

Joint press release

Guidelines approved for the merger of Drive Rent into Cobra Automotive Technologies S.p.A.

- KME Group, the controlling shareholder of Drive Rent, and Cobra AT SA, controlling shareholder of Cobra, and Cobra have approved the guidelines for the consolidation of the commercial activities of Drive Rent and Cobra by means of the merger of Drive Rent into Cobra.
- The merger will create the leading company able to deliver integrated innovative services of mobility and security for the private motorist, corporate fleets, leasing companies, vehicle manufacturers and insurance companies.
- The exchange ratio was set at 383,7 Cobra shares for each 1 Drive Rent share.
- The approval of the merger by the respective management bodies is expected by 30 November 2010.
- The agreement provides for a subsequent capital increase with option rights to Cobra shareholders.

Firenze, November 19th, 2010 – Yesterday, KME Group SpA (KME), the majority shareholder of Drive Rent SpA (“Drive Rent”) with a shareholder of 90% of the issued capital, Cobra AT SA, the controlling shareholder of Cobra Automotive Technologies SpA (“Cobra” or the “Issuer”) with a shareholding of 48,605% of the issued capital, and Cobra (collectively, the “Parties”) signed a merger agreement covering the main elements for the corporate and industrial merger of Drive Rent and Cobra. In addition, KME and Cobra AT SA signed a shareholders’ agreement to complete the merger objectives and to create the best conditions to maximize the potential for the development and enhancement of Cobra upon completion of the merger, also establishing stable corporate governance and the relationship as shareholders of Cobra upon completion of the merger.

A) Merger Agreement

Transaction structure and exchange ratio

The transaction provides for the merger of Drive Rent into Cobra. The exchange ratio was determined by the Parties at 383,7 Cobra shares for each 1 Drive Rent share. Cobra will increase its share capital to a maximum of Euro 2,302,228.56 by the issue of a maximum of 19,185,238 new ordinary shares of par value Euro 0.12 each, without any cash adjustment.

Ernst & Young Financial Business Advisors SpA acted as independent expert advisor to the Parties in determining the exchange ratio.

The valuation process conducted by the financial advisor to evaluate the fairness of the exchange ratio, as is typical, concentrated on the estimation of economic capital (fair value) of each of Cobra and Drive Rent on a stand-alone basis, without accounting for the effects (fiscal, industrial or financial) of the merger.



For each company, the same financial methods (in particular the discounting of future cash flows) and market comparisons for control purposes (in particular market multipliers) were used to determine the exchange ratio.

The boards of directors of each of Cobra and Drive Rent will approve the exchange ratio when approving the merger plan, expected to occur by November 30, 2010. The exchange ratio will be subject to an adequacy assessment by an independent expert appointed by the court with jurisdiction under applicable Italian law.

The merger will be based upon the balance sheets of each of Cobra and Drive Rent at 30 September 2010, prepared in accordance with Art 2501 quater – of the Italian Civil Code.

Industrial Profile and Objectives

The merger of Cobra and Drive Rent is based upon the industrial value of the combination and the synergies between the businesses operated by Cobra and Drive Rent. The merger aims at the complete operational integration. The merged company will offer shared and unshared customers (private motorists, corporate fleets, leasing companies, vehicle manufacturers and insurance companies) both the services and vehicle security products offered today (cross selling opportunities) and above all new services and product developed from the combined individual *know-how* of each company.

The merger of Cobra and Drive Rent enhances the strengths of the respective businesses, the telematics infrastructure and electronic systems from Cobra with the service offering for the maintenance and management of vehicles from Drive Service. The combination of the strengths will result in a range of services based on an analysis of vehicle performance and use.

The merger aims, in particular in the short term, to achieve the following objectives:

- the growth of service revenue in Italy, Spain, the United Kingdom and other countries served by Cobra from services related to vehicle cost of ownership;
- the realization of economies of scale in the acquisition of suppliers used by both activities, such as the installation and repair network, and other services such as insurance and road side assistance;
- the integration of customer relationship management platforms in view of the shared types of customers and business processes;
- to ensure the best quality performance of the services to be provided by Cobra following the recently announced agreement with Genertel, where Cobra is already in partnership with Drive Rent.

