

PRESS RELEASE

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- **The Boards of Directors of the respective companies have approved a project to merge G.I.M. – Generale Industrie Metallurgiche S.p.A. into INTEK S.p.A.;**
 - **Stock swap ratio:**
 - 10 INTEK common shares for every 9 G.I.M. common shares;**
 - 10 INTEK saving shares for every 9 G.I.M. saving shares;**
 - 10 INTEK 2005-2008 warrants for every 9 GIM 2005-2008 warrants.**
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The Board of Directors of INTEK S.p.A. (“INTEK”) and G.I.M. - Generale Industrie Metallurgiche S.p.A. (“G.I.M.”), both meeting today, have approved a project for the merger by absorption of G.I.M. into INTEK (the “**Merger**”), based on their respective six-month reports at 30 June 2006.

Necessary conditions for the deal

The Merger Project was formulated on the condition that the following operations will be fully executed beforehand:

- (i) absorption by INTEK of Industrie Intek S.p.A., wholly-owned subsidiary of the former (hereinafter the “**INTEK Merger**”). This merger was approved by the respective boards of directors, and the act of merger should be drawn up by 30 November 2006;
- (ii) distribution to the INTEK shareholders of part of the available reserves as indicated in the six-month report at 30 June 2006, accomplished by assigning them G.I.M. 2005-2008 warrants, which will become the property of the company through the INTEK Merger, with an assignment ratio of 1 G.I.M. warrant for every 3 INTEK common shares.

1. Companies involved in the merger

a) Surviving company

- name: INTEK S.p.A.;

- registered offices: Via Camillo Olivetti 8 – Ivrea (TO);

- identifying elements: INTEK is listed in the Turin Commercial Register. The company has only issued common shares, listed on the Mercato Telematico Azionario (MTA) organized and operated by Borsa Italiana S.p.A..

- company object: the object of the company is: “the direct or indirect acquisition and sale of shareholdings and interests in Italian and foreign companies, listed and unlisted; the technical, administrative, financial and strategic coordination of its investee companies, in some cases in a consulting capacity, with the objective of developing them and enhancing their value.

To achieve its object, the company may execute any transaction deemed necessary or useful, including the issue of credit guarantees, endorsements and guarantees in general, also in favor of third parties; it may purchase and sell patents, trademarks, and procedures and grant licenses on the basis of them.”

b) Absorbed Company

- company name: G.I.M. – General Industrie Metallurgiche S.p.A.;

- registered offices: Via del Barucci 2 – Florence;

- identifying elements: G.I.M. is listed in the Florence Commercial Register.

The company has issued common and saving shares, listed on the MTA.

It also has 105,635,162 outstanding warrants issued by the company to increase share capital, entitling warrant-holders to purchase, by 13 June 2008, one common share for each warrant owned;

- company object: The object of G.I.M. is “the purchase of shareholdings in other companies or entities, in Italy or abroad, the financing and technical-financial coordination of its investee companies or entities, the sale, possession, management and placement of public and private securities.

In connection with and in pursuit of its object, the company can grant credit and other guarantees to others, including third parties.

In general, the company may perform any operations related to its object, except the solicitation of investments from the public.”

c) Balance sheet situations

The balance sheet situations pursuant to Article 2501-*quater* of the Civil Code are represented by their respective six-month reports at 30 June 2006, already published.

d) Impact of the operation on the ownership structure of the surviving company

At the date of approval of the Merger Project, INTEK is controlled by Quattrodue Holding BV with a 72.5% equity interest.

INTEK (through subsidiary Industrie Intek S.p.A.) has a 30.5% interest in G.I.M. (percentage of voting capital); there is a shareholders' agreement involving INTEK and eight other shareholders (Orlando family, Pirelli e C. S.p.A., Franco Tosi S.r.l., RAS S.p.A., SINPAR Holding SA, Mediobanca S.p.A., Fenera Holding S.p.A., and Alberto Pecci), which represents a total interest of 60.5% in the voting capital of G.I.M.

As a result of the merger, the majority shareholder of INTEK, Quattrodue Holding BV, will see its interest reduced to 38.4% of common capital; agreements are being formalized under which the aforesaid shareholder may increase its equity interest within the framework of the merger operation.

2.Purpose of the merger:

The Merger will simplify the corporate structure that controls the industrial group to which G.I.M. belongs (hereinafter the “**Group**”) by consolidating the holding role under *INTEK*.

The operation, which completes the simplification process of the chain of control initiated in 1995 (merger of S.M.I. S.p.A and Europa Metalli LMI S.p.A) and continued in 1999-2001 (public tender on

KM Europa Metal AG and its merger with KM Europa Metalli Investitions AG), will provide the Group with a more efficient structure, avoiding duplication of functions and simplifying the organization, resulting in a leaner strategic and managerial decision-making process.

As a result of the Merger, the G.I.M. shareholders will still be investors in a holding company but will have interests in other investment sectors that can offer them greater diversification of risk compared to the current situation: the investments of G.I.M. are largely concentrated (60.4%) in KME Group S.p.A., in turn listed on the MTA, which controls the Group industrial companies.

In addition to G.I.M., INTEK, partly through its interest in I2 Capital (joint venture formed in late 2003 with Banca Intesa S.p.A.), invests in financial and industrial operating companies active in various products sectors and with specific development potential so as to guide them to full realization of their value by providing technical, financial and strategic coordination.

