors to assist them in understanding our core manufacturing business.

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

Millions of dollars	Three Months Ended April 30		Six Months Ended April 30	
Condensed Statement of Income	**2004**	2003	**2004**	2003
Sales of manufactured products	**$ 2,255**	$ 1,806	**$ 4,062**	$ 3,287
Other income	**3**	4	**5**	7
Total sales and revenues	**2,258**	1,810	**4,067**	3,294
Cost of products sold	**1,962**	1,573	**3,553**	2,976
Restructuring and other non-recurring charges	**-**	-	**4**	-
Postretirement benefits expense	**67**	70	**132**	153
Engineering and research expense	**51**	61	**115**	118
Selling, general and administrative expense	**120**	106	**228**	214
Other expense	**33**	30	**64**	66
Total costs and expenses	**2,233**	1,840	**4,096**	3,527
Income (loss) from continuing operations before income taxes:				
Manufacturing operations	**25**	(30)	**(29)**	(233)
Financial services operations	**40**	12	**57**	60
Income (loss) from continuing operations before income taxes	**65**	(18)	**28**	(173)
Income tax expense (benefit)	**24**	(6)	**10**	(63)
Income (loss) from continuing operations	**41**	(12)	**18**	(110)
Loss from discontinued operations	**-**	(2)	**-**	(3)
Net income (loss)	**$ 41**	$ (14)	**$ 18**	$ (113)

Millions of dollars	**April 30**	October 31	April 30
Condensed Statement of Financial Condition	**2004**	2003	2003
Cash, cash equivalents and marketable securities	**$ 455**	$ 502	$ 452
Inventories	**617**	484	530
Property and equipment, net	**1,110**	1,144	1,092
Equity in non-consolidated subsidiaries	**510**	470	480
Other assets	**846**	831	860
Deferred tax asset, net	**1,635**	1,639	1,611
Total assets	**$ 5,173**	$ 5,070	$ 5,025
Accounts payable, principally trade	**$ 1,129**	$ 1,036	$ 979
Postretirement benefits liability	**1,678**	1,995	1,601
Debt	**888**	896	911
Other liabilities	**1,110**	833	1,262
Shareowners' equity	**368**	310	272
Total liabilities and shareowners' equity	**$ 5,173**	$ 5,070	$ 5,025

Navistar International Corporation and Consolidated Subsidiaries

Additional Financial Information (Unaudited)

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

Millions of dollars **Condensed Statement of Cash Flow**	**Six Months Ended April 30** **2004**	 2003
Cash flow from operations		
Net income (loss)	**$ 18**	$ (113)
Adjustments to reconcile net income (loss) to cash used in operations:		
Depreciation and amortization	**78**	80
Deferred income taxes	**3**	(89)
Postretirement benefits funding in excess of expense	**(28)**	(23)
Equity in earnings of investees, net of dividends received	**(35)**	(32)
Other, net	**(45)**	(23)
Change in operating assets and liabilities	**(42)**	(7)
Cash used in operations	**(51)**	(207)
Cash flow from investment programs		
Purchases of marketable securities	**(225)**	(125)
Sales or maturities of marketable securities	**183**	49
Capital expenditures	**(49)**	(86)
Receivable from financial services operations	**9**	31
Investment in affiliates	**7**	4
Other investment programs	**19**	1
Cash used in investment programs	**(56)**	(126)
Cash provided by financing activities	**18**	160
Cash and cash equivalents		
Decrease during the period	**(89)**	(173)
At beginning of the period	**424**	549
Cash and cash equivalents at end of the period	**$ 335**	$ 376

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Overview

Navistar International Corporation is a holding company and its principal operating subsidiary is International Truck and Engine Corporation (International). Navistar operates in three principal industry segments: truck, engine (collectively called "manufacturing operations") and financial services. The company's principal operations are located in the U.S., Canada, Mexico, and Brazil. In this discussion and analysis, "company", "Navistar", "we" or "our" refers to Navistar International Corporation and its consolidated subsidiaries.

The company is currently focused on three key areas: quality, cost and growth. Improvements in quality and cost are anticipated through changes in manufacturing, design, engineering, supplier management and customer service, while growth is expected through the introduction of new products and the development of new markets.

In the second quarter, the company continued its focus on these key areas. The company launched two new products: the re-designed DT466, an in-line six cylinder diesel engine, and the Drive+ Integrated Bus. The new DT466 engine has more horsepower and is U.S. EPA 2004 emission standards compliant while suffering no decrease in fuel economy. The launch of the new Drive+ Integrated Bus helped the company capture 51% of the market for school bus bodies, the highest in company history, and 10% higher than a year ago. In addition, our Class 8 market share in the second quarter was its highest since the third quarter of 1998, demonstrating the company's focus on growth. The company operates in a challenging environment and must continue to build upon its strengths and focus on its key initiatives to increase profitability.

Results of Operations

The following table illustrates the key financial indicators that management uses to assess the consolidated financial results for the three months and six months ended April 30, 2004 and 2003.

Key Financial Indicators:	Three Months Ended April 30		Six Months Ended April 30	
(Millions of dollars, except per share data and margin)	**2004**	2003	**2004**	2003
Sales and revenues	**$ 2,331**	$ 1,864	**$ 4,190**	$ 3,442
Cost of products and services sold	**1,976**	1,588	**3,579**	3,008
Total expenses	**290**	294	**583**	607
Total costs and expenses	**2,266**	1,882	**4,162**	3,615
Net income (loss)	**$ 41**	$ (14)	**$ 18**	$ (113)
Diluted income (loss) per share	**$ 0.54**	$ (0.21)	**$ 0.25**	$ (1.68)
Manufacturing gross margin	**12.9%**	12.9%	**12.5%**	9.5%

Results of Operations (continued)

The company continued to improve earnings and sales and revenues over the comparable periods last year as a result of better operating results from the manufacturing operations. These improved results were primarily due to higher sales volume. Income from the financial services segment improved compared to the first quarter and was consistent with the prior year. The events that impacted the performance of the company's three operating segments will be analyzed, in detail, later in this discussion.

Gross margins from manufacturing operations in the second quarter of 2004 were 12.9%, the same as in the second quarter a year ago. Improvements in performance and startup costs of 1.2% were offset by steel price increases, foreign exchange losses and expenses associated with component supply issues. Due to increased industry demand, constraints within the supply base contributed to the company finishing the quarter with approximately 1,000 trucks in inventory.

Total expenses for the quarter were flat when compared to the second quarter of 2003. However, included in the second quarter 2004 results is an accrual for profit sharing and incentive compensation that did not occur in 2003. The reduction in year to date total expenses continues to show the effects of our cost saving initiatives and lower postretirement benefits expense. Substantially all of the participants in the company's pension plans are inactive, consequently, the company was required to amortize cumulative gains and losses related to pension benefits over the remaining life expectancy of the inactive participants in the plans starting in the second quarter of 2003. This change resulted in lower amortization expense in subsequent quarters.

The following sections analyze the company's second quarter operating results as they relate to its three principal segments: truck, engine, and financial services.

Truck

The truck segment manufactures and distributes a full line of Class 6 through 8 diesel-powered trucks and school buses in the common carrier, private carrier, government/service, leasing, construction, energy/petroleum and student transportation markets. The truck segment also provides customers with proprietary products needed to support the International® truck and the IC™ bus lines, together with a wide selection of other standard truck and trailer aftermarket parts. Sales of Class 6 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 as well as the earnings and cash flow of dealers and customers. In addition, the Class 6 through 8 truck markets in the U.S. and Canada are highly competitive. The intensity of this competition results in price discounting and margin pressures throughout the industry. Even though sales volume has improved, the company continues to experience competitive pricing pressure on its new truck sales. In addition to the influence of price, market position is driven by product quality, engineering, styling, utility and distribution.

Results of Operations (continued)

Truck (continued)

The following table highlights the truck segment's financial and industry results for the three months and six months ended April 30, 2004 and 2003.

