

NAVISTAR INTERNATIONAL CORP
Form SC 13D/A
January 30, 2015

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

SCHEDULE 13D

[Rule 13d-101]

INFORMATION TO BE INCLUDED IN STATEMENTS FILED

PURSUANT TO § 240.13d-1(a) AND AMENDMENTS

THERE TO FILED PURSUANT TO § 240.13d-2(a)

Amendment No. 12

Navistar International Corporation

(Name of Issuer)

Common Stock, par value \$0.10 per share

(Title of Class of Securities)

63934E108

(CUSIP Number)

Janet Yeung

MHR Fund Management LLC

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40 West 57th Street, 24th Floor

New York, New York 10019

(212) 262-0005

(Name, Address and Telephone Number of Person Authorized to Receive Notices of Communication)

January 28, 2015

(Date of Event Which Requires Filing of This Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition that is the subject of this Schedule 13D, and is filing this schedule because of §§240.13d-1(e), 240.13d-1(f) or 240.13d-1(g), check the following box. "

Note: Schedules filed in paper format shall include a signed original and five copies of the Schedule, including all exhibits. *See* §240.13d-7 for other parties to whom copies are to be sent.

* The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter disclosures provided in a prior cover page. The information required on the remainder of this cover page shall not be deemed to be filed for the purpose of Section 18 of the Securities Exchange Act of 1934 (the Act) or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

(Continued on following pages)

(Page 1 of 12 Pages)

(1) Name of reporting person

MHR INSTITUTIONAL PARTNERS III LP

(2) Check the appropriate box if a member of a group (see instructions)

(a) ..

(b) x

(3) SEC use only

(4) Source of funds (see instructions)

N/A

(5) Check box if disclosure of legal proceedings is required pursuant to Item 2(d) or 2(e)

..

(6) Citizenship or place of organization

Delaware

Number of (7) Sole voting power

shares

beneficially 13,255,528

(8) Shared voting power

owned by

each

reporting 0

(9) Sole dispositive power

person

with

13,255,528
(10) Shared dispositive power

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0

(11) Aggregate amount beneficially owned by each reporting person

13,255,528

(12) Check box if the aggregate amount in Row (11) excludes certain shares (see instructions)

..

(13) Percent of class represented by amount in Row (11)

16.3%

(14) Type of reporting person (see instructions)

PN

(1) Name of reporting person

MHR INSTITUTIONAL ADVISORS III LLC

(2) Check the appropriate box if a member of a group (see instructions)

(a) ..

(b) x

(3) SEC use only

(4) Source of funds (see instructions)

N/A

(5) Check box if disclosure of legal proceedings is required pursuant to Item 2(d) or 2(e)

..

(6) Citizenship or place of organization

Delaware

Number of (7) Sole voting power

shares

beneficially 13,255,528

(8) Shared voting power

owned by

each

reporting 0

(9) Sole dispositive power

person

with

13,255,528
(10) Shared dispositive power

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0

(11) Aggregate amount beneficially owned by each reporting person

13,255,528

(12) Check box if the aggregate amount in Row (11) excludes certain shares (see instructions)

..

(13) Percent of class represented by amount in Row (11)

16.3%

(14) Type of reporting person (see instructions)

OO

(1) Name of reporting person

MHR FUND MANAGEMENT LLC

(2) Check the appropriate box if a member of a group (see instructions)

(a)

(b)

(3) SEC use only

(4) Source of funds (see instructions)

N/A

(5) Check box if disclosure of legal proceedings is required pursuant to Item 2(d) or 2(e)

..

(6) Citizenship or place of organization

Delaware

(7) Sole voting power

Number of

shares 14,500,000
(8) Shared voting power

beneficially

owned by 0
each (9) Sole dispositive power

reporting

person 14,500,000
(10) Shared dispositive power

with

0

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(11) Aggregate amount beneficially owned by each reporting person

14,500,000

(12) Check box if the aggregate amount in Row (11) excludes certain shares (see instructions)

..

(13) Percent of class represented by amount in Row (11)

17.8%

(14) Type of reporting person (see instructions)

OO

(1) Name of reporting person

MHR HOLDINGS LLC

(2) Check the appropriate box if a member of a group (see instructions)

(a) (b)

(3) SEC use only

(4) Source of funds (see instructions)

N/A

(5) Check box if disclosure of legal proceedings is required pursuant to Item 2(d) or 2(e)

..

(6) Citizenship or place of organization

Delaware

(7) Sole voting power

Number of

shares 14,500,000
(8) Shared voting power

beneficially

owned by 0
each (9) Sole dispositive power

reporting

person 14,500,000
(10) Shared dispositive power

with

0

(11) Aggregate amount beneficially owned by each reporting person

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14,500,000

(12) Check box if the aggregate amount in Row (11) excludes certain shares (see instructions)

..

