Press release

PRYSMIAN S.P.A., 2008 RESULTS

SALES AT EURO 5,144 MILLION; ORGANIC GROWTH +4.2% WITH STRONG PERFORMANCE IN THE UTILITIES BUSINESS (+12.1%) DRIVEN BY HV AND SUBMARINE CABLES.

OPERATING RESULTS IN LINE WITH 2008 TARGETS.

FREE CASH FLOW AT RECORD LEVEL OF EURO 320 MILLION (+31.0%).

DIVIDEND AT EURO 0.417 PER SHARE, IN LINE WITH PRIOR YEAR.

- **SALES: EURO 5,144 MILLION (ORGANIC GROWTH: +4.2%)**
- **ADJ EBITDA[1] (EXCL. "FREE STOCK" IMPACT): EURO 557 MILLION**
- **ADJ NET INCOME[2]: EURO 332 MILLION (EURO 299 MILLION IN 2007; +11.0%)**
- **NET FINANCIAL POSITION IMPROVED TO EURO 577 MILLION FROM EURO 716 MILLION IN 2007**

Milan, 4 March 2009 - The Board of Directors of Prysmian S.p.A., a worldwide leading Group in the industry of cables and systems for energy and telecommunications, has approved today its 2008 consolidated financial statements and the draft statutory financial statements[3].

The year 2008 witnessed a steady deterioration in the market, with the first part of the year generally stable, followed by evident signs of the crisis during the third and fourth quarters. In such a context, Prysmian managed to improve its results, particularly in higher technology and value-added markets. Net of metal price effects, currency translation effects and changes in the group perimeter, overall **organic growth** was 4.2%, taking the Group's **sales** to Euro 5,144 million. Performance was particularly positive in the Utilities business, reporting organic growth of 12.1%, driven by the high voltage underground and submarine cables segment which grew by more than 30.0%. This is a very satisfactory result, achieved in the Group's more strategic business which significantly contributes to overall profitability.

This business will increase its strategic role thanks to its positive medium-term prospects even in a weaker market environment. In fact, the stimulus packages passed by the US and Chinese governments and by the European Union include investments in excess of USD 150 billion to upgrade power generation infrastructures and power transmission and distribution networks, particularly for renewable energy. Prysmian is world leader in this sector and also in 2008 secured new contracts such as the Doha Bay submarine connection and the Kahramaa VIII high voltage underground link in Qatar. In the renewable energy sector, Prysmian has been awarded major projects to build up power connections for Greater Gabbard and Thanet, the world's two largest off-shore wind farms currently under construction, confirming its leadership in a rapidly developing sector which is expected to benefit of EU incentives for Euro 500 million in 2009-2010.

"Despite negative effects coming from the global economic slowdown in the second half of 2008 – explains Valerio Battista, Chief Executive Officer - the power transmission business confirmed its strength, with an orders backlog for underground cables providing strong visibility for the current year and orders for submarine cables covering all production capacity in 2009 and 2010. Our Group continues to improve industrial efficiency and keeps a strong

[1] Adjusted EBITDA is defined as EBITDA before non-recurring income and expenses, as reported in the table in Annex B.
[2] Adjusted net income is defined as net income before non-recurring income and expenses, the effect of derivatives and exchange rate differences and the related tax effects.
[3] The consolidated financial statements and Parent Company financial statements are currently being audited.

focus on its strategy of growth, investing selectively in markets and businesses which also in a slowing environment provide interesting opportunities. Leveraging on a particularly solid balance sheet and financial position, Prysmian is well equipped to compete even in a persistent phase of market weakness."

Adjusted EBITDA in 2008 amounted to Euro 542 million compared with Euro 529 million in 2007, with margin on sales rising from 10.3% to 10.5%. This result has been negatively impacted by the valuation of metal stocks not covered by sales orders (so-called "Free Stock"); this effect amounted to Euro 15 million and emerged entirely in the fourth quarter, as a consequence of the strong decline in the price of copper and aluminium. The Group's strategy - focussing on more profitable businesses with long-term investment cycles - has allowed to maintain high levels of profitability, even in sharply deteriorating macroeconomic conditions. The Utilities business, in particular, achieved an adjusted EBITDA of Euro 287 million from Euro 237 million in the previous year, with margin on sales rising to 14.2% from 12.5%. Within this business, the power transmission segment (high voltage underground and submarine cables) accounts for a significant part of the business total results, showing great resiliency in the general economic downturn.

