INTERNATIONAL TRUCK AND ENGINE CORPORATION AND UAW REACH TENTATIVE AGREEMENT ON NEW THREE-YEAR LABOR CONTRACTS

If ratified, the new contracts would replace the five-year agreements that expired October 1, 2007

WARRENVILLE, Ill. (December 12, 2007) International Truck and Engine Corporation and the leadership of the United Auto Workers union have reached a tentative agreement on new three-year labor contracts, the company announced today.

The tentative agreement is subject to ratification through a majority vote by the UAW members at the affected locations. Voting will likely be scheduled for this weekend, as specified by each local union. If ratified, the new contracts would replace the five-year agreements that expired October 1, 2007.

No details of the tentative agreement will be communicated publicly prior to completion of the ratification vote.

For more than two years, the company has been engaged intermittently in bargaining with the UAW, attempting to reach agreement on changes that would achieve two company goals: improve the competitiveness of International's UAW-represented facilities and maintain a good quality of life for employees and retirees.

The current round of negotiations opened on August 27, 2007. On October 23, 2007, the UAW called a strike at the nine company locations that are covered by the expired contracts. As part of the company's strategic production continuation plans, customer orders were shifted to International's other locations for production to be completed. The production continuation plans will remain in place until the tentative agreements are ratified.

The UAW represents approximately 3,700 employees at nine International Truck and Engine facilities in Indianapolis, Ind. (engine assembly and foundry), Melrose Park, Ill. (engine assembly and engine engineering), Springfield, Ohio (truck assembly), Atlanta, York (Pa.) and Dallas (parts distribution centers) and Fort Wayne, Ind. (truck engineering). Total worldwide employment at the company is 16,000.

Forward Looking Statements

Information provided and statements contained in this news release that are not purely historical are 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. Such forward-looking statements only speak as of the date of this news release and the company assumes no obligation to update the information included in the presentation. Such 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,” “goal,” “estimate” or similar expressions. These statements are not guarantees of performance or results and they involve risks, uncertainties and assumptions, including the risk that a prolonged strike might affect production schedules, as well as the risk of continued delay in the completion of our financial statements and the consequences thereof, the availability of funds, either through cash on hand or the company’s other liquidity sources, to repay any amounts due should any of the company’s debt become accelerated, and decisions by suppliers and other vendors to restrict or eliminate customary trade and other credit terms for the company’s future orders and other services, which would require the company to pay cash and which could have a material adverse effect on the company’s liquidity position and financial condition. Although we believe that these forward-looking statements are based on reasonable assumptions, there are many factors that

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 our Form 8-K filed on April 12, 2006. In addition, until the previously announced review by the company of its accounts is concluded, no assurance can be given with respect to the financial statement adjustments or impacts resulting from such review.

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