



Press Information

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For further information
Prysmian Cables & Systems
Communications Department
Tel.: +39 02.64.49.1
E-mail: mediarelations@prysmian.com

completing more than 30 projects. Among them the **Italy - Greece** link (**the deepest** ever laid), the **BassLink** (a link between the Australian states of Tasmania and Victoria) — currently **the world's longest** at 295 kilometres, the **Spain - Morocco** connection and the **Neptune**, a key submarine power connection between New Jersey and Long Island - New York, handed over in 2007.

The Group is currently is currently engaged in several other important projects such as **SA.PE.I.**, the 1000MW HVDC submarine cable transmission link between Sardinia and the Italian peninsula, that once completed will be the world's deepest, and the **GCCIA** project between Saudi Arabia and Bahrain.

Moreover Prysmian recently secured contracts with **Trans Bay Cable LLC** for a high voltage DC submarine link between Pittsburg and San Francisco (California - USA) and with the Spanish electricity company Red Electrica de España (REE) for the **Cometa** project, a high voltage DC submarine link between the Iberian peninsula and the island of Majorca.

As for high and extra high voltage underground links, the Group has contributed to the execution of the **power transmission networks of some of the largest cities in the world**, including New York, London, Paris, Madrid, Singapore, Hong Kong, Buenos Aires, Milan and Rome.

In the Telecom business, Prysmian has recently carried out several major projects, for example in the USA, where it has been selected as one of the main partners to develop the **Fibre-To-The-Home infrastructure of Verizon**. Since 2003 Prysmian has been supplying a significant proportion of Verizon's cable requirements incorporating the latest developments in optical fibre technology. Verizon is currently building the largest FTTH network in North America allowing it to deliver high speed broadband services to its customers.

The “Giulio Verne” vessel

To support its submarine activities Prysmian owns and operates the Giulio Verne, one of just a handful of high capacity cable laying vessels worldwide. This provides a significant competitive advantage in this highly specialised area of the cable business.

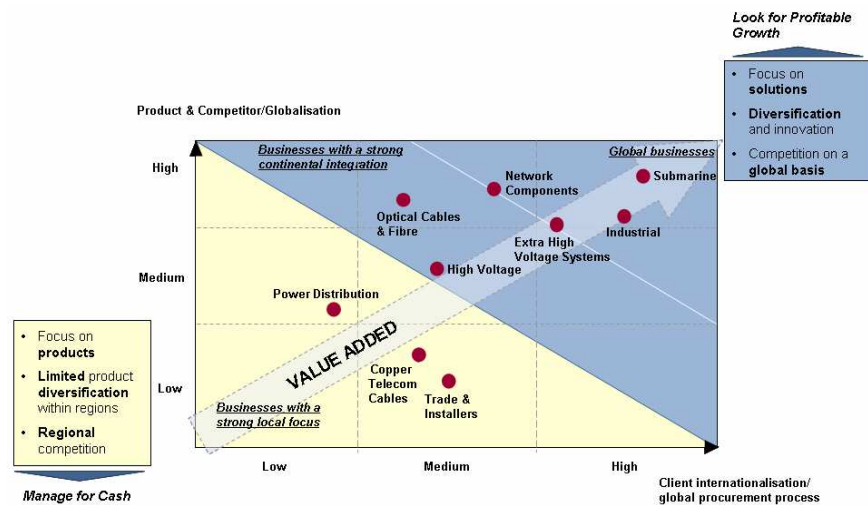


Focus on High Value Added Markets

Technology, innovation and customer services are key to Prysmian's growth. The Group focuses especially on high value-added markets.

Markets with the highest levels of technology and innovation

- Underground and submarine power transmission cables and systems.
- Cables and systems for industrial applications.
- Optical cables for voice, video and data transmission.



High value-added services offered by Prysmian

- The design of products and systems, according to customer specifications.
- The execution of turn-key projects, for which the Group offers project coordination and management services.
- Installation and preventive maintenance, mainly in the Energy Cables and Systems business.