	Three Months Ended April 30		Six Months Ended April 30	
	2004	2003	**2004**	2003
Results (Millions of dollars):				
Sales	**$ 1,698**	$ 1,256	**$ 3,044**	$ 2,347
Net income (loss)	**63**	(23)	**69**	(118)
Industry data (in units)*:				
U.S. and Canadian sales (Class 6 through 8)	**84,200**	63,300	**158,000**	121,700
Class 8 heavy truck	**51,500**	34,200	**95,800**	70,300
Class 6 and 7 medium truck **	**25,900**	21,400	**48,500**	37,500
School buses	**6,800**	7,700	**13,700**	13,900
Company data (in units):				
U.S. and Canadian sales (Class 6 through 8)	**23,600**	20,200	**44,200**	37,300
Class 8 heavy truck sales	**9,600**	5,800	**16,400**	12,100
Class 6 and 7 medium truck **	**10,200**	9,100	**19,900**	15,800
School buses	**3,800**	5,300	**7,900**	9,400
Order backlog (in units)			**26,700**	17,900
Overall U.S. and Canada market share (Class 6 through 8 and bus)	**28.0%**	31.8%	**28.0%**	30.6%

* Industry data derived from materials produced by Ward's Communications.
** The company does not meaningfully participate in the Class 5 medium truck market.

The truck segment's improved performance for the second quarter and the first half of 2004 is the result of increased sales volume in medium and heavy truck and increased efficiency within its manufacturing processes. Signs of an overall economic recovery caused leasing companies and owner operators to increase their orders in 2004, which has resulted in increased order receipts in the heavy and medium truck industries. The company's U.S. and Canadian order backlog increased 49%, when compared to last year, due to orders for heavy and medium trucks. The company's overall market share decreased slightly for the quarter and year-to-date due to weaker order rates for school buses and a slight decrease in medium truck market share. The company believes the slight downturn within bus is a timing issue and expects the overall market share downturn to improve in the near future.

The company currently projects fiscal 2004 U.S. and Canadian Class 8 heavy truck demand to be 208,000 units, up 31% from 2003. Class 6 and 7 medium truck demand, excluding school buses, is forecast at 93,000 units, 24% higher than in 2003. Demand for school buses is expected to be 27,500 units, down 6% from 2003.

Results of Operations (continued)

Engine

The engine segment designs and manufactures diesel engines in the 160-325 horsepower range for use in the company's Class 6 and 7 medium trucks, school buses and selected Class 8 heavy truck models. The company's diesel engines are also produced for original equipment manufacturers (OEMs), principally Ford Motor Company (Ford). This segment also sells engines for industrial and agricultural applications. In addition, the engine segment provides customers with proprietary products needed to support the International® engine lines, together with a wide selection of other standard engine and aftermarket parts.

The following table highlights the engine segment's financial results and sales data for the three months and six months ended April 30, 2004 and 2003.

	Three Months Ended April 30		Six Months Ended April 30	
	2004	2003	**2004**	2003
Results (Millions of dollars):				
Sales	**$ 703**	$ 677	**$ 1,297**	$ 1,177
Net income (loss)	**29**	48	**32**	12
Sales data (in units):				
Total engine sales	**109,200**	111,900	**200,600**	189,500
OEM sales	**91,100**	95,800	**165,700**	159,100

The increases in the engine segment's profits and revenues for the first half of fiscal 2004 are the result of higher engine shipments to OEMs and increased sales volume in medium trucks. Volume and operating results in the second quarter of 2003 were favorably impacted by record engine shipments due to the backlog of orders from the 6.0L V-8 engine launch in the first quarter of 2003. In the second quarter of 2004, the company experienced some margin pressure from the introduction of the new I313, our new I-6 diesel engine, but cost reduction initiatives have been re-initiated which we anticipate will favorably impact margins going forward. The company's V-8 shipments to Ford accounted for 88% of year-to-date OEM engine sales for the first half of fiscal 2003 and 2004.

The company continues to forecast that OEM shipments of mid-range diesel engines in fiscal 2004 are expected to be 349,000 units, 5% higher than 2003.

Financial Services

Financial Services provides wholesale, retail and lease financing for sales of new and used trucks sold by the company and its dealers in the U.S. and Mexico. Financial services also finances the company's wholesale accounts and selected retail accounts receivable. Sales of new products (including trailers) of other manufacturers are also financed regardless of whether designed or customarily sold for use with the company's truck products.

Results of Operations (continued)

Financial Services (continued)

The following table highlights the financial services segment's financial results for the three months and six months ended April 30, 2004 and 2003.

	Three Months Ended April 30		Six Months Ended April 30	
	2004	2003	**2004**	2003
Results (Millions of dollars):				
Revenue	**$ 83**	$ 63	**$ 143**	$ 165
Net income	**36**	12	**54**	60
Sales of retail receivables	**$ 600**	$ 26	**$ 795**	$ 850
Gain on sales of retail receivables	**26**	-	**32**	33

The year-to-date gain on the sale of retail receivables in the first half of fiscal 2004 was recognized primarily in the second quarter while the gain in the first half of fiscal 2003 was recognized in the first quarter. The slight decrease in net income for the first half of fiscal 2004 is primarily due to a reduction in retail notes and finance lease revenue, lower operating lease revenue and less income related to the sales of finance receivables. Even though the volume on sales of receivables was down when compared to the first six months of fiscal 2003, gains on the sales were comparable due to larger margins realized on the sales.

Restructuring and Other Non-recurring Charges

Restructuring

In 2000 and 2002, the company's board of directors approved two separate plans to restructure its manufacturing and corporate operations (Plans of Restructuring). The company incurred charges for severance and other benefits, curtailment losses, lease terminations, asset and inventory write-downs and other exit costs relating to the major restructuring, integration and cost reduction initiatives originally included in the Plans of Restructuring. A detailed discussion of the charges and initiatives can be found in Note H to the financial statements.

Other Non-Recurring Charges

The company entered into an agreement with Ford to develop and manufacture a V-6 diesel engine to be used in specific Ford vehicles. 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. Accordingly, in 2002, the company recorded charges for the write-off of deferred pre-production costs, the write-down of fixed assets that were abandoned, lease obligations under non-cancelable operating leases, and accruals for amounts contractually owed to suppliers. 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, under current agreements, will continue as Ford's exclusive supplier of V-8 diesel engines through 2012.

Status

The company recorded an adjustment in the first quarter of 2004 totaling $4 million of additional expense to the previously recorded restructuring charge. The adjustment relates to the early retirement and voluntary severance program offered to employees at the Chatham facility. This adjustment finalized the postretirement curtailment charge taken in 2003, which was based upon estimates, and records the increased benefit expense for those who have accepted the program since October 31, 2003.

Restructuring and Other Non-recurring Charges (continued)

Through April 30, 2004, the company has recorded cumulative charges of $823 million relating to the Plans of Restructuring and other non-recurring charges. The remaining liability of $133 million is expected to be funded from existing cash balances and internally generated cash flows from operations. The total cash outlay for the remainder of 2004 is expected to be $30 million with the remaining obligation of $103 million, primarily related to non-recurring charges and long-term non-cancelable lease agreements, to be settled in 2005 and beyond.

The initiatives resulting from the Plans of Restructuring are expected to generate at least $70 million of annualized savings for the company, primarily from lower salary and benefit costs and plant operating costs. The company will continue to realize these benefits in 2004 and beyond.

Components of the company's Plans of Restructuring and other non-recurring charges are shown in the following table.

Millions of dollars	**Balance October 31 2003**	**Adjustments**	**Amount Incurred**	**Balance April 30 2004**
Severance and other benefits	$ 21	$ 2	$ (15)	$ 8
Curtailment loss	-	2	(2)	-
Lease terminations	33	-	(1)	32
Dealer terminations and other charges	29	-	(5)	24
Other non-recurring charges	74	-	(5)	69
Total	$ 157	$ 4	$ (28)	$ 133

The first quarter adjustments are included in "Restructuring and other non-recurring charges" on the Statement of Income. The company is in the process of completing certain aspects of the Plans of Restructuring and will continue to evaluate the remaining restructuring reserves as the plans are executed. As a result, there may be additional adjustments to the reserves noted above. Since the company-wide restructuring plans are an aggregation of many individual components requiring judgments and estimates, actual costs have differed from estimated amounts.

Liquidity and Capital Resources

Cash Requirements

The company generates cash flow from the manufacture and sale of trucks, mid-range diesel engines and service parts. In addition, cash flow is generated from product financing provided to the company's dealers and retail customers by the financial services segment. It is the opinion of management that, in the absence of significant unanticipated cash demands, current and forecasted cash flow from the company's manufacturing operations, financial services operations and financing capacity will provide sufficient funds to meet operating requirements and capital expenditures. 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. The manufacturing operations are generally able to incur material amounts of additional debt due to their current levels of performance.