EBITDA[4] amounted to Euro 518 million in 2008 compared with Euro 573 million in 2007, which benefited from Euro 44 million in net non-recurring income compared with Euro 24 million in net non-recurring expenses in 2008.

Adjusted operating income[5] rose by 2.8% to Euro 477 million, up from Euro 464 million in 2007. The margin on sales also improved from 9.1% to 9.3%. **Operating income** amounted to Euro 448 million compared with Euro 508 million in 2007, which had benefited from Euro 44 million in net non-recurring income compared with Euro 29 million in net non-recurring expenses in 2008.

Net financial charges amounted to Euro 165 million in 2008, increasing from Euro 123 million in 2007, due to Euro 68 million of negative metals derivatives fair value effects and Euro 27 million of exchange rate and currency derivative losses. These effects mainly depend on the mark-to-market valuation of derivatives, which are nonetheless designed to hedge raw material price risk and currency risk arising in the ordinary course of business and which are substantially neutral in terms of operating profitability; net interest expense decreased, reflecting the lower average net debt in the period and the reduction in borrowing costs, resulting from the new financing agreement effective from April 2007.

Adjusted net income amounted to Euro 332 million (Euro 299 million in 2007), excluding the negative impact of non-recurring items, derivatives and exchange rate differences. In more detail:

- net non-recurring expenses of Euro 29 million, of which Euro 16 million in costs for rationalising production capacity, including the writedown of fixed assets no longer used and held for sale;
- metal derivatives negative mark-to-market of Euro 68 million and exchange rate/currency derivative losses for Euro 27 million;
- positive tax effects relating to the above charges of Euro 27 million.

After including the non-recurring items described above, net income amounted to Euro 235 million compared to Euro 302 million in 2007.

Cash generation in 2008 was extremely positive. **Cash flow from operating activities** (after changes in net working capital) amounted to Euro 502 million, reporting an increase of Euro 136 million (+37.2%) from the previous year. **Free cash flow** (before dividends, shares buy-back and other changes in equity) reported robust growth in 2008, rising to Euro 320 million from Euro 245 million in 2007, thanks to efficient management of working capital and despite larger investments in higher margin businesses; this cash flow also benefited from the fall in metal prices in the last part of the year.

At the end of 2008, **the Net Financial Position** amounted to Euro 577 million, representing a major improvement from Euro 716 million in 2007, with the ratio Net Financial Position/Adj EBITDA down to 1.1x (1.4x in 2007). In the current credit crunch, Prysmian's financial strength is even more an important asset. The Group's financial structure is based on two long-term financing agreements expiring in mid-2012; including the undrawn

[4] 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. For further information, please see the table in Annex B, which provides a reconciliation between net income (loss) for the period, EBITDA and adjusted EBITDA.
[5] We define Adjusted operating income as Operating income before charges and income that, according to the Group's management, do not have recurring nature.

committed credit lines and the available cash, the Groups financial resources exceed Euro 1 billion at the end of 2008.

BUSINESS PERFORMANCE AND RESULTS

Energy Cables and Systems

Sales to third parties by the Energy Cables and Systems business rose to Euro 4,608 million in 2008, reporting 4.0% organic growth. Adjusted operating income increased by 3.1% to Euro 435 million from Euro 420 million in 2007, with margin on sales of 9.4% up from 9.1%.

