PRESS RELEASE

THE BOARD OF DIRECTORS APPROVES THE REPORT ON OPERATIONS AND THE DRAFT 2010 FINANCIAL STATEMENTS

2010 CONSOLIDATED REVENUES TOTAL 2,718.7 MILLION EUROS OVERALL AND 758.4 MILLION EUROS NET OF THE VALUE OF RAW MATERIALS (663.5 MILLION EUROS IN 2009)

EBITDA(*) AMOUNT TO 79.0 MILLION EUROS (45.3 MILLION EUROS IN 2009); THE GROUP'S PROFITABILITY SHOWS SIGNIFICANT IMPROVEMENT

PROFIT BEFORE EXTRAORDINARY ITEMS(*) TOTALS 19.0 MILLION EUROS (LOSS OF 22.9 MILLION EUROS IN 2009)

EXTRAORDINARY ITEMS REFLECT THE IMPACT OF PLANS TO RESTRUCTURE THE GROUP'S INDUSTRIAL OPERATIONS (26.0 MILLION EUROS) AND LOSSES OF COMPANIES CONSOLIDATED BY THE EQUITY METHOD (10.7 MILLION EUROS)

CONSOLIDATED NET LOSS OF 17.7 MILLION EUROS (LOSS OF 23.4 MILLION EUROS IN 2009)

CONSOLIDATED NET DEBT(*) DECREASES TO 223.9 MILLION EUROS (286.6 MILLION EUROS AT THE END OF 2009)

CONSOLIDATED SHAREHOLDERS' EQUITY TOTALS 452.1 MILLION EUROS

THE BOARD OF DIRECTORS RECOMMENDS THE DISTRIBUTION OF A DIVIDEND OF 0.07241 EUROS PER SHARE ON THE SAVINGS SHARE AND OF 0.011 EUROS PER SHARE ON THE COMMON SHARES

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Florence, March 22, 2011 – The Board of Directors of KME Group S.p.A. reviewed and approved the Report on Operations and drafts of the consolidated financial statements and the Parent Company's financial statements for 2010.

It is important to keep in mind that the reverse proportional partial demerger of iNTEk S.p.A. for the benefit of KME Group S.p.A. became effective on March 22, 2010. The demerger resulted in the conveyance to KME Group S.p.A. of equity investments that are now included in the scope of consolidation.
More specifically, the Group acquired equity interests in the following companies: ErgyCapital S.p.A., a company specialized in the area of renewable energy sources and energy conservation, and Drive Rent S.p.A., a service company that manages corporate vehicle fleets.
In the 2010 consolidated financial statements, ErgyCapital is consolidated by the equity method and Drive Rent is classified as "discontinued operations," due to its planned merger with Cobra S.p.A.

Preliminary Consolidated Financial Highlights		
(in millions of euros)	2010	2009
Revenues	2,718.7	1,949.4
Revenues (net of raw materials)	758.4	663.5
EBITDA	79.0	45.3
EBIT	34.4	(8.3)
Profit (Loss) before extraordinary items	19.0	(22.9)
Extraordinary income/(expense)	*(26.0)*	*2.9*
Impact of IFRS valuation of inventory	*18.0*	*6.1*
Income taxes	*(16.6)*	*(9.5)*
Net loss before cos. at equity and discontinued operations	(5.6)	(23.4)
Losses of companies valued by equity method and of discontinued operations	(12.1)	--
Consolidated net loss	(17.7)	(23.4)
Net debt	223.9 at 12/31/10	286.6 at 12/31/09
Shareholders' equity	452.1 at 12/31/10	419.9 at 12/31/09

- **Consolidated revenues** totaled 2,718.7 million euros in 2010 (1,949.4 million euros in 2009). The increase in revenues reflects the impact of higher raw material prices. Restated net of the value of raw materials, the revenues amount is 758.4 million euros, up from 663.5 million euros booked in 2009 (+14.3%).

- **EBITDA(*)** amounted to 79.0 million euros in 2010, compared with EBITDA of 45.3 million euros in 2009, for a year-over-year gain of 74.4%.
  The increase in profitability is also apparent when the data are viewed on a relative basis, with the ratio of EBITDA to net revenues improving from 6.8% in 2009 to 10.4% in 2010.

- **EBIT(*)** totaled 34.4 million euros (loss of 8.3 million euros in 2009).

- The **profit before extraordinary items**(*) amounted to 19.0 million euros (loss of 22.9 million euros in 2009).

- **Extraordinary expense** included 12 million euros for the plans to restructure the Group's industrial operations and 11 million euros in asset writedowns and writeoffs. The positive effect of valuing inventories and raw material commitments at current prices, as required by the IFRS accounting principles, increased from 6.1 million euros in 2009 to 18.0 million euros in 2010, due to the impact of rising raw material prices.

- The **consolidated net loss before companies valued by the equity method and discontinued operations(*)** decreased to 5.6 million euros (loss of 23.4 million euros in 2009).

- The **consolidated net loss**(*) totaled 17.7 million euros (loss of 23.4 million euros in 2009), after a loss of discontinued operations amounting to 1.4 million euros and losses from companies consolidated by the equity method totaling 10.7 million euros, which include 9.3 million euros for the Group's interest in the loss reported by ErgyCapital S.p.A.
  Current and deferred taxes amounted to 4.2 million euros and 12.4 million euros, respectively.

