A WORLDWIDE LEADING PLAYER IN THE CABLE INDUSTRY

Third Quarter Report 2008

PRYSMIAN
CABLES & SYSTEMS

Disclaimer

This document contains forward-looking statements, specifically in the sections entitled "Subsequent events and business outlook" and "Risks and uncertainties for the fourth quarter of 2008", that relate to future events and the operating, economic and financial results of the Prysmian Group. By their nature, forward-looking statements involve risk and uncertainty because they depend on the occurrence of future events and circumstances. Therefore, actual future results may differ materially from what is expressed in forward-looking statements as a result of a variety of factors.

CONTENTS

DIRECTORS' REPORT

Prysmian S.p.A.

Board of Directors	**Chairman**	Paolo Zannoni
	Chief Executive Officer	Valerio Battista
	Directors	Wesley Clark*
		Giulio Del Ninno* (1)
		Pier Francesco Facchini
		Hugues Lepic (2)
		Francesco Paolo Mattioli* (1) (2)
		Michael Ogrinz
		Fabio Ignazio Romeo
		Udo Gunter Werner Stark* (1) (2)

**Independent directors*

(1) Members of the Internal Control Committee

(2) Members of the Compensation and Nominations Committee

Board of Statutory Auditors	**Chairman**	Marcello Garzia
	Auditors	Luigi Guerra
		Giovanni Rizzi
	Alternate Auditor	Alessandro Ceriani

Independent Auditors	**PricewaterhouseCoopers S.p.A.**

Foreword

This quarterly report at 30 September 2008 (Interim management statement pursuant to art. 154-ter of Italian Decree 58/1998) has been drawn up and prepared:

- in compliance with the above decree and subsequent amendments and with the Issuer Regulations published by Consob (Italy's securities regulator);
- in compliance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and endorsed by the European Union, and in accordance with IAS 34 – Interim Financial Reporting.

SUMMARY OF CONSOLIDATED FINANCIAL INFORMATION (*)

(in millions of Euro)

	9M 2008	9M 2007	% change	FY 2007
Sales	3,954	3,877	2.0%	5,118
Contribution margin[1]	747	726	2.9%	960
EBITDA [2]	414	439	-5.7%	573
Adjusted EBITDA [3]	428	405	5.7%	529
Operating income	366	390	-6.3%	508
Adjusted operating income [4]	381	356	6.8%	464
Income before taxes	292	314	-6.9%	387
Net income	233	238	-2.3%	302

(in millions of Euro)

	30 September 2008	30 September 2007	Change	31 December 2007
Net capital employed	1,450	1,410	40	1,282
Employee benefit obligations	124	115	9	112
Equity	580	396	184	454
of which attributable to minority interests	19	22	(3)	21
Net financial position	746	899	(153)	716

(in millions of Euro)

	9M 2008	9M 2007	% change	FY 2007
Investments	73	51	43.1%	89
Employees (at period end)	12,879	12,599	2.2%	12,243
Earnings/(loss) per share				
- basic	1.29	1.31		1.67
- diluted	1.28	1.30		1.65

(1) *Contribution margin is defined as adjusted EBITDA before fixed costs.*

(2) *EBITDA is defined as earnings/(loss) for the period, before finance income/costs, tax, depreciation, amortisation and impairment and the share of income/loss from associates and dividends from other companies.*

(3) *Adjusted EBITDA is defined as EBITDA before non-recurring income/expenses.*

(4) *Adjusted operating income is defined as operating income before non-recurring income/expenses.*

(*) All the percentages contained in this report have been calculated with reference to amounts expressed in thousands of Euro.

SIGNIFICANT EVENTS DURING THE PERIOD

The Prysmian Group reported a 4.5% organic growth in sales in the first nine months of 2008 compared to the same period of 2007 (excluding changes in perimeter, metal prices and exchange rates). Organic growth by segment was as follows:

- Energy +4.4%
- Telecom +5.5%

Adjusted EBITDA amounted to Euro 428 million (before non-recurring expenses of Euro 14 million) in the first nine months of 2008, reporting an increase of 5.7% on the same period of last year.

The revaluation of the Euro against the US dollar and the British pound relative to the same period of last year caused a reduction in adjusted EBITDA due to entities operating in currencies other than the Euro. This impact eased slightly in the third quarter following revaluation of the US dollar. The negative impact on EBITDA came to approximately Euro 10 million.

At the beginning of June 2008, Prysmian completed the acquisition of 100% of the German cables manufacturer Facab Lynen Gmbh & Co. Kg. (now called Prysmian Kabelwerke Lynen GmbH & Co.Kg.). With sales of Euro 62 million in 2007, one manufacturing plant and 270 employees, Facab is one of Germany's leading players in the high value-added market for industrial cables, particularly in the renewable energy, transport and mining industries. At 30 September 2008, Facab Lynen contributed Euro 21 million to total Group sales.

Beginning of September Prysmian was awarded a contract worth Euro 140 million by Qatar General Electricity & Water Corporation (Kahramaa) to build Qatar's first submarine power connection serving its capital Doha. This new project joins the other major contract for Euro 168 million, recently awarded by Kahramaa to a consortium headed up by Prysmian, to build high voltage underground connections.

In addition, at the end of September the Group won a contract in partnership with Siemens Transmission & Distribution Ltd worth Euro 87 million (of which Euro 36 million is the Prysmian share) to supply a power transmission system for the new Thanet 300 MW offshore wind farm being built in the North Sea.

At the end of the third quarter of 2008, the Group's net financial position amounted to Euro 746 million, compared with Euro 899 million at 30 September 2007. The improvement was mainly attributable to the large amount of cash flow provided by operating income in the past twelve months.
The slight increase of Euro 30 million in the net financial position since 31 December 2007 reflects the seasonal trend in sales, which reach a peak in the middle of the year, the payment of dividends and the first-time consolidation of Facab Lynen.

For some time now the Prysmian Group has been reorganising corporate structure in certain countries to simplify and further integrate the Energy and Telecom businesses. After France, Spain and Germany, the project relating to the United States was completed in September as a result of which the US operating companies have been grouped together under a single local holding company, in turn a wholly-owned subsidiary of Prysmian Cavi e Sistemi Telecom S.r.l. This project has also allowed to simplify the Prysmian Group's corporate structure in Italy.

GROUP PERFORMANCE AND RESULTS

(in millions of Euro)	9M 2008	9M 2007	% change	FY 2007
Sales	3,954	3,877	2.0%	5,118
Adjusted EBITDA	**428**	**405**	**5.7%**	**529**
% of sales	10.8%	10.5%		10.3%
EBITDA	**414**	**439**	**-5.7%**	**573**
% of sales	10.5%	11.3%		11.2%
Amortisation, depreciation and impairment	(48)	(49)	-1.1%	(65)
Operating income	**366**	**390**	**-6.3%**	**508**
% of sales	9.3%	10.1%		9.9%
Net finance income (costs)	(75)	(77)	-3.9%	(123)
Share of income from investments accounted for using the equity method and dividends	1	1		2
Income before taxes	**292**	**314**	**-6.9%**	**387**
% of sales	7.4%	8.1%		7.6%
Taxes	(59)	(76)	-21.4%	(85)
Net income	**233**	**238**	**-2.3%**	**302**
% of sales	5.9%	6.1%		5.9%
Attributable to:				
Equity holders of the parent	233	236		300
Minority interests	-	2		2

Reconciliation of operating income/EBITDA and adjusted operating income/adjusted EBITDA

Operating income (A)	**366**	**390**	**-6.3%**	**508**
EBITDA (B)	**414**	**439**	**-5.7%**	**573**
Non-recurring expenses (income):				
IPO costs	-	7		8
Shutdown of operating facilities	3	3		6
IT segregation	1	-		1
Settlement with Pirelli & C. S.p.A.	-	(5)		(21)
Acquisition price adjustment of the Energy and Telecom Cables & Systems divisions from Pirelli & C. S.p.A.	-	(39)		(39)
Disposal of Submarine Telecoms Business	-	-		1
Badwill from Facab Lynen acquisition	(2)	-		-
Provision for tax inspections	12	-		-
Total non-recurring expenses (income) (C)	14	(34)		(44)
Impairment for shutdown of operating facilities (D)	1	-		-
Adjusted operating income (A+C+D)	**381**	**356**	**6.8%**	**464**
Adjusted EBITDA (B+C)	**428**	**405**	**5.7%**	**529**

Income statement

Group sales reached Euro 3,954 million in the first nine months of 2008, compared with Euro 3,877 million in the same period of 2007, reporting an increase of Euro 77 million (+2.0%).
This improvement was the result of a combination of the following factors:

- a decrease of Euro 2 million in sale prices due to metal price fluctuations (-0.1%);
- negative exchange rate effects of Euro 117 million (-2.9%);
- benefit of Euro 21 million (0.5%) from the acquisition of Facab Lynen;
- organic growth in sales of Euro 175 million (+4.5%) due to improved volumes and mix.

Adjusted EBITDA (before non-recurring income and expenses) amounted to Euro 428 million in the first nine months of 2008 compared with Euro 405 million at 30 September 2007, reporting an increase of Euro 23 million (+5.7%). This improvement came entirely from the growth in contribution margin.

The contribution margin increased by 2.9% from Euro 726 million in the first nine months of 2007 to Euro 747 million this year, confirming the positive expectations for commercial performance as a result of Group strategies. This result was achieved despite market stability in the first-half of the year and a contraction in the third-quarter in the various areas of the world.
The contribution of the Group's businesses to the overall result was due to the strategic and commercial actions adopted; in particular the Group's businesses reported:

- strong growth in volumes for High Voltage and Submarine projects, after increasing production capacity during last year;
- growth in volumes and profitability in the Industrial business due to a strategy of specialising in products according to the applications demanded by the various industrial segments;
- consolidation of the profitability of the Telecom business;
- volumes decline in the Trade & Installers and Power Distribution businesses, due to a slowdown in demand started in the last quarter of 2007 and worsened during the second and third quarters of 2008. The downturn in global demand varied across the world; Prysmian managed to maintain its profitability, or limit its decline, by acting selectively on its product portfolio and by avoiding competing in those segments and/or markets where price pressures were gradually getting worse, especially due to volatility in raw material costs. Prysmian also adopted actions to improve industrial efficiency.

Group EBITDA amounted to Euro 414 million at 30 September 2008 compared with Euro 439 million in the same period of last year. The reduction of Euro 25 million (-5.7%) was the combined effect of:
- an improvement of Euro 33 million (+7.5%) in recurring results (net of exchange rate effect);
- negative exchange rate effects of Euro 10 million;
- higher net non-recurring expenses of Euro 48 million, amongst which:
    - the absence of last year refunds from Pirelli & C. S.p.A., amounting to Euro 44 million last year;
    - higher non-recurring income of Euro 2 million, arising from the positive difference between the acquisition price of Facab Lynen and its acquired net assets;
    - the absence of Euro 7 million in non-recurring expenses reported in 2007 for the IPO;
    - higher non-recurring expenses of Euro 12 million for tax provisions relating to inspections on indirect taxes.

Nine-month amortisation, depreciation and impairment amounted to Euro 48 million, remaining in line with the corresponding prior-year figure of Euro 49 million.

Group operating income amounted to Euro 366 million at the end of the nine months of 2008, compared with Euro 390 million in the prior year, reporting a decrease of Euro 24 million (-6.3%).

Finance income and costs reported net costs of Euro 75 million at 30 September 2008 compared with net costs of Euro 77 million in the first nine months of 2007, representing an improvement of Euro 2 million. This was due to:

- the absence of Euro 59 million in write-offs of bank fees reported in 2007 following the refinancing of the previous Credit Agreement with the New Credit Agreement, effective as of 4 May 2007;
- recognition of the negative effect from the fair value of derivatives (a negative Euro 18 million in 2008 compared with a positive Euro 40 million at the end of September 2007);
- an increase of Euro 5 million in net exchange rate losses due to the recent appreciation of the US dollar and other currencies;
- lower finance costs due to the significant cash flow generated in the past twelve months and the reduction in interest rates obtained under the New Credit Agreement;
- the absence of the benefit of releasing an equity reserve of Euro 4 million to income in 2007 after refinancing the Credit Agreement. This reserve related to the fair value of interest rate swaps designated as cash flow hedges.

Taxes amounted to Euro 59 million in the first nine months of 2008, representing a tax rate of 20.3%, down from 24.1% in the prior year.

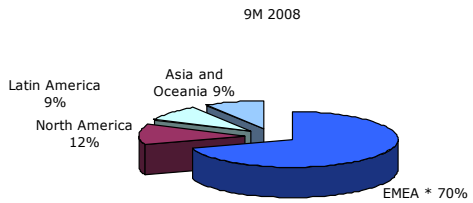
Net income came to Euro 233 million at 30 September 2008, slightly down (-2.3%) on the corresponding prior-year figure of Euro 238 million.

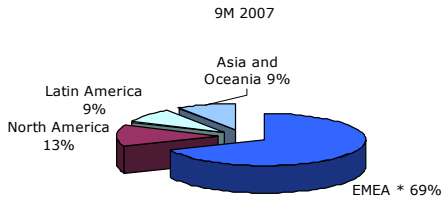
Adjusted net income[1] amounted to Euro 265 million, compared with Euro 222 million of the corresponding prior-year 2007, reporting an increase of 19.4%.

[1] Adjusted net income is defined as net income before non-recurring income and expenses, the economic effect of non-hedging derivatives and exchange rate differences and the related tax effects.

Sales by geographical area

The following charts provide a comparison of sales by geographical area in the first nine months of 2008 and 2007.





* EMEA: Europe, Middle East and Africa

The breakdown of sales by geographical area reports a slight reduction in the weight of sales in North America in favour of Europe. The main factors behind this trend were the growth in sales in the various markets and the average appreciation of the Euro (the consolidation currency) against the US dollar and other related currencies in the first nine months of this year.

Sales in Europe increased by Euro 86 million (+3.2%) thanks to a combination of the following factors:

- negative exchange rate effects of Euro 62 million (-2.3%) due to appreciation of the Euro against other currencies in which Prysmian's European companies operate (British pound, Romanian new lei, etc.);
- decrease of Euro 9 million (-0.3%) in metal prices (due to the combined effect of a reduction in metal prices and the depreciation of the Euro against the US dollar in the third quarter, which more than absorbed the opposite movements in the first six months of the year);
- increase of Euro 21 million (+0.8%) due to the first-time consolidation of Facab Lynen;
- organic growth of Euro 136 million (+5.0%), mainly driven by High Voltage and Submarine projects.

The organic growth in sales in Europe was Euro 29 million (+3.3%) in the third quarter, reporting a slowdown on the previous six months, particularly due to lower demand in the Trade & Installers and Power Distribution businesses.

Sales in North America decreased by Euro 20 million (-4.2%) due to:

- negative exchange rate effects of Euro 47 million (-9.6%) following appreciation of the Euro against the US dollar;
- rise of Euro 9 million (+1.8%) in metal prices;
- organic increase of Euro 18 million (+3.6%) due to the growth recorded by the High Voltage and Telecom businesses in third-quarter entirely offsetting lower demand in other areas of the business (particularly Power Distribution).

Sales in Latin America increased by Euro 12 million (+3.6%) relative to the same period of last year, thanks to organic growth in volumes of Euro 10 million (+2.8%) in all areas of the business, except for Power Distribution.

Asia and Oceania reported organic growth of 3.3% (-0.1% in absolute value), which was lower compared to the half-year figure as a result of softening demand in Australia.

