



JOINT PRESS RELEASE

pursuant to Article 114 of Legislative Decree No. 58/1998

PUBLIC EXCHANGE OFFER FOR THE KME GROUP S.P.A. AND INTEK S.P.A. COMMON SHARES

- **At a meeting held today, the Boards of Directors of KME Group and Intek agreed to concurrently launch two voluntary public exchange offers for all outstanding shares, each of the two offers for the respective company shares, with the corresponding consideration consisting of debt securities issued by each offeror company.**
 - a) **KME Group will launch a voluntary public exchange offer for all of its own outstanding common shares, except for the shares directly and indirectly held by Quattrodue Holding BV, its controlling shareholder, and any treasury shares held by the issuer.**

Offer's consideration: 1 debt instrument issued by KME Group, with a unit face value of 0.42 euros, will be offered in exchange for each KME Group common share tendered in response to the offer. The KME Group debt securities offered in exchange, which will be listed on the MOT on the offer's settlement date, will have a duration of five years from the date of issue and will accrue interest at an 8% annual rate.
 - b) **Intek will launch a voluntary public exchange offer for all of its own outstanding common shares, except for the shares directly and indirectly held by Quattrodue Holding BV, its controlling shareholder, and any treasury shares held by the issuer.**

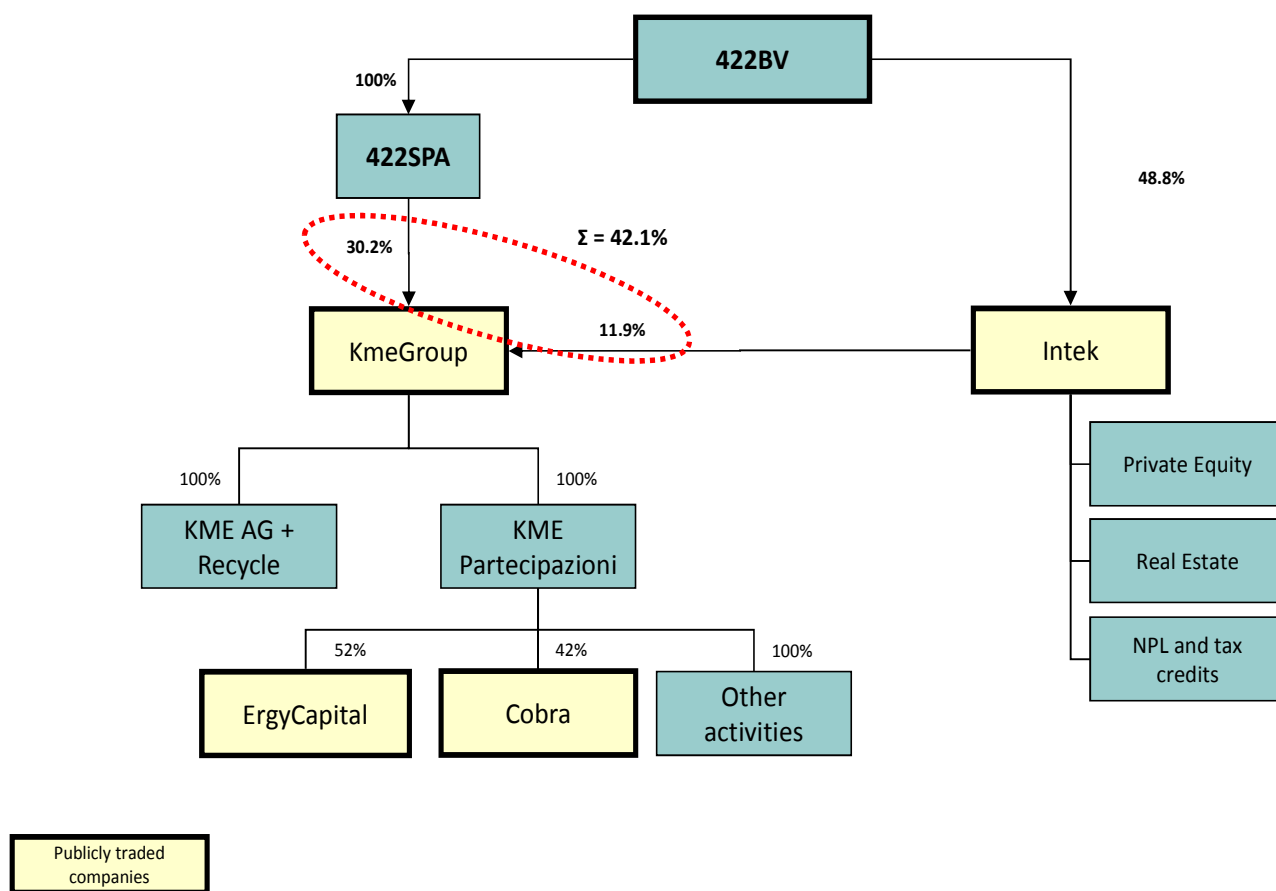
Offer's consideration: 1 debt instrument issued by Intek, with a unit face value of 0.50 euros, will be offered in exchange for each Intek common share tendered in response to the offer. The Intek debt securities offered in exchange, which will be listed on the MOT on the offer's settlement date, will have a duration of five years from the date of issue and will accrue interest at an 8% annual rate.
- **The launching of public exchange offers by KME Group and Intek for their own common shares is not aimed at delisting the KME Group and Intek common shares from the MTA.**
- **The public exchange offers that KME Group and Intek are planning to launch for their own shares will enable the KME Group and Intek shareholders who accept them to monetize their investment on more favorable terms than those available consistent with current market trends and enjoy a remuneration that will remain constant over time. This transaction will enable the companies to buy back their own shares at a price lower than their shareholders' equity value.**
- **The launching by KME Group and Intek of public exchange offers for their own common shares is subject to the prior adoption by their respective Shareholders' Meetings of resolutions authorizing purchases of treasury shares, as required by Article 2358 of the Italian Civil Code, for a maximum amount corresponding to the common shares subject of the public exchange offers, and the subsequent retirement of all of the treasury shares that each issuer will hold at the end of the abovementioned offers. The execution of the exchange offers is expected to be completed in the first quarter of 2012.**
- **In addition, the Boards of Director of KME Group and Intek began an assessment of the conditions required to proceed with a merger by absorption of Intek and Quattrodue S.p.A. (a wholly owned subsidiary of Quattrodue Holding B.V.) into KME Group or, alternatively, of KME Group and Quattrodue S.p.A. into Intek, to be carried out once the execution of the public exchange offers launched by KME Group and Intek for their own common shares is completed.**
- **The Extraordinary Shareholders' Meetings of KME Group and Intek convened to adopt the resolutions required to launch the exchange offers are expected to take place sometimes in January 2012.**