- On the balance sheet side, **consolidated net debt(*)** totaled 223.9 million euros (286.6 million euros at December 31, 2009), holding at a level lower than the value of working capital, as evidence of a balanced financial position without structural indebtedness.
  Consolidated shareholders' equity amounted to 452.1 million euros (419.9 million euros at December 31, 2009).

- As for the **business outlook,** management confirms that the competitive position achieved by the Group through the implementation of programs to strengthen its manufacturing activities and overall organization will enable it to benefit from a more favorable environment in the various business markets and, provided that recent international development do not trigger a reversal of the current economic trends, generate in the current year a further improvement in operating results compared with those reported in 2010.

- In view of the improved regular operating results reported by the Group in 2010, compared with the previous year, the Board of Directors agreed to recommend that the shareholders distribute a dividend on the savings shares, computed in accordance with the preference formula of Article 8 of the Bylaws, in the amount of 0.07241 euros per share, for a total outlay of 3.1 million euros, and resume dividend payments on the common shares by distributing a divided of 0.011 euros per share, for a total outlay of 4.9 million euros. The dividend will be payable on May 12, 2011 (coupon record date May 9, 2011).

- As announced on January 28, 2011, the Board of Directors coopted Riccardo Garrè, who was also appointed General Manager, as a replacement for Domenico Cova, who resigned from the Board of Directors.

Note: This press release contains reclassifications of the income statement data and uses some alternative performance indicators that are not provided in the IFRS accounting principles. The meaning and content of these reclassifications and performance indicators is discussed in the annexes.

(*) An explanation of the reclassifications of the data listed above is provided in Annex 1 to this press release.

Review of Operating Performance in 2010

Before proceeding with a review of the operating performance of the KME Group, it is important to point out that the reverse proportional partial demerger of iNTEk S.p.A. for the benefit of KME Group S.p.A. (hereinafter referred to in short as the "Demerger") approved by the Shareholders' Meeting of December 2, 2009 became effective on March 22, 2010.
The Demerger resulted in the conveyance to KME Group S.p.A. (hereinafter also referred to as the "Company" or the "Group's Parent Company") of assets and liabilities belonging to iNTEk S.p.A., which consisted primarily of equity investments.
More specifically, KME Group S.p.A. acquired equity investments in the following companies: ***ErgyCapital S.p.A.****, a company specialized in the area of renewable energy sources and energy conservation, and* ***Drive Rent S.p.A.****, a service company that manages corporate vehicle fleets.*
In the 2010 financial statements, ErgyCapital S.p.A. is consolidated by the equity method and Drive Rent S.p.A. is classified as "discontinued operations," due to its planned merger with Cobra Automotive Techonologies S.p.A..

Consequently, the review of operating performance that follows focuses on the Company's different investment sectors: its traditional sector of copper and copper-alloy semifinished products, which is headed by the German subsidiary KME A.G. and continues to be the Group's core business, and the new investment sectors mentioned above.
The investment of KME Group S.p.A. in the "copper" sector, which includes the manufacture of copper and copper-alloy semifinished products and the marketing of ferrous and non-ferrous scrap metal, amounts to 384.5 million euros; those in the "renewable energy" sector and the "services" sector amount to 31.8 million euros and 30 million euros, respectively.
Other equity investments and net financial assets total 28.7 million euros.

The gradual recovery in global economic activity continued in 2010, albeit at an uneven pace in different countries and regions, but appeared to have lost momentum in the second half of the year, compared with the earlier months, as the effect of positive factors, such as the inventory cycle and the incentives provided by governments, gradually diminished. Significant factors of uncertainty continue to condition both the evolution and strength of the economic recovery, even though the underlying dynamics remain positive.
The recovery was robust in the emerging economies, China and India above all, and more modest in the developed economies.
In Europe, which is the area where the Group is most active, exports were the main engine driving the upturn. On the other hand, internal demand continued to be characterized by merely marginal increases in consumption and lackluster capital investment spending, conditioned by the continued availability of ample excess manufacturing capacity, despite a gradual recovery in demand in 2010. Investment in construction also remained at low levels.
Within Europe, the German economy was unquestionably the most dynamic, as it benefitted from competitive advantages provided by a modernized manufacturing system and an efficient labor market.

In a macroeconomic environment characterized by significant factors of uncertainty tied to the rising cost of raw materials, the volatility of financial markets and fluctuations in foreign exchange rates, the KME Group pursued the adoption of new and more rigorous business management models based on maximizing efficiency and flexibility and focusing on innovation to develop solutions that can help it anticipate market needs.

The restructuring and reorganization programs implemented in recent years strengthened the Group's competitiveness and, consequently, put it in a better position to benefit from a market recovery.
The operating results achieved in 2010 show an improvement compared with the previous year, both in terms of sales volumes and profitability.

Consolidated revenues totaled 2,718.7 million euros, or 39.5% more than in 2009.
Restated net of the value of raw materials, revenues show an increase of 14.3%, rising from 663.5 million euros in 2009 to 758.5 million euros in 2010.

EBITDA(*) grew to 79.0 million euros in 2010, compared with 45.3 million euros in 2009, for a year-over-year gain of 74.4%.
The increase in profitability is also apparent when the data are viewed on a relative basis, with the ratio of EBITDA to net revenues improving from 6.8% in 2009 to 10.4% in 2010.

EBIT(*) totaled 34.4 million euros (loss of 8.3 million euros in 2009).

The **profit before extraordinary items**(*) amounted to 19.0 million euros (loss of 22.9 million euros in 2009).