Prysmian is constantly focussed on **innovating** its products, **improving** its customer service and **expanding** into certain rapidly growing markets. The Group is constantly engaged in the continuous improvement of customer service, providing its clients with an increasing number of logistics services and assistance, including periodic monitoring of the efficiency of the cables and systems installed, not to mention maintenance and emergency services.

Over a Century of History

Prysmian (Pirelli Cavi e Sistemi, as it used to be known) has its roots in the history of the Pirelli Group.

From 1879 to 1988: Global Expansion and Growth

1879: A few years after the founding of the Pirelli Group, the activities of Pirelli Cavi e Sistemi start.

1886: A manufacturing facility for the production of submarine telegraph cables is opened in La Spezia. A telegraph line is installed on the floor of the Red Sea.

1902: The company's territorial expansion begins with the construction of its first overseas plant in Spain. This is followed by the opening of new production plants in Great Britain (1914), Argentina (1917) and Brazil (1929).

1925: Pirelli Cavi e Sistemi makes its first foray into America, with the laying of 5,150 km of trans-Atlantic submarine telegraph cable to connect Italy with the Americas. This is followed in the ensuing years by the installation of power cables in New York and Chicago, expansion into Brazil, the trans-oceanic link between northern Africa and Brazil and the start of cable production in Canada.

1950: The Italian Ministry of Postal Services commissions Pirelli Cavi e Sistemi to supply cables for the interurban telephone network and for televisual communication. The Group is also awarded the contract for the reinstatement of the submarine telephone line between Italy and Brazil.

1982: The Pirelli group becomes the first company in Italy to produce optical fibres for telecommunications and data transmission, setting up a joint venture with the STET group.

From 1988 to 2001: Growth through Mergers, Acquisitions and Take-overs

In order to expand its commercial and industrial operations internationally, acquire specific know-how, strengthen its global presence and achieve economies of scale, the company launches a targeted "campaign of acquisitions". Pirelli Cavi e Sistemi acquires the power cable businesses of Siemens AG, BICC and Metal Manufacturers Ltd, and two NKF factories.

From 2001 to 2004: Restructuring

Post burst of the "Tech Bubble" a radical restructuring process is launched, giving the company a leaner, more efficient and more flexible organisation.

2005: Prysmian was established

Prysmian, indirectly controlled by The Goldman Sachs Group Inc., signed an agreement to purchase the Energy Cables and Systems and Telecom Cables and Systems activities of Pirelli & C. S.p.A.

Birth of Prysmian Cables & Systems, a name that alludes to the concepts of light, analysis, brilliance and perfection associated with the geometric figure, and hence synonymous with excellence, research and reliability.

**2007: the listing
on the Stock
Exchange**

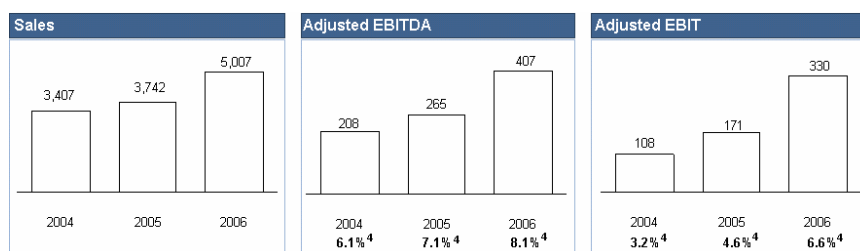
Prysmian becomes a listed company. The negotiations began on May the 3rd for Prysmian stock on the Milan Stock Exchange, in the Blue Chip segment.

Operating and Financial Results¹ and Major Investments 2004-2006

During 2006, the Group achieved:

2006 Figures

- **Net sales of approximately €5,007 million**(up 34% compared to 2005);
- **Adjusted EBITDA² of approximately €407 million**, equal to 8.1% of net sales (approximately €265 million in 2005, equal to 7.1%);
- **EBITDA³ of approximately €371 million** equal to 7.4% (€219 million in 2005, corresponding to 5.9%);
- **Net income for the year amounting to approximately €91 million** (€3 million in 2005);
- **An improved Net Financial Position** at 31 December 2006, decreasing to **approximately €879 million** from €892 million at 31 December 2005.