Liquidity and Capital Resources (continued)

Sources and Uses of Cash

Millions of dollars	Six Months Ended April 30, 2004
Cash flow from operations	$ (75)
Cash flow from investment programs	105
Cash flow from financing activities	(88)
Total cash flow	$ (58)
Cash and cash equivalents, beginning balance	$ 447
Cash and cash equivalents, ending balance	$ 389
Outstanding capital commitments	$ 76

The company had working capital of $22 million at April 30, 2004, compared to $251 million at April 30, 2003. Cash used in operations during the first six months of 2004 totaled $75 million, including a $77 million increase in receivables primarily due to a net increase in wholesale notes and account balances resulting from increased product demand and a $131 million increase in inventory primarily due to higher production volume and some constraints within the supply base which contributed to a higher level of trucks in ending inventory. This was partially offset by a related $83 million increase in accounts payable, reflecting the increase in production, and net income of $18 million. Cash provided by investment programs resulted from a net decrease in retail notes and lease receivables of $156 million. This was partially offset by a net increase in marketable securities of $41 million. Cash used in financing activities resulted from a net decrease in notes and debt outstanding under the bank revolving credit facility and other commercial paper programs of $67 million and a net decrease in long-term debt of $56 million.

There have been no material changes in the company's hedging strategies or derivative positions since October 31, 2003. Further disclosure may be found in Note J to the Financial Statements and in the company's 2003 Annual Report on Form 10-K.

In June 2004, the company intends to assume the $220 million 4.75% subordinated exchangeable notes due in 2009 from NFC. As compensation for the assumption of this debt, NFC will pay the company approximately $170 million in cash. The company previously received $50 million from NFC as compensation for providing NFC the company's stock in case the bonds convert. The company intends to use the proceeds from this transaction to increase its 2004 pension contribution, which will improve future cash flow by reducing 2005-2006 required pension contributions.

Financial Services

The financial services segment, mainly Navistar Financial Corporation (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 and medium and long-term debt. As of April 30, 2004, NFC's funding consisted of sold finance receivables of $3,157 million, bank and other borrowings of $1,016 million, convertible debt of $181 million and secured borrowings of $174 million. NFC securitizes and sells receivables through Navistar Financial Retail Receivables Corporation (NFRRC), Navistar Financial Securities Corporation (NFSC), Truck Retail Accounts Corporation (TRAC), Truck Engine Receivables Financing Corporation (TERFCO) and Truck Retail Installment Paper Corporation (TRIP), 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 investors' interests in the related trust or conduit are not reflected as liabilities.

Liquidity and Capital Resources (continued)

Financial Services (continued)

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. During the first six months of 2004, NFC sold $795 million of retail notes and finance leases, net of unearned finance income, for a pre-tax gain of $32 million. The receivables were sold through NFRRC to an owner trust which, in turn, issued asset-backed securities that were sold to investors. At April 30, 2004, there was no remaining shelf registration available to NFRRC for the public issuance of asset-backed securities.

The following are the funding facilities, in millions of dollars, that NFC and its related affiliates have in place as of April 30, 2004.

Company	Instrument type	Total Amount	Purpose of funding	Amount utilized	Matures or expires
TERFCO	Trust	$ 100	Unsecured Ford trade receivables	$ 100	2006
NFSC	Revolving wholesale note trust	$1,024	Eligible wholesale notes	$ 914	various
NFSC	Marketable securities	$ 126	Eligible wholesale notes	-	-
TRAC	Revolving retail account conduit	$ 100	Eligible retail accounts	$ 94	2005
TRIP	Revolving retail facility	$ 500	Retail notes and leases	-	-
NFC	Revolving credit facilities	$ 820	Retail notes and leases	$ 548	2005

As of April 30, 2004, the aggregate available to fund finance receivables under the various facilities was $1,038 million.

Pension and Other Postretirement Benefits

Generally, the company's pension plans are non-contributory. The company's policy is to fund its pension plans in accordance with applicable U.S. and Canadian government regulations and to make additional payments as funds are available to achieve full funding of the accumulated benefit obligation. Other benefits obligations are primarily funded in accordance with the legal agreement, which governs the Voluntary Employees Beneficiary Association (VEBA) that currently requires the company to fund a portion of the plan's annual service cost.

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 2003 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, 2003.

Income Taxes

The Statement of Financial Condition at April 30, 2004, includes a deferred tax asset of $1,453 million, net of valuation allowances of $110 million. The company performs extensive analyses to evaluate the balance of deferred tax assets. Such analyses are 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 2003 Annual Report on Form 10-K.

New Accounting Pronouncements

In December 2003, the Financial Accounting Standards Board (FASB) issued a revision to SFAS No. 132 (SFAS 132), "Employers' Disclosure about Pensions and Other Postretirement Benefits." This Statement retains the disclosures previously required by SFAS 132 but adds additional disclosure requirements about the assets, obligations, cash flows, and net periodic benefit cost of defined benefit pension plans and other defined benefit postretirement plans. It also calls for the required information to be provided separately for pension plans and for other postretirement benefit plans. The interim-period disclosures required by this Statement are included in Note D to the financial statements.

On December 8, 2003, the President signed the Medicare Prescription Drug, Improvement and Modernization Act of 2003 (the Act) into law. The Act introduces a voluntary prescription drug benefit under Medicare as well as a federal subsidy to sponsors of retiree healthcare plans that provide prescription drug benefits that are at least actuarially equivalent to Medicare Part D. As permitted by FSP 106-1, the company previously chose to defer recognizing the effects of the Act on its postretirement healthcare insurance plans until authoritative guidance was issued by the FASB. Accordingly, the company's measures of the accumulated projected benefit obligation and net periodic postretirement benefit expense do not reflect the effects of the Act. In May 2004, the FASB issued FSP 106-2, which supercedes FSP 106-1 and requires the commencement of accounting recognition for the effects of the Act no later than the company's quarter ending October 31, 2004. The company anticipates implementing the accounting guidance related to the effects of the Act during the quarter ending July 31, 2004 and will be required to report the cumulative effect of accounting for the subsidy as of the date of the Act through the date of implementation. The company anticipates the Act will result in a reduction of its future net healthcare expenses and liabilities.

Forward Looking Statements

This Form 10-Q contains forward-looking statements within the meaning of Section 27A of the Securities Act, Section 21E of the Exchange Act, and the Private Securities Litigation Reform Act of 1995 that are subject to risks and uncertainties. You should not place undue reliance on those statements because they are subject to numerous uncertainties and factors relating to our operations and business environment, all of which are difficult to predict and many of which are beyond our control, and such forward-looking statements only speak as of the date of this Form 10-Q. Forward-looking statements include information concerning our possible or assumed future results of operations, including descriptions of our business strategy. These statements often include words such as "believe," "expect," "anticipate," "intend," "plan," "estimate" or similar expressions. These statements are based on assumptions that we have made in light of our experience in the industry as well as our perceptions of historical trends, current conditions, expected future developments and other factors we believe are appropriate under the circumstances. As you read and consider this Form 10-Q, you should understand that these statements are not guarantees of performance or results. They involve risks, uncertainties and assumptions. Although we believe that these forward-looking statements are based on reasonable assumptions, you should be aware that many factors could affect our actual financial results or results of operations and could cause actual results to differ materially from those in the forward-looking statements. For a further description of these factors, see Exhibit 99.1 to Form 10-K for the year ended October 31, 2003, filed with the SEC on December 19, 2003.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

The company's primary market risks include fluctuations in interest rates and currency exchange rates as further described in Item 7A of the 2003 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. The company measures its interest rate risk by estimating the net amount by which the fair value of all of its interest rate sensitive assets and liabilities would be impacted by selected hypothetical changes in market interest rates. Fair value is estimated using a discounted cash flow analysis. Assuming a hypothetical instantaneous 10% adverse change in interest rates as of January 31, 2004, the net fair value of these instruments would decrease by approximately $22 million. The company's interest rate sensitivity analysis assumes a parallel shift in interest rate yield curves. The model, therefore, does not reflect the potential impact of changes in the relationship between short-term and long-term interest rates.

There have been no material changes in the company's foreign currency risk since October 31, 2003, as reported in the 2003 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, along with other management of the company, evaluated the effectiveness of the company's disclosure controls and procedures (as defined in rule 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the Exchange Act)) as of April 30, 2004. Based on that evaluation, the principal executive officer and principal financial officer of the company concluded that, as of April 30, 2004, the disclosure controls and procedures in place at the company were (1) designed to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to them to allow timely decisions regarding required disclosure and (2) effective, in that such disclosure controls and procedures provide reasonable assurance 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 and is in the process of formalizing and documenting the controls and procedures already in place.