SEGMENT PERFORMANCE

ENERGY

(in millions of Euro)

	9M 2008	9M 2007	% change	FY 2007
Sales	3,542	3,487	1.6%	4,618
of which to third parties	3,529	3,457	2.1%	4,583
Adjusted EBITDA	**386**	**369**	**4.8%**	**481**
% of sales	10.9%	10.6%		10.4%
EBITDA	**373**	**366**	**1.9%**	**475**
% of sales	10.5%	10.5%		10.3%
Amortisation, depreciation and impairment	(43)	(46)	-4.1%	(61)
Operating income	**330**	**320**	**2.7%**	**414**
% of sales	9.3%	9.2%		9.0%
Adjusted operating income	**344**	**323**	**6.2%**	**420**
% of sales	9.7%	9.3%		9.1%
Contribution margin	**661**	**640**	**3.2%**	**851**
% of sales	18.6%	18.4%		18.4%

Reconciliation of operating income/EBITDA and adjusted operating income/adjusted EBITDA

Operating income (A)	**330**	**320**	**2.7%**	**414**
EBITDA (B)	**373**	**366**	**1.9%**	**475**
Non-recurring expenses (income):				
Shutdown of operating facilities	3	3		6
Launch of the Prysmian trademark	-	-		-
Badwill from Facab Lynen acquisition	(2)	-		-
Provision for tax inspections	12	-		-
Total non-recurring expenses (income) (C)	13	3		6
Impairment for shutdown of operating facilities (D)	1	-		-
Adjusted operating income (A+C+D)	**344**	**323**	**6.2%**	**420**
Adjusted EBITDA (B+C)	**386**	**369**	**4.8%**	**481**

Sales

Sales to third parties in the Energy Cables and Systems segment rose from Euro 3,457 million in the first nine months of 2007 to Euro 3,529 million at the end of September 2008. The increase of Euro 72 million (+2.1%) was mainly due to the following factors:

- rise of Euro 2 million (+0.1%) in sale prices due to fluctuations in metal prices;
- negative exchange rate effects of Euro 101 million (-2.9%);
- increase of Euro 19 million (+0.5%) due to the acquisition of Facab Lynen;
- organic growth in sales of Euro 152 million (+4.4%) due to improved volumes and mix.

Organic growth was positive in the third quarter of 2008 compared to the corresponding period of 2007, contributing Euro 29 million (+2.5%) to the nine-month figures thanks to the results of the High Voltage, Submarine and Industrial businesses.

Sales of cables in the Utilities business were Euro 90 million (+6.3%) higher than in the first nine months of last year, due to the combined effect of the following factors:

- negative exchange rate effects of Euro 72 million (-5.1%), due to appreciation of the Euro against the British pound and US dollar;
- decrease of Euro 3 million (-0.2%) in sale prices due to fluctuations in metal prices;
- organic growth of Euro 165 million (+11.6%).

Growth was concentrated in the High Voltage, Accessories and Submarine businesses thanks to strong demand by major projects worldwide, to which Prysmian has responded in the past two years by expanding production capacity at its plants in Arco Felice (Italy), Pikkala (Finland), Delft (Holland) and Gron (France).
Sales in these businesses enjoyed very significant organic sales growth relative to the same period of last year thanks to projects such as the Sardinia - Italian Peninsula link (Sa.Pe.I) and those for Northeast Utilities (USA), Eon Alpha Ventus (UK) and Kahramaa (Qatar), as well as a series of smaller projects carried out by Prysmian on its major European markets.

In the third quarter Prysmian consolidated its strategy in these businesses and secured important new contracts. Although the recent turmoil on financial and oil markets makes the behaviour of the Energy sector's major players (energy producers and transmission grid managers) less predictable over the long term, the size of the order book does not provide any signs of a reversal in demand by these segments.

The Power Distribution business reported a slight organic decrease in sales on the prior year. This reduction was mainly concentrated in the North American market, where the main utilities have postponed or slowed ordinary grid maintenance in favour of major transmission projects. In the third quarter the great instability in the global banking system, spreading from the United States to Europe, caused a volumes reduction in Central and Eastern Europe and a consequent decrease in orders by the Utilities.
Power Distribution cables have therefore seen a reduction in volumes, with no major differences between the different geographical regions, with demand shifting from low voltage cables towards higher value-added product segments (Medium Voltage Cables).

Sales by the Trade & Installers business decreased by Euro 64 million (-4.7%) on the same period in the prior year due to the following factors:

- rise of Euro 5 million (+0.3%) in sale prices due to fluctuations in metal prices;
- negative exchange rate effects of Euro 28 million (-2.0%), of which about two-thirds due to appreciation of the Euro against the British pound and the remainder due to its appreciation against the US dollar and other related currencies;
- organic decrease of Euro 41 million (-3.0%).

The markets in which Prysmian operates displayed signs of further contraction in the third quarter of 2008. In addition to Spain, UK and North America, which were already heavily affected by the downturn in the construction sector, demand contracted in the major European markets, increasing pressure on finished product prices combined with volatility in raw material costs.

Demand in South America and Australia reported a stable or slightly rising trend.

Overall, Prysmian managed to limit the decrease in sales volumes relative to the same period of last year, but pressure on sale prices in Europe and North America, combined with raw material market instability and exchange rate fluctuations, resulted in a Euro 23 million decline in contribution margin compared with the same period of last year (-10.3%).

Despite the difficulty in passing on all the fluctuations in raw material prices to sale prices, Prysmian nonetheless continued the strategy adopted at the start of 2008, combining the need to maintain its market share with an ability to react quickly to changes in specific markets by increasing its exposure to high value-added products (eg. LSOH/Afumex fire resistant cables) and demand for non-residential applications. In Europe, our subsidiary in Spain reacted to a drastic reduction in demand in the low-end construction segment by avoiding price competition as far as possible and seeking to redirect demand to medium voltage cables, while in the United Kingdom the weaker pound and resulting decrease in competition from imports provided an opportunity to boost sales in the building wires sector. In North America, Prysmian focused on sales in highly specialised building sectors, while in Australia it concentrated on direct rather than intermediated channels.

The Industrial business reported a Euro 40 million (+6.8%) increase in sales on the first nine months of 2007, due to the following factors:

- benefit of Euro 19 million (+3.4%) following the first-time consolidation of Facab Lynen;
- decrease of Euro 2 million (-0.4%) in sale prices due to a reduction in metal prices;
- negative exchange rate effects of Euro 2 million (-0.3%);
- organic growth of Euro 25 million (+4.1%).

Profitability

Contribution margin increased by Euro 21 million (+3.2%) from Euro 640 million in the first nine months of 2007 to Euro 661 million at the end of September 2008. This improvement is attributable to the following factors:

- negative exchange rate effects of Euro 17 million (-2.6%);
- expansion of high value-added businesses, like the High Voltage, Accessories and Submarine segments, which contributed Euro 66 million (+10.1%) to the growth in contribution margin;
- increase in unit costs of the main raw materials (excluding metals) by approximately Euro 22 million (-3.3%);
- negative impact of Euro 6 million (-1.0%) due to volumes, mix and prices in the remaining businesses.

Adjusted EBITDA came to Euro 386 million at the end of September 2008, beating the corresponding prior-year figure of Euro 369 million by Euro 17 million (+4.8%).
Fixed costs increased by around Euro 4 million on the previous year, mainly because of widespread inflation and the first-time consolidation of Facab Lynen (Euro 3 million).

Nine-month EBITDA came to Euro 373 million, including a tax provision of Euro 12 million related to inspections on indirect taxes.

The order book at 30 September 2008 offers excellent visibility for the level of activity in coming months, especially for those businesses driven by long-term projects.

Operating income improved by Euro 10 million (+2.7%) to Euro 330 million, up from Euro 320 million in the first nine months of 2007.

The following tables report sales, adjusted EBITDA and adjusted operating income of the Energy segment's various businesses, compared with the corresponding prior-year period.

(in millions of Euro)	Sales			
	9M 2008	9M 2007	% change	% organic change
Utilities	1,512	1,422		
of which to third parties	*1,512*	*1,422*	*6.3%*	*11.6%*
Trade & Installers	1,318	1,382		
of which to third parties	*1,317*	*1,381*	*-4.7%*	*-3.0%*
Industrial	627	588		
of which to third parties	*627*	*587*	*6.8%*	*4.1%*
Other	85	95		
of which to third parties	*73*	*67*		
Total Energy	**3,542**	**3,487**		
of which to third parties	***3,529***	***3,457***	***2.1%***	***4.4%***

(in millions of Euro)	Adjusted EBITDA		% of sales	
	9M 2008	9M 2007	9M 2008	9M 2007
Utilities	218	183	14.4%	12.9%
Trade & Installers	102	119	7.7%	8.6%
Industrial	66	60	10.6%	10.2%
Other	-	7		
Total Energy	**386**	**369**	**10.9%**	**10.6%**

(in millions of Euro)	Adjusted operating income		% of sales	
	9M 2008	9M 2007	9M 2008	9M 2007
Utilities	198	161	13.1%	11.3%
Trade & Installers	91	107	6.9%	7.7%
Industrial	56	50	8.9%	8.5%
Other	(1)	5		
Total Energy	**344**	**323**	**9.6%**	**9.3%**

TELECOM

(in millions of Euro)	9M 2008	9M 2007	% change	FY 2007
Sales	434	431	0.8%	548
of which to third parties	425	420	1.2%	535
Adjusted EBITDA	**42**	**36**	**14.0%**	**48**
% of sales	9.6%	8.4%		8.6%
EBITDA	**42**	**36**	**14.0%**	**47**
% of sales	9.6%	8.4%		8.5%
Amortisation, depreciation and impairment	(3)	(3)	-9.8%	(4)
Operating income	**39**	**33**	**16.1%**	**43**
% of sales	8.9%	7.8%		7.8%
Adjusted operating income	**39**	**33**	**16.1%**	**44**
% of sales	8.9%	7.8%		7.9%
Contribution margin	**87**	**86**	**0.7%**	**109**
% of sales	19.9%	20.0%		20.0%

Reconciliation of operating income/EBITDA and adjusted operating income/adjusted EBITDA

Operating income (A)	**39**	**33**	**16.1%**	**43**
EBITDA (B)	**42**	**36**	**14.0%**	**47**
Non-recurring expenses (income):				
Shutdown of operating facilities	-	-		-
Disposal of Submarine Telecoms Business	-	-		1
Total non-recurring expenses (income) (C)	-	-		*1*
Adjusted operating income (A+C)	**39**	**33**	**16.1%**	**44**
Adjusted EBITDA (B+C)	**42**	**36**	**14.0%**	**48**

Sales

Sales to third parties in the Telecom segment went from Euro 420 million in the first nine months of 2007 to Euro 425 million at the end of September 2008, reporting an increase of Euro 5 million (+1.2%).

This increase was mainly due to the following factors:

- decrease of Euro 4 million (-1.0%) in sale prices following a reduction in metal prices;
- negative exchange rate effects of Euro 16 million (-4.0%);
- organic growth of Euro 23 million (+5.5%);
- benefit of Euro 2 million due to the acquisition of Facab Lynen.

Organic growth was particularly strong in the third quarter of 2008 relative to the corresponding period in 2007, contributing Euro 8 million (+6.2%) to the total results thanks to increases in the optical cables business.

Profitability

Contribution margin achieved Euro 87 million, recording an increase of Euro 1 million compared to the same period of 2007, while adjusted EBITDA (before non-recurring income and expenses) came to Euro 42 million (9.6% of sales), reporting an increase of Euro 6 million (+14.0%).

Within the segment, sales of optical cables continued to grow significantly in Europe, Australia (due to the contract with Telstra) and above all in North America, due to higher sales to Qwest and Telus (Canada) and maintenance of the current position with Verizon. This enabled the Group to limit the negative effects of a weaker Indian market.
Prysmian has recently launched several projects in the field of optical fibres, including:

- CasaLight optical fibre, which is specially designed to meet the particularly demanding requirements when fibre is bent for installation purposes;
- VertiCasa project, which involves a new cabling system designed for installation of optical fibre cables in very high buildings.

Sales held up in the copper cable business thanks to high volumes in Turkey, Italy and Romania. Prysmian has secured a major contract worth over Euro 35 million to supply telecom cables in Libya. The contract has been made with the Libyan General Post and Telecommunications Company and involves supplying a wide range of cables for the national operator's telephone network.
In South America, performance in Brazil was good, with high volumes achieved on both the domestic and export markets (North and Central America).

GROUP BALANCE SHEET AND FINANCIAL POSITION

Balance sheet

(in millions of Euro)

	30 September 2008	30 September 2007	Change	31 December 2007
Net fixed assets	906	872	34	881
Net working capital	670	676	(6)	536
Provisions	(126)	(138)	12	(135)
Net capital employed	**1,450**	**1,410**	**40**	**1,282**
Employee benefit obligations	124	115	9	112
Total equity	580	396	184	454
of which attributable to minority interests	19	22	(3)	21
Net financial position	746	899	(153)	716
Total equity and sources of funds	**1,450**	**1,410**	**40**	**1,282**

Net fixed assets were Euro 25 million higher than at 31 December 2007, mainly due to:

- Euro 73 million in investments;
- Euro 48 million in depreciation and amortisation charges for the period;
- Euro 14 million for the first-time consolidation of fixed assets of Facab Lynen ;
- a decrease in value due to depreciation of the US dollar, the British pound and other currencies against the Euro for the remainder.

Net working capital was Euro 134 million higher than at 31 December 2007, reflecting high seasonal sales in the period. The decrease of Euro 6 million relative to 30 September 2007 was due to the positive impact of other receivables and payables associated with work-in-progress for High Voltage and Submarine projects and a decrease in the fair value of trade-related derivatives (metals and currency derivatives). This improvement was partially absorbed by the increase in inventories and by the first-time consolidation of the working capital of Facab Lynen of Euro 18 million.

The increase of Euro 12 million in employee benefit obligations since December 2007 mostly reflects the first-time consolidation of some Euro 15 million in pension funds of Facab Lynen.

The net financial position was up by Euro 30 million relative to 31 December 2007, reflecting the following factors:

- net cash inflow of Euro 186 million from operating activities in the first nine months of 2008, despite the negative impact of the seasonal change in working capital;
- net operating investments of Euro 71 million;
- payment of Euro 75 million in dividends by Prysmian S.p.A.;
- receipt of Euro 16 million in purchase price adjustments from Pirelli & C S.p.A.;
- net outlay of Euro 2 million for acquiring Facab Lynen, and consolidation of this company's net debt of Euro 14 million reported at the time of acquisition (at the start of June 2008).

The net financial position decreased by Euro 153 million relative to 30 September 2007 due to cash flow during the period, including the receipt of Euro 22 million in purchase price adjustments from Pirelli & C. S.p.A., the payment of

Euro 76 million in dividends and reserves, the outlay of Euro 2 million for the acquisition of Facab Lynen and the consolidation of this company's net debt of Euro 14 million.

Net working capital

The main components of net working capital are analysed in the following table:

(in millions of Euro)

	30 September 2008	30 September 2007	Change	31 December 2007
Inventories	719	677	42	582
Trade receivables	970	982	(12)	833
Trade payables	(782)	(815)	33	(738)
Other receivables/(payables)	(237)	(168)	(69)	(141)
Net working capital	**670**	**676**	**(6)**	**536**

Net working capital amounted to Euro 670 million (12.9% of sales) at 30 September 2008, compared with Euro 536 million (10.5% of sales) at 31 December 2007 and Euro 676 million (13.1% of sales) at 30 September 2007.

