PRESS RELEASE

KME: CREDIT FACILITIES TOTALLING EUR 1.65 BILLION SIGNED

London, October 2, 2006 – KME Group S.p.A. (formerly S.M.I. - Società Metallurgica Italiana S.p.A.) today announced the signing of two new refinancing agreements for a combined total of EUR 1.65 billion with GE Commercial Finance (GE Corporate Finance Bank SA) and Deutsche Bank (each providing a separate facility), subject to conditions precedent. Following a recent capital increase, these agreements will improve the KME's financial and working capital structure.

The agreement signed with GE Commercial Finance, consists of a five-year non-recourse trade receivables factoring facility with a credit line of up to EUR 800 million. It is one of the largest pan-European factoring transactions ever executed by GE.

The facility signed with Deutsche Bank as initial Mandated Lead Arranger, Agent and Co-ordinating bank and seven other Mandated Lead Arrangers (BNL, UniCredit, Capitalia, Mediobanca, Commerzbank, Dresdner Bank and HSH Nordbank) includes two tranches. Bookrunners of the facility are Deutsche Bank, Commerzbank and Dresdner Bank. The transaction which is fully underwritten by the Mandated Lead Arrangers will be put into general syndication in October.

- Tranche A is an up to EUR 650 million structured commodity trade finance "Borrowing Base" tranche secured on inventory and designed to allow flexible drawings on a revolving basis to provide headroom for the Group's working capital.
- Tranche B is a EUR 200 million five year straightline amortizing tranche with a 3 year Grace Period, secured on fixed assets in Germany, to provide for the longer term additional funding requirements of the Group. The whole facility is structured to comply with best practice for banks anticipating application of Basel II lending principles, to protect the Group from any future negative impact of Basel II implementation on loan pricing.

These new facilities replace those received under the Bank Agreement of February 2005. They provide greater flexibility in terms of amount and utilization, particularly in view of the changes in working capital requirements resulting from the recent volatility of raw material prices (especially copper).

"A key feature of these new agreements" - commented KME Group's CEO Vincenzo Cannatelli - "is the flexibility it provides in allowing us to adjust our level of working capital financing (currently less than EUR 750 million) in response to fluctuations in the price of copper, while at the same time achieving significant saving in terms of financial expense, quantifiable in the range of a few million euro on a yearly basis. This transaction is also particularly important for us because it shows the credibility of the Company towards major international financial institutions."

For further information please call:

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KME

KME Group S.p.A. is one of the world's largest producers of copper and copper-alloy semifinished products and manufactures a vast array of specialty high-tech products. It has 15 plants in Italy, Germany, France, UK, Spain and China; 6,847 employees and 2 research centers. It manufactures in excess of 628,000 tons of products a year and had consolidated revenues of 2,176 million euros in 2005.
www.kme.com

Deutsche Bank

Deutsche Bank is a leading global investment bank with a strong and profitable private clients franchise. A leader in Germany and Europe, the bank is continuously growing in North America, Asia and key emerging markets. With Euro 1,058 billion in assets and 65,435 employees in 73 countries, Deutsche Bank offers unparalleled financial services throughout the world. The bank competes to be the leading global provider of financial solutions for demanding clients creating exceptional value for its shareholders and people.
www.db.com

The deal has been carried out for KME Group by Mr Romano and Mr Di Fabio (supported by d'Urso-Munari-Gatti and Weil-Gotshal-Manges), for Deutsche Bank by Mr MacNamara and Mr De Zoeten (supported by Lovells), and for GE Commercial Finance by Mr De Domenico and Mr Tolbod (supported by Allen and Overy).