(in millions of Euro)

Energy				
	Sales to third parties			
	2008	**2007**	**% Change**	**% Organic change**
Utilities	2,028	1,894	7.1%	12.1%
Trade & Installers	1,629	1,802	-9.6%	-5.0%
Industrial	850	795	7.0%	5.0%
Others	101	92		
Total	**4,608**	**4,583**	**0.5%**	**4.0%**
	Adjusted EBITDA		**% on sales**	
	2008	**2007**	**2008**	**2007**
Utilities	287	237	14.2%	12.5%
Trade & Installers	113	155	6.9%	8.6%
Industrial	93	84	10.9%	10.6%
Others	-	5		5.5%
Total	**493**	**481**	**10.6%**	**10.4%**
	Adjusted operating income		**% on sales**	
	2008	**2007**	**2008**	**2007**
Utilities	256	208	12.6%	11.0%
Trade & Installers	100	137	6.1%	7.6%
Industrial	80	71	9.4%	9.0%
Others	(1)	4		4.0%
Total	**435**	**420**	**9.4%**	**9.1%**

Utilities
Sales to third parties in the Utilities business rose to Euro 2,028 million, reporting organic growth of 12.1%. Growth is attributable to the positive performance of high voltage underground, submarine cables and accessories:, high-tech, high valued-added sectors in which Prysmian has confirmed its worldwide leadership. The Group has secured contracts to build some of the most important underground and submarine connections in the world, particularly in the Middle East with the Doha Bay and Kahramaa VIII projects. Important business opportunities have also been seized in the renewable energy sector, with the acquisition of contracts to build power connections for the world's two largest off-shore wind farms. In view of the increasingly tough market outlook, the Group has also focused its commitment to emerging geographical areas, with interesting opportunities taken up in Russia and the Persian Gulf, and on smaller projects, particularly network repair and maintenance. The power transmission business offer attractive growth prospects in view of the economic support plans enacted by governments worldwide, involving expected investment in excess of USD 150 billion in energy infrastructure, of which a sizeable part will be devoted to transmission networks. Prysmian has moved to take up these opportunities, by increasing production capacity in the USA and China. The segment of low and medium voltage cables for power distribution experienced a slight contraction with sales performance extremely weak in North America, following the steep construction industry downturn starting back in 2007; in the last quarter of 2008, the worsening of the economic crisis produced a major contraction in volumes in Europe as well.
In terms of profitability, adjusted operating income rose to Euro 256 million (12.6% of sales) compared with Euro 208 million (11.0% of sales) in the prior year.

Trade & Installers
Sales to third parties in the Trade & Installers business amounted to Euro 1,629 million. Given the progressive contraction in demand, caused by the construction industry crisis, Prysmian reported a 5.0% organic decrease in

sales, with attention focused on efficient management of net working capital. Market conditions got significantly worse in the fourth quarter (particularly in Europe), when Prysmian reported an organic decrease in sales of 11.7%. Prysmian has further increased its exposure to high value-added products such as LS0H/Afumex fire-resistant cables and to the demand for cables related to non-residential applications. Thanks to its products range, Prysmian has developed interesting niche markets, as the fire-resistant cables for installation in public structures where safety is crucial; by way of example, the new tennis stadium in Wimbledon and the new motor racing circuit in Singapore, site of the first night-time F1 Gran Prix, have both been cabled by Prysmian. Adjusted operating income slipped to Euro 100 million (6.1% of sales) from Euro 137 million (7.6% of sales) in 2007.

Industrial

Industrial cables sales to third parties amounted to Euro 850 million in 2008, reporting organic growth of 5.0%. In an adverse trend affecting demand in the industrial reference sectors, Prysmian improved its performance thanks to the high quality of its product portfolio, particularly in the Oil&Gas and renewable energy sectors. Even in the last quarter of the year, sales confirmed a positive trend, with organic growth of 7.3%. The umbilical cables segment for the off-shore oil industry reported an increase of around 15.0% in volumes in 2008. In June 2008 Prysmian announced a technical cooperation agreement with the Brazilian oil company Petrobras, which will allow it to enter the flexible pipes high tech and high margin business. The agreement involves initial orders for USD 135 million and the start up of a new production plant in Brazil in the second half of 2010. Adjusted operating income for 2008 increased to Euro 80 million from Euro 71 million in 2007, with margin on sales climbing to 9.4%, from 9.0% in the prior year.