(13) Percent of class represented by amount in Row (11)

17.8%

(14) Type of reporting person (see instructions)

OO

(1) Name of reporting person

MARK H. RACHESKY, M.D.

(2) Check the appropriate box if a member of a group (see instructions)

(a) (b)

(3) SEC use only

(4) Source of funds (see instructions)

N/A

(5) Check box if disclosure of legal proceedings is required pursuant to Item 2(d) or 2(e)

..

(6) Citizenship or place of organization

United States of America

(7) Sole voting power

Number of

shares 14,520,502
(8) Shared voting power

beneficially

owned by 0
each (9) Sole dispositive power

reporting

person 14,520,502
(10) Shared dispositive power

with

0

(11) Aggregate amount beneficially owned by each reporting person

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14,520,502

(12) Check box if the aggregate amount in Row (11) excludes certain shares (see instructions)

..

(13) Percent of class represented by amount in Row (11)

17.8%

(14) Type of reporting person (see instructions)

IN; HC

Explanatory Note

This statement on Schedule 13D (this Statement) amends and supplements, as Amendment No. 12, the Schedule 13D filed on June 15, 2012 (the Initial Schedule 13D), which was amended on June 25, 2012 by Amendment No. 1 to the Initial Schedule 13D (Amendment No. 1), on July 10, 2012 by Amendment No. 2 to the Initial Schedule 13D (Amendment No. 2), on October 9, 2012 by Amendment No. 3 to the Initial Schedule 13D (Amendment No. 3), on October 26, 2012 by Amendment No. 4 to the Initial Schedule 13D (Amendment No. 4), on December 12, 2012 by Amendment No. 5 to the Initial Schedule 13D (Amendment No. 5), on July 15, 2013 by Amendment No. 6 to the Initial Schedule 13D (Amendment No. 6), on July 17, 2013 by Amendment No. 7 to the Initial Schedule 13D (Amendment No. 7), on March 11, 2014 by Amendment No. 8 to the Initial Schedule 13D (Amendment No. 8), on April 11, 2014 by Amendment No. 9 to the Initial Schedule 13D (Amendment No. 9), on June 24, 2014 by Amendment No. 10 to the Initial Schedule 13D (Amendment No. 10) and on December 18, 2014 by Amendment No. 11 to the Initial Schedule 13D (Amendment No. 11) and, together with Amendment No. 1 through Amendment No. 10 and the Initial Schedule 13D, the Schedule 13D) and relates to shares of common stock, par value \$0.10 per share (the Common Stock), of Navistar International Corporation (the Issuer). Capitalized terms used in this Statement but not defined herein shall have the respective meanings given to such terms in Amendment No. 11.

Item 5. Interests in Securities of the Issuer

Item 5 is hereby amended by deleting such item in its entirety and replacing it with the following:

The percentages set forth below are calculated based on 81,414,738 shares of Common Stock outstanding as of November 30, 2014, as disclosed by the Issuer on its Annual Report on Form 10-K filed on December 16, 2014.

(a) (i) Master Account may be deemed to be the beneficial owner of 1,099,046 shares of Common Stock held for its own account (approximately 1.3% of the total number of shares of Common Stock outstanding, calculated in accordance with Rule 13d-3(d)(1)(i) under the Act).

(ii) Capital Partners (100) may be deemed to be the beneficial owner of 145,426 shares of Common Stock held for its own account (approximately 0.2% of the total number of shares of Common Stock outstanding, calculated in accordance with Rule 13d-3(d)(1)(i) under the Act).

(iii) Advisors may be deemed to be the beneficial owner of 1,244,472 shares of Common Stock (approximately 1.5% of the total number of shares of Common Stock outstanding, calculated in accordance with Rule 13d-3(d)(1)(i) under the Act). This number consists of (A) 1,099,046 shares of Common Stock held for the account of Master Account and (B) 145,426 shares of Common Stock held for the account of Capital Partners (100).

(iv) Institutional Partners III may be deemed to be the beneficial owner of 13,255,528 shares of Common Stock held for its own account (approximately 16.3% of the total number of shares of Common Stock outstanding, calculated in accordance with Rule 13d-3(d)(1)(i) under the Act).

(v) Institutional Advisors III may be deemed to be the beneficial owner of 13,255,528 shares of Common Stock (approximately 16.3% of the total number of shares of Common Stock outstanding, calculated in accordance with Rule 13d-3(d)(1)(i) under the Act). This number consists of 13,255,528 shares of Common Stock held for the account of Institutional Partners III.

