



PRESS RELEASE

The Report on the Distribution of Reserves Through the Allocation of KME Green Energy Shares Is Approved

Luca D'Agnese will led KME Green Energy

Florence, July 18, 2007 – The Board of Directors approved the report explaining the motion to distribute about 2 million euros in available reserves through the allocation of Company's investment KME Green Energy S.r.l., following the transformation of KME Green Energy S.r.l. into a corporation. The motion will be submitted for approval to the Shareholders' Meeting, which is being convened for August 3, 2007 on the first calling and, should it be necessary, on August 6, 2007 on the second calling.

KME Green Energy was established to implement a project that will involve investing in companies that operate in the field of renewable energy sources and energy saving. The Board of Directors examined the guidelines of this project on June 21, 2007.

The distribution, if approved, will be implemented after the application to list the common shares of KME Green Energy is approved and the required permits are granted.

Under this project, concurrently with the distribution of its common shares, KME Green Energy will carry out a rights offering and a combined free distribution of warrants that will result in a 50-million-euro capital increase and will provide it with the resources it needs to support the first phase of the project's development. At the same time, by broadening its shareholder base, KME Green Energy will meet the requirements for listing its shares.

Intek S.p.A. (the Parent Company of KME Group S.p.A., which will be the largest shareholder of KME Green Energy after the distribution of the KME Green Energy shares) and Aledia S.p.A. (a company founded by Vincenzo Cannatelli that specializes in designing and installing facilities for the production of electric power from renewable sourced and has a 20% interest in KME Green Energy) have indicated their willingness to guarantee the full subscription of the abovementioned capital increase.

KME Green Energy will be led as Managing Director by Luca D'Agnese (ex partner of McKinsey and former Operative Director of Terna S.p.A.). Mr. D'Agnese has an important experience in the energy sector as his precedent activity in Terna S.p.A. and as CEO of GRTN – Gestore della Rete di Trasmissione Nazionale.

* * *

A copy of the report is on file at the Company's Headquarters in Firenze and at the offices of Borsa Italiana S.p.A. and is available at the Company website, www.kmegroup.it.

The Board of Directors