FLORENCE – OCTOBER 25, 2011 – The Boards of Directors of KME Group S.p.A. (“**KME**”) and Intek S.p.A. (“**Intek**”) met today and agreed that KME and Intek would launch two voluntary public exchange offers, each for all of the outstanding respective company shares, with the corresponding consideration consisting of debt securities issued by each offeror company, available to its shareholders in accordance with the terms, conditions and limitations specified below. Under the terms of this transaction, the shares tendered in response to the public exchange offers will be retired, in accordance with the terms and conditions specified in Section 2.3 below.

Intek is a wholly owned subsidiary of Quattrodue Holding BV (“**422 BV**”), holder of 61,632,013 common shares of the issuer, equal to 47.256% of the common share capital. When the treasury shares held by Intek are counted, the total interest held by 422 BV in Intek’s voting share capital is 48.757%.

KME is an indirect subsidiary of 422 BV through (i) Quattrodue S.p.A. (“**422 S.p.A.**”), a wholly owned subsidiary of 422 BV, which holds 132,683,664 common shares of the issuer, equal to 29.665% of the common share capital, and (ii) Intek, which holds 52,197,171 common shares of the issuer, equal to 11.670% of the issuer’s common share capital. When the treasury shares held by KME are counted, the total interest held by 422 BV in KME’s voting share capital is 42.049%.

CURRENT CORPORATE STRUCTURE OF THE GROUP



All percentages are stated in term of the voting share capital, net of treasury shares.

