

Press Release

CAPITAL INCREASE – ISSUE PRICE SET

THE NEW COMMON SHARES WILL BE OFFERED AT 0.35 EUROS PER SHARE, BASED ON A RATIO OF 44 NEW SHARES FOR EVERY 45 SHARES HELD.

The Board of Directors of KME Group S.p.A., taking into account the recent stock market performance of the Company shares, set at euros 0.35 the final price at which each individual new common share will be issued within the framework of the capital increase approved by the Shareholders' Meeting on May 19, 2006.

The capital increase will be carried out by issuing 371,052,000 common shares, regular ranking for dividends, which will be offered on a preemptive basis to the shareholders of KME Group S.p.A. based on a ratio of 44 new common shares for every 45 common and/or savings shares held. A total of 74,210,400 warrants will be distributed free of charge together with the newly issued shares on the basis of 1 warrant for every 5 newly issued shares. Starting on the first day of the semestre following the semester of issuance and until December 11, 2009, each warrants held may be used to purchase through subscription 1 new common share of KME Group S.p.A. at a price of euros 0.35 per share.

The cash portion of the capital increase will total 129.9 million euros. If all of the warrants are exercised, the supplemental capital increase will amount to 26.0 million euros.

The regular period of the rights offering available to the shareholders of KME Group S.p.A. will begin on July 3, 2006 and will end on July 29, 2006. The rights may be traded between July 3 and July 13.

As allowed under Article 2441, Section III, of the Italian Civil Code, any unexercised rights will be offered on the open market.

The capital increase is fully Guaranteed by the Parent Company G.I.M. S.p.A.

The Prospectus, which was approved by the CONSOB on June 27, 2006, is being filed with the CONSOB and will be available at the Company's registered office, at the offices of Borsa Italiana S.p.A. and Monte Titoli S.p.A. in Milan and at the Company's website (www.kmegroup.it).

Florence, June 28, 2006

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