Extraordinary expense totaled 26 million euros. It included 12 million euros for the plans to restructure the Group's industrial operations and 11 million euros in asset writedowns and writeoffs.
The net effect of valuing inventories and raw material commitments at current prices, as required by the IFRS accounting principles, increased from 6.1 million euros in 2009 to 18.0 million euros in 2010, due to the impact of rising raw material prices.

The **consolidated net loss before companies valued by the equity method and discontinued operations(*)** decreased to 5.6 million euros (loss of 23.4 million euros in 2009).

The **consolidated net loss**(*) totaled 17.7 million euros (loss of 23.4 million euros in 2009), after a loss of discontinued operations amounting to 1.4 million euros and losses of companies consolidated by the equity method totaling 10.7 million euros, which include 9.3 million euros for the Group's interest in the loss reported by ErgyCapital S.p.A.
Current and deferred taxes amounted to 4.2 million euros and 12.4 million euros, respectively.

In terms of financial performance, the KME Group succeeded in maintaining the ability to generate a positive operating cash flow, despite a challenging economic environment. Successful programs to bring production volumes at a level consistent with the changed macroeconomic environment, rationalize the procurement and use of raw materials and optimize the management of payment terms with customers and, more importantly, with suppliers of raw materials enabled the Company to keep under control its working capital funding needs.

(*) Reclassified indicators an explanation of which is provided in Annex 1 to this press release.

The Group's **consolidated net debt(*)** totaled 223.9 million euros at the end of 2010, down from 286.6 million euros at December 31, 2009.
The fact that financial debt held at a level lower than the value of working capital is evidence of a balanced financial position without structural indebtedness.

Consolidated **shareholders' equity** before minority interest amounted to 452.1 million euros (419.9 million euros at December 31, 2009).

Copper Sector

Demand in the industries that are the main users of **copper and copper-alloy semifinished products** varied depending on the merchandise category and geographic region.

The **construction industry** is a major market for the sale of the Group's products. Copper tubing is used for water, heating and sanitary systems; copper and copper-alloy sheeting is used for roofing and exterior-wall applications; bronze and brass sectional elements are used for windows and exterior decorative applications; brass bars are used to manufacture valves, handles and locks.

In 2010, demand for **semifinished products for the construction industry** (the consolidated revenues generated in this area account for about one-third of total revenues), after being adversely affected by unusually cold weather in Europe and North America in the first half of the year, which caused a further reduction in construction activity, began to show signs of recovery. However, an increase in the price of raw copper, particularly in the final months of 2010 and the beginning of the current year, continued to have a negative effect in an environment of price volatility that causes uncertainty about spending decisions among users.

In the area of **copper sheeting for roofing applications,** despite significant market weakness particularly in such key markets as Italy, Spain and the United Kingdom, the Group is continuing to develop new downstream integration strategies, entering multiple-metal areas of business and the activity involving the delivery of turnkey architectural projects. This activity, called Architectural Solutions, was created to offer integrated solutions to architects and builders through the design and manufacture of copper, copper-alloy and zinc coverings. In January 2011, the Company finalized an agreement with Zahner Architectural Metals, a company based in Kansas City (USA) that is active in the implementation of solutions for metal exterior walls, developed in close collaboration with architects, designers and artists. This joint venture, which is based in Germany, will enable the Group to offer expertise and competencies about the use of metals for architectural solutions to European architects with an interest in developing to the fullest their design and esthetics concepts.

(*) Reclassified indicators an explanation of which is provided in Annex 1 to this press release.

Attractive opportunities are also developing in the area of integrated copper roofing systems (*“TECU”® Solar Roof*), which combine the esthetic attraction of copper with the benefits of energy conservation.
Sales of **tubing for water, heating and sanitary systems** remained weak, but there are some signs of an upturn, thanks to a continuous improvement in customer service and to an expanded presence in the market segment of heating systems with renewable energy sources (solar and geothermal, mainly).
In the market segment of **brass bars** for bathroom faucets and heating systems, the demand trend was positive in 2010.

Copper and copper-alloy products are used extensively in the most diverse **sectors of the manufacturing industry,** from carmakers to manufacturers of electric and electronic components, from air conditioning and refrigeration systems to gift items and mechanical items in general. The telecommunications industry uses copper tubing inside the coaxial cables of the transmission antennas for cellular telephony. In addition, the Group manufactures ingot molds for continuous casting of steel and non-ferrous intermediate materials, blanks for coinage and special pipes for shipbuilding and offshore installations.

Demand for **semifinished products for the industrial sector** (the consolidated revenues generated in this area account for about two-third of total revenues) showed a healthy increase in 2010, recovering from the slump that occurred in 2009.
An upturn in demand for **sheet metal by the manufacturing sector** was most noticeable in the automotive, mechanical equipment and appliance industries, primarily in Germany.
Demand was also up for **tubing for industrial applications,** particularly in air conditioning, refrigeration and components for systems used to generate energy from renewable sources.
Demand for **ingot moulds for steel castings** also showed signs of improvement.
Lastly, the market segment of **copper bars** for applications in the electrical industry expanded at a healthy pace.

In 2010, the **price of raw copper,** which is the main metal used in the Group’s semifinished products, was higher on average than in 2009, driven by the recovery of the emerging economies and by speculative financial activity directly related to the vast liquidity available internationally.
In 2010, the average price of copper showed a year-over-year increase of 46.0% when stated in U.S. dollars (rising from US$5,164/ton to US$7,538/ton) and of 54.9% when stated in euros (from €3,669/ton to €5,683/ton).
The price of raw copper continued to rise during the early months of the current year, reaching record levels. The average price for January and February was US$9,720/ton (equal to €7,194/ton). Starting in the second half of February, it rose repeatedly above US$10,000/ton.