1. REASONS FOR THE PUBLIC EXCHANGE OFFERS

The planned exchange offers for the common shares of KME and Intek would allow all interested shareholders of either company to turn their stock investments into debt securities, on more favorable financial terms that those available under current market conditions (currently penalized by an environment of financial market trends and conditions that make it impossible to express a fair valuation of publicly traded companies), with the benefit of a fixed remuneration of invested capital. In addition, the exchange offers will enable the companies to buy back their own common shares, which they will subsequently retire, at a price lower than their shareholders’ equity value.

The decrease in the number of outstanding securities will create value for the offeror companies, which is a prerequisite for raising their stock prices to a level of capitalization more consistent with their performance and the outlook for the businesses in which they are engaged, and will provide opportunities for business combinations and agreements based on the exchange of equity interests that are difficult to achieve given the current excessively negative stock market valuations.

The objective described above are consistent with an additional maximum debt that is sustainable both for KME and Intek and with a corresponding decrease in shareholders' equity.

Insofar as the group headed by KME is concerned, the effects of the abovementioned transaction should be viewed within the framework of a solid financial structure that, at June 30, 2011, was characterized by consolidated debt of 80.4 million euros (down by 143.4 million euros compared with December 31, 2010) and consolidated shareholders' equity (before net profit for the period) of 444.2 million euros. At the Group's Parent Company level, KME's financial position was positive by 7.9 million euros (down by 6.6 million euros compared with December 31, 2010, due to the payment of dividends for the 2010 reporting year) and its shareholders' equity amounted to 464 million euros. On the investment portfolio side, KME allocated 384 million euros to projects in the group's core "copper sector" businesses and made investments in other sectors (renewable energy, services and other activities) with an aggregate book value of 73 million euros.

The cash flow from operations and from any divestments of non-core assets, if required, will be sufficient to fund any additional charges and the repayment of the issue of debt securities.

This transaction can be justified in Intek's case as well, which had consolidated net debt totaling 23.6 million euros at June 30, 2011 (up 18.7 million euros compared with December 31, 2010, due mainly to the disbursement of dividends totaling 7.9 million euros, the buyback of treasury shares amounting to 1.7 million euros and the payment of the last installment of 7.6 million euros owed for the purchase of IntekCapital S.p.A.). At June 30, 2011, the shareholders' equity of the group headed by Intek totaled 110 million euros, before the result for the period.

Insofar as investments are concerned, at June 30, 2011, the group headed by Intek held, inter alia, property valued at 46.5 million euros, equity interests amounting to 32.3 million euros (including an investment of 17.5 million euros in KME), mutual fund shares totaling about 20.0 million euros and ex leasing e factoring non-performing receivables totaling 18.6 million euros.

A gradual divestment of the current investments in property and receivables will be sufficient to meet the obligations entailed by the repayment of the existing current/medium-term debt and the additional obligations arising from the debt securities issued in connection with the public exchange offer. Moreover, the financial resources generated through the disposal of mutual fund shares (which are expected to increase in value), non-performing assets and the remaining equity investment portfolio will be sufficient to repay the outstanding debt securities.

2. THE PUBLIC EXCHANGE OFFERS

2.1 Voluntary Public Exchange Offer for All Common Shares Launched by KME

KME shall promote a voluntary public exchange offer (the "**KME Exchange Offer**"), pursuant to Article 102 and Article 106, Section 4, of Legislative Decree No. 58 of February 24, 1998, as amended ("**TUF**"), for all of its shares, which are traded on the Online Stock Exchange ("**MTA**") established and operated by Borsa Italiana S.p.A. ("**Borsa Italiana**").

The launching of the KME Exchange Offer will be subject to the prior adoption by the company's Extraordinary Shareholders' Meeting of the resolutions specified in Section 2.3 below, which are a prerequisite for launching the KME Exchange Offer.

KME's share capital, which amounts to 297,013,585.26 euros, consists of a total of 490,978,019 shares, including 447,278,603 common shares and 43,699,416 savings shares, all without stated par value.

A total of 67,876,124 "2006-2011 KME Group S.p.A. Common Share Warrants" (each of which conveys the right to acquire through subscription 1 KME share for every two warrants tendered for exercise at a price of 0.70 euros) and 73,330,660 "2009-2011 KME Group S.p.A. Common Share Warrants" (each of which conveys the right to acquire through subscription 1 KME share for each warrant tendered for exercise at a price of 0.892 euros), valid to acquire through subscription a total of 107,268,722 KME common shares (also collectively referred to as the "**KME Warrants**") were outstanding as of the date of this press release. The deadline for exercising the KME Warrants is December 30, 2011.