This trend was affected by the following factors:

- seasonality of sales by non long-term businesses relative to December 2007;
- increase in inventories, mainly due to the need to build up inventories to satisfy temporary needs arising from the transfer of a factory in Brazil and from an important supply contract for High Voltage cable in China;
- first-time consolidation of Euro 18 million in working capital for Facab Lynen;
- decrease in other receivables and payables relating to work-in-progress for High Voltage and Submarine projects;
- decrease in receivables due to lower fair value of derivatives (Euro 59 million down compared with September 2007 and Euro 31 million down compared with December 2007).

Net financial position

The following table provides a detailed breakdown of the net financial position:

(in millions of Euro)

	30 September 2008	30 September 2007	Change	31 December 2007
Long-term financial payables				
Credit agreement	994	995	(1)	990
Bank fees	(7)	(9)	2	(8)
Other financial payables	13	11	2	11
Total long-term financial payables	**1,000**	**997**	**3**	**993**
Short-term financial payables				
Credit agreement	17	-	17	5
Securitization	70	148	(78)	-
Other financial payables	85	67	18	63
Total short-term financial payables	**172**	**215**	**(43)**	**68**
Total financial liabilities	**1,172**	**1,212**	**(40)**	**1,061**
Long-term financial receivables	20	22	(2)	22
Long-term bank fees	8	10	(2)	10
Short-term financial receivables	22	19	3	18
Short-term bank fees	3	3	-	3
Financial assets held for trading	38	30	8	40
Cash and cash equivalents	335	229	106	252
Total financial assets	**426**	**313**	**113**	**345**
Net financial position	**746**	**899**	**(153)**	**716**

Cash flow statement

(in millions of Euro)

	30 September 2008	30 September 2007	Change	FY 2007
EBITDA	**414**	**439**	**(25)**	**573**
Acquisition price adjustment and other settlements	-	(39)	39	(60)
Badwill from Facab Lynen acquisition	(2)	-	(2)	-
Share-based compensation	1	3	(2)	6
Changes in provisions (including employee benefit obligations)	4	(1)	5	(6)
(Gains)/losses from disposal of property, plant and equip. and intangible assets	-	(2)	2	(1)
Net cash flow provided by operating activities (before changes in net working capital	**417**	**400**	**17**	**512**
Changes in net working capital	(172)	(199)	27	(60)
Taxes paid	(59)	(68)	9	(86)
Net cash flow provided by (used in) operating activities	**186**	**133**	**53**	**366**
Acquisition price adjustment and other settlements	16	39	(23)	45
Acquisitions	(2)	(3)	1	-
Net cash flow used in investing activities [(1)]	(69)	(43)	(26)	(83)
Free cash flow (unlevered)	**131**	**126**	**5**	**328**
Net finance costs	(35)	(65)	30	(83)
Free cash flow (levered)	**96**	**61**	**35**	**245**
Capital contribution and other changes in equity	2	-	2	(2)
Dividends paid	(76)	-	(76)	-
Repayment of shareholders' loan	-	(28)	28	(28)
Net cash flow provided (used) in the period	**22**	**33**	**(11)**	**215**
Net financial position at the beginning of the period	**(716)**	**(879)**	**163**	**(879)**
Net cash flow provided (used) in the period	22	33	(11)	215
Other changes	(52)	(53)	1	(52)
Net financial position at the end of the period	**(746)**	**(899)**	**153**	**(716)**

(1) This does not include cash flow relating to "Financial assets held for trading", classified in the net financial position.

Net cash flow generated by operating activities (before changes in net working capital) amounted to Euro 417 million in the first nine months of the year. Part of this cash flow was absorbed by the increase of Euro 172 million in net working capital described earlier; after deducting Euro 59 million in taxes paid, net cash flow from operating activities in the period amounted to Euro 186 million.

Net investments in the first nine months of 2008 amounted to Euro 69 million, Euro 26 million more than in the same period of 2007. This increase was due to an expansion in production capacity at the plants working on High Voltage and Submarine products needed to satisfy growing demand, and to investments in improving industrial efficiency.

Net finance costs were Euro 75 million for the period and included significant non-cash items, mainly relating to a decrease in the fair value of derivatives. Consequently, excluding these effects, net cash finance costs reflected in the cash flow statement amounted to Euro 35 million.

Net cash flow for the period also benefited from Euro 16 million in final price adjustments received from Pirelli & C. S.p.A.

Prysmian S.p.A. paid Euro 75 million in dividends in April 2008.

ALTERNATIVE PERFORMANCE INDICATORS

In addition to the standard financial reporting formats and indicators required under IFRS, this document contains a number of reclassified tables and alternative performance indicators. The purpose is to help users better evaluate the Group's economic and financial performance. However, these tables and indicators should not be treated as a substitute for the standard ones required by IFRS.

The alternative indicators used for reviewing the income statement include:

• **Adjusted net income:** income before non-recurring income and expenses, the economic effect of non-hedging derivatives and exchange rate differences and the related tax effects;
• **Adjusted operating income**: operating income before non-recurring income and expenses, as reported in the consolidated income statement. The purpose of this indicator is to present the Group's operating profitability without the effects of events considered to be outside its recurring operations;
• **EBITDA**: operating income before amortisation, depreciation and impairment. The purpose of this indicator is to present the Group's operating profitability before the main non-monetary items;
• **Adjusted EBITDA**: EBITDA as defined above calculated before non-recurring income and expenses, as reported in the consolidated income statement. The purpose of this indicator is to present the Group's operating profitability before the main non-monetary items, without the effects of events considered to be outside the Group's recurring operations;
• **Contribution margin**: the difference between income from sales of goods and services and the sum of all production, distribution and commercial costs which vary according to sales. The purpose of this indicator is to evaluate sensitivity of the Group's income to variations in sales;
• **Organic growth**: change in sales calculated net of changes in the scope of consolidation, changes in metal prices and the effect of exchange rates.
The alternative indicators used for reviewing the balance sheet include:

• **Net fixed assets:** sum of the following items contained in the consolidated balance sheet:
- Intangible assets
- Property, plant and equipment
- Investments in associates
- Available-for-sale financial assets, net of non-current securities classified as long-term financial receivables in the net financial position

• **Net working capital:** sum of the following items contained in the consolidated balance sheet:
- Inventories
- Trade receivables
- Trade payables
- Other non-current receivables and payables, net of long-term financial receivables classified in the net financial position
- Other current receivables and payables, net of short-term financial receivables classified in the net financial position
- Derivatives net of financial instruments for hedging interest rate and currency risks relating to financial transactions, classified in the net financial position
- Current tax payables

• **Provisions:** sum of the following items contained in the consolidated balance sheet:
- Provisions for risks and charges – current portion
- Provisions for risks and charges – non-current portion
- Provisions for deferred tax liabilities
- Deferred tax assets

• **Net capital employed:** sum of Fixed assets, Net working capital and Provisions.

• **Employee benefit obligations** and **Total equity:** these indicators correspond to Employee benefit obligations and Total equity reported in the consolidated balance sheet.

• **Net financial position:** sum of the following items:
- Borrowings from banks and other lenders - non-current portion
- Borrowings from banks and other lenders - current portion
- Derivatives for financial transactions recorded as Non-current derivatives and classified under Long-term financial receivables
- Derivatives for financial transactions recorded as Current derivatives and classified under Short-term financial receivables
- Derivatives for financial transactions recorded as Non-current derivatives and classified under Long-term financial payables
- Derivatives for financial transactions recorded as Current derivatives and classified under Short-term financial payables
- Medium/long-term financial receivables recorded in Other non-current receivables
- Bank fees on loans recorded in Other non-current receivables
- Short-term financial receivables recorded in Other current receivables
- Bank fees on loans recorded in Other current receivables

- Long-term securities classified under Available-for-sale financial assets
- Financial assets held for trading
- Cash and cash equivalents

SUBSEQUENT EVENTS

On 15 April 2008, the shareholders voted to adopt a share buy-back and disposal programme, involving up to 18,000,000 of the Company's ordinary shares which may be purchased in one or more blocks over a period of no more than 18 months from the date of the resolution. The Board of Directors was delegated with responsibility for enacting this programme. Under this resolution, the shares must be purchased and sold: (i) at a minimum price that is no more than 10% below the stock's official price reported in the trading session on the day before carrying out each individual purchase transaction; (ii) at a maximum price that is no more than 10% above the stock's official price reported in the trading session on the day before carrying out each individual purchase transaction. Subsequently, on 7 October 2008, the Board of Directors granted the Chief Executive Officer and Chief Financial Officer separate powers to purchase up to 4 million of the Company's shares by 31 December 2008. The Company has bought back 1,835,000 of its shares since the start of this programme at an average price of Euro 11.04 each.
The number of such shares purchased and their average price has been reported to the market on a daily basis.
Lastly, in compliance with its Internal Dealing Code, the Company has not made any purchases subsequent to 22 October 2008.

On 17 October 2008, Prysmian and the selling company signed an agreement establishing the final purchase price adjustment for Facab Lynen (now called Prysmian Kabelwerke Lynen GmbH & Co.Kg.). Under this agreement the parties determined that Euro 1.6 million would be repaid to the purchaser. Prysmian received the price adjustment on 23 October 2008, meaning that the final purchase price, including costs directly related to the acquisition, is Euro 2.5 million.

BUSINESS OUTLOOK

The first nine months of the year confirm a period of sharp economic slowdown, which has worsened in the third quarter and is expected to deteriorate further in the last quarter of 2008. The real estate market crisis in the United States has caused great instability in the global banking system with clear signs of a decline in consumption and investments in North America followed by Europe. Given this economic scenario, the Group expects demand to decrease further in the Trade & Installers and Power Distribution businesses, while confirming growing demand for high voltage underground and submarine cables for power transmission and for cables for industrial applications such as OGP and renewable energy, as well as a positive trend in demand for optical fibre cables by telecom operators.
Despite the downturn in the Trade & Installers and Power Distribution businesses, the positive results achieved in the first nine months, combined with the strong order book in the higher value-added businesses, allow us to confirm operating profitability growth for the full year, and, in particular, adjusted EBITDA is expected to rise above Euro 550 million (Euro 529 million in 2007).
The Group also intends to continue its investment plans in higher value-added businesses, thus further enhancing its presence in the most profitable and high-growth segments.

RISKS AND UNCERTAINTIES FOR THE FOURTH QUARTER OF 2008

Given the results of operations in the first nine months of the year and the specific economic context, the principal risk factors currently foreseeable for the fourth quarter of 2008 are described below according to their nature.

Market risks

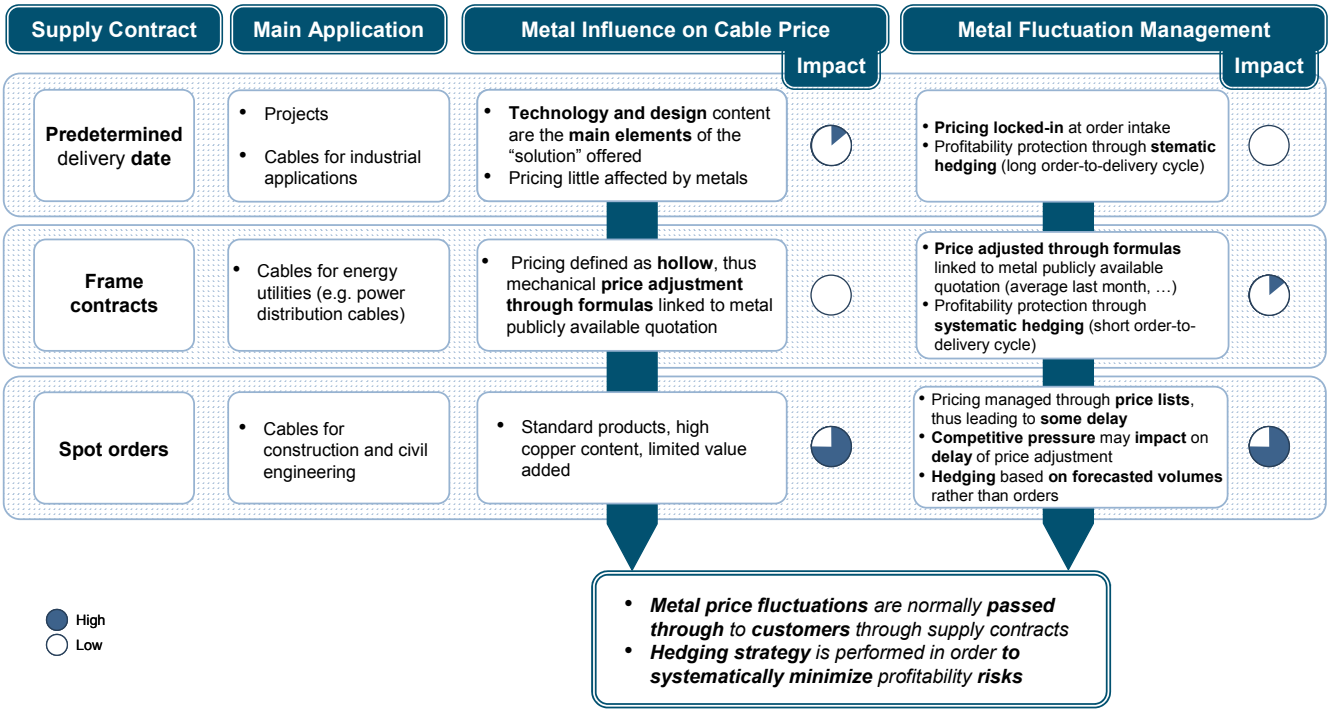
The first nine months of the year witnessed a weakening in demand in certain market segments and geographical areas. In particular, some of the Group's products, mainly for sectors such as Trade & Installers, are liable to cyclical fluctuations in demand and are affected by the overall trend in the construction industry and by the growth in gross domestic product. Although the diversified nature of the Group's markets and products reduces its exposure to cyclical trends in demand in certain geographical areas, it is possible that the weakness experienced in North America for the Power Distribution business and in certain European countries, particularly Spain and the United Kingdom, for Trade & Installers, combined with a further drop in demand in other geographical areas, could have a significant impact on the Group's business and results in the fourth quarter of 2008.
Competitive pressure due to lower demand in the Trade & Installers and Power Distribution businesses, although to a much lesser extent, could translate into price pressure because many of the products offered by the Group in these areas are made in compliance with specific industrial standards and are largely interchangeable with those offered by its major competitors, in which case price is an important factor.
Although the first nine months of the year have not provided any evidence of such, the Company cannot rule out that the deterioration in the global banking system might result in a reduction in investments by the Utilities, by Telecom operators and by certain businesses in the Industrial segment more exposed to cyclical fluctuations in demand.
Even though the Group believes it will be able to cut costs in the face of contracting sales volumes, it may not be able to reduce them sufficiently to match a possible contraction in prices, with a consequently negative impact on its business, results of operations, balance sheet and financial position.

Risks associated with fluctuations in raw material prices

Copper is the principal raw material used by the Group for its manufacturing processes. The other raw materials used are aluminium, lead and steel, as well as different plastic components and resins.
All raw materials, especially oil derivatives, have experienced particularly significant price fluctuation in 2008, which is expected to continue in the last quarter of the year. The Group neutralises the impact of possible rises in the price of copper and other principal raw materials through automatic sale price adjustment mechanisms or through hedging activities; the exception is oil derivative products (polyethylene, plastifying PVC, rubber and other chemical products), whose risk cannot be offset through hedging. Certain products (mainly in the Trade & Installers business) are hedged, due to established commercial practice and/or the structural characteristics of the markets concerned, by periodically updating price lists (since it is not possible to use automatic sale price adjustment mechanisms). In this case, it is possible that, in the current market context, the Company will be unable to quickly pass on the impact of fluctuations in raw material prices to sale prices. In particular, as regards oil derivatives, by contract changes in their purchase price systematically occur with a time lag relative to changes in the oil price.
More in general, depending on the size and speed of the fluctuations in the copper price, such fluctuations may have a significant impact (i) on customers' buying decisions particularly in the Trade & Installers, Power Distribution and certain businesses in the Industrial segment more exposed to cyclical trends in demand, (ii) on the Group's margins and working capital. In particular, (i) significant, rapid increases and decreases in the copper price may cause

absolute increases and decreases respectively in the Group's profit margins due to the nature of the commercial relationships and mechanisms for determining end product prices and (ii) increases and decreases in the copper price may cause increases and decreases respectively in working capital (with the consequent effect of increasing or reducing the Group's net debt).