The commercial strategy implemented to offer customers integrated solutions and strengthen the distribution chain enabled the KME Group to benefit from the upturn in demand.
Special attention is being paid to sales support services: the objective of the new *“SYNCHRO”* project is to synchronize the entire distribution chain, from the procurement of raw materials to

the delivery of products to customers, using a transversal benchmarking approach at the production unit and division level, with the aim of achieving the best service efficiency levels.

This Sector's **consolidated revenues** amounted to 2,718.7 million euros in 2010, for a gain of 39.5% compared with 1,949.4 million euros booked in 2009,
Restated net of the value of raw materials, revenues show an increase of 14.3%, rising from 663.5 million euros to 758.5 million euros. Unit sales were also up (+18.7%), due to a different sales mix.
The value of raw materials accounted for about 72% of the sales revenues generated by semifinished products, compared with 66% on average for 2009.

The gain in revenues and the increase in competitiveness are the reason for the improvement in operating profitability reported by the Group's Copper Sector in 2010 compared with the previous year. The objective of the programs carried out to streamline the Group's manufacturing system and overall organization was to identify and implement in the different areas of activity the Group's best operating practices and shorten the execution time of all processes, while maintaining a commitment to protect the environment and provide maximum protection for the health and safety of employees.

In 2010, this Sector's **EBITDA** amounted to 79.0 million euros, compared with 45.3 million euros in 2009.
The Sector's profitability was also up on a relative basis, with the ratio of EBITDA to net revenues improving from 6.8% in 2009 to 10.4% in 2010.

This Sector reported positive **EBIT** of 34.4 million euros at December 31, 2010, as against negative EBIT of 8.3 million euros the previous year.

The **profit before extraordinary items** and taxes amounted to 19.0 million euros (loss of 22.9 million euros in 2009).

The Copper Sector recognized **extraordinary expense** of 26.0 million euros, attributable for the most part to programs to restructure the Sector's industrial units.

During 2010, the **capital expenditures** of the Sector's manufacturing units totaled 43.8 million euros (37 million euros in 2009).
Investments continue to focus selectively on streamlining the Group's manufacturing and distribution processes, developing new products and optimizing the use of raw materials.
The Sector's operations had 6,471 employees at December 31, 2010 (6,485 employees at the end of 2009).

Renewable Energy Source Sector

Some extraordinary events that occurred in 2010 had a negative impact on the results reported by the ErgyCapital Group.

Specifically, the preventive seizure of two construction sites in the Province of Rieti ordered by the judicial authorities in February 2010 against the Ergyca Green S.r.l. and Greenboat S.r.l. subsidiaries, which is still continuing today, produced a series of negative consequences. While the Company was dealing with these internal developments, a series of legislative measures enacted starting in the second half of 2010 had a severe adverse effect on the photovoltaic sector, which had been the focus of ErgyCapital's resources. A specific issue is the rate reduction resulting from the approval of the rates of the Third Energy Account, effective as of January 1, 2011.

In 2010, the ErgyCapital Group reported revenues of 17.1 million euros (12.7 million euros at December 31, 2009). Increased production of electric power from photovoltaic facilities is the main reason for the increase compared with the previous year. In addition, revenues benefitted from the higher production volume reported by E.Geo, a subsidiary active in the geothermal area.

EBITDA is negative by 1.4 million euros, in line with the result reported in 2009.

The consolidated net loss of 19.9 million euros reflects the aggregate impact of the writedowns recognized in 2010, which reflects in part the effect of a major restructuring of the group and include 11.4 million euros attributable to continuing operations and 2.3 million euros as the net effect of the discontinued operations.

The developments that affected the company in 2010 made it necessary to revise the 2011-2013 strategic objectives.

ErgyCapital's Board of Directors is cognizant of the issues that arose in 2010 and of the significant uncertainty that developed in the photovoltaic sector following the recent enactment of a legislative decree on renewable energy sources that follows the rules of the Third Energy Account in effect since January 1, 2011.

On the other hand, two areas of business that offer attractive growth opportunities have been identified:

- the biogas sector, which the company intends to use as an engine of growth by accelerating the development and construction of facilities in this area;
- the low-enthalpy geothermal sector, an area in which the E.Geo S.p.A. subsidiary has been increasing its market share.

The new strategic guidelines pursue the following objectives:

a) maximize the value of the existing pipeline of authorized projects of photovoltaic facilities by building 6-8 MW in 2011 alone and selling 30-35 MW in authorized projects over a three-year period from 2011 to 2013;

b) build three 1-MW biogas systems in 2011, five more in 2012 and an additional five in 2013 and sell any surplus authorized projects during that period;

c) consolidate E.Geo's growth in the geothermal sector, with the aim of achieving revenues of about 10 million euros in 2013;

d) cut overhead by about 50% compared with the 2010 level;

e) achieve economic and financial results substantially in balance already in 2011, with the goal of reporting EBITDA of about 20 million euros in 2013.

The plan's objectives should be achievable with the need of additional funding by the Group's Parent Company amounting to 2-3 million euros over the three year period, compatibly with a normal use of credit lines and, consequently, without requiring additional capital contributions.

In addition, the company will actively seek all collaboration/aggregation opportunities with other players in the renewable energy sector that could accelerate its growth and increase shareholder value.

