

INTERNATIONAL TRUCK ADDING COMMODITIES SURCHARGE IN 2008

Escalating raw material costs are forcing International to add a commodities surcharge of \$750 to \$1,200 per truck

The following statement is attributable to Dee Kapur, president – Truck Group, International Truck and Engine Corporation:

Escalating raw material costs – including oil and essential production metals such as aluminum, steel and copper – are forcing International to add a commodities surcharge of \$750 to \$1,200 per truck (depending on model) in 2008. This surcharge will be in addition to any increases for model year and product line enhancements that will range up to three percent

Petrochemical, steel, copper and platinum products contribute significantly to the material value of a commercial truck. Since 2005, commodity prices have increased dramatically, with crude oil up 58 percent, steel up 30 percent and copper up approximately 100 percent. Additionally, platinum that is used in new 2007 emissions after-treatment devices has also risen sharply in recent months, further driving up our material costs.

Despite our best efforts to control costs and offset increases, global marketplace dynamics continue to increase our costs of steel, petrochemical, copper and platinum products. Since 2005 International has absorbed most of these material cost increases. We are now at a point where continuing this practice is no longer possible. It has become necessary for us to implement a surcharge on new trucks to partially offset these material cost increases.