Risk hedging differs according to the type of business and supply contract, as shown in the following chart:



Risks associated with exchange rate movements

Since the Company prepares its consolidated financial statements in Euro, fluctuations in the exchange rates used to translate the financial statements of subsidiaries originally expressed in a foreign currency could affect the Group's results, balance sheet and financial position.

Risks associated with sources of finance

The effects of the recent great instability in the global banking system could represent a potential risk factor in terms of procuring financial resources and the cost of that procurement.

The Company believes this is not a risk it faces due to the five-year financing agreement (New Credit Agreement) signed on the 18 April 2007 expiring in May 2012. Under this agreement, the lenders have made available a total of Euro 1,700 million in credit facilities to Prysmian SpA and some of its subsidiaries, analysed as follows:

Tranche	*Maximun Amount (*)*
Term Loan Facility	*1,000,000,000*
Revolving Credit Facility	*400,000,000*
Bonding Facility	*300,000,000*

(*) Figures in Euro

The annual interest rate on the cash credit facilities is equal to the sum of:

(i) LIBOR or EURIBOR, depending on the facility;

(ii) an annual spread determined on the basis of the ratio between consolidated net financial position and EBITDA. Latest measurement of this ratio has allowed to retain the spread already effective from March 2008 (0.40% per annum on the Term Loan and Revolving Credit Facility).

Based on unused committed credit lines and the available cash, the Group's financial resources exceed Euro 900 million at the end of September 2008 (including the undrawn portion of the credit facility of Euro 350 million serving the securitization programme expiring in July 2012). Given the usual seasonal trend in the net financial position, this amount is expected to increase further in the fourth quarter of the year.

STOCK OPTION PLANS

Details of changes in the existing stock option plans can be found in Note 22 to the consolidated financial statements at 30 September 2008.

RELATED PARTY TRANSACTIONS

Related party transactions do not qualify as either atypical or unusual but fall into the normal course of business by Group companies. Such transactions take place under market terms and conditions, according to the type of goods and services provided.
Information on related party transactions, including those required by the Consob Communication dated 28 July 2006, is presented in Note 19 of the consolidated financial statements at 30 September 2008.

CERTIFICATION PURSUANT TO ART. 2.6.2 OF THE ITALIAN STOCKMARKET REGULATIONS REGARDING THE CONDITIONS CONTAINED IN ART. 36 OF THE MARKET REGULATIONS

The Company has already reported in its Half-year financial report at 30 June 2008 regarding the "Conditions for the listing of shares of companies with control over companies established and regulated under the law of non-EU countries" contained in articles 36 and 39 of the Consob Market Regulation.
The centralised collation of documents has been completed in the intervening period since this report; as a result, the Company now considers itself compliant with the requirements of paragraph 1, art. 36 of the aforementioned Regulations.

Milan, 7 November 2008

ON BEHALF OF THE BOARD OF DIRECTORS

THE CHAIRMAN

Paolo Zannoni

CONSOLIDATED FINANCIAL STATEMENTS AND NOTES

BALANCE SHEET

(in millions of Euro)

	Note	30 September 2008	Related parties (Note 19)	31 December 2007	Related parties (Note 19)
Non-current assets					
Property, plant and equipment	1	857		838	
Intangible assets	1	29		21	
Investments in associates		8		9	
Available-for-sale financial assets		12		13	
Derivatives	4	25	9	32	10
Deferred tax assets		35		29	
Trade receivables	2	2		2	
Other non-current receivables	2	30		34	
Total non-current assets		**998**		**978**	
Current assets					
Inventories	3	719		582	
Trade receivables	2	968	2	831	1
Other current receivables	2	251		276	
Financial assets held for trading	5	38		40	
Derivatives	4	32		25	
Cash and cash equivalents	6	335		252	
Total current assets		**2,343**		**2,006**	
Total assets		**3,341**		**2,984**	
Equity attributable to the Group:		**561**		**433**	
Share capital	7	18		18	
Reserves	7	310		115	
Net income (loss) for the period	7	233		300	
Equity attributable to minority interests:		**19**		**21**	
Share capital and reserves	7	19		19	
Net income (loss) for the period	7	-		2	
Total equity		**580**		**454**	
Non-current liabilities					
Borrowings from banks and other lenders	8	995		991	
Other non-current payables	9	37		43	
Provisions for risks and charges	10	34		27	
Derivatives	4	12		2	
Deferred tax liabilities		50		62	
Employee benefit obligations	11	124		112	
Total non-current liabilities		**1,252**		**1,237**	
Current liabilities					
Borrowings from banks and other lenders	8	163		61	
Trade payables	9	782	1	738	1
Other current payables	9	390	3	356	4
Derivatives	4	49		29	
Provisions for risks and charges	10	77		75	
Current tax payables		48		34	
Total current liabilities		**1,509**		**1,293**	
Total liabilities		**2,761**		**2,530**	
Total equity and liabilities		**3,341**		**2,984**	

INCOME STATEMENT

(in millions of Euro)

	Note	1/1 - 30/9/2008	Related parties (Note 19)	1/1 - 30/9/2007	Related parties (Note 19)
Sales of goods and services		3,954	9	3,877	2
Change in inventories of work in progress, semi-finished and finished goods		75		76	
Other income		37		80	-
of which non-recurring other income	*12*	*2*		*45*	
Raw materials and consumables used		(2,509)	(2)	(2,485)	(3)
Personnel costs		(416)		(400)	
Amortisation, depreciation and impairment		(48)		(49)	
of which non-recurring amortisation, depreciation and impairment	*12*	*(1)*		-	
Other expenses		(727)	(1)	(709)	(2)
of which non-recurring other expenses	*12*	*(16)*		*(11)*	
Operating income	**12**	**366**		**390**	
Finance costs	13	(276)		(185)	(1)
of which non-recurring finance costs				*(59)*	
Finance income	13	201	4	108	6
of which non-recurring finance income				*4*	*2*
Share of income from investments in associates and dividends from other companies		1		1	
Income before taxes		**292**		**314**	
Taxes	14	(59)		(76)	
Net income/(loss) for the period		**233**		**238**	
Attributable to:					
Equity holders of the parent		233		236	
Minority interests		-		2	
Basic earnings/(loss) per share (in Euro)	**15**	**1.29**		**1.31**	
Diluted earnings/(loss) per share (in Euro)	**15**	**1.28**		**1.30**	

INCOME STATEMENT – 3rd quarter

(in millions of Euro)

	3rd quarter 2008	Related parties (Note 19)	3rd quarter 2007	Related parties (Note 19)
Sales of goods and services	1,295	2	1,294	2
Change in inventories of work in progress, semi-finished and finished goods	5		18	
Other income	12		14	
of which non-recurring other income	-		*6*	
Raw materials and consumables used	(796)		(824)	(1)
Personnel costs	(134)		(130)	
Amortisation, depreciation and impairment	(16)		(16)	
Other expenses	(248)	(1)	(232)	(1)
of which non-recurring other expenses	*(3)*		*(2)*	
Operating income	**118**		**124**	
Finance costs	(121)		(37)	
of which non-recurring finance costs	-		-	
Finance income	56	2	27	
of which non-recurring finance income	-		-	
Share of income from investments in associates and dividends from other companies	-		-	
Income before taxes	**53**		**114**	
Taxes	(10)		(26)	
Net income/(loss) for the period	**43**		**88**	
Attributable to:				
Equity holders of the parent	43		87	
Minority interests	-		1	

STATEMENT OF RECOGNISED INCOME AND EXPENSE

(in millions of Euro)		
	1/1-30/9/2008	**1/1-30/9/2007**
Fair value gains / (losses) on available-for-sale financial assets	-	1
Fair value gains / (losses) on cash flow hedges - gross of tax	(13)	(11)
Tax effect of fair value gains / (losses) on cash flow hedges	4	4
Currency translation differences	(22)	2
Actuarial gains / (losses) - net of tax effect	(2)	9
Net income recognised directly in equity	**(33)**	**5**
Net income / (loss) for the period	233	238
Total income / (loss) for the period	**200**	**243**
Attributable to:	200	240
Equity holders of the parent	-	3
Minority interests		

CASH FLOW STATEMENT

(in millions of Euro)

	1/1-30/9/2008	Related parties	1/1-30/9/2007	Related parties
Income before taxes	292		314	
Depreciation and impairment of property, plant and equipment	45		45	
Amortisation and impairment of intangible assets	3		4	
Badwill from acquisition of Facab Lynen Gmbh & Co. KG	(2)		-	
Price adjustment and other indemnification relating to the acquisition of the Energy and Telecom Cables & Systems divisions from Pirelli & C. S.p.A.	-		(39)	
Net gains from disposal of property, plant and equipment and intangible assets and other non-current assets	-		(2)	
Share of income from investments in associates and joint ventures	(1)		(1)	
Share-based compensation [1]	1		3	
Net finance costs	75		77	
Changes in inventories	(125)		(137)	
Changes in trade receivables and payables	(84)	(1)	(52)	(3)
Change in other receivables and payables [1]	45	(1)	(7)	
Changes in derivatives	(8)		(3)	
Taxes paid	(59)		(68)	
Utilisation of provisions (including employee benefit obligations)	(34)		(44)	
Increases in provisions (including employee benefit obligations)	38		43	
A. Net cash flow provided by/(used in) operating activities	**186**		**133**	
Price adjustment and other indemnification relating to the acquisition of the Energy and Telecom Cables & Systems divisions from Pirelli & C. S.p.A.	16		39	
IWC acquisition	-		(3)	
Facab Lynen Gmbh & Co. KG acquisition	(2)		-	
Investments in property, plant and equipment	(62)		(50)	
Disposals of property, plant and equipment	1		4	
Investments in intangible assets	(11)		(1)	
Disposals of intangible assets	1		1	
Investments in financial assets held for trading	(8)		(12)	
Disposals of financial assets held for trading	9		8	
Dividends received	2		3	
B. Net cash flow provided by/(used in) investing activities	**(54)**		**(11)**	
Capital contribution and other changes in equity	2		(28)	(28)
Dividends paid	(76)	(24)	-	
Net finance costs	(35)		(65)	(1)
Changes in financial payables	61		(192)	(42)
C. Net cash flow provided by/(used in) financing activities	**(48)**		**(285)**	
D. Exchange gains/(losses) on cash and cash equivalents	(1)		(1)	
E. Total cash flow provided / (used) in the period (A+B+C+D)	**83**		**(164)**	
F. Net cash and cash equivalents at the beginning of the period	**252**		**393**	
G. Net cash and cash equivalents at the end of the period (E+F)	**335**		**229**	

(1) "Share-based compensation" was reported under "Changes in other receivables and payables" in September 2007.

NOTES

A. GENERAL INFORMATION

Prysmian S.p.A. ("the Company") is a company incorporated and domiciled in Italy and organised under the laws of the Republic of Italy.

The Company has its registered office in Viale Sarca, 222 - Milan (Italy).

The Company and its subsidiaries (together "the Group" or "Prysmian Group") produce, distribute and sell worldwide, cables and systems and related accessories for the energy and telecommunications industries.

Prysmian (Lux) S.à r.l., with its registered office in Luxembourg, has de facto control of the Company through its subsidiary Prysmian (Lux) II S.à r.l., also based in Luxembourg.

All the amounts shown in the tables in the following Notes are expressed in millions of Euro, unless otherwise indicated. The consolidated financial statements contained herein were approved by the Board of Directors on 7 November 2008.

B. FORM AND CONTENT

This quarterly report has been prepared in compliance with International Financial Reporting Standards (IFRS) issued by the IASB and recognised by the European Union in Regulation (EC) 1606/2002 of the European Parliament and Council dated 19 July 2002, and specifically comply with IAS 34 "Interim Financial Reporting" and the instructions issued in implementation of art. 9 of Italian Decree 38/2005. As permitted by IAS 34, the Group has decided to publish its quarterly consolidated financial statements and related notes in a condensed format.

B.1 FINANCIAL STATEMENTS AND REPORTING

The Group has opted to present its income statement based on the nature of expenses, while assets and liabilities in the balance sheet are classified as either current or non-current. The cash flow statement has been prepared using the indirect method. The Group has also applied the provisions of Consob Resolution 15519 dated 27 July 2006 concerning financial statement formats and of Consob Communication 6064293 dated 28 July 2006 regarding disclosures.

As required by IAS 1 (paragraph 96) and IAS 19 (paragraph 93 B), the financial statements contain a "Statement of recognised income and expense", reporting income and expenses recognised directly in equity.

B.2 ACCOUNTING STANDARDS

The consolidation principles, the methods applied for converting financial statements into the presentation currency, the accounting standards as well as the accounting estimates adopted are the same as those used for the consolidated financial statements at 31 December 2007, to which reference should be made for more details.

The principal new standards, revisions and interpretations of existing standards, which are not yet compulsory and have not been adopted early by the Group, are outlined below.

On 30 November 2006, the IASB issued IFRS 8 - Operating Segments, applicable from 1 January 2009 in replacement of IAS 14 - Segment Reporting. The new accounting standard requires companies to base segment reporting on the components used by management for making operating decisions. Operating segments must therefore be identified on the basis of internal reporting which is regularly reviewed by management in order to allocate resources to the different segments of the business and to analyse performance. The adoption of this standard will have no effect on the valuation and measurement of the contents of the financial statements.

On 29 March 2007, the IASB issued a revised IAS 23 - Borrowing Costs, which is applicable from 1 January 2009. This version has eliminated the option under which companies could immediately expense finance costs relating to assets that take a substantial period of time to get ready for their intended use or sale. The standard will apply in the future to finance costs relating to assets capitalised as from 1 January 2009. At the date of this report, the European Union had not yet completed the endorsement process needed to apply this standard.

On 5 July 2007, the IFRIC issued interpretation IFRIC 14 on IAS 19 - Defined Benefit Assets and Minimum Funding Requirements, applicable as from 1 January 2008. General guidelines are given on how to determine the limit established by IAS 19 for recognition of plan assets and an explanation is provided regarding the accounting effect caused by the presence of a minimum funding requirement clause. At the current reporting date, the European Union had still not completed the endorsement process needed to apply this interpretation.

On 6 September 2007, the IASB issued a revision of IAS 1 - Presentation of Financial Statements, applicable as from 1 January 2009. This revision will involve renaming some of the schedules forming part of the financial statements and introducing a new schedule (statement of changes in equity), which was previously included in the notes to the financial statements. The changes envisaged by new IAS 1 will also apply to comparative figures presented together with the current period financial statements. At the date of this report, the European Union had not yet completed the endorsement process needed to apply this standard.

