

KME Group S.p.A.
Share capital: €319,751,714.60 fully paid-in
Registered Office in Florence
Registration No. in the Company Register of the Court of Florence
and Tax I.D. No.: 00931330583

**REVERSE SPLIT OF THE
COMMON AND SAVINGS SHARES**

As part of the process of implementing the resolutions approved by the Extraordinary Shareholders' Meeting of June 21, 2007 (entered in the Florence Company Register on June 27, 2007), notice is hereby given that on July 16, 2007, after canceling 2 common shares and 2 savings shares (which was required to make the implementation of the abovementioned resolutions numerically possible), the reverse split of the KME Group S.p.A. common and savings shares will be carried out as follows:

- Reverse split of 693,695,688 common shares, no par value, on the basis of 1 new common share, no par value (ISIN Code IT0004247273), regular ranking for dividends, Coupon No. 1, for every 3 existing common shares (ISIN Code IT0003667257), regular ranking for dividends, Coupon No. 2;
- Reverse split of 57,216,330 savings shares, no par value, on the basis of 1 new savings share, no par value, regular ranking for dividends, Coupon No. 1, for every 3 existing savings shares, no par value, regular ranking for dividends, Coupon No. 19, as follows:
 - 1 new bearer savings share (ISIN Code IT0004247307) for every 3 existing savings shares (ISIN Code IT0000078334);
 - 1 new registered savings share (ISIN Code IT0004247331) for every 3 existing savings shares (ISIN Code IT0000078342).

Consequently, as of July 16, 2007, the Company's share capital, which total amount remains 319,751,714.60 euros, will consist of 250,304,006 shares with no par value, divided into 231,231,896 (291,143,548.60 euros) common shares and 19,072,110 (28,608,166.00) savings shares.

In order to facilitate the reverse stock split implementation process, EUROMOBILIARE S.I.M. S.p.A., acting upon the request of each intermediary, will make its best efforts to buy or sell the minimum non-groupable share fractions that may be necessary to permit ownership of a number of old common or savings shares equal to 3 or a multiple thereof. Shareholders will not incur any charges for incidental expenses related to the abovementioned buy and sell transactions.

Share grouping transactions may be carried out exclusively through Monte Titoli S.p.A. by all authorized intermediaries, in accordance with the instructions that the abovementioned intermediaries received from their customers.

Holders of common and savings shares that have not yet been dematerialized are hereby reminded that share grouping transactions may be carried out only after they have surrendered their share certificates to an authorized intermediary for inclusion, in dematerialized form, in the centralized clearing system operated by Monte Titoli S.p.A.

**CHANGE IN THE EXERCISE RATIO
OF THE 2006/2009 KME GROUP S.p.A.
COMMON SHARE WARRANTS**

As part of the process of implementing the resolutions approved by the Extraordinary Shareholders' Meeting of June 21, 2007 and concurrently with the reverse split of the Company's common and savings shares, carried out on the basis of 1 new common share for every 3 old shares of the same class held, after cancelling 2 warrants as required to make the transaction numerically possible (which will leave 73,899,627 warrants outstanding), the following changes will be effective as of July 16, 2007:

- the number of warrants required to acquire through subscription 1 Company common share changes from 1 to 3;
- consequently, the exercise price payable to subscribe the abovementioned share will change from 0.35 euros to 1.05 euros.

Florence, July 12, 2007

The Board of Directors