Telecom Cables and Systems

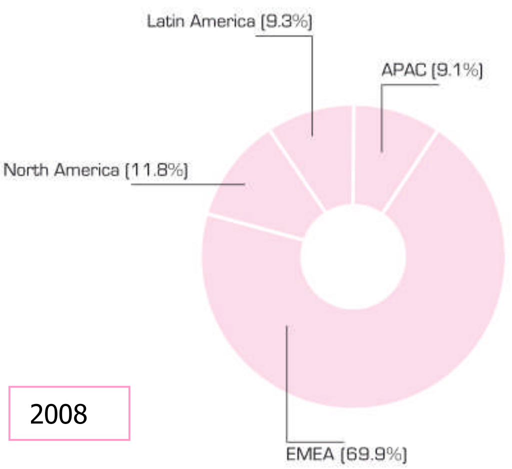
Sales to third parties by the Telecom Cables and Systems business amounted to Euro 536 million, remaining largely stable with respect to 2007. Excluding the effect of exchange rates and copper prices, organic growth was 5.2% due to the growth achieved in the optical cables segment with positive performance in Europe, Australia, where an important contract was signed with the operator Telstra, and above all in North America where Prysmian boasts customers like Qwest, Telus and Verizon. In the copper cables segment, Prysmian secured an important contract with the Libyan General Post and Telecommunications Company. Adjusted operating income increased by 5.7% to Euro 45 million from Euro 44 million in 2007. Adjusted operating margin on sales rose to 8.4% from 7.9%.

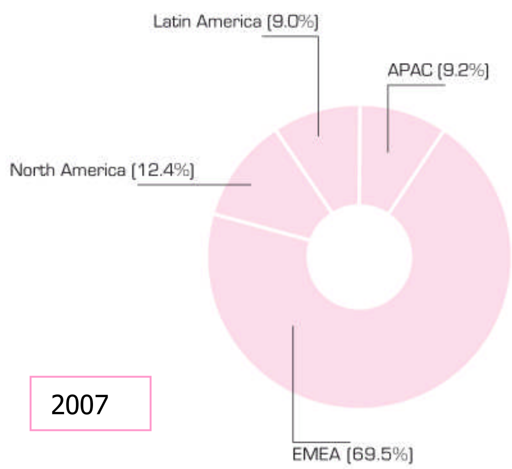
(in millions of Euro)

Telecom				
	2008	**2007**	**Change %**	**% Organic change**
Sales to third parties	536	535	0.2%	5.2%

			% on sales	
	2008	**2007**	**2008**	**2007**
Adjusted EBITDA	49	48	9.0%	8.6%
Adjusted operating income	45	44	8.4%	7.9%

SALES AND RESULTS BY GEOGRAPHICAL AREA





The Group's sales in **EMEA** (Europe, Middle East and Africa) reported 3.8% organic growth in 2008, mainly thanks to the development of high voltage and submarine projects and despite the downturn in the Trade & Installer business. EMEA accounted for 69.9% of total sales.
Sales in **North America** reported 2.8% organic growth, particularly thanks to development of the high voltage and telecom businesses which offset the contraction in demand in other business areas such as Power Distribution. Sales in North America accounted for 11.8% of total sales in 2008.
Sales in **Latin America** reported 7.6% organic growth, with almost all business areas performing well except for Power Distribution. The second half of the year saw significant organic growth in sales of cables for Oil&Gas applications. The region accounted for 9.3% of total sales in 2008.
Sales in **APAC (Asia Pacific)** reported 5.5% organic growth, having benefited from certain important projects in Indonesia and Australia, mainly in the Industrial cables sector. APAC accounted for 9.1% of total sales in 2008.

BUSINESS OUTLOOK

As already evident in the first nine months of 2008, the last quarter of the year confirmed a sharp slowdown in the world economy, with further contraction expected in 2009. The construction market crisis in the United States has generated great instability in the global banking system with clear signs of a decline in consumption and investments first in North America and then in Europe and the rest of the world. Given this economic scenario, the Group expects demand to further decrease in the Trade & Installers, Power Distribution and certain products in the Industrial segment more exposed to cyclical trends and a more resilient demand for power transmission and industrial applications such as OG&P and renewable energy.
The Group also intends to continue rationalising and improving efficiency in its industrial footprint, while confirming investment plans in higher value-added businesses to strengthen its presence in the most profitable, high-growth segments.