On 10 January 2008, the IASB issued an updated version of IFRS 3 – Business Combinations, and amended IAS 27 – Consolidated and Separate Financial Statements. The main changes to IFRS 3 include elimination of the obligation to value an acquired entity's identifiable assets and liabilities at fair value for every subsequent acquisition in the case of stepped acquisitions. Goodwill in this case is determined as the difference between the value of the previously-held equity interest immediately before the acquisition, the acquisition consideration and the value of net assets acquired. In addition, if a company does not acquire a 100% equity interest, the share of equity attributable to minority interests may be measured either at fair value or using the method previously allowed by IFRS 3. The revised standard also requires all costs associated with the acquisition to be expensed to income and liabilities for any contingent consideration to be recognised on the acquisition date. The new rules must be applied to new business combinations as from 1 January 2010. At the date of this report, the European Union had not yet completed the endorsement process needed to apply this standard and amendment.

On 17 January 2008, the IASB issued an amendment to IFRS 2 – Vesting conditions and cancellations, under which:
- for the purposes of valuing share-based payments, only service and performance-related conditions may be treated as vesting conditions;
- all cancellations, whether by the company or by other parties, must receive the same accounting treatment.
At the date of this report, the European Union had not yet completed the endorsement process needed to apply this amendment.

On 14 February 2008, the IASB issued an amendment to IAS 32 – Financial instruments: presentation and IAS 1 – Presentation of financial statements – relating to puttable financial instruments and instruments with obligations arising

on liquidation. Puttable financial instruments and instruments that carry an obligation to deliver to another party a prorata share of the company's net assets must be classified as equity instruments. This amendment will be applicable from 1 January 2009; at the date of this report, the European Union had still not completed the endorsement process needed to apply this amendment.

On 22 May 2008, the IASB published a standard entitled "Improvements to International Financial Reporting Standards 2008". This is the first standard issued under the IASB's "Annual Improvement" process, intended to deal with minor amendments to standards. The new standard includes 35 amendments, and is split into two parts:
- Part 1: amendments that result in accounting changes for presentation, recognition or measurement purposes; and
- Part 2: amendments that are terminology or editorial changes only, which the Board expects to have no or minimal effect on accounting.
Most of the amendments will be applicable retrospectively from 1 January 2009. The Company is evaluating the impact on future financial statements. At the date of this report, the European Union had not yet completed the endorsement process needed to apply this standard.

On 22 May 2008, the IASB published amendments to IFRS 1 – First-time Adoption of International Financial Reporting Standards (IFRS)– and to IAS 27 - Consolidated and Separate Financial Statements – relating to the measurement of the cost of investments in subsidiaries and associates on first-time adoption of IFRS. These amendments to IFRS 1 and IAS 27 are effective from 1 January 2009, with earlier application permitted. These amendments will have no impact on the Group's future financial statements. At the date of this report, the European Union had not yet completed the endorsement process needed to apply these amendments.

On 3 July 2008, the IFRIC issued IFRIC 16 – Hedges of a Net Investment in a Foreign Operation. This new interpretation eliminates the possibility of applying hedge accounting to hedges of foreign exchange differences arising between the functional currency of a foreign operation and the presentation currency of the consolidated financial statements. The interpretation also clarifies that in the case of hedging an investment in a foreign operation, the hedging instrument may be held by any entity within the group and that, when the investment is sold, IAS 21 (The effects of changes in foreign exchange rates) must be applied for determining the amount that needs to be reclassified to profit or loss from equity. This interpretation must be applied from 1 January 2009. At the date of this report, the European Union had still not completed the endorsement process needed for its application.
On 31 July 2008, the IASB published an amendment to IAS 39 – Financial instruments: recognition and measurement, that must be applied retrospectively from 1 January 2010. The amendment provides clarification on the standard's application to designating hedged items in particular circumstances. At the date of this report, the European Union had still not completed the endorsement process needed for its application.

On 14 October 2008, the IASB issued amendments to IAS 39 – Financial instruments: recognition and measurement and IFRS 7 – Financial instruments: disclosures. These amendments allow, in certain exceptional market conditions like at present, an exception to be made to the treatment required under IAS 39 which forbids financial assets in the fair-value-through-profit-or-loss category from being transferred to another category. Non-derivative financial instruments, provided not initially recognised under the fair value option, may be reclassified to another category reported at cost or amortised cost. The amendments mean that IFRSs now offer the same reclassification option already allowed by US GAAP in certain very specific circumstances. These amendments do not have any impact on the Group's current quarterly report.

Lastly, the following interpretations address situations and cases which are not applicable to the Group:

- IFRIC 12 - Service Concession Arrangements, applicable from 1 January 2008 and not yet endorsed by the European Union;
- IFRIC 13 - Customer Loyalty Programmes, applicable from 1 January 2009 and not yet endorsed by the European Union;
- IFRIC 15 – Agreements for the Construction of Real Estate, applicable from 1 January 2009 and not yet endorsed by the European Union.

At the date of this report, the European Union had still not completed the endorsement process needed to apply these interpretations.

The preparation of interim financial statements involves making estimates and assumptions which have an impact on the value of assets and liabilities and on the disclosure of contingent assets and liabilities at the quarterly reporting date. Some valuation processes, particularly those involving more complex procedures, are carried out more fully only at year end, unless there is intervening evidence of impairment. Income taxes have been recognised using the best estimate of the weighted average rate for the full year.

During 2007 the Group defined and implemented a securitization programme for trade receivables involving a series of Group companies. The accounting policies adopted by the Group to present the impact of this programme on the consolidated financial statements at 30 September 2008 are described below.

The Prysmian Group's securitization programme involves the weekly transfer (daily up until 31 January 2008) of a significant portion of trade receivables by some of the Group's operating companies in France, Germany, Italy, Spain, the United Kingdom and the United States. This programme started on 30 January 2007 and will end on 31 July 2012.

The structure of the programme involves transferring receivables from the operating companies, directly or indirectly, to an Irish special purpose entity (Prysmian Financial Services Ireland Ltd), set up solely for the securitization programme. To buy the receivables, the Irish company uses available liquidity, as well as the loan received from the vehicles issuing Commercial Paper, i.e. A-1/P-1 rated credit instruments backed by the receivables and sponsored by the banks which organised and underwrote the programme (the instruments are placed with institutional investors).

Subordinated loans granted by the Group's treasury companies are also used.

In accordance with the provisions of SIC 12 - Consolidation - Special Purpose Entities (SPEs), the special purpose entity has been included in the scope of consolidation of the Prysmian Group because it was created to accomplish a narrow and well-defined objective. Until effectively collected, receivables transferred to the SPE are recognised in the Group's consolidated financial statements, together with the payables owed by the SPE to third-party lenders.

Group companies can be identified as the sponsors, meaning the companies on whose behalf the entity was created.

B.3 CHANGES IN THE SCOPE OF CONSOLIDATION

The Group's scope of consolidation includes the financial statements of Prysmian S.p.A. (the Parent Company) and of the companies over which it exercises direct or indirect control, which are consolidated from the date when control is acquired until the date when such control ceases.

The following changes in the scope of consolidation took place during the nine months ended 30 September 2008:

- Fipla S.A. (Argentina) completed its winding-up process on 18 February 2008;
- Trans-Power Cables PTE Limited (Singapore) completed its winding-up process on 18 March 2008;
- Prysmian Risk Services Limited (Ireland) was formed on 1 May 2008, subsequently being renamed Prysmian Re Company Limited;
- Prysmian (China) Investment Company Ltd (China) was formed on 21 May 2008;

- - Prysmian Kabel und Systeme GmbH acquired all the shares held by third parties in Facab Lynen Gmbh & Co.Kg. (Germany), effective 3 June 2008. The acquired company changed its name to Prysmian Kabelwerk Lynen GmbH & Co.Kg. on 6 August 2008;
- Sykonec GmbH (Germany) was formed on 30 July 2008. This company is owned by Bergmann Kabel und Leitungen GmbH (50%) and by third parties (50%);
- Prysmian Cables and Systems (US) Inc. (United States) was formed on 31 July 2008;
- Prysmian (US) Energy Italia S.r.l. and Prysmian (US) Telecom Italia S.r.l. were put into liquidation on 16 September 2008.

The corporate reorganisation involving the United States mentioned in the Directors' report was completed during the third quarter. As a result, all investments in US operating companies have been transferred to Prysmian Cables and Systems (US) Inc., a newly-formed company wholly-owned by Prysmian Cavi e Sistemi Telecom S.r.l..
This process involved the following steps:

- transfer, with effect from 24 July 2008, of the entire interest in Prysmian (US) Energy Italia S.r.l. from Prysmian Energy Holding S.r.l. to Prysmian Cavi e Sistemi Telecom S.r.l. for consideration of Euro 19 million, corresponding to the investment's book value in the seller's accounts;
- formation, on 31 July 2008, of a company registered in the United States under the name of Prysmian Cables and Systems (US) Inc., whose sole shareholder is Prysmian Cavi e Sistemi Telecom S.r.l.;
- transfer, with effect from 31 August 2008, to Prysmian Cables and Systems (US) Inc. from Prysmian (US) Energy Italia S.r.l. and Prysmian (US) Telecom Italia S.r.l. of their entire interests in Prysmian Power Cables and Systems USA LLC and Prysmian Communications Cables and Systems USA LLC respectively, for consideration, based on fair market value, of USD 374.6 million and USD 15 million respectively;
- lastly, dissolution of Prysmian (US) Energy Italia S.r.l. and Prysmian (US) Telcom Italia S.r.l. through liquidation.

This reorganisation has simplified the Group's structure in North America and Italy and has optimised intragroup cash flows between Italy and the United States by shortening the chain of control between these regions and, like with other corporate reorganisations in the past, has brought corporate structure into line with the existing organisational structure.

Attachment A to these notes contains a list of the companies included in the scope of consolidation at 30 September 2008.

C. BUSINESS COMBINATIONS

On 3 June 2008, the Prysmian Group acquired through its subsidiary Prysmian Kabel und Systeme GmbH 100% of Facab Lynen Gmbh & Co.Kg. (now renamed Prysmian Kabelwerk Lynen GmbH & Co.Kg.), a German cables manufacturer.

In compliance with IFRS 3, the acquisition cost and the fair value of the assets, liabilities and contingent liabilities have been determined provisionally and may be adjusted within twelve months of the acquisition date.

Details of the acquisition cost and financial outlay are reported in the following table:

(in millions of Euro)	
Cash payment	4
Costs directly related to the acquisition	-
Total acquisition cost (A)	**4**
Fair value of net assets acquired (B)	(6)
Badwill (A)-(B)	**(2)**
Financial outlay for acquisition	4
Cash and cash equivalents held by acquired companies	(2)
Cash flow from acquisition	**2**

Details of the fair value of the assets/liabilities acquired are as follows:

(in millions of Euro)	Pre-acquisition book value	Fair value[2]
Property, plant and equipment	9	14
Inventories	17	17
Trade and other receivables	8	8
Trade and other payables	(4)	(4)
Provisions for risks	(1)	(2)
Employee benefit obligations	(10)	(15)
Borrowings from banks and other lenders	(15)	(15)
Financial assets held for trading	1	1
Cash and cash equivalents	2	2
Net assets acquired (B)	**7**	**6**

[2] The fair value amounts are provisional.

The acquisition has given rise to Euro 1.8 million in badwill at 30 September 2008, booked under "Other income" in the income statement. This amount may change in the future depending on the final price adjustment and establishment of the final fair value of the assets acquired and liabilities assumed.

The principal financial results from the date of acquisition to 30 September 2008 are as follows:

(in millions of Euro)	3 June 2008 - 30 September 2008
Sales	21
Operating income	-
Net income for the period	**-**

If the acquisition had been made on 1 January 2008, sales would have been Euro 50 million, while operating income would not have made a significant contribution.

D. SEGMENT INFORMATION

D.1 BUSINESS SEGMENTS

Business segment information is provided in the tables below.

(in millions of Euro)					1/1-30/09/2008
	Energy Cables and Systems	Telecom Cables and Systems	Corporate	Intersegment elimination	Group total
Sales of goods and services:					
- third parties	3,529	425	-	-	3,954
- Group companies	13	9	32	(54)	-
Total sales of goods and services	**3,542**	**434**	**32**	**(54)**	**3,954**
Operating income	**330**	**39**	**(3)**	**-**	**366**
Share of income from investments in associates and dividends from other companies	1		-	-	1
Finance costs					(276)
Finance income					201
Taxes					(59)
Net income / (loss) for the period					**233**
Attributable to:					
Equity holders of the parent					233
Minority interests					-

(in millions of Euro)					1/1-30/9/2007
	Energy Cables and Systems	Telecom Cables and Systems	Corporate	Intersegment elimination	Group total
Sales of goods and services:					
- third parties	3,457	420	-	-	3,877
- Group companies	30	11	28	(69)	-
Total sales of goods and services	**3,487**	**431**	**28**	**(69)**	**3,877**
Operating income	**320**	**33**	**37**	**-**	**390**
Share of income from investments in associates and dividends from other companies	1	-	-	-	1
Finance costs					(185)
Finance income					108
Taxes					(76)
Net income / (loss) for the period					**238**
Attributable to:					
Equity holders of the parent					236
Minority interests					2

D.2 GEOGRAPHICAL SEGMENTS

Information by geographical area is provided in the tables below.

(in millions of Euro)					1/1-30/9/2008
	EMEA*	North America	Latin America	Asia and Oceania	Total
Sales of goods and services	2,760	474	358	362	3,954

(in millions of Euro)					1/1-30/9/2007
	EMEA*	North America	Latin America	Asia and Oceania	Total
Sales of goods and services	2,674	494	346	363	3,877

* EMEA: Europe, Middle East and Africa

1. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

Details of these balances and related movements are as follows:

(in millions of Euro)		
	Property, plant and equipment	Intangible assets
Balance at 31 December 2007	**838**	**21**
Movements in period:		
- Investments	62	11
- Disposals	(1)	(1)
- Business combinations	14	-
- Depreciation and amortisation	(44)	(3)
- Impairment	(1)	-
- Currency translation differences and others	(11)	1
Totale movements	**19**	**8**
Balance at 30 September 2008	**857**	**29**
Of which:		
- Historical cost	1,051	108
- Accumulated depreciation/amortisation and impairment	(194)	(79)
Net book value	**857**	**29**

(in millions of Euro)	Property, plant and equipment	Intangible assets
Balance at 31 December 2006	**827**	**27**
Movements in period:		
- Investments	50	1
- Disposals	(3)	(1)
- Business combinations	1	-
- Depreciation and amortisation	(45)	(4)
- Currency translation differences and others	-	-
Totale movements	**3**	**(4)**
Balance at 30 September 2007	**830**	**23**
Of which:		
- Historical cost	963	93
- Accumulated depreciation/amortisation and impairment	(133)	(70)
Net book value	**830**	**23**

Property, plant and equipment includes an increase of Euro 14 million after acquiring 100% of Facab Lynen Gmbh & Co.Kg. (now called Prysmian Kabelwerk Lynen GmbH & Co.Kg.).
Impairment in the first nine months of 2008 includes Euro 0.7 million for the plant and machinery at the factory in Eastleigh (Great Britain), whose closure was announced in July 2008.

2. TRADE AND OTHER RECEIVABLES

These are detailed as follows:

(in millions of Euro)			30 September 2008
	Non-current	Current	Total
Trade receivables	2	1,008	1,010
Allowance for doubtful accounts	-	(40)	(40)
Total trade receivables	**2**	**968**	**970**
Other receivables:			
Tax receivables	11	52	63
Financial receivables	1	11	12
Prepaid finance costs	8	3	11
Receivables from employees	2	3	5
Receivables for pension funds	-	1	1
Receivables from long-term contracts	-	123	123
Others	8	58	66
Total other receivables	**30**	**251**	**281**
Total	**32**	**1,219**	**1,251**

(in millions of Euro)			31 December 2007
	Non-current	Current	Total
Trade receivables	2	872	874
Allowance for doubtful accounts	-	(41)	(41)
Total trade receivables	**2**	**831**	**833**
Other receivables:			
Tax receivables	11	43	54
Financial receivables	1	15	16
Prepaid finance costs	10	3	13
Receivables from employees	3	1	4
Receivables for pension funds	-	2	2
Receivables from long-term contracts	-	147	147
Others	9	65	74
Total other receivables	**34**	**276**	**310**
Total	**36**	**1,107**	**1,143**

Trade and other receivables are reported net of the allowance for doubtful accounts, amounting to Euro 40 million at 30 September 2008 and Euro 41 million at 31 December 2007.