The shareholders of G.I.M. will also be able to swap their shares for stock in a larger company with a broader ownership base and greater liquidity for the underlying stock.

3.Illustration of the Merger:

The Project contemplates:

- assignment to G.I.M. common shareholders of 10 INTEK common shares, with a unit par value of EUR 0.26, for every 9 G.I.M. common shares, with a unit par value of EUR 1.00;
- assignment to the G.I.M. saving shareholders of 10 INTEK saving shares, with a unit par value of EUR 0.26, for every 9 G.I.M. saving shares with a unit par value of EUR 1.00;
- assignment of 10 newly issued *INTEK 2005-2008* warrants to replace every 9 *G.I.M. 2005-2008* warrants;
- cancellation, without swap, of the G.I.M. shares owned by INTEK on the effective date of the Merger;
- cancellation, without swap, of the treasury shares held by G.I.M. on the effective date of the Merger;
- increase in the share capital of INTEK, not to exceed EUR 46,470,783.06, through the issue of no more than 163,554,103 common shares and no more than 15,179,678 newly-issued non-convertible saving shares with a unit par value of EUR 0.26, to be reserved to G.I.M. shareholders on the basis of the stock swap ratios indicated above;
- increase in the share capital of INTEK, in an amount not to exceed EUR 30,516,824.52 in par value, through the issue of no more than 117,372,402 common shares with a unit par value of EUR 0.26, intended to service the newly-issued INTEK warrants not yet exercised on the effective date of the Merger, taking the exercise ratio of the warrants into account.

There will be no cash consideration.

In determining the stock swap ratios, the respective Boards of Directors were advised by PriceWaterhouseCoopers Corporate Finance, an independent expert jointly engaged for that purpose by the two merging companies.

The Board of G.I.M. has examined the work of PriceWaterhouseCoopers and approves its methodological approach, the criteria it adopted, and its conclusions.

The Boards of Directors of G.I.M. and INTEK will petition the courts of Florence and Ivrea, respectively, to appoint experts to confirm the suitability of the swap ratios indicated above pursuant to Article 2501-*sexies* of the Civil Code.

The INTEK shares issued to satisfy the swap ratio will be made available to the entitled parties, in dematerialized form, through the respective authorized depositories associated with Monte Titoli S.p.A., beginning on the effective date of the Merger, provided it is a trading day, or on the first trading day thereafter, and will in any case be made available to each applicant within a maximum period of 10 trading days from that date.

INTEK and G.I.M. shall inform the interested parties of the procedure for exchanging their shares, after the Merger is finalized, by publishing a specific notice in a newspaper with national circulation.

The special meetings of the shareholders of INTEK and G.I.M. to approve the Merger Project will be held by the end of the current year.

INTEK will amend its bylaws to preserve unchanged the measures and characteristics of the privileges associated with the G.I.M. saving shares. When the Merger is in effect, the new saving shares to be issued by the Surviving Company will be listed on the Mercato Telematico Azionario organized and operated by Borsa Italiana S.p.A.

The INTEK common and non-convertible saving shares assigned in exchange will have the same date of entitlement as the INTEK common shares outstanding on the effective date of the Merger.

The newly-issued INTEK non-convertible saving shares, issued to service the swapping of G.I.M. non-convertible saving shares, shall retain their right to receive the minimum guaranteed dividend in the two subsequent years, unless in one year no profit was distributed. Please note in this regard that for the G.I.M. saving shares currently in circulation no dividend was distributed for 2004 and 2005.

4. Conditions precedent

A condition precedent for the Merger is the admission to listing of the INTEK saving shares and the INTEK warrants to be issued to replace the G.I.M. saving shares and the G.I.M. warrants

5. Effects of the Merger on Shareholders' Agreements

The Shareholders' Agreement will be terminated by the effect of (and on the date of) passage of Merger resolutions by the respective shareholders, provided that the Merger is implemented thereafter.

6. Right of withdrawal pursuant to Article 2437 of the Civil Code

Considering the issue of saving shares by INTEK, and the consequent amendment of articles 6, 21 and 25 of the company bylaws, regarding the right of participation in the profits, as well as the amendment of the company object of INTEK caused not by the Merger by the actual activities conducted by that company, any INTEK shareholders absent, dissenting or abstaining shall be entitled to withdraw pursuant to Article 2437 of the Civil Code, according to the terms and procedures indicated in articles 2437 bis of the Civil Code.

The Merger will give rise to no right of withdrawal for G.I.M. shareholders.

All the documents required by current legislation will be deposited and entered in the Commercial Registries of Turin and of Florence, and filed with the registered offices of the company and with Borsa

Italiana S.p.A., at the disposal of the shareholders, who may obtain a copy within the terms and with the procedure prescribed by law and regulations. Those documents will also be available on the websites of INTEK at www.itk.it and of G.I.M. at www.gim.it

The company shall make the informative document available to the public within the time period (ten days before the date of the shareholders' meeting called for the Merger) and with the procedure prescribed by law.

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This press release is available on the website www.gim.it, where information can be requested directly from the company.

The Board of Directors

Florence, 24 October 2006

For further information:

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