Changes in internal controls

The company has not made any significant changes to its internal control over financial reporting (as defined in rule 13a-15(f) and 15d-15(f) under the Exchange Act) during the fiscal quarter ended April 30, 2004 that have materially affected, or are reasonably likely to materially affect, the company's internal control over financial reporting.

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. The majority of these claims and proceedings relate to commercial, product liability and warranty matters. In the opinion of the company's management, the disposition of these proceedings and claims, after taking into account established reserves and the availability and limits of the company's insurance coverage, will not have a material adverse affect on 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 has appealed the adverse judgment, and the company is cooperating with Sturman in this effort. In May 2003, in Federal Court in Columbia, South Carolina, Caterpillar sued the company, its supplier of fuel injectors and joint venture, Siemens Diesel Systems Technology, L.L.C., and Sturman for patent infringement alleging that the Sturman fuel system technology patents and certain Caterpillar patents are infringed in the company's new engines. The company believes that it has meritorious defenses to the claims of infringement of the Sturman patents as well as the Caterpillar patents and will vigorously defend such claims. Based on the information developed to date, the company believes that the proceedings will not have a material adverse impact on the business, results of operations or financial condition of the company.

In January 2002, Caterpillar sued the company in the Circuit Court in Peoria County, Illinois, and the company counterclaimed 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. Caterpillar's claims involve a 1990 agreement to reimburse Caterpillar for costs associated with the delayed launch of the company's V-8 diesel engine program. Reimbursement of the delay costs was made by a surcharge of $8.08 on each injector purchased and the purchase of certain minimum quantities of spare parts. In 1999, the company concluded that, in accordance with the 1990 agreement, it had fully reimbursed Caterpillar for its delay costs and stopped paying the surcharge and purchasing the minimum quantities of spare parts. Caterpillar is asserting that the surcharge and the spare parts purchase requirements continue throughout the life of the contract and has sued the company to recover these amounts, plus interest. Caterpillar also asserts that the company failed to purchase all of its fuel injector requirements under the contract and, in collusion with Sturman, failed to pursue a future fuel systems supply relationship with Caterpillar. The company has counterclaimed that Caterpillar breached the Supply Agreement by refusing to supply the new fuel system for the company's new diesel engines. The company is seeking damages from Caterpillar on account of this refusal and the company's subsequent replacement of Caterpillar as its fuel system supplier. Based upon the information developed to date, and taking into account established reserves, the company believes that the ultimate resolution of the foregoing matters will not have a material adverse impact on the business, results of operations or financial condition of the company.

Along with other vehicle manufacturers, the company and certain of its subsidiaries have been subject to an increase in the number of asbestos-related claims in recent years. Management believes that such claims will not have a material adverse affect on the company's financial condition or results of operations. In general these claims relate to illnesses alleged to have resulted from asbestos exposure from component parts found in older vehicles, although some cases relate to the presence of asbestos in company facilities. In these claims the company is not the sole defendant, and the claims name as

Item 1. Legal Proceedings (continued)

defendants numerous manufacturers and suppliers of a wide variety of products allegedly containing asbestos. Management has strongly disputed these claims, and it has been the company's policy to defend against them vigorously. Historically, the actual damages paid out to claimants have not been material to the company's financial condition. However, management believes the company and other vehicle manufacturers are being more aggressively targeted, largely as a result of bankruptcies of manufacturers of asbestos and products containing asbestos. It is possible that the number of these claims will continue to grow, and that the costs for resolving asbestos related claims could become significant in the future.

Item 2. Changes in Securities, Use of Proceeds and Issuer Purchases of Equity Securities

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 1,600 shares were paid in the form of restricted stock and approximately 1,477 shares were deferred as payment for the fiscal year 2004 annual retainer and meeting fees. In each case, the shares were acquired at prices ranging from $45.555 to $48.915 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.

During the quarter ended April 30, 2004, the company did not repurchase any of its securities, however, the company does have two call option derivative contracts which it entered into in December 2002 in connection with its $190 million senior convertible notes. 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 each note up to approximately $53.40 per share. The maturity and terms of the hedge match the maturity and certain terms of the notes.

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

At the company's Annual Meeting of Shareowners on February 17, 2004, the following nominees were elected to the board of directors to serve three-year terms expiring at the 2007 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
Michael N. Hammes	51,233,782	3,539,328
James H. Keyes	51,082,533	3,690,577
Southwood J. Morcott	51,232,589	3,540,521

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 Eugenio Clariond, John D. Correnti, William F. Patient, Daniel C. Ustian, Y. Marc Belton, Dr. Abbie J. Griffin, Robert C. Lannert and David McAllister.

Item 4. Submission of Matters to a Vote of Security Holders (continued)

A second proposal put before the Shareowners at the Annual Meeting was the ratification of the selection of Deloitte & Touche, LLP as the company's independent auditors for the fiscal year ending October 31, 2004. The results of voting for the ratification of Deloitte & Touche LLP as the company's independent auditors for the fiscal year ending October 31, 2004 were as follows:

Votes For	Votes Against	Votes Abstained
53,827,644	663,410	282,056

Accordingly, the number of affirmative votes cast on the proposal constituted more than a majority of the votes cast on the proposal at the Annual Meeting and the proposal was approved.

A third proposal put before the Shareowners at the Annual Meeting was the approval of the company's 2004 Performance Incentive Plan. The results of voting for the approval of the company's 2004 Performance Incentive Plan were as follows:

Votes For	Votes Against	Votes Abstained	Broker Non-Votes
30,298,776	16,892,471	328,485	7,253,378

Accordingly, the number of affirmative votes cast on the proposal constituted more than a majority of the votes cast on the proposal at the Annual Meeting and the proposal was approved.

Item 6. Exhibits and reports on Form 8-K

(a) Exhibits:

		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
31.1	CEO Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	E-19
31.2	CFO Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	E-20
32.1	CEO Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	E-21
32.2	CFO Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	E-22

Item 6. **Exhibits and reports on Form 8-K (continued)**

(b) Reports on Form 8-K:

The company furnished a current report on Form 8-K with the Commission on February 6, 2004, in which the company announced one of its officers would discuss future business opportunities at an analyst conference.

The company furnished a current report on Form 8-K with the Commission on February 23, 2004, in which the company released its first quarter 2004 earnings. This original current report was erroneously furnished instead of being filed with the Commission. The original current report was amended by filing a current report on Form 8-K/A with the commission on February 23, 2004, in which the company correctly filed its first quarter 2004 earnings.

The company furnished a current report on Form 8-K with the Commission on March 2, 2004, in which the company announced one of its officers would discuss future business opportunities at an analyst conference.

The company furnished a current report on Form 8-K with the Commission on March 17, 2004, in which the company announced one of its officers would discuss future business opportunities at an analyst conference.

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)

Date: June 9, 2004

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

NAVISTAR INTERNATIONAL CORPORATION
AND CONSOLIDATED SUBSIDIARIES

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 Certificate of Retirement of Stock filed with the Secretary of State for the State of Delaware effective July 30, 2003 retiring the Class B common stock of Navistar International Corporation in accordance with the Restated Certificate of Incorporation of Navistar International Corporation, filed as Exhibit 3.2 to Quarterly Report on Form 10-Q dated September 12, 2003, which was filed on September 12, 2003 on Commission File No. 001-09618.

3.3 The Amended and Restated By-Laws of Navistar International Corporation effective October 21, 2003, filed as Exhibit 3.3 to Annual Report on Form 10-K dated October 31, 2003, which was filed on December 19, 2003, Commission No. 001-09618.

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 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.

4.4 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.

4.5 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.

4.6 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.

NAVISTAR INTERNATIONAL CORPORATION
AND CONSOLIDATED SUBSIDIARIES

INSTRUMENTS DEFINING RIGHTS OF SECURITY HOLDERS,
INCLUDING INDENTURES

4.7 Note Purchase Agreement, dated as of June 15, 2001, as amended from time to time, 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).

4.8 250,000,000 Mexican Peso Credit Agreement dated as of July 25, 2001, as amended by Amendment No.3 dated as of August 14, 2003, by and among 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).

4.9 First Supplement to Indenture, dated as of August 22, 2001, by and among 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.