3. INVENTORIES

These are detailed as follows:

(in millions of Euro)		
	30 September 2008	31 December 2007
Raw materials	211	159
Work in progress and semi-finished goods	203	148
Finished goods	305	275
Total	**719**	**582**

The increase since 31 December 2007 is mostly due to the need to build up inventories to satisfy temporary needs arising from the transfer of a factory in Brazil and from an important supply contract for high-voltage cable in China.

4. DERIVATIVES

These are detailed as follows:

(in millions of Euro)	30 September 2008	
	Asset	Liability
Non-current		
Interest rate swaps (cash flow hedges)	16	1
Forward currency contracts on commercial transactions (cash flow hedges)	3	4
Forward currency contracts on financial transactions (cash flow hedges)	-	2
Total hedging derivatives	**19**	**7**
Forward currency contracts on commercial transactions	3	3
Forward currency contracts on financial transactions	3	2
Total other derivatives	**6**	**5**
Total non-current	**25**	**12**
Current		
Forward currency contracts on commercial transactions (cash flow hedges)	2	2
Total hedging derivatives	**2**	**2**
Forward currency contracts on commercial transactions	17	16
Forward currency contracts on financial transactions	11	9
Commodity futures	2	22
Total other derivatives	**30**	**47**
Total current	**32**	**49**
Total	**57**	**61**

(in millions of Euro)	31 December 2007	
	Asset	Liability
Non-current		
Interest rate swaps (cash flow hedges)	20	1
Forward currency contracts on commercial transactions (cash flow hedges)	2	-
Total hedging derivatives	**22**	**1**
Forward currency contracts on commercial transactions	9	-
Forward currency contracts on financial transactions	1	1
Total other derivatives	**10**	**1**
Total non-current	**32**	**2**
Current		
Forward currency contracts on commercial transactions (cash flow hedges)	1	-
Total hedging derivatives	**1**	-
Forward currency contracts on commercial transactions	20	10
Forward currency contracts on financial transactions	3	7
Commodity futures	1	12
Total other derivatives	**24**	**29**
Total current	**25**	**29**
Total	**57**	**31**

5. FINANCIAL ASSETS HELD FOR TRADING

Financial assets held for trading basically refer to units in funds which mainly invest in short and medium-term government securities. These assets are mostly held by subsidiaries in Brazil, China and Argentina as a result of investing temporarily available liquidity in such funds.

6. CASH AND CASH EQUIVALENTS

These are detailed as follows:

(in millions of Euro)

	30 September 2008	31 December 2007
Cash	7	17
Bank and postal deposits	328	235
Total	**335**	**252**

Cash and cash equivalents are centrally managed by Group treasury companies or by subsidiaries under the supervision of the Finance Department of Prysmian S.p.A. Cash is invested with leading financial institutions, mostly in short-term and overnight deposits.

Cash and cash equivalents managed by Group treasury companies amount to Euro 193 million at 30 September 2008 compared with Euro 96 million at 31 December 2007.

7. SHARE CAPITAL AND RESERVES

Consolidated equity has increased by Euro 126 million since 31 December 2007, mainly due to net income for the period of Euro 233 million less the dividend of Euro 75 million paid by Prysmian S.p.A..

Following the exercise of options under the first tranche of the Stock Option Plan, share capital amounts to Euro 18,054,622.70 at 30 September 2008, corresponding to 180,546,227 shares.

The following table provides details of the movement in share capital and reserves during the period:

(in millions of Euro)

	Share capital	Fair value gains and losses on available-for-sale financial assets	Actuarial gains/(losses) - employee benefits	Cash flow hedges	Currency translation reserve	Other reserves	Net income for the period	Minority interests	Total
Balance at 31 December 2007	**18**	**2**	**11**	**(5)**	**(26)**	**133**	**300**	**21**	**454**
Allocation of net income	-	-	-	-	-	300	(300)	-	-
Capital contribution	-	-	-	-	-	2	-	-	2
Dividend payment	-	-	-	-	-	(75)	-	(1)	(76)
Share-based compensation	-	-	-	-	-	1	-	-	1
Fair value gains and losses on cash flow hedges, net of tax effect	-	-	-	(9)	-	-	-	-	(9)
Currency translation differences	-	-	-	-	(22)	-	-	-	(22)
Change in scope of consolidation	-	-	-	-	-	-	-	(1)	(1)
Actuarial gains (losses) on employee benefits	-	-	(2)	-	-	-	-	-	(2)
Net income (loss) for the period	-	-	-	-	-	-	233	-	233
Balance at 30 September 2008	**18**	**2**	**9**	**(14)**	**(48)**	**361**	**233**	**19**	**580**

(in millions of Euro)

	Share capital	Fair value gains and losses on available-for-sale financial assets	Actuarial gains/(losses) - employee benefits	Cash flow hedges	Currency translation reserve	Other reserves	Net income for the period	Minority interests	Total
Balance at 31 December 2006	**18**	**-**	**3**	**2**	**(20)**	**58**	**90**	**19**	**170**
Allocation of net income	-	-	-	-	-	90	(90)	-	-
Repayment of shareholders' loan	-	-	-	-	-	(20)	-	-	(20)
Share-based compensation	-	-	-	-	-	3	-	-	3
Fair value gains and losses on available-for-sale financial assets	-	1	-	-	-	-	-	-	1
Fair value gains and losses on cash flow hedges, net of tax effect	-	-	-	(7)	-	-	-	-	(7)
Currency translation differences	-	-	-	-	1	-	-	1	2
Actuarial gains (losses) on employee benefits	-	-	9	-	-	-	-	-	9
Net income (loss) for the period	-	-	-	-	-	-	236	2	238
Balance at 30 September 2007	**18**	**1**	**12**	**(5)**	**(19)**	**131**	**236**	**22**	**396**

8. BORROWINGS FROM BANKS AND OTHER LENDERS

These are detailed as follows:

(in millions of Euro)			30 September 2008
	Non-current	Current	Total
Borrowings from banks and other lenders	992	162	1,154
Finance lease obligations	3	1	4
Total	**995**	**163**	**1,158**

(in millions of Euro)			31 December 2007
	Non-current	Current	Total
Borrowings from banks and other lenders	987	60	1,047
Finance lease obligations	4	1	5
Total	**991**	**61**	**1,052**

Borrowings from banks and other lenders are analysed as follows:

(in millions of Euro)		
	30 September 2008	31 December 2007
Credit Agreement	1,004	987
Other borrowings	150	60
Total	**1,154**	**1,047**

Under the credit agreement signed on 18 April 2007 ("New Credit Agreement"), Prysmian S.p.A. and some of its subsidiaries have been granted a total of Euro 1,700 million in credit, analysed as follows:

(in millions of Euro)	
Term Loan Facility	1,000
Revolving Credit Facility	400
Bonding Facility	300
Total	**1,700**

The Bonding Facility is used to finance endorsement credits relating to bid bonds, performance bonds and warranty bonds.
The Revolving Credit Facility is used to finance ordinary working capital requirements, as well as part of the endorsement credits relating to other types of bonds not covered by the Bonding Facility.

At 30 September 2008 an amount of Euro 157 million had been drawn down against the Bonding Facilities, and Euro 37 million against the Revolving Credit Facility.

The credit facility of Euro 350 million relating to the trade receivables securitization programme had been drawn down by Euro 70 million at 30 September 2008.

The following table reports the movement in borrowings from banks and other lenders:

(in millions of Euro)

	Credit Agreement	Other borrowings	Total
Balance at 31 December 2007	**987**	**60**	**1,047**
Currency translation differences	3	12	15
Drawings	-	70	70
Repayments	-	-	-
Amortisation of bank and financial fees and other expenses	1	-	1
Others	13	8	21
Total changes	17	90	107
Balance at 30 September 2008	**1,004**	**150**	**1,154**

The drawings of Euro 70 million in the first nine months of 2008 refer to the drawdown of the credit facilities relating to the trade receivables securitization programme.

(in millions of Euro)

	Credit Agreement	Other borrowings	Total
Balance at 31 December 2006	**1,243**	**63**	**1,306**
Currency translation differences	(9)	8	(1)
Drawings	991	200	1,191
Repayments	(1,282)	(52)	(1,334)
Amortisation of bank and financial fees and other expenses	43	-	43
Others	-	(2)	(2)
Total changes	(257)	154	(103)
Balance at 30 September 2007	**986**	**217**	**1,203**

NET FINANCIAL POSITION

(in millions of Euro)

	Note	30 September 2008	Related parties (Note 19)	31 December 2007	Related parties (Note 19)	30 September 2007	Related parties
Long-term financial payables							
New Credit Agreement		994		990		995	
Senior credit lines		**994**		**990**		**995**	
Bank fees		(7)		(8)		(9)	
Financing agreement	8	**987**		**982**		**986**	
Finance leases	8	3		4		4	
Forward currency contracts on financial transactions	4	4		1		2	
Interest rate swaps	4	1		1		-	
Other payables	8	5		5		5	
Total long-term financial payables		**1,000**		**993**		**997**	
Short-term financial payables							
New Credit Agreement	8	17		5		-	
Finance leases	8	1		1		1	
Securitization	8	70		-		148	
Forward currency contracts on financial transactions	4	9		7		1	
Other payables	8	75		55		65	
Total short-term financial payables		**172**		**68**		**215**	
Total financial liabilities		**1,172**		**1,061**		**1,212**	
Long-term financial receivables	2	1		1		1	
Long-term bank fees	2	8		10		10	
Interest rate swaps	4	16	9	20	10	21	11
Forward currency contracts on financial transactions (non-current)	4	3		1		-	
Forward currency contracts on financial transactions (current)	4	11		3		1	
Short-term financial receivables	2	11		15		18	
Short-term bank fees	2	3		3		3	
Financial assets held for trading		38		40		30	
Cash and cash equivalents	6	335		252		229	
Net financial position		**746**		**716**		**899**	

The Group's net financial position is reconciled to the amount that must be reported under Consob Communication DEM/6064293 dated 28 July 2006 and under the CESR recommendation dated 10 February 2005 "Recommendations for the consistent implementation of the European Commission's Regulation on Prospectuses":

(in millions of Euro)

	Note	30 September 2008	Related parties (Note 19)	31 December 2007	Related parties (Note 19)	30 September 2007	Related parties
Net financial position - as reported above		**746**		**716**		**899**	
Long-term financial receivables	2	1		1		1	
Long-term bank fees	2	8		10		10	
Net forward currency contracts on commercial transactions	4	-		(22)		(17)	
Net commodity futures	4	20		11		(22)	
Recalculated net financial position		**775**		**716**		**871**	

9. TRADE AND OTHER PAYABLES

These are detailed as follows:

(in millions of Euro)			30 September 2008
	Non-current	Current	Total
Trade payables	-	782	782
Total trade payables	**-**	**782**	**782**
Other payables:			
Tax and social security payables	31	64	95
Advances	-	111	111
Payables to employees	-	51	51
Accrued expenses	4	103	107
Others	2	61	63
Total other payables	**37**	**390**	**427**
Total	**37**	**1,172**	**1,209**

(in millions of Euro)			31 December 2007
	Non-current	Current	Total
Trade payables	-	738	738
Total trade payables	**-**	**738**	**738**
Other payables:			
Tax and social security payables	33	61	94
Advances	-	81	81
Payables to employees	-	42	42
Accrued expenses	2	103	105
Others	8	69	77
Total other payables	**43**	**356**	**399**
Total	**43**	**1,094**	**1,137**

Advances include amounts due to customers for contract work in progress of Euro 64 million at 30 September 2008 and Euro 26 million at 31 December 2007. This liability represents the gross amount by which work invoiced exceeds costs incurred plus accumulated profits (or losses) recognised using the percentage of completion method.

Following the change in Italian law on the taxation of stock options, the payable relating to social security contributions of Euro 3 million has been released to "Personnel costs" in the income statement.

10. PROVISIONS FOR RISKS AND CHARGES

These are detailed as follows:

(in millions of Euro)			30 September 2008
	Non-current	Current	Total
Restructuring costs	-	6	6
Contractual and legal risks	34	36	70
Environmental risks	-	2	2
Tax inspections	-	22	22
Other risks and charges	-	11	11
Total	**34**	**77**	**111**

(in millions of Euro)			31 December 2007
	Non-current	Current	Total
Restructuring costs	-	9	9
Contractual and legal risks	27	49	76
Environmental risks	-	2	2
Tax inspections	-	8	8
Other risks and charges	-	7	7
Total	**27**	**75**	**102**

The following table reports the movements in these provisions during the period:

(in millions of Euro)	Restructuring costs	Contractual and legal risks	Environmental risks	Tax inspections	Other risks and charges	Total
Balance at 31 December 2007	**9**	**76**	**2**	**8**	**7**	**102**
Currency translation difference	-	(2)	-	-	-	(2)
Increases	3	11	-	12	4	30
Utilisations/Releases	(6)	(14)	-	(3)	(2)	(25)
Other	-	(1)	-	5	2	6
Total movements	**(3)**	**(6)**	**-**	**14**	**4**	**9**
Balance at 30 September 2008	**6**	**70**	**2**	**22**	**11**	**111**

The decrease of Euro 6 million in the provision for restructuring costs in the first nine months of 2008 largely refers to projects to rationalise production in France and Great Britain.

The increase of Euro 11 million in the provision for contractual and legal risks mostly refers to:
- contractual risks (Euro 6 million), mainly relating to the businesses of submarine and high voltage cables;
- legal risks (Euro 4 million) in Prysmian Enegia Cabos e Sistemas do Brasil S.A. for employment-related disputes.

The decrease of Euro 14 million in the provision for contractual and legal risks mostly refers to the utilisation (Euro 10 million) and release (Euro 4 million) of the provision for contractual indemnities.

The increase of Euro 12 million in the provision for tax inspections refers to the risk emerging during an inspection relating to alleged VAT avoidance. This inspection indirectly involves one of the Group's foreign companies. Although

management believes that the foreign company has no involvement in the matter concerned, the amount that has been provided represents the level of risk currently thought most likely.

11. EMPLOYEE BENEFIT OBLIGATIONS

These are detailed as follows:

(in millions of Euro)

	30 September 2008	31 December 2007
Pension funds	76	59
Employee indemnity liabilities (Italian TFR)	22	25
Medical assistance plans	14	14
Termination benefits and others	12	14
Total	**124**	**112**

Pension funds have increased by Euro 12 million, most of which refers to the acquisition of 100% of Facab Lynen Gmbh & Co.Kg. (now called Prysmian Kabelwerk Lynen GmbH & C.Kg.) whose pension fund amounted to Euro 14.6 million at 30 September 2008.