The KME Exchange Offer is addressed only to the holders of common shares, with the exclusion of any other financial instrument issued by KME and, consequently, excludes all KME savings shares and warrants.

In addition, the KME Exchange Offer does not apply to any of the 184,880,835 KME common shares, equal to 41.335% of the common share capital, indirectly held by the controlling shareholder 422 BV (including 29.665% held through 422 S.p.A. and 11.670% held through Intek), any of the 39,287,931 common shares that may be issued through the exercise of the 46,867,228 KME Warrants held by 422 S.p.A. and the 784,439 KME Warrants held by Intek, and the 7,602,700 common treasury shares held by KME (equal to 1.700% of the common share capital) (the **"Excluded KME Shares"**).

Please note that the beneficiaries of the "2010-2015 KME Group S.p.A. Stock Option Plan," as approved by KME's Board of Directors on October 7, 2009 and the company's Extraordinary Shareholders' Meeting of December 2, 2009, declared that they are waiving their right to exercise the options awarded to them until the date when the execution of the KME Exchange Offer is completed.

Consequently, the subject of the KME Exchange Offer will be 254,795,068 KME common shares, without par value, equal to 56.966% of the issuer's common share capital, corresponding to all of the shares outstanding on the date of this press release, less the Excluded KME Shares, plus up to 67,980,791 common shares that may be issued upon the exercise of KME Warrants not held by 422 S.p.A. and Intek (the **"Shares Earmarked for the Exercise of KME Warrants"**). Therefore, when the Shares Earmarked for the Exercise of KME Warrants are counted, the KME Exchange Offer is for up to 322,775,859 KME common shares.

The consideration that is being offered consists of 1 newly issued KME debt security, with a unit face value of 0.42 euros (the **"KME Debt Security"**), for each KME common share tendered in response to the offer (the **"KME Consideration"**). The KME Debt Securities offered in exchange will have a duration of five years from the date of issue and will accrue interest at an annual rate of 8%. The other characteristics of the KME Debt Securities will be determined by the company's Board of Directors prior to launching the KME Exchange Offer. The KME Debt Securities will be issued on the payment date of the KME Exchange Offer and, on the same date, they will be listed on the Online Debt and Treasury Securities Exchange (the **"MOT"**).

The maximum consideration of the KME Exchange Offer, which is equal to the maximum face value of the KME Debt Securities offered in exchange for the KME common shares, amounts to:

- up to 107,013,928.56 euros, when up to 254,795,068 common shares outstanding on the date of this press release, less the Excluded KME Shares, are counted as the subject of the KME Exchange Offer; or
- up to 135,565,860.78 euros, when up to 67,980,791 Shares Earmarked for the Exercise of KME Warrants, which expire on December 30, 2011, are also counted as the subject of the KME Exchange Offer.

The KME Consideration, amounting to 0.42 euros for each common share tendered for exchange (equal to the unit face value of the KME Debt Securities offered for exchange), reflects a premium of about 52.4% above the closing price of the KME common shares on October 24, 2011 (the stock market trading day preceding the date of this press release), equal to 0.276 euros, and premiums of 52.6%, 54.2%, 31.6% and 22.3% over, respectively, the weighted arithmetic average of the closing prices for 1 month, 3 months, 6 months and 12 months prior to October 24, 2011.¹

For the purpose of determining the terms of the transactions, KME's Board of Directors relied in part on analyses and simulations performed by Equita SIM S.p.A.

The KME Exchange Offer will be subject to (i) achieving a minimum threshold of tendered shares equal to 30% of KME's share capital represented by the common shares outstanding on the date of this press release (the **"KME Offer Acceptance Condition"**); and (ii) adoption by Borsa Italiana of a resolution allowing the start of trading of the KME Debt Securities on the MOT. The KME Offer Acceptance Condition may be waived by KME within the applicable statutory and regulatory deadlines.

2.2 Voluntary Public Exchange Offer for All Common Shares Launched by Intek

Intek shall promote a voluntary public exchange offer (the **"Intek Exchange Offer"** and, collectively with the KME Exchange offer, the **"Exchange Offers"**), pursuant to Article 102 of the TUF, for all of its shares, which are traded on the MTA.