4.10 Second Supplement to Indenture, dated as of August 22, 2001, by and among 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.

4.11 $30,000,000 Revolving Credit Agreement dated as of October 25, 2001, as amended from time to time, by and 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).

4.12 500,000,000 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).

4.13 200,000,000 Mexican Peso Revolving Credit Agreement dated as of November 27, 2001, as amended from time to time, by and 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).

NAVISTAR INTERNATIONAL CORPORATION
AND CONSOLIDATED SUBSIDIARIES

INSTRUMENTS DEFINING RIGHTS OF SECURITY HOLDERS,
INCLUDING INDENTURES

4.14 120,000,000 Mexican Peso Revolving Credit Agreement dated as of February 27, 2002, by and between 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).

4.15 120,000,000 Mexican Peso Revolving Credit Agreement dated as of February 27, 2002, by and between 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).

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

4.17 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.

4.18 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.

4.19 141,000,000 Mexican Peso Revolving Credit Agreement dated as of May 6, 2003, by and among Servicios Financieros Navistar, S.A. de C.V., as borrower 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).

4.20 $7,000,000 Revolving Credit Agreement dated as of September 29, 2003, by and between Servicios Financieros Navistar, S.A. de C.V, as borrower and HSBC Mexico, S.A. (f/k/a 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).

4.21 80,000,000 Mexican Peso Revolving Credit Agreement dated as of September 3, 2003, by and 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).

4.22 200,000,000 Mexican Peso Revolving Credit Agreement dated as of October 16, 2002, and ratified on October 29, 2003, by and 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).

NAVISTAR INTERNATIONAL CORPORATION
AND CONSOLIDATED SUBSIDIARIES

INSTRUMENTS DEFINING RIGHTS OF SECURITY HOLDERS, INCLUDING INDENTURES

4.23 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.

4.24 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.

4.25 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.

4.26 $3,000,000 Revolving Credit Agreement dated as of September 29, 2003, by and between Arrendadora Financiera Navistar, S.A. de C.V., as borrower and HSBC Mexico S.A. (f/k/a 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).

4.27 100,000,000 Mexican Peso Revolving Credit Agreement dated as of December 11, 2003, by and between 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).

4.28 100,000,000 Mexican Peso Revolving Credit Agreement dated as of December 11, 2003, by and between 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).

4.29 First Amendment to the 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 thereto, The Chase Manhattan Bank as Administrative Agent, Bank of America as Syndication Agent and Bank of Nova Scotia as Documentation Agent. Filed as Exhibit 3.2 to Navistar Financial Corporation's Form 10-Q dated and filed March 8, 2004. Commission File No. 001-04146.

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 incorporated herein by reference.

*10.37	Navistar International Corporation 2004 Performance Incentive Plan. Filed as Appendix A to Proxy Statement dated and filed on January 15, 2004. Commission File No. 001-09618.	
10.38	Indenture dated as of April 1, 2004, between Navistar Financial 2004-A Owner Trust and The Bank of New York, as Indenture Trustee, with respect to Navistar Financial 2004-A Owner Trust. Filed as Exhibit 4.2 to Navistar Financial Retail Receivables Corporation Navistar Financial 2004-A Owner Trust's Form 8-K dated April 5, 2004. Filed on Registration No. 333-67112-01.	

The following documents of Navistar International Corporation are filed herewith.

*10.39	Board of Directors resolution terminating the 1998 Non-Employee Directors Plan	**E-7**
*10.40	Amendment No. 1 to the Navistar International Corporation 2004 Performance Incentive Plan effective April 21, 2004.	**E-8**
*10.41	Navistar International Corporation Amended and Restated Executive Stock Ownership Program dated February 17, 2004.	**E-9**

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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).

FURTHER RESOLVED, that the Navistar 1998 Non-Employee Director Stock Option Plan is hereby terminated effective upon approval by the shareowners of the Navistar International Corporation 2004 Performance Incentive Plan, which stock plan will supercede the 1998 Non-Employee Directors Plan.

EXHIBIT 10.40

AMENDMENT NO. 1
TO THE
NAVISTAR INTERNATIONAL CORPORATION
2004 PERFORMANCE INCENTIVE PLAN

1. Section VI(3) is hereby replaced in its entirety by the following:

(3) The Committee shall have the discretion to adjust the determination of the degree of attainment of the preestablished goals; provided that the Awards that are designated to qualify for Performance-Based Exception may not be adjusted upward (although the Committee shall retain the discretion to adjust such Awards downward). In no event shall the Performance Period for any performance-based equity Award be less than one year.

NAVISTAR INTERNATIONAL CORPORATION
EXECUTIVE STOCK OWNERSHIP PROGRAM

(Amended and restated as of February 17, 2004)

INTRODUCTION

On June 16, 1997, the Board of Directors (the "Board") of Navistar International Corporation (the "Company") approved the terms of the Executive Stock Ownership Program, which has subsequently been amended and restated (as amended and restated, the "Program"), in which all officers and senior managers in Pay Levels 9-12 (the "Participants") will participate. The Program requires you to make a substantial investment in the common stock of the Company. This memorandum describes the terms of the Program.

Senior management and the Board believe that, in order for the Company to become the best truck and engine company in North America, senior management of the Company must have a significant ownership stake in the Company. The Program **requires** you and every other member of senior management to acquire such an ownership stake, and to do so promptly. The goal of the Program is to secure your individual commitment to the management team that intends to implement the vision for the Company and our shareowners, by requiring you to make an "at risk" investment of personal funds as well as career success in the Company. In this way, the Program will reinforce the behavior of every member of senior management to act like an owner.

In connection with the adoption of the Program, the Board approved certain changes to the executive severance agreements that the Company enters into with its Officers and Senior Managers. The new terms of the severance agreement enhance your protection in the event of termination of employment or a change in control of the Company. In this way, the Company is making a greater commitment to you at the same time as you are making a greater commitment to the Company.

THE STOCK OWNERSHIP REQUIREMENT

Mandatory Ownership Requirement. The Program imposes a mandatory requirement that you own a specified amount of the Company's common stock, $0.10 par value per share ("Stock"). **Failure to continuously own the required amounts of Stock at the times required under the Program will constitute grounds for termination of your employment with the Company and its subsidiaries.**

Required Levels of Stock Ownership. Under the Program, you will be required to own a number of shares calculated by reference to your salary, a multiplier assigned to your pay level, and the average of the high and low prices of Stock (rounded down to the nearest dollar) on the date you first became subject to the Program (i.e., are promoted to Pay Level 9 or above or newly hired at Pay Level 9 or above). The actual number of shares you will be required to own under the Program (the "Ownership Requirement") will be specified in Exhibit A (a form of which is attached hereto), which will be sent to you under separate cover.

Your Ownership Requirement will not vary with changes in the market price of Stock during the life of the Program, subject to the Board's right of review. Nor will your Ownership Requirement change if your salary is increased or decreased but you remain in the same Pay Level.

Unless otherwise determined by the Board, in the event you are promoted to a higher Pay Level after you become subject to the Program, you will become subject to the Ownership Requirement applicable to that Pay Level, based on your then-current base salary. The additional number of shares needed to meet your new Ownership Requirement will be calculated based on the average of the high and low prices of Stock (rounded down to the nearest dollar) on the date of your promotion (net of the dollar amount associated with your original Ownership Requirement using the average of the high and low prices of Stock (rounded down to the nearest dollar) on the date you first became subject to the Program). For example, assume a Participant in Pay Level 10 is required to own 13,235 shares based on a $150,000 salary, a multiplier of 1.5 times his salary and a $17.00 market price of the Stock on the date he or she first became subject to the Program. Further assume that the Participant is promoted to Pay Level 11 at a salary of $200,000 when the market price of the Stock on his date of promotion is $20. The additional number of shares needed to satisfy his or her new Ownership Requirement is 11,250, calculated as follows:

Level 10:	150,000	Salary	
	x 1.5	Pay Level Multiplier	
	225,000	÷ 17.00 = 13,235*	Original Ownership Requirement
Level 11:	200,000	Salary	
	x 2.25	Pay Level Multiplier	
	450,000		
	-224,995	(17.00 x 13,235)	
	225,005	÷ 20.00 = 11,250*	Additional Ownership Requirement

*Rounded down to the nearest number of whole shares.

The Board intends to review the Ownership Requirements every three years, but reserves the right to adjust the Ownership Requirements at any time in its sole discretion to reflect, among other things, market conditions and the Company's ongoing executive compensation programs.