The impact of the merger on the shareholder structure

The shareholding structure based on the exchange ratio for the merger, provided that (i) the current ownership structure of each of Cobra and Drive Rent remains unchanged, and (ii) without the exercise of exit rights by the shareholders of each of Cobra and Drive Rent, will be:

- Serafino Memmola with 26.61%, indirectly 25,55% through Cobra AT SA and directly 1,06%,
- KME with 42,68%
- Synergo (Fund Synergy with Business) with 4,64%
- Corinna Isabel Carella Grenz with 5.51%



- Ludovico Maggiore with 3,07%

Exemption from Public Tender Offer

The transaction is exempt – in accordance with Decree 49 and applicable regulations (CONSOB Regulation 11971/1999, as amended - from the duty to launch a public tender offer due to the merger to be approved by the shareholders on the basis of effective and justified industrial needs with a shareholders' agreement limited the needs of the merger of Cobra and Drive Rent.

Corporate Governance

The surviving company following the merger will continue to be called "Cobra Automotive Technologies SpA" with its registered office in Varese.

The Merger Agreement provides that the shareholders' meeting convened to resolve the approval of the merger will also appoint the new board of directors.

KME and Cobra AT SA entered into a shareholders' agreement to ensure the stability and development of the merged company

Shareholder Exit Rights

The merger will result in a material change in Cobra's activities and a change in the statutory corporate purpose. Any shareholders who do not concur with the resolution to approve the merger of Drive Rent in Cobra will have the right to exit from the company in accordance with Art 2437, paragraph 1, letter a, of the Italian Civil Code. Pursuant to Art 2437-ter, paragraph 3 of the Italian Civil Code, shareholders exercising the exit right are entitled to receive the payment for their shares at their average market price during the six month period preceding the publication of the notice of the shareholders' meeting convened to approve the merger.

The payment to the shareholders exiting from the company and the other terms and conditions of the exit right will be published in the press in accordance with applicable law.

The merger will also result in a material change in the Drive Rent activities and Drive Rent shareholders who do not concur with the resolution to approve the merger will have the right to exit from the company. As Drive Rent is an unlisted company, the payment of the shares for shareholders exercising the exit right will be determined in accordance with Art 2437-ter, paragraph 2, of the Italian Civil Code.

Cobra capital increase

The merger Agreement provides that the Cobra shareholders' meeting convened to approve the merger will also approve a capital increase (in addition to the capital increase for the exchange of shares) for a maximum amount of Euro, 23.000.000,00, including share premium at a price to be determined by the market price of Cobra shares and other criteria typical for this type of transaction. The capital increase will be offered as options to all shareholders at the time of the offer expected to occur by 30 June 2011, in any case after the effective date of the merger and, in no event no later than December 31, 2011 (the "Rights Issue").

Each of Cobra AT SA and KME will subscribe for shares in proportion to their respective shareholdings at completion of the merger.



The capital increase is intended to provide the capital needed by the company for current activities and the further development of telematic services. The capital increase will also improve the capital ratios.

Timetable

The merger project pursuant to ex Article 2501 bis of the Italian Civil Code, as amended, is expected to be approved by the boards of directors by November 30, 2010.

The timing of subsequent events will depend on the filing of the expert's report on the fairness of the exchange ratio.

Additional information relating to the transaction will be promptly communicated to the market and the supervisory authorities in accordance with applicable laws and regulations.

The Merger Agreement and the conditions for the merger

Cobra AT SA and KME undertake pursuant to the Merger Agreement to vote in their respective extraordinary meetings in favor of the resolution to merge the two companies, provided that the completion of the merger is subject to the following conditions:

- (i) that the merger does not require the obligation to launch a public tender offer in accordance with Articles 106 and 109 of the Legislative Decree no. 58/98 ("Public Tender Offers")
- (ii) that the Competition Authorities, within 30 days of filing the application for appointment of the expert pursuant to Art 2501 *sexies* of the Italian Civil Code do not (a) give notice to Cobra AT and KME to prohibit the merger, or (b) open an investigation under Article 16 of Decree 287/1990, in which case the deadline will be extended for 75 calendar days and the completion of the merger will only take place if during this additional period the Competition Authorities close the investigation, allowing the completion of the merger without imposing any constraints.

In addition: (i) if the expert appointed pursuant to art. 2501-*sexies* of the Italian Civil Code expresses a contrary view about the fairness of the exchange ratio set forth above, the Parties will negotiate during the following ten days the changes to the proposed merger and in the absence of agreement by the Parties the merger agreement becomes void, and (ii) the Parties have their right to terminate the merger agreement if an extraordinary and unforeseen event that could have a substantial negative impact on Cobra or on Drive Rent that makes the exchange ratio set forth above no longer equitable, or if there is a failure to meet commitments for interim management until the effective date of the merger.