¹ Data source: Computed based on data provided by Borsa Italiana S.p.A.

The launching of the Intek Exchange Offer will be subject to the prior adoption by the company's Extraordinary Shareholders' Meeting of the resolutions specified in Section 2.3 below, which are a prerequisite for launching the Intek Exchange Offer.

Intek's share capital, which amounts to 35,389,362.84 euros, consists of a total of 136,112,934 shares, including 130,420,557 common shares and 5,692,377 savings shares, all without stated par value.

A total of 43,998,396 "2005-2011 Intek S.p.A. Common Share Warrants" (each of which conveys the right to acquire through subscription 1 Intek share for each warrant tendered for exercise at a price of 0.90 euros) valid to acquire through subscription a total of 43,998,396 common shares (also referred to as the "**Intek Warrants**") were outstanding as of the date of this press release. The deadline for exercising the Intek Warrants is December 30, 2011.

The Intek Exchange Offer is addressed only to the holders of common shares, with the exclusion of any other financial instrument issued by Intek and, consequently, excludes all Intek savings shares and Warrants.

In addition, the Intek Exchange Offer does not apply to any of the 61,632,013 Intek common shares, equal to 47.256% of the common share capital, held by the controlling shareholder 422 BV, any of the 18,554,518 common shares that may be issued through the exercise of the 18,554,518 Intek Warrants held by 422 BV and the 4,014,482 common treasury shares held by Intek (equal to 3.078% of the common share capital) (the "**Excluded Intek Shares**").

Consequently, the subject of the Intek Exchange Offer will be 64,774,062 Intek common shares, without par value, equal to 49.666% of the issuer's common share capital, corresponding to all of the shares outstanding on the date of this press release, less the Excluded Intek Shares, plus up to 25,443,878 common shares that may be issued upon the exercise of Intek Warrants not held by 422 BV (the "**Shares Earmarked for the Exercise of Intek Warrants**"). Therefore, when the Shares Earmarked for the Exercise of Intek Warrants are counted, the Intek Exchange Offer is for up to 90,217,940 Intek common shares.

The consideration that is being offered consists of 1 newly issued Intek debt security, with a unit face value of 0.50 euros (the "**Intek Debt Security**" and, collectively with the KME Debt Securities, the "**Debt Securities**"), for each Intek common share tendered in response to the offer (the "**Intek Consideration**"). The Intek Debt Securities offered in exchange will have a duration of five years from the date of issue and will accrue interest at an annual rate of 8%. The other characteristics of the Intek Debt Securities will be determined by the company's Board of Directors prior to launching the Intek Exchange Offer. The Intek Debt Securities will be issued on the payment date of the Intek Exchange Offer and, on the same date, they will be listed on the MOT.

The maximum consideration of the Intek Exchange Offer, which is equal to the maximum face value of the Intek Debt Securities offered in exchange for the Intek common shares, amounts to:

- up to 32,387,031 euros, when up to 64,774,062 common shares outstanding on the date of this press release, less the Excluded Intek Shares, are counted as the subject of the Intek Exchange Offer; or
- up to 45,108,970 euros, when up to 25,443,878 Shares Earmarked for the Exercise of Intek Warrants, which expire on December 30, 2011, are counted as the subject of the Intek Exchange Offer.

The Intek Consideration, amounting to 0.50 euros for each common share tendered for exchange (equal to the unit face value of the Intek Debt Securities offered for exchange), reflects a premium of about 64.1% above the closing price of the Intek common shares on October 24, 2011 (the stock market trading day preceding the date of this press release), equal to 0.305 euros, and premiums of 72.4%, 59.6%, 10.5% and 13.7% over, respectively, the weighted arithmetic average of the closing prices for 1 month, 3 months, 6 months and 12 months prior to October 24, 2011.²

For the purpose of determining the terms of the transactions, Intek's Board of Directors relied in part on analyses and simulations performed by Equita SIM S.p.A.