Time to Meet Ownership Requirement. The Ownership Requirement will be phased in, so that you will be required to own shares representing:

(i) one-fifth of your Ownership Requirement (the "Initial Ownership Requirement") by the 60th day after the date you become subject to the Program (the "1st Tranche Deadline");

(ii) three-fifths of your Ownership Requirement (the "Second Ownership Requirement") by 36 months after the date you become subject to the Program (the "2nd Tranche Deadline"); and

(iii) the full amount of your Ownership Requirement (the "Final Ownership Requirement") by 60 months after the date you become subject to the Program (the "Ownership Deadline").

In the case of any promoted or newly hired member of management, any additional or new Ownership Requirement will be phased in so that one-fifth of such additional or new Ownership Requirement must be met on the 60th day after the promotion or hiring, three-fifths after 36 months, and in full after 60 months. Deadlines applicable to any original Ownership Requirement will not be altered.

Restriction on Sales or Dispositions of Stock. Once your Ownership Requirement is met, you must continue to own sufficient Stock to meet the Ownership Requirement until the Ownership Requirement lapses (as discussed below) or the Program is terminated. The Program is indefinite in duration, although it may be terminated or modified at any time by the Board.

Under the Program, you may not sell or dispose of any shares of Stock that you own (as determined under the Program) at any time that you have not met the full Ownership Requirement, or to the extent the sale or disposition would cause your ownership to fall below your Ownership Requirement. This means that, for example, even if you own shares in excess of one-fifth of your Ownership Requirement between the 1st Tranche Deadline and the 2nd Tranche Deadline, you could not sell such excess shares. You can only sell shares if you have met your full Ownership Requirement.

As stated above, the sale or disposition of shares in violation of the Program's requirements will constitute grounds for termination of employment. The Program does not impose a legal restriction on the transferability of the shares (other than Deferred Shares acquired under the Program and Premium Shares awarded under the 2004 PIP, as discussed below), but imposes the potential penalty of termination (and forfeiture of Deferred Shares and Premium Shares, as discussed below). Thus, it is up to you to ensure that shares subject to the Program are not sold. The Program does not prohibit a pledge of shares as security for a loan, but if the shares are disposed of as a result of such pledge (for example, due to a default by you on such loan), such disposition will constitute grounds for termination of employment under the Program. Short positions and "put equivalent" derivative securities positions will be deemed dispositions for purposes of the Program.

If you are an officer of the Company subject to the reporting and short-swing profits liability provisions of Section 16 of the Securities Exchange Act of 1934, any purchases you make in the open market in order to meet your Ownership Requirement will be non-exempt transactions, which could potentially be matched with any sale within less than six months before the purchase or six months after the purchase to yield short-swing profits liability.

All purchases and sales of Stock in the market are subject to federal and state laws prohibiting transactions while in possession of certain material non-public information, and to Company Policies prohibiting trading on the basis of material non-public information. Under the Company's policies, you are required to pre-clear any transaction with the Company's General Counsel or Corporate Secretary. All shares purchased or sold must be reported to the Office of the Secretary on Exhibit B, a form of which is attached hereto.

Shares Deemed Owned Under the Program. Shares of Stock that count toward meeting your Ownership Requirement are shares in which you have an exclusive pecuniary interest, and shares in which you and members of your immediate family have an exclusive pecuniary interest if such members have consented to such shares being deemed owned by you for purposes of the Program. This would include shares of Stock owned directly by you, either in record name or in a brokerage account, shares owned by you as a participant in the Company's 401(k) Retirement Savings Plan, shares acquired under the Company's 2004 Performance Incentive Plan, as amended from time to time (the "2004 PIP"), the share purchase features of the Program, including units representing Deferred Shares, and Premium Shares awarded under the 2004 PIP (as discussed below), and shares or share units under any other plan or program of the Company or any subsidiary if and to the extent so designated by the administrator of the Program. In addition, shares of restricted Stock held under any Company plan under which the vesting conditions are not dependent upon the achievement of a performance goal will count toward meeting your Ownership Requirements; provided, however, that in the event you have irrevocably elected stock withholding in connection with an award of such restricted Stock, the number of such shares that count toward meeting your Ownership Requirements will be reduced to the net number of such shares remaining after applying the applicable rate of withholding (rounded down to the nearest whole share).

On the other hand, shares of restricted Stock held under any Company plan that may or may not vest depending on the achievement of a performance goal will not be deemed to be owned by you until such time as such shares have become vested, and shares which may be acquired upon exercise of an option (whether or not then exercisable) will not be deemed owned by you until such option is duly exercised. In this regard, the surrender or withholding of shares of Stock to pay the exercise price or tax withholding with respect to an option or vesting of restricted Stock will not be deemed a sale or disposition of such shares for purposes of the Program. Shares in which any other person (other than an immediate family member if such member has consented as aforesaid) has a pecuniary interest will not be deemed to be owned by you for purposes of the Program, and will not be subject to restrictions on sale or disposition.

Lapse of Ownership Requirement; Change in Control. Your Ownership Requirement will lapse upon your termination of employment for any reason. In addition, all Ownership Requirements lapse upon a Change in Control.

For purposes of the Program, a "Change in Control" will be deemed to have occurred if (i) any "person" or "group" (as such terms are used in Section 13(d) and 14(d) of the Securities Exchange Act of 1934), other than employee or retiree benefit plans or trusts sponsored or established by the Company or International Truck and Engine Corporation ("International"), is or becomes the "beneficial owner" (as defined in Rule 13d-3 under the Securities Exchange Act of 1934), directly or indirectly, of securities of the Company representing 25% or more of the combined voting power of the Company's then outstanding securities; (ii) the following individuals cease for any reason to constitute more than three-fourths of the number of directors then serving on the Board: individuals who, on the date hereof, constitute the Board and any new director (other than a director whose initial assumption of office is in connection with an actual or threatened election contest, including but not limited to a consent solicitation, relating to election of directors of the Company) whose appointment or election by the Board or nomination for election by the Company's stockholders was approved by the vote of at least two-thirds (2/3) of the directors then still in office or whose appointment, election or nomination was previously so approved or recommended; (iii) any dissolution or liquidation of the Company or International or sale or disposition of all or substantially all (more than 50%) of the assets of the Company or of International occurs; or (iv) as the result of, or in connection with, any cash tender offer, exchange offer, merger or other business combination, sale of assets, proxy or consent solicitation, contested election or substantial stock accumulation (a "Control Transaction"), the members of the Board immediately prior to the first public announcement relating to such Control Transaction shall immediately thereafter, or within two years, cease to constitute a majority of the Board. Notwithstanding the foregoing, the sale or disposition of any or all of the assets or stock of Navistar Financial Corporation shall not be deemed a Change in Control.

Ownership Reporting and Certification. Participants will be required to periodically file reports as to their ownership of shares of Stock under the Program, including purchases, sales or dispositions of Stock.

ACQUISITIONS OF SHARES UNDER THE PROGRAM

Overview. The Program includes a number of features to enable Participants to acquire shares, as well as features to encourage Participants to make a substantial and prompt commitment to meeting their Ownership Requirements.

Company Loans To Meet Ownership Requirements. In accordance with Section 402 of the Sarbanes-Oxley Act of 2002, effective July 30, 2002, the Company no longer extends or arranges for credit to Participants to assist them in meeting their Ownership Requirements. Any loans extended to Participants to assist them in meeting their Ownership Requirements prior to July 30, 2002 will be grand-fathered and remain in effect in accordance with the terms and conditions as contained in their promissory note.

Company Loans To Meet Ownership Requirements. In accordance with Section 402 of the Sarbanes-Oxley Act of 2002, effective July 30, 2002, the Company no longer extends or arranges for credit to Participants to assist them in meeting their Ownership Requirements. Any loans extended to Participants to assist them in meeting their Ownership Requirements prior to July 30, 2002 will be grand-fathered and remain in effect in accordance with the terms and conditions as contained in their promissory note.