Additional information about the performance of ErgyCapital S.p.A. is provided in the documents made available by the company.

Service Sector

Drive Rent S.p.A., a 90%-owned subsidiary of the KME Group, is the holding company of the Drive Group, which operates several different businesses: long-term rental of automobiles, management of vehicles owned by third parties, rental of loaner vehicles to automotive repair shops, management of corporate guest facilities and management of a vehicle parking facility in central Milan.

In 2010, the Sector further downsized its activities in the long-term rental of automobiles, consistent with the plan to terminate this business in 2011.

The management of vehicles owned by third parties continued to feel the negative impact of the crisis in the automotive industry, which in 2009 hit corporate fleets especially hard and, in 2010, following the expiration of government incentives both in Italy and in Spain, affected consumer demand as well. Nevertheless, the Drive Group was able to maintain a stable level of activity, thanks to important contracts with new customers signed during the year. However, profit margins were lower than anticipated, due to a lack of growth in consumer sales. The new contracts with corporate customers made up for the shortfall in revenues, but could not offset the reduction in profitability.

The volume of activity was also less than anticipated in the rental and management of loaner vehicles to automotive repair and body shops, due to the ongoing difficulties faced by businesses in this area. However, the number of customers and vehicles managed continues to increase. The resulting expansion of the customer portfolio and a consolidation of the leadership position achieved in this industry justify expectations of a significant turnaround in revenues and margins as soon as market business conditions begin to improve.

Activity in the management of corporate guest facilities was substantially stable in terms of the number of apartments under management, following a drop in 2009 caused by the general economic crisis. In addition, an intensified marketing activity resulted in the start of promising discussions with major corporations and the signing of two new contracts with a top Italian industrial group.

Lastly, the Easydriver Car Services Espana S.L.U. subsidiary reported a positive result, despite the ongoing challenges faced by Spain's economic and financial system.

In 2010, the **consolidated revenues of the Drive Group** totaled 58.4 million euros.

EBITDA were positive by 5.8 million euros (7.2 million euros at December 31, 2009) and the net loss for the year amounted to about 1.4 million euros.
At December 31, 2010, the net financial position showed net debt totaling 17.5 million euros (18.9 million euros at the end of 2009).
The operating results for the early months of 2011 show a slight improvement in profitability and confirm that the trend towards a reduction in net debt is continuing.
The Drive Group has 251 **employees.**

On November 30, 2010, the Board of Directors of Drive Rent S.p.A. approved a major corporate/industrial restructuring transaction consisting of the merger by absorption of Drive Rent into Cobra Automotive Technologies S.p.A. This company, which is based in Varese, is the holding company of a group listed on Borsa Italiana with a leadership position in the sector of car alarms and vehicle security systems based on the use of information technology and satellite technology.
The transaction will enable the entity resulting from the merger to offer to common and different groups of customers (including individual motorists, corporate fleets, leasing companies, carmakers and insurance companies) the services and electronic products already available (cross selling activities), as well as, and more importantly, new services and products developed by combining the distinctive knowhow of the two groups. The transaction is expected to close during the first half of 2011.
Based on a share exchange ratio of 383.7 common Cobra shares for each Drive Rent common share and assuming that the current share ownership structure of Cobra and Drive Rent remains unchanged, the ownership of the share capital of the new entity resulting from the merger will be as follows:

- KME Group S.p.A. 42.7%;
- Serafino Memmola, directly and through Cobra Automotive Techonologies S.A. (Lux.), 26.6%.

On March 15, 2011, the Shareholders' Meetings of Drive Rent S.p.A. and Cobra S.p.A. approved the Proposal to merge by absorption Drive Rent S.p.A. into Cobra Automotive Techonologies S.p.A. It is important to keep in mind that the implementation of the merger is subject to the condition precedent that the merger must not trigger an obligation to launch a share tender offer pursuant to Article 106 and Article 109 of Legislative Decree No. 58/98.

Additional information about the merger transaction described above is available in the relevant documents published on the websites of the companies involved and of Borsa Italiana S.p.A.

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KME Group S.p.A.

KME Group S.p.A., the Group's Parent Company, ended 2010 with a net profit of 61.1 million euros (3.6 million euros in 2009). This significant improvement reflects the net positive contribution of extraordinary items (61.0 million euros). Excluding extraordinary items, the net profit was lower than in the previous year, due to a reduction in financial income.

Extraordinary items included, on the plus side, a partial reinstatement of the historical cost of the investment in the KME A.G. subsidiary (72.6 million euros), which heads the Group's industrial operations in the copper sector, offset in part by writedowns of the carrying amounts of other assets (including a charge of 10.4 million euros for the investment in ErgyCapital S.p.A.).

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The Board of Directors coopted Riccardo Garrè, to replace Domenico Cova, who resigned, and appointed him General Manager with responsibility for the Group's industrial and commercial operations in the copper sector.
This appointment was announced on January 28, 2010.
Riccardo Garrè was born is 1962 and holds a Degree in Experimental Physics. Coming from a professional background with an important international group, where is served as General Manager, he joined the *Vorstand* of the German subsidiary KME A.G. in March 2010, with the title of Sector COO (Chief Operating Officer).

