

Resolutions of the Ordinary Shareholders' Meeting and of the Extraordinary Shareholders' Meeting of May 19, 2006

Ordinary Shareholders' Meeting:

- **Approval of the 2005 Annual Financial Statements**
- **Dividend distribution**
- **Election of the Board of Directors and Board of Statutory Auditors for a term of office of three years, from 2006 to 2008**
- **Appointments to the Compensation Committee and Internal Control Committee**

Extraordinary Shareholders' Meeting:

- **Elimination of the par value of the common and savings shares;**
- **Share capital increase of up to €130 million through the issuance of common shares with warrants attached;**
- **Consequent approval of Regulations Concerning the 2006-2009 S.M.I. - Società Metallurgica Italiana S.p.A. Common Share Warrants;**
- **Authorizations for the Board of Directors to issue common shares reserved for use in connection with two stock option plans available to Directors with executive authority and to executives of the Company and the Group;**
- **Change of the Company's name to KME Group S.p.A.**

Ordinary Shareholders' Meeting

The Ordinary Shareholders' Meeting convened on May 19, 2006 approved the financial statements for the year ended December 31, 2005 and declared a dividend on the savings shares in the amount of €0.023 per share. The dividend will be payable on June 1, 2006, provided coupon No. 16 is tendered on May 29, 2006.

At the same Meeting, the shareholders elected a Board of Directors and a Board of Statutory Auditors for a term of office of three years, from 2006 to 2008.

The following candidates were elected to the Board of Directors: Vincenzo Cannatelli, Mario d'Urso, Marcello Gallo, Giuseppe Lignana, Vincenzo Manes, Diva Moriani, Salvatore Orlando, Alberto Pecci and Alberto Pirelli. Subsequently, the Board of Directors made the following appointments:

- Salvatore Orlando – Chairman;
- Vincenzo Manes – Deputy Chairman;
- Vincenzo Cannatelli – Chief Executive Officer.

The Board also empanelled a Compensation Committee (members: Alberto Pirelli – Chairman, Mario d'Urso and Giuseppe Lignana) and an Internal Control Committee (members: Mario d'Urso – Chairman, Marcello Gallo and Alberto Pecci).

The following candidates were elected to the Board of Statutory Auditors: Marcello Fazzini, Chairman; Pasquale Pace and Alessandro Trotter, Statutory Auditors; and Marco Lombardi and Alessandro Garcea, Alternates.

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Extraordinary Shareholders' Meeting

Elimination of par value

The shareholders, having reconvened in extraordinary session, voted to eliminate the par value of the common and savings shares.

Share capital increase

During the same extraordinary session, the shareholders voted to carry out a contributory share capital increase for a maximum amount of €130,000,000.00, to be implemented through the issuance of common shares with no par value, carrying up to 74,285,714 attached warrants, allocated free of charge on the basis of 1 warrant for every 5 newly issued shares. The Board of Directors will be authorized to determine, in accordance with predetermined guidelines, the issue price of the new shares (which may range between €0.45 and €0.35 per share), the number of new shares issued and the rights offering ratio.

Stock option plans

The Extraordinary shareholders' Meeting authorized the Board of Directors to carry out a share capital increase of up to €8,000,000.00, to be implemented through the issuance of S.M.I. - Società Metallurgica Italiana S.p.A. common shares, reserved for executives of the Company and its subsidiaries. The abovementioned shares will be issued for consideration upon subscription.

The Board of Directors was also authorized to carry out a capital increase of up to €7,000,000.00 for use in connection with a stock option plan, to be implemented through the issuance of S.M.I. - Società Metallurgica Italiana S.p.A. common shares, reserved for Directors of the Company and its subsidiaries who have executive authority. The abovementioned shares will be issued for consideration upon subscription.

Change of the Company's name

Lastly, the Extraordinary Shareholders' Meeting voted to change the Company's name from S.M.I. - Società Metallurgica Italiana S.p.A. to KME Group S.p.A.

The effective date of the resolutions canceling the par value of the Company's shares and changing the Company's name will be announced in due course.

The capital increase will be carried out as soon as all filing requirements have been complied with.

Florence, May 19, 2006

The Board of Directors

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

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