Acquisitions From the Company. The Program provides for the purchase of units representing shares (“Deferred Shares”) from the Company. In addition, the Program provides for awards under the 2004 PIP of restricted stock units (“Premium Shares”) as an incentive to Participants to promptly acquire shares to meet their Ownership Requirements. A Participant may acquire shares from the Company as follows:

- Salary Reduction. Up to four-fifths of your Ownership Requirement may be satisfied by electing to have your salary reduced, on a pre-tax basis, over any period up to five years. You may elect to apply an amount between 10% and 50% of your future monthly salary to such purchases. Your election must be made within 30 days after becoming subject to the Program, or if you are already participating in the Program, your election to purchase Deferred Shares through salary reduction must be made at least 6 months in advance of the date your salary reduction is to begin. In the event of a promotion in Pay Level that results in an increase in your Ownership Requirement, you may increase an existing salary reduction election, or make a salary reduction election if there is not one currently in effect, within 20 days of your being notified of the promotional increase. If you make a salary reduction election, you will acquire Deferred Shares at the date your salary reduction would otherwise have been paid to you in an amount determined by dividing (i) the amount of the salary reduction to be applied to the purchase by (ii) the average of the high and low prices of a share of Stock as set forth in the New York Stock Exchange Composite Transactions listing published in the Wall Street Journal or equivalent financial publication (the “Fair Market Value”) on the date your salary reduction would have been otherwise payable (or if that date is not a trading day, on the most recent previous trading date). Deferred Shares acquired through the application of your salary reduction will vest immediately, but vested Deferred Shares generally will not be settled by delivery of actual Stock until your termination of employment (as described below). You may terminate your election with respect to any future salary reduction that has not yet been applied to acquire Deferred Shares by giving six months advance notice to the Company. In order to make an election to have your salary reduced you will be required to complete Exhibit C (a form of which is attached hereto).

- Annual Incentive Payouts. You may purchase Deferred Shares by electing to have a portion of future annual incentive payments to which you may become entitled under any plan of the Company applied, on a pre-tax basis, to such purchases. You may elect to apply an amount between 50% and 100% of your future annual incentives to such purchases. Your election may be made on an annual basis and must be made prior to January 1st of each fiscal year. If you make this election, you will acquire Deferred Shares at the date an annual incentive payment would otherwise be made to you in an amount determined by dividing the amount of the annual incentive to be applied to the purchase by the Fair Market Value of Deferred Shares at the date the annual incentive would have been otherwise payable. Deferred Shares acquired through the application of annual incentive payouts will vest immediately, but vested Deferred Shares generally will not be settled by delivery of actual Stock until your termination of employment (as described below). In order to make an election to have your annual incentive payout applied to the purchase of Deferred Shares you will be required to complete Exhibit D (a form of which is attached hereto).

- Premium Shares. Premium Shares will be awarded to the Participant under the 2004 PIP as a reward for certain acquisitions of shares, as follows:

  – To the extent any shares comprising your Initial Ownership Requirement consist of restricted Stock awarded by the Company or are purchased on or before the 60th day after you become subject to the Program in the open market or from the Company (including by exercise of options or Deferred Shares acquired by salary reduction) using personal funds or funds obtained from a source other than the Company, you will be awarded Premium Shares under the 2004 PIP (as of the date you fulfill the tranche requirement) equal to 15% of such shares. To the extent any shares comprising your Second Ownership Requirement (less your Initial Ownership Requirement) consist of restricted Stock awarded by the Company or are purchased on or before the 18th month after the date you become subject to the Program in the open market or from the Company (including by exercise of options or Deferred Shares acquired by salary reduction but excluding Deferred Shares acquired by elective deferral of annual incentive payments and all Premium Shares), you will be awarded Premium Shares under the 2004 PIP (as of the date you fulfill the tranche requirement) equal to 25% of such shares. To the extent any shares comprising your Final Ownership Requirement (less your Second Ownership Requirement) consist of restricted Stock awarded by the Company or are purchased on or before the 36th month after the date you become subject to the Program, in the open market or from the Company (including by exercise of options or Deferred Shares acquired by salary reduction or elective deferral of annual incentive payments, but excluding all Premium Shares), you will be awarded Premium Shares under the 2004 PIP (as of the you fulfill the tranche requirement) equal to 25% of such shares.

  – Deferred Shares acquired by salary reduction will be counted as shares owned by the Participant for purposes of determining a Participant's eligibility to earn Premium Shares.

  – If you acquire Deferred Shares as a result of your election to apply 50% of any future annual incentive payment toward their purchase, you will be awarded Premium Shares under the 2004 PIP equal to 5% of the number of Deferred Shares so acquired; if you acquire Deferred Shares as a result of your election to apply 100% of any future annual incentive payment toward their purchase, you will be awarded Premium Shares under the 2004 PIP equal to 15% of the number of Deferred Shares so acquired; and if you acquire Deferred Shares as a result of your election to apply more than 50% but less than 100% of any future annual incentive payment toward their purchase, you will be awarded Premium Shares under the 2004 PIP in an amount determined by interpolating on a straight-line basis between 5% and 15% of the number of Deferred Shares so acquired. Premium Shares awarded to you in connection with an annual incentive will be awarded as of the date the annual incentive would have been otherwise payable.

Terms of Deferred Shares and Premium Shares. Premium Shares will be granted and issued to each Participant under and in accordance with the terms and conditions of the 2004 PIP. Deferred Shares and Premium Shares will be credited to a Participant's account in whole shares (rounded down to the nearest whole number). For each such Deferred or Premium Share credited to a Participant's account on a record date for a dividend, a dollar amount will be paid to the Participant at the dividend payment date equal to the amount of dividends paid on one share; provided, however, that the Committee on Compensation and Governance may require any extraordinary dividend to be deemed reinvested in additional Deferred Shares or Premium Shares (as the case may be) at the Fair Market Value of shares at the dividend payment date. Deferred Shares and Premium Shares may not be transferred or disposed of by a Participant.

All Premium Shares are forfeitable until such time as they have vested. In the event the Committee on Compensation and Governance elects to require an extraordinary dividend to be deemed reinvested in additional Deferred Shares or Premium Shares under the 2004 PIP, such Deferred Shares
and Premium Shares so acquired through dividend reinvestment on unvested Deferred Shares and unvested Premium Shares ("Original Shares") will vest at the times and in proportion to the vesting of the Original Shares. Deferred Shares and Premium Shares acquired through dividend reinvestment on vested Deferred Shares and vested Premium Shares will be immediately vested. Deferred Shares acquired by application of salary reduction or by application of annual incentive payments are fully vested (i.e., non-forfeitable) at all times.

Except as described above with respect to extraordinary dividends deemed to be reinvested in additional Premium Shares, Premium Shares vest in equal installments on each of the first three anniversaries of the date on which they are awarded, or earlier upon the occurrence of a Change in Control or termination of employment due to death, total and permanent disability, or qualified retirement in accordance with the terms of the 2004 PIP. In the event a Participant's employment with the Company or its subsidiaries terminates for any reason, any unvested Deferred Shares and unvested Premium Shares shall be immediately forfeited. In addition, in the event a Participant sells or otherwise disposes of other purchased shares in respect of which Premium Shares were awarded, all of the Participant's unvested Premium Shares shall be immediately forfeited. A Participant shall not be treated as having sold or otherwise disposed of purchased shares in respect of which Premium Shares were awarded unless he or she has sold or disposed of shares in excess of the number of his or her shares in respect of which no Premium Shares were awarded.

Each vested Deferred Share and each vested Premium Share will be settled by delivery of one share of Stock. Such settlement shall occur within ten days after a Participant's termination of employment (or, in the case of a Participant who retires, such later date as may have been elected by a Participant under procedures approved by the Program administrator); provided, however, that settlement shall be accelerated to the date immediately prior to a Change in Control (subject to any deferral of settlement as may have been elected by a Participant under procedures approved by the Program administrator).

Deferred Shares will be appropriately adjusted by the Board in the event of stock splits, stock dividends and other extraordinary, special, and non-recurring dividends, and other extraordinary corporate events. Premium shares will be appropriately adjusted by the Committee on Compensation and Governance in the event of a change in capitalization of the Company in accordance with the terms of the 2004 PIP.

Right to Put Shares to the Company. A Participant under the Program has the right, in the event of a Change in Control by action of the UAW or the Supplementary Trust, to "put" to the Company any shares of Stock acquired by the Participant on and after the date such Participant becomes subject to the Program (other than Premium Shares) and owned under the Program immediately prior to the Change in Control, on the following terms and conditions (the "Put Right"). The Put Right represents a right of the Participant to sell, and an obligation of the Company to buy, each share of Stock (other than a Premium Share) acquired under the Program, exercisable by the Participant during a period of 30 days following such Change in Control (as defined above). The purchase price ("strike price") payable by the Company to the Participant for each share to be sold to the Company upon a Participant's exercise of the Put Right shall equal the amount paid per share by the Participant; provided, however, that if the Participant exercises the Put Right as to all shares purchased with a loan from the Company under the Program, the purchase price for such shares shall be deemed to be the greater of the aggregate purchase price of such shares or the unpaid balance (principal plus accrued interest) on the loan, and such purchase price shall be applied to the repayment in full of such unpaid loan balance (with any remaining amount paid to the Participant together with interest thereon as specified in their promissory note).