SHARE BUY-BACK

On 7 October 2008, the Board of Directors granted to the Chief Executive Officer and Chief Financial Officer, severally and not jointly, powers to purchase up to 4 million of the Company's shares by 31 December 2008. The Company has bought back 3,028,500 of its shares since the start of this programme, at an average price of Euro 9.965 for a total of Euro 30 million. These treasury shares are currently being held by the Company.
Moreover, the Board resolved to submit to the next Shareholders' Meeting the renewal of the buy back project, and the revoke of the current authorisation for the purchase and disposal of treasury shares, granted to the Board on 15 April 2008. The new plan calls for the buy-back of up to 10% of the Company share capital, considering the treasury shares already owns by the Company. The term of the plan is 18 months effective from the date of the shareholders' meeting approval.

ONGOING ANTITRUST INVESTIGATION

At the end of January, the European Commission and the Antitrust Authorities of Japan and the United States started an investigation against Prysmian which aims at verifying the existence of alleged anti-competitive agreements in the High Voltage underground and Submarine cables sector. The investigation is at an initial stage of gathering the relevant documentation and Prysmian is collaborating with the Authorities. In the event of proven breach of the applicable laws, the sanction system under the European law (EC Regulation 1/2003) foresees financial penalties that could reach a maximum of 10% of the turnover.

DIRECTORS INDEPENDENCE

Based on statements made by the Directors, the Board of Directors announces that, as per the Self-Regulatory Code for listed companies, it has carried out the appropriate checks on independence requirements, observing that directors Wesley Clark, Giulio Del Ninno, Francesco Paolo Mattioli, and Udo Günter Werner Stark continue to satisfy these requirements.

RESIGNATION OF AN ALTERNATE STATUTORY AUDITOR

The Board of Directors of Prysmian S.p.A. has acknowledged the resignation of Mr. Alessandro Ceriani as a alternate statutory auditor, for own professional reasons, tendered today and with effect from the shareholder meeting which will resolve upon his replacement

SHAREHOLDERS MEETING CALL

The Board of Directors empowered the Chairman, Mr. Zannoni, and the CEO, Mr. Battista, severally, to perform all the formalities to call the next Shareholders Meeting on April 8th 2009 (first call) or eventually on April 9th 2009 (second call).

The Annual Report at 31 December 2008 will be filed at the Company's registered offices at Viale Sarca 222, Milan and with Borsa Italiana S.p.A. in compliance with relevant regulations. It will also be available on the corporate website at www.prysmian.com.

This document may contain forward-looking statements relating to future events and 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. The actual results may differ significantly from those stated owing to a series of factors.

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

Prysmian

A leading player in the industry of high-technology cables and systems for energy and telecommunication, the Prysmian Group is a truly global company with sales exceeding Euro 5 billion in 2008 and a strong position in higher value-added market segments. With its two businesses, Energy Cables & Systems (submarine and underground cables for power transmission and distribution, for industrial applications and for the distribution of electricity to residential and commercial buildings) and Telecom Cables & Systems (optical cables and fibres and copper cables for video, data and voice transmission), Prysmian boasts a global presence with subsidiaries in 38 countries, 53 plants in 21 countries, 7 Research & Development Centres in Europe, USA and South America, and over 12,000 employees. Specialising in the development of products and systems designed to meet clients' specific requirements, Prysmian's key strengths include: a focus on Research & Development, the capacity to innovate products and production processes, and the use of advanced proprietary technologies. Prysmian is listed on the Milan Stock Exchange Blue Chip index.