The Intek Exchange Offer will be subject to (i) achieving a minimum threshold of tendered shares equal to 30% of Intek's share capital represented by the common shares outstanding on the date of this press release (the "**Intek Offer Acceptance Condition**" and, collectively with the KME Exchange offer, the "**Exchange Offers**"); and (ii) adoption by Borsa Italiana of a resolution allowing the start of

² Data source: Computed based on data provided by Borsa Italiana S.p.A.

trading of the Intek Debt Securities on the MOT. The Intek Offer Acceptance Condition may be waived by Intek within the applicable statutory and regulatory deadlines.

2.3 Launching and Implementation of the Exchange Offers

The launching of each of the Exchange Offers requires the prior approval by the respective Shareholders' Meetings, convened in extraordinary session, of resolutions:

- (a) authorizing purchases of treasury shares, as required by Article 2358 of the Italian Civil Code, for a maximum amount corresponding to the common shares subject of the respective Exchange Offers; and
- (b) retiring the treasury shares held by Intek and KME upon completion of the respective Exchange Offers, with a reduction in the number of shares outstanding (and amending the Bylaws accordingly) and, consequently, without reducing the amount of the share capital.

The Extraordinary Shareholders' Meetings of KME and Intek that will be convened to approve the abovementioned resolutions required to launch the Exchange Offers have been scheduled to be held sometimes in January 2012.

Once the Shareholders' Meetings of KME and Intek have adopted the required resolutions, the respective Boards of Directors will proceed with the implementation of the Exchange Offers and the issuance of the Debt Securities offered in exchange, as explained in Sections 2.1 and 2.2 above.

Completion of the Exchange Offers is expected to occur sometimes in the first quarter of 2012, compatibly with the issuance of the required permits.

Purchases of treasury shares by KME and Intek will be carried out up to the amount of distributable earnings and available reserves and all accounting entries required pursuant to law and the applicable accounting principles shall be made upon the purchase and subsequent retirement of said shares.

If the Offer Acceptance Conditions are satisfied, on the settlement date of the Exchange Offers (and, consequently, following the retirement of the treasury common shares held by KME and Intek upon completion of the Exchange Offers):

- 422 BV would hold, directly and indirectly, an interest in KME equal to 60.070% of the common share capital;
- 422 BV would hold directly an interest in Intek equal to 69.653% of the common share capital.

The Exchange Offers are not aimed at delisting the KME Group and Intek common shares from the MTA.

Consequently,:

- if, as a result of the shares tendered in response to the Exchange Offer, KME were to hold, directly and indirectly, an interest in KME's common share capital greater than 90%, it will reestablish within 90 days, as required by Article 108, Section 2, of the TUF, a share float large enough to ensure regular trading in its shares, in a manner that will be deemed to be most appropriate to meet market requirements;
- if, as a result of the shares tendered in response to the Exchange Offer, Intek were to hold, directly and indirectly, an interest in KME's common share capital greater than 90%, it will reestablish within 90 days, as required by Article 108, Section 2, of the TUF, a share float large enough to ensure regular trading in its shares, in a manner that will be deemed to be most appropriate to meet market requirements.

3, Additional Transactions

Pursuit of a Study of a Potential Merger Transaction

The Boards of Directors of KME and Intek also approved the pursuit of a study of a potential business combination project that could entail the merger by absorption of Intek and 422 S.p.A. into KME or, alternatively, of KME and 422 S.p.A. into Intek (both potential transactions hereinafter referred to as the "**Merger**") to be carried out subsequent and subject to the implementation of the Exchange Offers.

As a result of the Merger under consideration, any parties who, on the Merger's effective date, will hold financial instruments issued by the absorbing company (Intek or KME, as the case may be), based on exchange ratios determined by the corporate governance bodies of Intek, KME and 422 S.p.A. in connection with the Merger project, will receive financial instruments of the same class listed on the MTA and issued by the absorbing company.

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The Corporate Accounting Documents officers, Giuseppe Mazza for Intek S.p.A. and Marco Miniati for KME Group S.p.A., declare, pursuant to Article 154 bis, Section 2, of the Uniform Financial Code (Legislative Decree No. 58/1998), that the accounting disclosures provided in this press release are consistent with the data in the company's documents, books of accounts and other accounting records.

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This press release is available on the following company websites: www.kme.com and www.itk.it.

The Boards of Directors of Intek S.p.A. and KME Group S.p.A.