The Participant may exercise the Put Right as to all or less than all of the shares subject to the Put Right, and shall identify such shares in a manner sufficient to identify the original purchase price of the shares as to which the Put Right is exercised.

Notwithstanding the Company's power to terminate or amend the Program, the Company may not terminate or amend the Put Right following a Change in Control in a manner adverse to a Participant without his or her written consent.

MARKET PRICE RANGE

For the three years ending December 31, 2003, the high and low sales price for the Company's Stock for the periods indicated was as follows:

	Stock Price	
Year Ending	High	Low
December 31, 2003	$ 48.71	$ 20.52
December 31, 2002	$ 47.38	$ 14.77
December 31, 2001	$ 41.20	$ 21.78

Prior to investing in the Stock, Participants are encouraged to obtain current information concerning the price of the Stock.

RISK FACTORS

This prospectus and the information incorporated by reference in this prospectus may include forward-looking statements within the meaning of Section 27A of the Securities Act, Section 21E of the Exchange Act, and the Private Securities Litigation Reform Act of 1995 that are subject to risks and uncertainties. You should not place undue reliance on those statements because they are subject to numerous uncertainties and factors relating to our operations and business environment, all of which are difficult to predict and many of which are beyond our control. Such forward-looking statements only speak as of the date of this prospectus and we undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date on which the statement is made or to reflect the occurrence of unanticipated events. Forward-looking statements include information concerning our possible or assumed future results of operations, including descriptions of our business strategy. These statements often include words such as “believe,” “expect,” “anticipate,” “intend,” “plan,” “estimate” or similar expressions. These statements are based on assumptions that we have made in light of our experience in the industry as well as our perceptions of historical trends, current conditions, expected future developments and other factors we believe are appropriate under the circumstances. As you read and consider this prospectus, you should understand that these statements are not guarantees of performance or results. They involve risks, uncertainties and assumptions. Although we believe that these forward-looking statements are based on reasonable assumptions, you should be aware that many factors could affect our actual financial results or results of operations and could cause actual results to differ materially from those in the forward-looking statements. Some of these factors include:

- The markets in which we compete are subject to considerable cyclicality.
- We operate in the highly competitive North American truck market.
- Our business may be adversely impacted by work stoppages and other labor relations matters.
- The loss of business from Ford Motor Company, or "Ford," our largest customer, could have a negative impact on our business, financial condition and results of operations.
- The costs associated with complying with environmental and safety regulations could lower our margins.
- Our liquidity position may be adversely affected by a continued downturn in our industry.
- Our business could be negatively impacted in the event Navistar Financial Corporation, our financing subsidiary, is unable to access sufficient capital to engage in its financing activities.
- We have significant underfunded postretirement obligations.
- Our manufacturing operations are dependent upon third-party suppliers, making us vulnerable to a supply shortage.
- Our ability to use net operating loss carryovers to reduce future tax payments if there is a change in ownership of the Company.
- We are exposed to political, economic and other risks that arise from operating a multinational business.
- Our substantial debt could require us to use a significant portion of our cash flow to satisfy our debt obligations and may limit our operating flexibility.

Other factors and assumptions not identified above are also relevant to the forward-looking statements, and if they prove incorrect, could also cause actual results to differ materially from those projected. For a further and more detailed description of these factors, please refer to Exhibit 99.1 to our Form 10-K. Participant should carefully consider all of these factors before making an investment in the stock offered under the Program.

In addition, the market price of our Common Stock may fluctuate from time to time. For this reason, the value of the Stock you may hold may decrease or increase in value depending upon the market price of our Common Stock.

FEDERAL INCOME TAX CONSEQUENCES

Shares purchased in the open market or from the Company with personal funds or the proceeds of a loan, which are held in the form of actual shares, will represent share ownership by the Participant, so that gains or losses realized upon the ultimate disposition of such shares will be capital gains or losses to the Participant. Deferred Shares and Premium Shares will be rights acquired on a pre-tax basis, so that their settlement by issuance and delivery of shares will result in ordinary income to the Participant equal to the then-fair market value of the shares delivered. Employment taxes (Social Security and Medicare) will be due and payable when Deferred Shares and Premium Shares vest, even though income tax liability will be deferred until shares are delivered. Interest on a Company loan will be treated as "investment interest" and will be deductible by a Participant when paid, subject to the limitations applicable to "investment interest." Interest on a note that deferred the payment of interest until the end of the term of the note should be deductible each year during the term of the note. The note is treated as having been issued at a discount, and the interest is deductible as original issue discount ("OID"). The amount of the deduction in each year is computed under a constant rate method. Deloitte & Touche LLP has rendered an opinion that the exercise of a Put Right will not result in a Participant's recognition of income, gain or loss to the extent the amount paid by the Company equals the amount paid per share by the Participant.

The foregoing is a general summary of certain Federal income tax consequences. Participants are urged to consult their personal tax advisors regarding the tax consequences of their participation in the Program.

OTHER INFORMATION

Administrator. The Program is administered by the Company's Senior Vice President, Human Resources and Administration.

Program Not Otherwise Tax-Qualified or Subject to ERISA. The Program is not qualified under Code Section 401(a) and is intended to qualify for the "top hat" exemption from the requirements of the Employee Retirement Income Security Act of 1974, as amended.

Registration: Additional Information. On June 16, 1997, the Company filed a registration statement on Form S-8 (the "Registration Statement") with the Securities and Exchange Commission (the "SEC") registering under the Securities Act of 1933, as amended (the "Securities Act"), the offer and sale of up to 650,000 shares in connection with the Program.

Certain documents filed by the Company with the SEC under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), before the Company filed the Registration Statement, including the Company's then-most recent Annual Report on Form 10-K, as well as periodic reports, current reports, and proxy statements filed after the date of such Registration Statement, are incorporated by reference into the Registration Statement. These documents are also incorporated by reference into this memorandum and form part of the prospectus for the Program under the Registration Statement.

The Company may from time to time update this prospectus to reflect material changes relating to the Program. Such updated information, which will be delivered to Officers and Senior Managers subject to the Program, should be read in conjunction with this prospectus and the other documents that form part of the prospectus for the Program, except to the extent that statements in this prospectus and the other documents have been modified or superseded by statements in a subsequent prospectus or other document forming part of the prospectus for the Program.

The Company will provide without charge to each person subject to the Program, upon the written or oral request of such person, a copy of any or all of the documents incorporated by reference herein (except that exhibits to such documents will not be provided without charge unless such exhibits are specifically incorporated by reference into such documents), a copy of any or all other documents constituting part of the prospectus for the Program previously delivered to such person, and a copy of any or all other documents required to be delivered to such persons by SEC rules. Such requests, and requests for additional information about the Program and its administrator, should be directed to:

Navistar International Corporation
4201 Winfield Road
Warrenville, Illinois 60555
(630) 753-2149

The Company will deliver to each person to whom offers and sales are made under the Program, who otherwise does not receive such material, copies of all future reports, proxy statements, and other communications distributed to its shareowners, generally no later than the time such material is sent to shareowners.

EXHIBIT 31.1

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 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 report;

3. Based on my knowledge, the financial statements, and other financial information included in this 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 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-15(e) and 15d-15(e)) for the registrant and have:

    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, 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 report is being prepared;

    b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    c) Disclosed in this report any change in the registrant's internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, 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 and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report information; and

    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: June 9, 2004

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

EXHIBIT 31.2

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 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 report;

3. Based on my knowledge, the financial statements, and other financial information included in this 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 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-15(e) and 15d-15(e)) for the registrant and have:

    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, 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 report is being prepared;

    b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    c) Disclosed in this report any change in the registrant's internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, 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 and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report information; and

    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: June 9, 2004

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

EXHIBIT 32.1

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, 2004 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 results 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.

Date: June 9, 2004

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

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 32.2

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, 2004 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 results 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.

Date: June 9, 2004

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

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.