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ANNEX A

Consolidated Balance Sheet

(in millions of Euro)	31 December 2008	31 December 2007
Non-current assets		
Property, plant and equipment	806	838
Intangible assets	31	21
Investments in associates	9	9
Available for sale financial assets	10	13
Derivatives	21	32
Deferred tax assets	44	29
Trade receivables	2	2
Other non-current receivables	26	34
Total non-current assets	**949**	**978**
Current assets		
Inventories	514	582
Trade receivables	732	831
Other current receivables	301	276
Financial assets held for trading	38	40
Derivatives	46	25
Cash and cash equivalents	492	252
Total current assets	**2,123**	**2,006**
Assets held for trading	26	-
Total assets	**3,098**	**2,984**
Equity attributable to the Group:	**447**	**433**
Share capital	18	18
Reserves	192	115
Net income/(loss) of the year	237	300
Equity attributable to minority interests:	**16**	**21**
Share capital and reserves	18	19
Net income/(loss) of the year	(2)	2
Total Equity	**463**	**454**
Non-current liabilities		
Borrowings from banks and other lenders	969	991
Other non-current payables	30	43
Provisions for risks and charges	34	27
Derivatives	33	2
Deferred tax liabilities	30	62
Employee benefits obligations	125	112
Total non current liabilities	**1,221**	**1,237**
Current liabilities		
Borrowings from banks and other lenders	189	61
Trade payables	650	738
Other current payables	346	356
Derivatives	120	29
Provisions for risks and charges	67	75
Current tax payables	42	34
Total current liabilities	**1,414**	**1,293**
Total liabilities	**2,635**	**2,530**
Total equity and liabilities	**3,098**	**2,984**

PRYSMIAN CABLES & SYSTEMS

Consolidated Income Statement

(in milions of Euro)	2008	2007
Sales of goods and services	5,144	5,118
Changes in inventories of work in progress, semi-finished and finished goods	(51)	27
Other income	39	111
of which non-recurring other income	*3*	*60*
Raw materials and consumables used	(3,127)	(3,198)
Personnel costs	(551)	(548)
of which non-recurring personnel costs	*(11)*	*(4)*
Amortisation, depreciation and impairment	(70)	(65)
of which non-recurring amortisation, depreciation and impairment	*(5)*	-
Other expenses	(936)	(937)
of which non-recurring other expenses	*(16)*	*(12)*
Operating income	**448**	**508**
Finance costs	(543)	(230)
of which non-recurring finance costs	*(3)*	*(59)*
Finance income	378	107
of which non-recurring finance income	-	*4*
Share of income from investments in associates and dividends from other companies	3	2
Income before taxes	**286**	**387**
Taxes	(51)	(85)
Net income/(loss) of the year	**235**	**302**
Attributable to:		
Equity holders of the parent	237	300
Minority interests	(2)	2
Basic earnings/(loss) per share - (in Euro)	1.32	1.67
Diluted earnings/(loss) per share - (in Euro)	1.31	1.65

Consolidated Cash Flow Statements

(in milions of Euro)		2008	2007
	Income before taxes	286	387
	Depreciation and impairment of property, plant and equipment	66	60
	Amortisation and impairment of intangible assets	4	5
	Badwill from acquisition of Facab Lynen Gmbh & Co. KG	(3)	-
	Price adjustment and other indemnification relating to the acquisition of the Energy and Telecom Cables and Systems divisions from the Pirelli & C. S.p.A.	-	(60)
	Net gains from disposal of property, plant and equipment and intangible assets and other non-current assets	-	(1)
	Share of income from investments in associates and joint ventures	(3)	(2)
	Share-based compensation	2	6
	Net finance costs	165	123
	Changes in inventories	56	(50)
	Changes in trade receivables and payables	17	24
	Changes in other receivables and payables	(5)	(26)
	Changes in derivatives	(2)	(8)
	Taxes paid	(83)	(86)
	Utilization of provisions (including employee benefits obligations)	(47)	(53)
	Increases in provisions (including employee benefits obligations)	49	47
A.	**Net cash flow provided by/(used in) operating activities**	**502**	**366**
	Price adjustment and indemnification relating to the acquisition of the Energy and Telecom Cables and Systems divisions from the Pirelli & C. S.p.A.	16	45
	IWC Acquisition	-	(3)
	Facab Lynen Gmbh & Co. KG acquisition	(1)	-
	Investments in property, plant and equipment	(103)	(87)
	Disposals of property, plant and equipment	1	4
	Investments in intangible assets	(13)	(2)
	Disposals of intangible assets	-	2
	Investments in financial assets held for trading	(7)	(22)
	Disposals of financial assets held for trading	1	7
	Disposals in available for sale financial assets	3	-
	Dividends received	3	3
B.	**Net cash flow provided by/(used in) investing activities**	**(100)**	**(53)**
	Capital contribution and other changes in equity	2	(30)
	Dividends paid	(76)	-
	Purchase of treasury shares	(30)	-
	Finance costs paid	(461)	(171)
	Finance incomes cashed in	373	88
	Changes in net financial payables	41	(337)
C.	**Net cash flow provided by/(used in) financing activities**	**(151)**	**(450)**
D.	Exchange gains/(losses) on cash and cash equivalents	(11)	(4)
E.	**Total cash flow provided/(used) in the year(A+B+C+D)**	**240**	**(141)**
F.	**Net cash and cash equivalents at the beginning of the year**	**252**	**393**
G.	**Net cash and cash equivalents at the end of the year (E+F)**	**492**	**252**