(vi) MHRC may be deemed the beneficial owner of 1,244,472 shares of Common Stock (approximately 1.5% of the total number of shares of Common Stock outstanding, calculated in accordance with Rule 13d-3(d)(1)(i) under the Act). This number consists of all of the shares of Common Stock otherwise described in Item 5 by virtue of MHRC's position as the managing member of Advisors.

(vii) Fund Management may be deemed to be the beneficial owner of 14,500,000 shares of Common Stock (approximately 17.8% of the total number of shares of Common Stock outstanding, calculated in accordance with Rule 13d-3(d)(1)(i) under the Act). This number consists of all of the shares of Common Stock otherwise described in this Item 5 by virtue of Fund Management's investment management agreement with Master Account, Capital Partners (100) and Institutional Partners III.

(viii) MHR Holdings may be deemed to be the beneficial owner of 14,500,000 shares of Common Stock (approximately 17.8% of the total number of shares of Common Stock outstanding, calculated in accordance with Rule 13d-3(d)(1)(i) under the Act). This number consists of all of the shares of Common Stock otherwise described in this Item 5 by virtue of MHR Holdings' position as the managing member of Fund Management.

(ix) Dr. Rachesky may be deemed to be the beneficial owner of 14,520,502 shares of Common Stock (approximately 17.8% of the total number of shares of Common Stock outstanding, calculated in accordance with Rule 13d-3(d)(1)(i) under the Act). This number consists of (A) all of the shares of Common Stock otherwise described in this Item 5 by virtue of Dr. Rachesky's position as the managing member of each of MHRC, Institutional Advisors III and MHR Holdings, (B) 2,470 shares of Common Stock held directly, (C) 15,000 shares of Common Stock that can be obtained upon the exercise of certain stock options, and (D) 3,032 shares of Common Stock that can be obtained upon the settlement of phantom stock units.

- (b) (i) Master Account may be deemed to have (x) the sole power to direct the disposition of 1,099,046 shares of Common Stock which may be deemed to be beneficially owned by Master Account as described above, and (y) the sole power to direct the voting of 1,099,046 shares of Common Stock which may be deemed to be beneficially owned by Master Account as described above.
- (ii) Capital Partners (100) may be deemed to have (x) the sole power to direct the disposition of 145,426 shares of Common Stock which may be deemed to be beneficially owned by Capital Partners (100) as described above, and (y) the sole power to direct the voting of 145,426 shares of Common Stock which may be deemed to be beneficially owned by Capital Partners (100) as described above.
- (iii) Advisors may be deemed to have (x) the sole power to direct the disposition of 1,244,472 shares of Common Stock which may be deemed to be beneficially owned by Advisors as described above, and (y) the sole power to direct the voting of 1,244,472 shares of Common Stock which may be deemed to be beneficially owned by Advisors as described above.
- (iv) Institutional Partners III may be deemed to have (x) the sole power to direct the disposition of 13,255,528 shares of Common Stock which may be deemed to be beneficially owned by Institutional Partners III as described above, and (y) the sole power to direct the voting of 13,255,528 shares of Common Stock which may be deemed to be beneficially owned by Institutional Partners III as described above.
- (v) Institutional Advisors III may be deemed to have (x) the sole power to direct the disposition of 13,255,528 shares of Common Stock which may be deemed to be beneficially owned by Institutional Advisors III as described above, and (y) the sole power to direct the voting of 13,255,528 shares of Common Stock which may be deemed to be beneficially owned by Institutional Advisors III as described above.
- (vi) MHRC may be deemed to have (x) the sole power to direct the disposition of the 1,244,472 shares of Common Stock which may be deemed to be beneficially owned by MHRC as described above, and (y) the sole power to direct the voting of 1,244,472 shares of Common Stock which may be deemed to be beneficially owned by MHRC as described above.
- (vii) Fund Management may be deemed to have (x) the sole power to direct the disposition of 14,500,000 shares of Common Stock which may be deemed to be beneficially owned by Fund Management as described above, and (y) the sole power to direct the voting of 14,500,000 shares of Common Stock which may be deemed to be beneficially owned by Fund Management as described above.
- (viii) MHR Holdings may be deemed to have (x) the sole power to direct the disposition of 14,500,000 shares of Common Stock which may be deemed to be beneficially owned by MHR Holdings as described above, and (y) the sole power to direct the voting of 14,500,000 shares of Common Stock which may be deemed to be beneficially owned by MHR Holdings as described above.
- (ix) Dr. Rachesky may be deemed to have (x) the sole power to direct the disposition of 14,520,502 shares of Common Stock which may be deemed to be beneficially owned by Dr. Rachesky as described above, and (y) the sole power to direct the voting of 14,520,502 shares of Common Stock which may be deemed to be beneficially owned by Dr. Rachesky as described above.
- (c) See Item 6 to this Statement. In addition, on December 31, 2014, Dr. Rachesky was granted a phantom stock unit director grant in the amount of 925.295 shares of the Issuer's Common Stock at a price of \$33.77 per share. The phantom stock units were accrued under the Issuer's directors deferred compensation plan and are to be settled in Issuer Common Stock per Dr. Rachesky's election made at the time of the election to defer compensation.