The impact of employee benefit obligations on the income statement is as follows:

(in millions of Euro)

	1/1-30/9/2008	1/1-30/9/2007
Pension funds	6	8
Employee indemnity liabilities (Italian TFR)	1	1
Medical assistance plans	1	1
Total	**8**	**10**

The average headcount in the period is reported below, compared with the final headcounts at the end of each period:

				2008
	Average 1/1-30/9/2008	%	As of 30 September 2008	%
Blue collar	9,631	75%	9,686	75%
White collar and management	3,141	25%	3,192	25%
Total	**12,772**	**100%**	**12,879**	**100%**

				2007
	Average 1/1-30/9/2007	%	As of 31 December 2007	%
Blue collar	9,303	75%	9,126	75%
White collar and management	3,159	25%	3,117	25%
Total	**12,462**	**100%**	**12,243**	**100%**

12. OPERATING INCOME

Operating income is Euro 366 million in the first nine months of 2008, compared with Euro 390 million in the first nine months of 2007.
Operating income includes the following non-recurring items:

(in millions of Euro)

	1/1-30/9/2008	1/1-30/9/2007
Shutdown of operating facilities	(4)	(3)
IPO costs	-	(7)
Tax settlement	-	5
Acquisition price adjustment	-	39
IT system segregation	(1)	-
Provision for tax inspections	(12)	-
Badwill from Facab Lynen acquisition	2	-
Total non-recurring (expenses) / income	**(15)**	**34**

"Shutdown of operating facilities" refers to the costs of closing the factory in Eastleigh (Great Britain), which was announced in July 2008. These costs comprise redundancy payments of Euro 2.7 million and write-downs of Euro 0.5 million against inventories and of Euro 0.7 million against plant and machinery.
"Provision for tax inspections" refers to the risk arising during an inspection of alleged VAT avoidance, indirectly involving one of the Group's foreign companies. As already stated in Note 10, although management believes that the foreign company has no involvement in the matter concerned, the amount that has been provided represents the level of risk currently thought most likely.

13. FINANCE INCOME AND COSTS

Finance costs are detailed as follows:

(in millions of Euro)

	1/1-30/9/2008	1/1-30/9/2007
Interest on borrowings	39	50
Amortisation of bank and financial fees and other expenses	2	5
Interest costs on employee benefits	4	4
Other bank interest	10	14
Costs for undrawn credit lines	1	2
Sundry bank fees	5	4
Other	7	7
Other non-recurring finance costs:		
Amortisation of bank fees	-	*59*
Total other non-recurring finance costs	-	59
Finance costs	**68**	**145**
Net losses on forward currency contracts	9	-
Net losses on commodity futures	9	-
Losses on derivatives	**18**	**-**
Foreign currency exchange losses	190	40
Total finance costs	**276**	**185**

Finance income is detailed as follows:

(in millions of Euro)	1/1-30/9/2008	1/1-30/9/2007
Interest income from banks and other financial institutions	6	13
Other finance income	9	10
Other non-recurring finance income:		
Release of cash flow hedge reserve	-	*4*
Total other non-recurring finance income	-	4
Finance income	**15**	**27**
Net gains on commodity futures	-	25
Net gains on interest rate swaps	-	8
Net gains on forward currency contracts	-	7
Gains on derivatives	**-**	**40**
Foreign currency exchange gains	186	41
Total finance income	**201**	**108**

14. TAXES

The total tax charge has been estimated on the basis of the expected weighted average tax rate for the full year. Taxes are analysed as follows for each of the periods presented:

(in millions of Euro)	1/1-30/9/2008	1/1-30/9/2007
Current income taxes	73	69
Deferred income taxes	(14)	7
Total	**59**	**76**

The tax rate in the first nine months of 2008 is 20.3% compared with 24.1% in the same period of 2007.
The reduction in the tax rate is mainly due to the utilisation of carryforward tax losses for which no deferred tax assets had been previously recognised.

15. EARNINGS/(LOSS) PER SHARE

Basic earnings per share has been calculated by dividing net income for the period attributable to the Group by the average number of outstanding shares. With regard to the denominator used for calculating earnings per share, the average number of outstanding shares includes the shares issued following exercise of the first tranche of the Stock Option Plan, of which 463,802 issued during March and April 2008 and 82,425 during August and September 2008.
Diluted earnings per share has been determined by taking into account, when calculating the number of outstanding shares, the potential dilutive effect deriving from options granted under the existing Stock Option Plan.

(in millions of Euro)		
	1/1-30/9/2008	1/1-30/9/2007
Net income attributable to equity holders of the parent	233	236
Weighted average number of ordinary shares issued (thousands)	180,344	180,000
Basic earnings per share (in Euro)	**1.29**	**1.31**
Net income attributable to equity holders of the parent	233	236
Weighted average number of ordinary shares issued (thousands)	180,344	180,000
Adjustments for:		
Incremental shares for assumed conversion of stock options (thousands)	1,706	2,142
Weighted average number of ordinary shares issued to calculate diluted earnings per share (thousands)	182,050	182,142
Diluted earnings per share (in Euro)	**1.28**	**1.30**

16. CONTINGENT LIABILITIES

Different types of legal and fiscal proceedings are in progress, having arisen in the ordinary course of the Group's business. The Company's management believes that none of these proceedings will give rise to relevant contingent liabilities that are not already covered by existing provisions at 30 September 2008.

17. COMMITMENTS

Contractual commitments to purchase property, plant and equipment, and intangible assets, already given to third parties at 30 September 2008 and not yet reflected in the financial statements, amount to Euro 27 million.

18. RECEIVABLES FACTORING

As part of its factoring programme, the Group has factored trade receivables without recourse. The amount of receivables factored but not yet paid by customers was Euro 16 million at 30 September 2008.

19. RELATED PARTY TRANSACTIONS

As of 30 September 2008, Prysmian (Lux) II S.à r.l., the ultimate parent company, directly owns approximately 30.2% of share capital in Prysmian S.p.A. and is in turn indirectly controlled by The Goldman Sachs Group Inc. which owns, through Goldman Sachs International, another 1.46% of share capital in Prysmian S.p.A.

Transactions between Prysmian S.p.A. and its subsidiaries, associates and ultimate parent company mainly refer to:

- business relations involving intercompany purchases and sales of raw materials and finished products;
- services (technical, organisational and general) provided by head office to subsidiaries worldwide;
- financial relations maintained by Group treasury companies on behalf of, and with, Group companies.

All the above transactions fall within the continuing operations of the Group.

The following tables provide a summary of the related party transactions in the period ending 30 September 2008:

(in millions of Euro)				30 September 2008
	Trade and other receivables	Financial receivables and derivatives	Trade and other payables	Financial payables
Ultimate parent company	-	-	-	-
Associates	2	-	4	-
Other related parties:				
The Goldman Sachs Group Inc.	-	9	-	-
Total	**2**	**9**	**4**	**-**

(in millions of Euro)				31 December 2007
	Trade and other receivables	Financial receivables and derivatives	Trade and other payables	Financial payables
Ultimate parent company	-	-	-	-
Associates	1	-	4	-
Other related parties:				
The Goldman Sachs Group Inc.	-	10	1	-
Total	**1**	**10**	**5**	**-**

(in millions of Euro)			1/1-30/9/2008
	Sales of goods and services	Cost of goods and services	Finance income/ (costs)
Ultimate parent company	-	-	-
Associates	9	2	-
Other related parties:			
The Goldman Sachs Group Inc.	-	1	4
Total	**9**	**3**	**4**

(in millions of Euro)			1/1-30/9/2007
	Sales of goods and services	Cost of goods and services	Finance income/ (costs)
Ultimate parent company	-	-	(1)
Associates	2	3	-
Other related parties:			
The Goldman Sachs Group Inc.	-	2	6
Total	**2**	**5**	**5**

Transactions with associates

Trade and other payables refer to services provided in relation to the Group's continuing operations.

Transactions with The Goldman Sachs Group Inc.

Financial receivables report the net position with The Goldman Sachs Group Inc., with whom the Group made some interest rate swap agreements. The cost of goods and services refers to the fees earned by The Goldman Sachs Group Inc. for advisory services provided to the Prysmian Group.

Key management compensation

Key management compensation amounts to Euro 8 million at 30 September 2008 compared with Euro 6 million at 30 September 2007.

The 2008 figure includes provisions for long-term incentives for certain managers, which also refer to previous years.

20. SEASONALITY

The Group's business features a certain degree of seasonality in its revenues, which are usually higher in the second and third quarters. This is due to the fact that utilities projects in the northern hemisphere are mostly concentrated in the warmer months of the year. The Group's level of debt is generally higher in the period May-July with funds being absorbed by higher working capital.

21. ATYPICAL AND/OR UNUSUAL TRANSACTIONS

In accordance with the disclosures required by Consob Communication DEM/6064296 dated 28 July 2006, no atypical and/or unusual transactions were carried out in the first nine months of 2008.

22. STOCK OPTION PLANS

On 30 November 2006, the Company's shareholders' meeting approved a stock option plan which was dependent on the flotation of the company's shares on the Electronic Equities Market (MTA) organised and managed by Borsa Italiana S.p.A. The plan is for employees of companies belonging to the Prysmian Group.
At 31 December 2007 a total of 2,885 thousand options had been granted under the plan to subscribe to the Company's ordinary shares, with a par value of Euro 0.10 each and representing around 1.6% of share capital.
Each option entitles the holder to subscribe to one share at a price of Euro 4.65.
The first period for the exercise of options in the stock option plan's first tranche ended on 8 April 2008. This exercise resulted in the subscription to 463,802 shares.
The second period for the exercise of options in the stock option plan's first tranche ended on 26 September 2008. This exercise resulted in the subscription to 82,425 shares.

More details of the stock option plan are as follows:

(in Euro)

	30 September 2008		31 December 2007	
	Number of options	Strike price	Number of options	Strike price
Options at start of period	2,884,812	4.65	2,571,047	4.65
Granted	-	4.65	392,203	4.65
Cancelled	(19,611)	-	(78,438)	-
Exercised	(546,227)	4.65	-	-
Options at end of period	2,318,974	4.65	2,884,812	4.65
Vested at period end	174,918	4.65	-	-

23. EXCHANGE RATES

The main exchange rates used to translate financial statements in foreign currencies for consolidation purposes are reported below:

	Closing rate at		Average rate	
	30/9/2008	31/12/2007	1/1/2008 - 30/9/2008	1/1/2007 - 30/9/2007
Europe				
British Pound	0.790	0.733	0.779	0.676
Swiss Franc	1.577	1.655	1.608	1.637
Hungarian Forint	242.830	253.730	247.519	250.867
Slovak Koruna	30.300	33.583	31.560	33.896
Norwegian Krone	8.333	7.958	7.988	8.064
Swedish Krona	9.794	9.442	9.411	9.237
Romanian New Lei	3.741	3.608	3.640	3.298
Turkish New Lira	1.807	1.718	1.866	1.808
North America				
US Dollar	1.430	1.472	1.522	1.344
Canadian Dollar	1.496	1.445	1.549	1.484
South America				
Brazilian Real	2.738	2.608	2.567	2.691
Argentine Peso	4.484	4.636	4.729	4.175
Chilean Peso	793.817	732.664	737.748	710.687
Oceania				
Australian Dollar	1.774	1.676	1.668	1.638
New Zealand Dollar	2.114	1.902	2.009	1.852
Africa				
CFA Franc	655.957	655.957	655.957	655.957
Tunisian Dinar	1.799	1.791	1.813	1.739
Asia				
Chinese Renminbi (Yuan)	9.795	10.752	10.630	10.299
Hong Kong Dollar	11.112	11.480	11.871	10.498
Singapore Dollar	2.044	2.116	2.116	2.049
Indonesian Rupiah	13,487.730	13,826.700	14,070.636	12,244.392
Malaysian Ringgit	4.924	4.868	4.962	4.656

24. DIVIDEND PAYMENT

A dividend totalling Euro 75,253 thousand, or Euro 0.417 per share, was paid on 24 April 2008.

25. SUBSEQUENT EVENTS

On 15 April 2008, the shareholders voted to adopt a share buy-back and disposal programme, involving up to 18,000,000 of the Company's ordinary shares which may be purchased in one or more blocks over a period of no more than 18 months from the date of the resolution. The Board of Directors was delegated with responsibility for enacting this programme. Under this resolution, the shares must be purchased and sold: (i) at a minimum price that is no more than 10% below the stock's official price reported in the trading session on the day before carrying out each individual purchase transaction; (ii) at a maximum price that is no more than 10% above the stock's official price reported in the trading session on the day before carrying out each individual purchase transaction. On 7 October 2008, the Board of Directors subsequently granted the Chief Executive Officer and Chief Financial Officer separate powers to purchase up to 4 million of the Company's shares by 31 December 2008. The Company has bought 1,835,000 of its shares since the programme's start.
The number of such shares purchased and their average price has been reported to the market on a daily basis.
Lastly, in compliance with its Internal Dealing Code, the Company has not made any purchases subsequent to 22 October 2008.

On 17 October 2008, Prysmian and the selling company signed an agreement establishing the final purchase price adjustment for Facab Lynen (now called Prysmian Kabelwerke Lynen GmbH & Co.Kg.). Under this agreement the parties determined that Euro 1.6 million would be repaid to the purchaser. Prysmian received the price adjustment on 23 October 2008, meaning that the final purchase price, including costs directly related to the acquisition, is Euro 2.5 million.

****

Pursuant to paragraph 2 of article 154-*bis* of Italy's Financial Markets Consolidation Act, Pier Francesco Facchini, manager responsible for preparing corporate accounting documents, declares that the information contained in this quarterly report corresponds to the underlying documents, accounting books and records.

