

## **KME Group S.p.A.**

### **Opinion Provided by the Board of Statutory Auditors at the Extraordinary Shareholders' Meeting of March 13-14, 2008**

#### **Dear Shareholders:**

The Board of Directors has called an Extraordinary Shareholders' Meeting for the purpose of submitting for your approval a transaction that entails reducing by 74,164,741.31 euros the Company's share capital, which will thus decrease from 324,164,741.31 euros to 250,000,000.00 euros, using the reduction amount to create within the company's shareholders' equity a special "available reserve" of the same amount and amending Article 4 (Share Capital) of the Bylaws accordingly.

Because the proposed transaction is governed by Article 2445 of the Italian Civil Code, it may be carried out only after ninety days have passed from the date the resolutions approved by the Extraordinary Shareholders' Meeting are recorded in the Company Register, provided no creditor challenges the transaction.

The Directors have provided you with a Report that describes this transaction and explains the reason for carrying out, which, in essence, is to set aside financial resources that can be used to support future operational strategies, while at the same time improving the structure of the Company's shareholders' equity.

The provisions of the current legal system that make the involvement of the Company's governance and oversight bodies a prerequisite in the decision-making process would obviously apply to any future acts of disposition involving the proposed reserve that may prove to be useful or beneficial to the Company.

Specifically, insofar as transactions involving shareholders' equity accounts and financial instruments issued by the Company are concerned, we inform you that as of January 31, 2008, which is the date when the exercise of warrants and of the options awarded under the current Stock Option Plan is suspended, the Company's share capital amounted to 324,164,741.31 euros, was fully subscribed and paid-in, and was available in full. It comprises 254,552,240 shares, including 235,480,130 common shares and 19,072,110 savings shares, all without par value. A total of 67,957,638 warrants were also outstanding.

Insofar as the issues under its jurisdiction are concerned, the Board of Statutory Auditors believes that, in principle, there are no objections to approving the motion submitted by the Board of Directors, provided that the relevant laws are complied with during the implementation process.

Florence, February 22, 2008.

The Board of Statutory Auditors