B) KME and Cobra AT Shareholders' Agreement

The Shareholders' Agreement provides that, as of the date of approval by the Assembly of the merger and for the duration of the Shareholders' Agreement, the Board of Directors of Cobra is composed of 10 members appointed as follows: (a) Cobra AT will appoint 4 members, one of whom will meet the requirements of independence, and Cobra AT SA will appoint the Chairman, (b) KME will appoint 4 members, one of whom will meet the requirements of independence; (c). the Parties will jointly appoint Carmine Carella, who will be the CEO for the duration of the Shareholders' Agreement, (e) a candidate



appointed by the minority list who satisfies the requirements of independence, provided that KME will make the appointment in the absence of a minority list.

If there is the need to appoint a new board of statutory auditors before the expiration of the shareholders' agreement, the Board will consist of three members and two alternates appointed as follows: Cobra AT will designate one auditor and one alternate and KME will designate two auditors and one alternate, provided that in case of submission of voting list by the minority shareholders pursuant to Article. 148 of TUF one of two auditors appointed by KME will not be elected to allow the appointment of the Chairman of the Board pursuant to art. 148, paragraph 2 bis of the TUF.

Under the Shareholders' Agreement the Parties have also agreed to a lock up. KME and Cobra AT SA each agreed (i) for a period of 18 months from the effective date of the merger not to transfer ownership of 50% of shares held directly or indirectly in the merged company, and (ii) for the next 18 months not to transfer ownership of 30% of shares held directly or indirectly in Cobra.

The lock-up does not apply to other Cobra shares held by KME and Cobra AT SA and for additional shares acquired after the date of the signing of the Shareholders' Agreement, including shares acquired in the Capital Increase.

During the term of the Shareholders' Agreement, Cobra AT SA and KME have undertaken not to acquire, directly or indirectly, and not to acquire controlled companies and / or affiliated entities or acting with third parties pursuant to art. 109 TUF, a number of shares of Cobra that could trigger an obligation to make a public tender offer under applicable Italian law.

If as a result of the exercise of exit rights in connection with the merger, the Parties will hold a percentage of the share capital of Cobra triggering the obligation to make a public tender offer pursuant to art. 108 of TUF, the Parties undertake to implement a procedure for the restoration and maintenance of the public market of Cobra shares on the Mercato Telematico Azionario ("MTA") organized and managed by the Italian Stock Exchange.

The Shareholders' Agreement will terminate after three years from its signing date.

The extract of the Shareholders' Agreement, pursuant to art. And Article 122 of the TUF. 129 et seq. of the Issuer will be published within the time period established by applicable law.

C) Stock option grant to the CEO

In separate agreements, KME and Cobra AT SA granted Carmine Carella, Chief Executive Officer of Cobra, irrevocable options to acquire a total of 1.800.000 Cobra shares (KME granted 1.082.100 options and Cobra AT SA granted 717.900 options). The exercise price of the shares will be the nominal value of Cobra shares. Carmine Carella may exercise the options within 12 months from the expiration of the thirtieth day following the date of completion of the merger.

D) Companies' description

Cobra Automotive Technologies, based in Italy, is a leading international group providing worldwide user-friendly vehicle-centric solutions, integrating advanced technologies that enhance transportation and



KME Group S.p.A.

property security thus helping to manage risks associated to vehicles. Cobra provides products and services to Car manufacturers, Insurance companies and independent dealers.

Cobra was listed on the Milan Stock Exchange, STAR segment, on December 12, 2006.

Drive Rent S.p.A., the parent of the Drive Group, is a leading company providing cost of ownership management services in Italy and Spain. Its main customers are car manufacturers, long-term and short-term car hire, leasing companies and also the rental of replacement motor vehicles to auto repair businesses and corporate accommodation services.

In the first nine months of 2010 the Drive Group's consolidated revenues amounted to 43.9 million. EBITDA was positive for 4.3 million euro, EBIT was positive for 0.3 million euro and the net financial position at 30 September 2010 showed total debt of 21.7 million euro.

The press release is available on the site www.kme.com, on which additional information can also be requested directly from the company (telephone no. +39 055-4411454; e-mail investor.relations@kme.com).