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The next Shareholders' Meeting will also be asked to vote on a motion to allow the Board of Directors to buy and dispose of, in one or more tranches, common and savings treasury shares up to a total number that, taking into account any treasury shares held, may not be greater than 20% of the Company's share capital.
The purpose of this authorization, which replaces an earlier authorization that will expire in October 2011 and will have a duration of 18 months from the date of the Shareholders' Meeting, is to enable the Board of Directors to (i) utilize the financial instruments that it may purchase as an "inventory of securities," available for use as consideration in extraordinary transactions, including swaps of equity investments, or in connection with programs for the award of stock options or shares of stock, for consideration or free of charge, to Directors, employees or other associates or for distribution as stock dividends; (ii) proceed with the cancellation of any treasury shares held.
Purchases shall be made in accordance with the provisions of Article 144 *bis,* Section 1, Letters a), b), c) and d), of Consob regulation No. 11971/99 and all other applicable provisions, in order to ensure equal treatment for all shareholders, achieved as follows:

- through a public tender offer or exchange offer;
- through transactions executed on regulated markets, in accordance with the operating procedures set forth in the corresponding organization and management regulations;
- through purchases and sales of derivatives traded on regulated markets that require the physical delivery of the underlying shares;
- through the award to the shareholders of an option to sell exercisable within a period equal to the duration of the authorization provided by the Shareholders' Meeting.

Purchases shall be made on regulated markets at prices that shall not be more than 15% below or 15% above the official price recorded on the stock market trading day that precedes each buy transaction or during the ten stock market trading days that precede the public announcement

in all other cases, in compliance with any restrictions (including those applicable to buying volume) applicable in accordance with market practices allowed by the Consob.
Permissible utilizations of purchase or held treasury shares include sales in stock market or private transactions, provided the applicable laws and the terms and operating procedures required by the Consob are complied with.
As of the date of this press release, subsequent to the February 2011 sale of 610,055 common shares in a stock market transaction, the Company held 7,602,700 common treasury share (equal to 1.70% of the shares in this class) and 135,831 treasury savings shares (equal to 0.31% of the shares in this class).

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Lastly, the next Shareholders' Meeting will be asked to vote on motions to amend some articles of the Bylaws to make them consistent with new regulations introduced by recent legislation concerning the calling and attendance of Shareholders' Meeting and the exercise of shareholders' rights.

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As planned, the Shareholders' Meeting will be convened in ordinary and extraordinary session on April 27 and April 38, 2011, on the first and second calling, respectively.

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Marco Miniati, the Corporate Accounting Documents Officer, acting in accordance with the requirements of Article 154 bis, Section 2, of the Uniform Financial Code (Legislative Decree No. 58/1998), declares that the accounting information contained in this press release is consistent with the data in the supporting documents and in the Company's other documents and accounting records.

The Board of Directors

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This press release is available at the Company website, www.kme.com. Additional information may also be obtained directly from the Company (telephone number +39 055.4411454; e-mail investor.relations@kme.com).

Annexes:

1 a) Reclassifications Made and Reconciliations. Alternative Performance Indicators
1 b) Reclassified Income Statement
2) Consolidated Statement of Financial Position
3) Consolidated statement of comprehensive income
4) Statement of comprehensive Income
5) Statement of Financial Position

Annex 1a)

Reclassifications Made and Reconciliations to the IFRS Accounting Principles

In the comments of operating results provided below, some of the operating and financial data provided in this press release are based on accounting principles that differ in some respects from the IFRS principles, mainly in terms of measurement and presentation. More specifically:

1. *Revenues are shown net of the value of raw materials to eliminate the impact of fluctuations in raw material prices.*
2. *When valuing the ending inventory of the Copper and Copper-Alloy Semifinished Product Sector, the portion representing the structural inventory (i.e., the portion of the inventory that was not set aside to fill customer orders) was valued by the LIFO method. The portion of inventory set aside for customer orders was valued based on the value of the corresponding orders, which is deemed to be the realizable value. Under the IFRS method, the inventory is valued at the lower of the cost computed by the FIFO method or net realizable value. The IFRS principles also require that inventory buy and sell commitments and the corresponding hedges executed on the LME be disclosed separately and shown in the financial statements as financial instruments measured at fair value.*
   The IFRS, by not allowing the measurement of the Sector's ending inventory by the LIFO method, which is the method used for internal management controlling activities, introduced an exogenous economic component the variability of which makes it impossible to compare homogeneous data for different periods and does not allow an accurate presentation of the actual results from operations.
3. *Extraordinary items are shown below the EBITDA line.*

The table that follows shows the impact on the 2010 data of the different measurement and presentation criteria used.

Reclassified Income Statement

(in millions of Euro)	2010 IFRS		Reclassifi-cations	Restate-ments	2010 RECLASS.
Gross revenues	2,718.7	100.0%			2,718.7
Raw material costs	-		(1,960.3)		(1,960.3)
Revenues net of raw material costs	**-**				**758.4**
Personnel expense	(332.9)		1.2		(331.7)
Other materials and costs	(2,300.2)		1,973.2	(20.6)	(347.7)
Gross Operating profit (EBITDA) (*)	**85.5**	**3.1%**			**79.0**
Amortization and depreciation	(50.6)		6.0		(44.6)
Operating profit (EBIT)	**34.9**	**1.3%**			**34.4**
Net financial expense	(21.3)		5.9		(15.4)
Result before non-recurring items	**13.6**	**0.5%**			**19.0**
Non-recurring income (expenses)	-		(26.0)		(26.0)
Impact of IFRS valuation of inventory and forward contracts	-			20.6	20.6
Income taxes on IFRS valuation of inventory and forward contracts	-			(2.6)	(2.6)
Current taxes	(4.2)		-		(4.2)
Deferred taxes	(15.0)		-	2.6	(12.4)
Profit / (loss) for the year (IFRS inventory)	**(5.6)**	**-0.2%**			**(5.6)**
Share of profit / (loss) of equity-accounted investees	(10.7)				(10.7)
Net result of discontinued operations	(1.4)				(1.4)
Consolidated net result	**(17.7)**	**-0.7%**			**(17.7)**
Profit attributable to non-controlling interests	0.5				0.5
Equity attributable to the owners of the Parent	**(18.3)**	***-0.67%***			**(18.3)**

The reclassified indicators described above are used in the review of the Group's operating results provided below, because they are deemed to be more representative of the Group's actual operating and financial performance.

