

ANNOUNCEMENT

pursuant to Article 114, Section I, of the Uniform Financial Code and Article 13, Section V, of the Issuers' Regulations.

RESULTS OF THE CAPITAL INCREASE

As of August 2, 2006, the deadline for stock market trading of unexercised option rights pursuant to Article 2441, section III, of the Italian Civil Code, a total of 273,418,772 new KME Group S.p.A. common shares (equal to 73.7% of the total number of shares offered), with 54,682,960 warrants attached, had been subscribed. The subscribed shares were valued at €95,7 million.

G.I.M. – Generale Industrie Metallurgiche S.p.A., the Parent Company of KME Group S.p.A., which had agreed to guarantee the placement of the entire share issue, subscribed the 160,216,540 common shares allotted to it and an additional 97,633,228 common shares, at a cost of € 90,2 million, thereby bringing its interest in the voting share capital of KME Group S.p.A. from slightly more than 50% to 60.43%.

The Company's new share capital totals €19,643,223.00, divided into 750,602,046 shares, including 693,385,714 common shares and 57,216,332 savings shares. A total of 74,209,605 warrants were issued together with the abovementioned new shares.