Milan, 7 November 2008

ON BEHALF OF THE BOARD OF DIRECTORS
THE CHAIRMAN
Paolo Zannoni

ATTACHMENT A

The following companies have been consolidated on a line-by-line basis:

Legal name	Office			% ownership	Direct parent company
Europe					
Austria					
Prysmian OEKW GmbH	Vienna	Euro	2,071,176	100.00%	Prysmian Energia Holding S.r.l.
Finland					
Prysmian Cables and Systems OY	Kirkkonummi	Euro	2,000,000	100.00%	Prysmian Energia Holding S.r.l.
France					
Prysmian (French) Holdings S.A.S.	Paron de Sens	Euro	173,487,250	100.00%	Prysmian Energia Holding S.r.l.
GSCP Athena (French) Holdings II S.A.S.	Paron de Sens	Euro	18,500	100.00%	Prysmian (French) Holdings S.A.S.
Prysmian Cables et Systèmes France S.A.S.	Paron de Sens	Euro	136,800,000	100.00%	Prysmian (French) Holdings S.A.S.
Eureletric S.A.	Paron de Sens	Euro	19,131,584	100.00%	Prysmian Cables et Systèmes France S.A.S.
Germany					
Prysmian Kabel und Systeme GmbH	Berlin	Euro	15,000,000	93.75%	Prysmian Energia Holding S.r.l.
				6.25%	Prysmian S.p.A.
Bergmann Kabel und Leitungen GmbH	Schwerin	Euro	1,022,600	100.00%	Prysmian Kabel und Systeme GmbH
Prysmian Kabelwerk Lynen GmbH & Co.KG	Eschweiler	Euro	5,000,000	100.00%	Prysmian Kabel und Systeme GmbH
Prysmian Unterstuetzungseinrichtung Lynen GmbH	Eschweiler	Deutsche Mark	50,000	100.00%	Prysmian Kabelwerk Lynen GmbH & Co.KG
Prysmian Geschaeftsfuehrungsgesellaschaft mbH	Eschweiler	Deutsche Mark	50,000	100.00%	Prysmian Kabelwerk Lynen GmbH & Co.KG
UK					
Prysmian Cables & Systems Ltd.	Eastleigh	British Pound	45,292,120	100.00%	Prysmian Cavi e Sistemi Energia S.r.l.
Prysmian Construction Company Ltd.	Eastleigh	British Pound	8,000,000	100.00%	Prysmian Cables & Systems Ltd.
Prysmian Cables (2000) Ltd.	Eastleigh	British Pound	118,653,473	100.00%	Prysmian Cables & Systems Ltd.
Prysmian Cables (Industrial) Ltd.	Eastleigh	British Pound	9,010,935	100.00%	Prysmian Cables & Systems Ltd.
Prysmian Cables (Supertension) Ltd.	Eastleigh	British Pound	5,000,000	100.00%	Prysmian Cables & Systems Ltd.
Prysmian Cables and Systems International Ltd.	Eastleigh	Euro	100,000	100.00%	Prysmian Energia Holding S.r.l.
Cable Makers Properties & Services Limited	Kingston upon Thames	British Pound	33	63.53%	Prysmian Cables & Systems Ltd.
				36.47%	Third parties
Prysmian Cables Limited	Eastleigh	British Pound	100,000	100.00%	Prysmian Cables & Systems Ltd.
Prysmian Telecom Cables and Systems Uk Ltd.	Eastleigh	British Pound	100,000	100.00%	Prysmian Cables & Systems Ltd.
Prysmian Metals Limited	Eastleigh	British Pound	100,000	100.00%	Prysmian Cables & Systems Ltd.
Prysmian Focom Limited	Eastleigh	British Pound	6,447,000	100.00%	Prysmian Cables & Systems Ltd.
Comergy Ltd.	Eastleigh	British Pound	1,000,000	100.00%	Prysmian Energia Holding S.r.l.
Prysmian Pension Scheme Trustee Limited	Eastleigh	British Pound	1	100.00%	Prysmian S.p.A.
GSCP Athena (UK) Holdings Limited	Eastleigh	British Pound	1	100.00%	Prysmian S.p.A.
Ireland					
Prysmian Financial Services Ireland Limited	Dublin	Euro	1,000	100.00%	Third parties
Prysmian Re Company Limited	Dublin	Euro	3,000,000	100.00%	Prysmian (Dutch) Holdings B.V.
Italy					
Prysmian Cavi e Sistemi Energia S.r.l.	Milan	Euro	100,000,000	100.00%	Prysmian S.p.A.
Prysmian Energia Holding S.r.l.	Milan	Euro	10,000	99.99%	Prysmian Cavi e Sistemi Energia S.r.l.
				0.01%	Prysmian Cavi e Sistemi Energia Italia S.r.l.
Prysmian Cavi e Sistemi Energia Italia S.r.l.	Milan	Euro	59,749,502	100.00%	Prysmian Cavi e Sistemi Energia S.r.l.
Prysmian Telecom S.r.l.	Milan	Euro	10,000	100.00%	Prysmian S.p.A.
Prysmian Cavi e Sistemi Telecom S.r.l.	Milan	Euro	31,930,000	100.00%	Prysmian Telecom S.r.l.
Prysmian Treasury S.r.l.	Milan	Euro	4,242,476	100.00%	Prysmian Cavi e Sistemi Energia S.r.l.
Prysmian (US) Energia Italia S.r.l. in liquidazione	Milan	Euro	10,000	100.00%	Prysmian Cavi e Sistemi Telecom S.r.l.
Prysmian (US) Telecom Italia S.r.l. in liquidazione	Milan	Euro	10,000	100.00%	Prysmian Cavi e Sistemi Telecom S.r.l.
Prysmian Cavi e Sistemi Telecom Italia S.r.l.	Milan	Euro	20,000,000	100.00%	Prysmian Cavi e Sistemi Telecom S.r.l.
Prysmian PowerLink S.r.l.	Milan	Euro	50,000,000	84.80%	Prysmian Cavi e Sistemi Energia S.r.l.
				15.20%	Prysmian Cavi e Sistemi Energia Italia S.r.l.
Fibre Ottiche Sud - F.O.S. S.r.l.	Battipaglia	Euro	47,700,000	100.00%	Prysmian Cavi e Sistemi Telecom S.r.l.

Legal name	Office			% ownership	Direct parent company
Luxembourg					
Prysmian Treasury (Lux) S.à r.l.	Luxembourg	Euro	50,000	100.00%	Prysmian Cavi e Sistemi Energia S.r.l.
Norway					
Prysmian Kabler og Systemer A.S.	Ski	Norwegian Krone	100,000	100.00%	Prysmian Cables and Systems OY
Netherland					
Prysmian Cable Holding B.V.	Delft	Euro	54,503,013	100.00%	Prysmian Cavi e Sistemi Energia S.r.l.
Prysmian Cables and Systems B.V.	Delft	Euro	5,000,000	100.00%	Prysmian Energia Holding S.r.l.
Prysmian (Dutch) Holdings B.V.	Delft	Euro	18,000	100.00%	Prysmian Energia Holding S.r.l.
Prysmian Cable Overseas B.V.	Delft	Euro	10,000,000	100.00%	Prysmian Cavi e Sistemi Telecom S.r.l.
Prysmian Special Cables B.V.	Delft	Euro	2,400,000	100.00%	Prysmian (Dutch) Holdings B.V.
Romania					
Prysmian Cabluri Si Sisteme S.A.	Slatina	Romanian New Lei	21,367,920	2.22%	Prysmian (Dutch) Holdings B.V.
				97.78%	Prysmian Cabluri Si Sisteme S.A.
Slovakia					
Prysmian Kablo s.r.o.	Bratislava	Slovak Koruna	640,057,000	99.995%	Prysmian Energia Holding S.r.l.
				0.005%	Prysmian S.p.A.

Legal name	Office			% ownership	Direct parent company
Spain					
Prysmian Cables y Sistemas S.L.	Villanova i la Geltru	Euro	14,000,000	85.71%	Prysmian Energia Holding S.r.l.
				14.29%	Prysmian Cavi e Sistemi Telecom S.r.l.
Fercable S.L.	Sant Vicent dels Horts	Euro	3,606,073	100.00%	Prysmian Cables y Sistemas S.L.
Prysmian Servicios de Tesoreria Espana S.L.	Madrid	Euro	3,100	100.00%	Prysmian Financial Services Ireland Limited
Sweden					
Prysmian Kablar och System AB	Hoganas	Swedish Krona	100,000	100.00%	Prysmian Cables and Systems OY
Switzerland					
Prysmian Cables and Systems SA	Manno	Swiss Franc	500,000	100.00%	Prysmian (Dutch) Holdings B.V.
Turkey					
Turk Prysmian Kablo Ve Sistemleri A.S.	Mudanya Bursa	Turkish New Lira	39,312,000	83.75%	Prysmian (Dutch) Holdings B.V.
				16.25%	Third parties
Hungary					
Prysmian MKM Magyar Kabel Muvek KFT	Budapest	Hungarian Forint	5,000,000,000	100.00%	Prysmian Energia Holding S.r.l.
Kabel Keszletertekesito BT	Budapest	Hungarian Forint	1,239,841,361	99.999%	Prysmian MKM Magyar Kabel Muvek KFT
				0.001%	Third parties
Noth America					
Canada					
Prysmian Power Cables and Systems Canada Ltd.	New Brunswick	Canadian Dollar	1,000,000	100.00%	Prysmian (Dutch) Holdings B.V.
U.S.A.					
Prysmian Cables and Systems (US) Inc.	Carson City	US Dollar	71,000,001	100.00%	Prysmian Cavi e Sistemi Telecom S.r.l.
Prysmian Power Cables and Systems USA LLC	Lexington	US Dollar	10	100.00%	Prysmian Cables and Systems (US) Inc.
Prysmian Construction Services Inc	Lexington	US Dollar	1,000	100.00%	Prysmian Power Cables and Systems USA LLC
Prysmian Communications Cables and Systems USA LLC	Lexington	US Dollar	10	100.00%	Prysmian Cables and Systems (US) Inc.
Prysmian Communications Cables Corporation	Lexington	US Dollar	1	100.00%	Prysmian Communications Cables and Systems USA LLC
Prysmian Power Financial Services US LLC	Wilmington	US Dollar	100	100.00%	Prysmian Power Cables and Systems USA LLC
Prysmian Communications Financial Services US LLC	Wilmington	US Dollar	100	100.00%	Prysmian Communications Cables and Systems USA LLC
Central/South America					
Argentina					
Prysmian Energia Cables y Sistemas de Argentina S.A.	Buenos Aires	Argentine Peso	66,966,667	24.69%	Prysmian (Dutch) Holdings B.V
				74.99%	Prysmain Consultora Conductores e Instalaciones SAIC
				0.32%	Third parties
Pirelli Telecomunicaciones Cables y Sistemas de Argentina S.A.	Buenos Aires	Argentine Peso	12,000	99.99%	Prysmian Telecomunicacoes Cabos e Sistemas do Brasil S.A.
				0.01%	Fiduciary Shareholder
Prysmian Consultora Conductores e Instalaciones SAIC	Buenos Aires	Argentine Peso	48,571,242	95.00%	Prysmian (Dutch) Holdings B.V.
				5.00%	Prysmian Cavi e Sistemi Energia S.r.l.

Legal name	Office			% ownership	Direct parent company
Brasil					
Prysmian (Brazil) Holdings Limitada	Sao Paulo	Brazilian Real	4,700	99.98%	Prysmian Energia Cabos e Sistemas do Brasil S.A.
				0.02%	Prysmian S.p.A.
Prysmian Energia Cabos e Sistemas do Brasil S.A.	Sorocaba	Brazilian Real	106,824,993	100.00%	Prysmian Cavi e Sistemi Energia S.r.l.
Prysmian Telecomunicacoes Cabos e Sistemas do Brasil S.A.	Sorocaba	Brazilian Real	58,309,129	100.00%	Prysmian Energia Cabos e Sistemas do Brasil S.A.
Sociedade Produtora de Fibras Opticas S.A.	Sorocaba	Brazilian Real	1,500,100	51.00%	Prysmian Telecomunicacoes Cabos e Sistemas do Brasil S.A.
				49.00%	Third parties
Chile					
Prysmian Instalaciones Chile S.A.	Santiago	Chilean Peso	1,456,724	100.00%	Prysmian Consultora Conductores e Instalaciones SAIC
Prysmian EYT S.A.	Santiago	Chilean Peso	3,900,910	99.82%	Prysmian Instalaciones Chile S.A.
				0.18%	Third parties
Africa					
Ivory Coast					
SICABLE - Sociète Ivorienne de Cables S.A.	Abidjan	Cfa Franc	740,000,000	51.00%	Prysmian Cables et Systèmes France S.A.S.
				49.00%	Third parties
Tunisia					
Auto Cables Tunisie S.A.	Grombalia	Tunisian Dinar	3,024,700	51.00%	Prysmian Cables et Systèmes France S.A.S.
				49.00%	Third parties

Legal name	Office			% ownership	Direct parent company
Oceania					
Australia					
Prysmian Power Cables & Systems Australia Pty Ltd.	Liverpool	Australian Dollar	15,000,000	100.00%	Prysmian Cavi e Sistemi Energia S.r.l.
Prysmian Telecom Cables & Systems Australia Pty Ltd.	Liverpool	Australian Dollar	38,500,000	100.00%	Prysmian Cavi e Sistemi Telecom S.r.l.
New Zealand					
Prysmian Power Cables & Systems New Zealand Ltd.	Auckland	New Zealand Dollar	10,000	100.00%	Prysmian Power Cables & Systems Australia Pty Ltd.
Asia					
China					
Prysmian Tianjin Cables Co. Ltd.	Tianjin	US Dollar	13,100,000	67.00%	Prysmain Cable Holding B.V.
				33.00%	Third parties
Prysmian Cables (Shanghai) Co.Ltd.	Shanghai	US Dollar	500,000	100.00%	Prysmian Cables Asia-Pacific Pte Ltd.
Prysmian Baosheng Cable Co.Ltd.	Jiangsu	US Dollar	19,500,000	67.00%	Prysmian Cables Asia-Pacific Pte Ltd.
				33.00%	Third parties
Prysmian Wuxi Cable Co. Ltd .	Wuxi	US Dollar	29,941,250	100.00%	Prysmain Cable Overseas B.V.
Prysmian Angel Tianjin Cable Co. Ltd.	Tianjin	US Dollar	14,000,000	100.00%	Prysmian (China) Investment Company Ltd.
Prysmian Hong Kong Holding Ltd.	Hong Kong	Euro	10,200,000	83.00%	Prysmian Energia Holding S.r.l.
				17.00%	Prysmian Cavi e Sistemi Telecom S.r.l.
Prysmian (China) Investment Company Ltd.	Beijing	Euro	10,000,000	100.00%	Prysmian Hong Kong Holding Ltd.
India					
Pirelli Cables (India) Private Ltd.	New Dehli	Indonesian Rupiah	10,000,000	99.998%	Prysmian Cable Holding B.V.
				0.002%	Prysmian Cavi e Sistemi Energia S.r.l.
Indonesia					
P.T.Prysmian Cables Indonesia	Jakarta	US Dollar	67,300,000	99.48%	Prysmian (Dutch) Holdings B.V.
				0.52%	Prysmian Cavi e Sistemi Energia S.r.l.
Malaysia					
Bicc (Malaysia) Sdn Bhd	Kuala Lumpur	Malaysian Ringgit	-	100.00%	Prysmian Cables Asia-Pacific Pte Ltd.
Submarine Cable Installation Sdn Bhd	Kuala Lumpur	Malaysian Ringgit	10,000	100.00%	Prysmian Cavi e Sistemi Energia S.r.l.
Singapore					
Prysmian Cables Asia-Pacific Pte Ltd	Singapore	Singapore Dollar	213,324,290	100.00%	Prysmian (Dutch) Holdings B.V.
Prysmian Cable Systems Pte Ltd	Singapore	Singapore Dollar	25,000	50.00%	Prysmian (Dutch) Holdings B.V.
				50.00%	Prysmian Cables & Systems Ltd.

The following companies have been consolidated on a proportionate basis:

Legal name	Office			% ownership	Direct parent company
Malaysia					
Power Cables Malaysia Msdn Bhd	Selangor Darul Eshan	Malaysian Ringgit	8,000,000	40.00%	Prysmian Cables Asia-Pacific Pte Ltd.
				60.00%	Third parties
Power Cable Engineering Services Sdn Bhd	Selangor Darul Eshan	Malaysian Ringgit	100,000	100.00%	Power Cables Malaysia Sdn Bhd

The following companies have been accounted for using the equity method:

Legal name	Office			% ownership	Direct parent company
Germany					
Kabeltrommel GmbH & CO.KG	Column	Euro	10,225,838	1.00%	Bergmann Kabel und Leitungen GmbH
				27.48%	Prysmian Kabel und Systeme GmbH
				1.20%	Prysmian Kabelwerke Lynen GmbH & Co.KG
				70.32%	Third parties
Sykonec GmbH	Neustadt bei Coburg	Euro	300,000	50.00%	Bergmann Kabel und Leitungen GmbH
				50.00%	Third parties
UK					
Rodco Ltd.	Weybridge	British Pound	5,000,000	40.00%	Prysmian Cables & Systems Ltd.
				60.00%	Third parties
Poland					
Eksa Sp.Zo.o	Varsavia	Polish Zloty	394,000	20.05%	Prysmian Energia Holding S.r.l.
				79.95%	Third parties
Arabian Emirates					
Cuomo Cable Company L.L.C.	Abu Dhabi	AED	150,000	49.00%	Prysmian (Dutch) Holdings B.V.
				51.00%	Third parties

dega design group

Prysmian S.p.A. - Viale Sarca 222, 20126 Milan, Italy - phone +39 02 6449.1

PRYSMIAN
CABLES & SYSTEMS