Alternative Performance Indicators

EBITDA

This indicator provides a useful yardstick to assess the Group's operating performance. It is an intermediate income statement item equal to EBIT before deducting depreciation and amortization and extraordinary items.

Net Financial Debt

This indicator is used to evaluate the financial structure. It is equal to gross borrowings less cash and cash equivalents and other financial receivables.

Net Invested Capital

Net invested capital is defined as the sum of Non-current assets and Current assets, net of Current liabilities, except for the items used to compute Net debt, as described above.

Annex 1b)

KME Group – Consolidated Income Statement

Reclassified Income Statement

(in millions of Euro)	**2010 RECLASS.**		**2009 RECLASS.**		**% change**
Gross revenues	2,718.7		1,949.4		39.5%
Raw material costs	(1,960.3)		(1,285.9)		52.4%
Revenues net of raw material costs	**758.4**	**100%**	**663.5**	**100%**	***14.3%***
Personnel expenses	(331.7)		(300.8)		10.3%
Other materials and costs	(347.7)		(317.4)		9.5%
Gross Operating profit (EBITDA) (*)	**79.0**	**10.4%**	**45.3**	**6.8%**	***n.m.***
Amortization and depreciation	(44.6)		(53.6)		-16.9%
Operating profit (EBIT)	**34.4**	**4.5%**	**(8.3)**	**-1.3%**	***n.m.***
Net financial expense	(15.4)		(14.6)		5.5%
Result before non-recurring items	**19.0**	**2.5%**	**(22.9)**	**-3.5%**	***n.m.***
Non-recurring income (expenses)	(26.0)		2.9		n.m.
IFRS impact on valuation of inventory and forward contracts	20.6		4.5		n.m.
Income taxes on IFRS valuation of inventory and forward contracts	(2.6)		1.6		n.m.
Current taxes	(4.2)		(10.2)		-58.8%
Deferred taxes	(12.4)		0.7		n.m.
Profit/(loss) for the year (IFRS inventory)	**(5.6)**	**-0.7%**	**(23.4)**	**-3.5%**	***n.m.***
Share of profit /(loss) of equity-accounted investees	(10.7)		-		n.m.
Net result of discontinued operations	(1.4)		-		n.m.
Consolidated net result	**(17.7)**	**-2.3%**	**(23.4)**	**-3.5%**	**-24.2%**
Profit attributable to non-controlling interests	0.5		0.5		
Equity attributable to the owners of the Parent	**(18.3)**	***-2.41%***	**(23.9)**	***-3.60%***	***-23.5%***

Earnings per share (in Euro):	**12/31/10**	**12/31/09**
basic profit /(loss) per share	(0.0526)	(0.0663)
diluted profit /(loss) per share	(0.0526)	(0.0663)

The Independent Auditors have not completed their review of the data provided above.

(*) EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) is an indicator that is not mentioned in the IFRS accounting principles. However, it provides a useful yardstick to assess the Group's operating performance. It is an intermediate income statement item equal to EBIT before deducting depreciation and amortization and extraordinary items.

Annex 2

Consolidated Statement of Financial Position

(in thousands of euros)	12/31/10	12/31/09
Property, plant and equipment	583,873	594,217
Investment property	28,603	23,728
Goodwill and consolidation differences	114,582	114,897
Other intangible assets	3,490	3,528
Investments in subsidiaries and associates	17,301	6,526
Investments in other companies	1,908	258
Investments in equity – accounted investees	21,951	3,958
Other non-current assets	25,501	28,878
Non-current financial assets	115,686	111,923
Deferred-tax assets	47,033	34,867
NON-CURRENT ASSETS	**959,928**	**922,780**
Inventories	622,054	469,512
Trade receivables	146,505	140,129
Other receivables and current assets	26,180	27,186
Current financial assets	140,242	100,912
Cash and cash equivalents	39,751	108,964
Current assets held for sale	86,393	-
CURRENT ASSETS	**1,061,125**	**846,703**
TOTAL ASSETS	**2,021,053**	**1,769,483**
Share capital	297,014	250,015
Other reserves	189,572	174,082
Treasury shares	(2,888)	(2,888)
Retained earnings	15,191	14,395
Technical consolidation reserve	(29,267)	8,135
Reserve of other components of the total Comprehensive Income	794	65
Profit (loss) for the year	(18,351)	(23,929)
Equity attributable to the owners of the Parent	**452,065**	**419,875**
Equity attributable to non-controlling interests	4,952	2,928
EQUITY	**457,017**	**422,803**
Employee benefits	152,757	152,382
Deferred-tax liabilities	138,135	111,550
Financial payables and liabilities	316,875	363,075
Other non-current liabilities	13,740	14,266
Provisions for risks and charges	137,240	136,113
NON-CURRENT LIABILITIES	**758,747**	**777,386**
Financial payables and liabilities	197,841	237,980
Trade payables	410,772	209,657
Other current liabilities	103,501	94,714
Provisions for risks and charges	24,910	26,943
Current liabilities held for sale	68,265	-
CURRENT LIABILITIES	**805,289**	**569,294**
TOTAL LIABILITIES AND EQUITY	**2,021,053**	**1,769,483**

The Independent Auditors have not completed their review of the data provided above.