ANNEX B

RECONCILIATION TABLE BETWEEN NET INCOME FOR THE PERIOD, EBITDA AND ADJUSTED EBITDA OF THE GROUP

(in milions of Euro)	**2008**	**2007**
Net income/(loss) of the year	235	302
Taxes	51	85
Share of income from investments in associates and dividends from other companies	(3)	(2)
Finance income	(378)	(107)
Finance costs	543	230
Depreciation, amortization and impairment	70	65
EBITDA	**518**	**573**
Shutdown of operating facilities and reorganization	11	6
IPO costs	-	8
Settlement with Pirelli & C. S.p.A.	-	(21)
Disposal of submarine telecommunications	-	1
Acquisition price adjustment	-	(39)
Provision for tax inspections	12	-
Unsuccessful acquisition projects	3	-
IT segregation	1	1
Badwill from Facab Lynen acquisition	(3)	-
Adjusted EBITDA	**542**	**529**

CASH FLOW STATEMENT RELATED TO THE NET FINANCIAL POSITION' S CHANGE

(in millions of Euro)	2008	2007	Change
EBITDA	**518**	**573**	**(55)**
Acquisition price adjustment and other settlements	-	(60)	60
Badwill from Facab Lynen Acquisition	(3)	-	(3)
Share-based compensation	2	6	(4)
Changes in provisions (including employee benefits obligations)	2	(6)	8
(Gains)/losses from disposal of property, plant and equipment and intangible assets	-	(1)	1
Net cash flow provided by operating activities (before changes in net working capital)	**519**	**512**	**7**
Changes in net working capital	66	(60)	126
Taxes paid	(83)	(86)	3
Net cash flow provided by/(used in) operating activities	**502**	**366**	**136**
Acquisition price adjustment and other settlements	16	45	(29)
Acquisitions	(1)	(3)	2
Net cash flow used in investing activities (1)	(109)	(80)	(29)
Free cash flow (unlevered)	**408**	**328**	**80**
Net finance costs	(88)	(83)	(5)
Free cash flow (levered)	**320**	**245**	**75**
Capital contribution and other changes in equity	2	(2)	4
Dividends paid	(76)	-	(76)
Purchase of treasury shares	(30)	-	(30)
Repayment of shareholders' loan	-	(28)	28
Net cash flow provided/(used) in the year	**216**	**215**	**1**
Net financial position at the beginning of the year	**(716)**	**(879)**	**163**
Net cash flow provided/(used) in the year	216	215	1
Other changes	(77)	(52)	(25)
Net financial position at the end of the year	**(577)**	**(716)**	**139**