(d) (i) The partners of Master Account, including Advisors, have the right to participate in the receipt of dividends from, or proceeds from the sale of, Common Stock held for the account of Master Account in accordance with their partnership interests in Master Account.

(ii) The partners of Capital Partners (100), including Advisors, have the right to participate in the receipt of dividends from, or proceeds from the sale of, Common Stock held for the account of Capital Partners (100) in accordance with their partnership interests in Capital Partners (100).

(iii) The partners of Institutional Partners III, including Institutional Advisors III, have the right to participate in the receipt of dividends from, or proceeds from the sale of, Common Stock held for the account of Institutional Partners III in accordance with their partnership interests in Institutional Partners III.

(e) Not Applicable.

Item 6. Contracts, Arrangements, Understandings or Relationships With Respect to the Securities of the Issuer.

Item 6 is hereby amended by adding the following:

On January 28, 2015, (i) Master Account, MHR Capital Partners Master Account II Holdings LLC and JPMorgan Chase Bank, National Association, London Branch (the Lender) entered into that certain Loan Agreement (the Master Account Loan Agreement), and (ii) Capital Partners (100) and the Lender entered into that certain Loan Agreement (the Capital Partners (100) Loan Agreement) and, together with the Master Account Loan Agreement, the Loan Agreements) to provide for a working capital facility for Master Account and Capital Partners (100), respectively. In connection with the entry into the Loan Agreements, Master Account and Capital Partners (100) (collectively, the Borrowers) have each agreed to pledge a basket of certain publicly traded securities and certain other assets owned by them, including the shares of Common Stock owned by them, to secure their respective obligations under the Loan Agreements. The maturity date of each of the Loan Agreements is July 29, 2015. The Borrowers have the right to terminate the Loan Agreements prior to their maturity date on the terms set forth therein, at which time any pledge of securities would be automatically released. In addition, the Loan Agreements permit the Borrowers to release the pledge of certain securities, including the shares of Common Stock, under certain circumstances, and substitute other securities or assets in replacement thereof.

The foregoing description of the Loan Agreements and the transactions contemplated thereby do not purport to be complete and are qualified in their entirety by reference to the full text of the Loan Agreements, which are attached to this Statement and incorporated into this Item 6 by reference.

Item 7. Material to be Filed as Exhibits.

Exhibit No.	Description
1	Loan Agreement, dated January 28, 2015, by and among MHR Capital Partners Master Account LP, MHR Capital Partners Master Account II Holdings LLC and JPMorgan Chase Bank, National Association, London Branch.
2	Loan Agreement, dated January 28, 2015, by and among MHR Capital Partners (100) LP and JPMorgan Chase Bank, National Association, London Branch.

SIGNATURES

After reasonable inquiry and to the best of our knowledge and belief, the undersigned certify that the information set forth in this Statement is true, complete and correct.

Dated: January 30, 2015

MHR INSTITUTIONAL PARTNERS III LP

By: MHR Institutional Advisors III LLC, its General Partner

By: /s/ Janet Yeung
Name: Janet Yeung
Title: Authorized Signatory

MHR INSTITUTIONAL ADVISORS III LLC

By: /s/ Janet Yeung
Name: Janet Yeung
Title: Authorized Signatory

MHR FUND MANAGEMENT LLC

By: /s/ Janet Yeung
Name: Janet Yeung
Title: Authorized Signatory

MHR HOLDINGS LLC

By: /s/ Janet Yeung
Name: Janet Yeung
Title: Authorized Signatory

MARK H. RACHESKY, M.D.

By: /s/ Janet Yeung, Attorney in Fact

Exhibit Index

Exhibit No.	Description
1	Loan Agreement, dated January 28, 2015, by and among MHR Capital Partners Master Account LP, MHR Capital Partners Master Account II Holdings LLC and JPMorgan Chase Bank, National Association, London Branch.
2	Loan Agreement, dated January 28, 2015, by and among MHR Capital Partners (100) LP and JPMorgan Chase Bank, National Association, London Branch.