

PRESS RELEASE

Iveco is being reorganized to develop faster in Brazil

In order to develop and improve further its business in Brazil, Iveco announced the reorganization of its division Iveco Latin America.

Meanwhile, the company confirms that a new model will be launched on the local market in August.

"From 2004 to 2005 we increased our share on the Brazilian truck market from 4,6% to 5,2%. We want to grow more quickly and exactly this new organization will give us the possibility of achieving this target", says Jorge Garcia president for Latin America of Iveco.

The head office of Iveco Latin America will be transferred from San Paulo to Belo Horizonte, in the Minas Gerais State, location of the Fiat Group head office in Brazil. The office in San Paulo will become only a support for sales agency.

The relocation, that will take place in August, to the surroundings of the Iveco vehicle and motors production plant, in the mining town of Sete Lagoas (80 km far from Belo Horizonte), will allow to shorten the decisional process since the management will operate close to the activities that are strictly operative. Actually the reason for this change is to conform the production to the market trend and, mainly, to optimize the development time of new products. "We have a very intense program of work for the next two years and this new logistic organization will remarkably increase our efficacy and efficiency in the business", adds Jorge Garcia.

The new head office of Iveco will be located in Piemonte Building, in Nova Lima, where the Fiat Group in Brazil concentrates the greatest part of its activities, with the opportunity of realizing a stronger synergy of processes and systems, especially regarding accounting management, import-export, IT and financial services.

Increased Iveco presence on the territory

Another effect of this reorganization will be the strengthening of Iveco sales power on the Brazilian territory. Actually from the next July seven new offices will open in the main Brazilian cities; in this way it is ensured a greater territorial capillarity for the sales department that moved to Minas Gerais.

This new business organization will also improve the relationship between Iveco and its 53 agents operating all over the Country: the target is to ensure enhanced support to the network itself, coordinating the National sales actions of the brand in the area of each state and making localized promotional activities. It will be easier to identify new agents; in relation to this, two new agencies will open in July in the Northern East State.

The debut of a new vehicle: the EuroCargo 450E32T “Cavallino”

This new structure supports also the launching of new models. Iveco is going to introduce in August on the Brazilian market the EuroCargo 450E32T, named “Cavallino”, an engine of 320 Hp, which will satisfy the portion of market that at present handles about eight thousand trucks/year in Brazil. This means 25% of heavy vehicles sales, or about 10% of the total amount of trucks sold in this Country. The mission of Cavallino is transportation of bulky loads, besides cooled loads, liquids, cereals, food and other products with optimal cost-benefit ratio.

With Cavallino, Iveco introduces in Brazil the Iveco engine Cursor 8, with integrated electronic management, which is already compliant with Euro 3 standards, besides being one of the most modern engines of its class all over the world. The production of the engine Cursor 8 will start in July in Sete Lagoas.

Iveco

Iveco designs, manufactures, and sales a broad range of light, medium and heavy commercial vehicles, off-road trucks, city and intercity buses and coaches as well as special vehicles for applications such as fire fighting, off-road missions, civil defence and protection.

Iveco employs 32,000 people and runs 49 production units in 19 Countries in the world using excellent technologies developed in 15 research centres. Besides Europe, the company operates in China, India, Russia, Turkey, Australia, Argentina, Brazil, and South Africa. More than 4,500 service outlets in over 100 Countries guarantee technical support wherever in the world an Iveco vehicle is at work.

www.iveco.com

Turin, 22 June 2006

For more information: pressoffice@iveco.com