

Press Release

S.M.I. – Società Metallurgica Italiana S.p.A

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This press release is being issued to comply with the regular reporting requirement set forth in a Consob letter dated April 14, 2004.

At September 30, 2005, the **Group's net indebtedness** totaled €549.9 million, or €4.9 million less than a month earlier.

Consolidated Financial Position of the Group

(in thousands of euros)	at 9/30/05	at 8/31/05	at 6/30/05	at 12/31/04
<i>Short-term bank debt</i>	199,093	215,276	199,999	516,482
<i>Medium- and long-term bank debt</i>	482,233	486,227	486,643	202,319
<i>Loans payable to unconsolidated Group companies</i>	17,136	15,586	16,669	6,289
<i>Total indebtedness</i>	698,462	717,089	703,311	725,090
<i>Liquid assets</i>	(147,555)	(161,322)	(168,842)	(74,443)
<i>Loans receivable from unconsolidated Group companies</i>	(970)	(970)	(971)	(1,539)
<i>Total liquid assets and loans receivable</i>	(148,525)	(162,292)	(169,813)	(75,982)
<i>Net financial position</i>	549,937	554,797	533,498	649,108

The above amounts are net of factoring transactions that involved the assignment with recourse of trade receivables totaling €37.1 million at the end of September 2005, €39.9 million at the end of August 2005, €37.7 million at the end of June 2005 and €46.6 at the end of December 2004.

As part of a series of financial transactions carried out to channel the funds generated by the G.I.M. S.p.A. capital increase to the operating companies, G.I.M. S.p.A. provided a €130-million subordinated stockholder loan to S.M.I. S.p.A.

The Group's bank debt includes a medium-term financing facility provided to KM Europa Metal AG by a group of banks that includes Mediobanca, whose share of the facility is €50 million. Mediobanca is a stockholder of G.I.M. S.p.A. and is a party to the G.I.M. Stockholder Agreement, with an interest equal to 2.69% of the common shares.

At the end of September 2005, about 90% of available bank facilities had been drawn down.

All social security and tax payments have been made on time.
 With regard to commercial obligations, accounts payable totaled €0.5 million.

Net Financial Position of S.M.I. S.p.A., the Group's Parent Company

(in thousands of euros)	at 9/30/05	at 8/31/05	at 6/30/05	at 12/31/04
<i>Short-term bank debt</i>	116	115	110	62,242
<i>Medium- and long-term bank debt</i>	783	783	783	783
<i>Short-term loans payable to the controlling company</i>	14,167	13,010	13,465	3,620
Total indebtedness	15,066	13,908	14,358	66,645
<i>Liquid assets</i>	(112)	(154)	(192)	(8,443)
<i>Loans receivable from subsidiaries and affiliate</i>	(15,059)	(14,772)	(14,372)	(42,437)
Total liquid assets and loans receivable	(15,171)	(14,926)	(14,564)	(50,880)
Net financial position	(105)	(1,018)	(206)	15,765
<i>Subordinated stockholder loan from G.I.M. S.p.A.</i>	130,000	130,000	130,000	0

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This press release is available at the Company website, www.gim.it, where additional information may also be obtained.

Florence, October 28, 2005

G.I.M.-Generale Industrie Metallurgiche S.p.A.