Annex 3

Consolidated statement of comprehensive income

(in thousands of euros)	12/31/10	12/31/09
Revenue from sales and service	2,718,666	1,949,367
Change in inventories of finished and semifinished products	13,485	(23,085)
Capitalised internally work	2,712	1,823
Other operating income	20,734	21,482
Purchases and change in raw materials	(2,015,961)	(1,320,573)
Personnel expenses	(332,921)	(301,914)
Amortization, depreciation, and impairment losses	(50,562)	(56,743)
Other operating expenses	(321,218)	(270,969)
Operating profit /(loss)	**34,935**	**(612)**
Financial income	10,730	14,211
Financial expense	(32,063)	(29,136)
Share of profit / (loss) of equity – accounted investee	(10,735)	-
Profit /(loss) before taxes	**2,867**	**(15,537)**
Current taxes	(4,185)	(10,179)
Deferred taxes	(15,047)	2,288
Total income taxes	**(19,232)**	**(7,891)**
Profit / (loss) from continuing operations	**(16,365)**	**(23,428)**
Profit / (loss) from discontinued operations	(1,442)	-
Profit / (loss) **for the year**	**(17,807)**	**(23,428)**
Other components of total comprehensive income:		
Gains/(Losses) on translation of foreign currency financial statements	1,086	(625)
Net change in cash flow hedge reserve	(448)	-
Revaluation of property (IAS 40 P.61)	1,501	-
Taxes on other components of total comprehensive income statement	(347)	-
Other components of total comprehensive income/(expenses) after tax	**1,792**	**(625)**
Total of total comprehensive income/(expenses) for the year	**(16,015)**	**(24,053)**
Profit / (loss) for the period attributable to:		
non-controlling interest	544	501
owners of the Parent	(18,351)	(23,929)
Result for the period	**(17,807)**	**(23,428)**
Total comprehensive income for the period attributable to:		
non-controlling interest	216	(102)
owners of the Parent	(16,230)	(23,951)
Total comprehensive income for the year	**(16,015)**	**(24,053)**

The Independent Auditors have not completed their review of the data provided above.

Annex 4

Statement of comprehensive Income (amounts in Euro)	**2010**	**2009**
Revenue from sales and service	2,839,000	2,839,000
Other income	1,002,721	16,506
Personnel expenses	(680,045)	(726,399)
Amortization, depreciation, amortization and impairment losses	(12,040)	(8,032)
Other operating expenses	(5,536,423)	(5,395,192)
Operating profit (loss)	**(2,386,787)**	**(3,274,117)**
Financial income	86,350,690	13,122,909
Financial expense	(21,704,242)	(4,508,662)
Profit before taxes	**62,259,662**	**5,340,130**
Current taxes	(404,884)	(3,049,862)
Deferred taxes	(754,101)	1,339,107
Total income taxes	**(1,158,985)**	**(1,710,755)**
Profit /(loss) from continuing operations	**61,100,677**	**3,629,375**
Profit / (loss) from discontinued operations	**-**	**-**
Profit / (loss) for the year	**61,100,677**	**3,629,375**
Other components of total comprehensive income:	**-**	-
Taxes on other components of total comprehensive income	-	-
Other components of total comprehensive income after tax	**-**	-
Total comprehensive income for the year	**61,100,677**	**3,629,375**

The Independent Auditors have not completed their review of the data provided above.

Annex 5

Statement of Financial Position (amounts in euros)	**At 12/31/10**	**At 12/31/09**
Property, plant and equipment	216,933	162,727
Investments	423,021,585	312,566,288
Other financial assets	65,995,295	58,880,541
Deferred-tax assets	2,468,816	2,197,484
NON-CURRENT ASSETS	**491,702,629**	**373,807,040**
Trade receivables	5,776	89,064
Other receivables and current assets	469,903	1,192,590
Current financial assets	139,120,125	101,957,331
Cash and cash equivalents	250,511	402,887
Current assets held for sale	30,000,000	-
CURRENT ASSETS	**169,846,316**	**103,641,872**
TOTAL ASSETS	**661,548,945**	**477,448,912**
Share capital	297,013,585	250,014,923
Other reserves	91,601,028	76,331,753
Treasury shares	(2,887,602)	(2,887,603)
Retained earnings	15,191,120	14,394,985
Stock options reserve	7,184,835	6,941,919
Profit (loss) for the year	61,100,677	3,629,375
EQUITY	**469,203,642**	**348,425,352**
Employee benefits	161,586	156,230
Deferred-tax liabilities	89,534	-
Financial payables and liabilities	82,604,252	63,287,197
Other liabilities	1,797,455	1,446,454
Provisions for risks and charges	2,440,368	2,789,368
NON-CURRENT LIABILITIES	**87,093,195**	**67,679,249**
Financial payables and liabilities	103,433,087	57,303,062
Trade payables	329,505	701,807
Other current liabilities	1,489,515	3,339,442
Current liabilities held for sale	0	-
CURRENT LIABILITIES	**105,252,108**	**61,344,311**
TOTAL LIABILITIES AND EQUITY	**661,548,945**	**477,448,912**

The Independent Auditors have not completed their review of the data provided above.