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

Prysmian S.p.A. Balance Sheet

(in Euro)	31 December 2008	31 December 2007
Non-current assets		
Property, plant and equipment	2,996,711	1,365,693
Intangible assets	22,268,655	715,667
Investments in subsidiaries	262,360,920	252,211,343
Other non-current receivables	3,424,811	4,842,533
Total non-current assets	**291,051,097**	**259,135,236**
Current assets		
Trade receivables	53,977,058	31,984,897
Other current receivables	45,623,564	97,625,060
Cash and cash equivalents	2,886,879	420,376
Total current assets	**102,487,501**	**130,030,333**
Total assets	**393,538,598**	**389,165,569**
Share capital and reserves:		
Share capital	18,054,623	18,000,000
Reserves	101,173,397	142,265,413
Net income/(loss) of the year	129,963,770	60,618,853
Total Equity	**249,191,790**	**220,884,266**
Non-current liabilities		
Borrowings from banks and other lenders	96,371,509	99,178,129
Employee benefits obligations	4,026,611	4,592,992
Total non current liabilities	**100,398,120**	**103,771,121**
Current liabilities		
Borrowings from banks and other lenders	9,698,720	705,330
Trade payables	20,392,696	24,381,849
Other current payables	13,206,089	39,382,183
Provisions for risks and charges	515,820	40,820
Current tax payables	135,363	-
Total current liabilities	**43,948,688**	**64,510,182**
Total liabilities	**144,346,808**	**168,281,303**
Total equity and liabilities	**393,538,598**	**389,165,569**

Prysmian S.p.A. Income Statement

(in Euro)	2008	2007
Sales of goods and services	32,839,956	37,800,332
Other income	42,775,154	4,994,533
Raw materials and consumables used	(868,903)	(522,869)
Personnel costs	(32,010,572)	(35,122,964)
of which non-recurring personnel income	-	*1,060,961*
Amortisation, depreciation and impairment	(5,768,772)	(341,417)
of which non-recurring amortisation, depreciation and impairment	*(3,352,705)*	-
Other expenses	(58,234,576)	(60,074,233)
of which non-recurring other expenses	*(828,529)*	*(9,166,321)*
Operating income	**(21,267,713)**	**(53,266,618)**
Finance costs	(8,563,270)	(25,874,131)
Finance income	3,917,294	18,728,423
Dividends from subsidiaries	118,173,494	116,993,728
Income before taxes	**92,259,805**	**56,581,402**
Taxes	37,703,965	4,037,451
Net income/(loss) of the year	**129,963,770**	**60,618,853**

Prysmian S.p.A. Cash Flow Statements

(in thousands of Euro)	2008	2007
Income before taxes	92,260	56,581
Depreciation and impairment of property, plant and equipment	4,035	138
Amortisation and impairment of intangible assets	1,733	203
Share-based compensation	636	3,293
Dividends	(118,173)	(116,994)
Net finance costs (income)	4,646	7,146
Changes in trade receivables and payables	(25,981)	(10,924)
Changes in other receivables and payables	2,919	2,756
Taxes cashed/(paid)	4,379	1,623
Utilization of provisions (including employee benefits obligations)	(802)	(523)
Increases in provisions (including employee benefits obligations)	770	376
Employee benefits provisions transfer from sub-holdings	32	4,346
A. Net cash flow provided by/(used in) operating activities	**(33,546)**	**(51,979)**
Investments in property, plant and equipment	(5,930)	(1,504)
Disposals of property, plant and equipment	264	-
Investments in intangible assets	(12,459)	(919)
Disposals of intangible assets	527	-
Investiments in subsidiaries	(21,000)	-
Dividends received	118,173	116,994
B. Net cash flow provided by/(used in) investing activities	**79,575**	**114,571**
Finance costs paid	(6,336)	(21,065)
Finance incomes cashed in	1,095	3,438
Net changes in short and long term borrowings	64,571	(44,566)
Capital increase	2,540	-
Purchase of treasury shares	(30,179)	-
Dividends paid	(75,253)	-
C. Net cash flow provided by/(used in) financing activities	**(43,562)**	**(62,193)**
D. Total cash flow provided/(used) in the year(A+B+C)	**2,467**	**399**
E. Net cash and cash equivalents at the beginning of the year	**420**	**21**
F. Net cash and cash equivalents at the end of the year (D+E)	**2,887**	**420**