Press release

FIAT GROUP

Future Panda at Giambattista Vico plant

Fiat today presented the Minister for Economic Development with the first initiative in the plan announced on 22 December 2009 at Palazzo Chigi in Rome for the upgrading of its auto manufacturing activities in Italy and their adaptation to future requirements.

As part of the Group's €8 billion investment programme, a comprehensive restructuring of the Giambattista Vico plant in Pomigliano d'Arco will be carried out to prepare it for production of the future Panda, whose commercial launch is planned for the second half of 2011.

Through the investment of approximately €700 million, the plant will be equipped with the most modern technology and should achieve a standard of excellence which will qualify it as a World Class Plant. Newly installed equipment will be of the highest technical standard and configured to enable maximum flexibility, including adaptation for the production of future models. This will lengthen the useful life of the technology installed.

Significant attention will be placed on organising production according to World Class Manufacturing and World Class Logistics standards to ensure optimisation of the plant's potential.

Vertical integration of the production cycle will be increased, resulting in an expansion of the activities carried out internally and greater use of plant personnel.

A significant investment in training to prepare employees to operate in the new manufacturing environment is planned. These training activities will take place during the plant renovation and will be closely integrated with the WCM approach.

However, these measures alone will not be sufficient to bring the plant into line with international best practice. The most advanced production lines, the best organisation and quality training alone do not guarantee that results will be achieved. To obtain the highest level of quality and productivity, the committed participation of workers, unions and government will be necessary. The basic conditions necessary to respond rapidly and effectively to fluctuations in commercial demand and avoid the loss of valuable opportunities are: maximum utilisation of plant capacity, flexibility in shifts and work days, internal mobility and opposition to irregular forms of absenteeism.

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For FGA, these can be determining factors in making the plant competitive against best competitors and ensuring its success and future development.

For the initiative to succeed, the preconditions outlined during the meeting at Palazzo Chigi on 22 December 2009 will be indispensable: economic viability of the initiative; access to the temporary layoff benefit scheme during the renovation period; rigorous containment of overhead and labour costs; flexibility in responding to the needs of the market.

Making this plan operational will require the approval and formal assumption by all stakeholders of their respective commitments.

Turin, 30 March 2010