The year 2006 was marked by further improvements in cost structure, as a result of ongoing restructuring and reorganisation of production operations.

Prysmian was overall able to seize the **opportunities offered by the favourable market conditions**, which emerged as a result of increased investments in infrastructures for energy transportation on the part of utilities and of the recovery of the telecom cables market (especially optical-fibre cables). The Group also **benefited from the increase in the price of raw materials** (copper and aluminium), which it was able to transfer to the market.

1 - In order to allow informed analysis of the Group's income statement trends for the year ended 31 December 2006 compared to 2005, an income statement for the period from 1 January 2005 to 31 December 2005 was prepared although the company had been incorporated only on 12 May 2005. In detail the following statements have been prepared:

- an aggregated income statement for the period from 1 January to 28 July 2005 relating to the entities transferred to Prysmian S.p.A. by the Pirelli Group on 28 July 2005. The aforementioned income statement has been prepared as if those entities had always operated as a single autonomous group in relation to the Pirelli & C. group. It should nevertheless be noted that, should those entities have really operated as a single group, the income statement results would not necessarily have matched that obtained from the process of aggregation;

- the aggregate income statement for the period from 1 January to 28 July 2005 (prepared as described in the previous paragraph) and income statement for the period from 12 May to 31 December 2005, extracted from the first consolidated financial statements of the Prysmian Group for the year ended 31 December 2005 (period from 12 May 2005, date on which Prysmian was incorporated, to 31 December 2005).

2 - We define adjusted EBITDA as EBITDA net of charges that according to the Group's management do not have a recurring nature

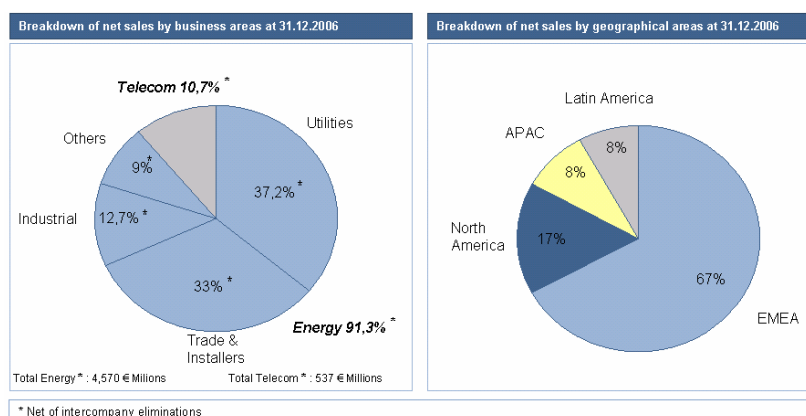
Details for business area

Energy Cables & Systems

Net sales of the **Energy Cables & Systems business in 2006** reached **€4,570 million (up 35% compared to 2005)** including €69 million representing sales to the Telecom Cables and Systems business, eliminated during the consolidation process.

EBITDA increased sharply to €357 million (€202 million in 2005), as did **adjusted EBITDA⁴, which increased to €379 million (€246 million in 2005)**.

Net sales increased in all three of the main business areas: **Utilities (+28% compared to 2005)**, **Trade and Installer (+39% compared to 2005)** and **Industrial (+29% compared to 2005)**.



Telecom Cables & Systems

Sales of the **Telecom Cables and Systems business amounted to €537 million at 31 December 2006 (a 26% increase compared to 2005)**, of which €31 million represent sales to the Energy Cables and Systems business, eliminated during the consolidation process. This confirms the industry's recovery trend that started last year, with increasing demand coming from different geographical areas.

EBITDA increased sharply to €37 million from €18 million in 2005
Adjusted EBITDA⁵ of the Telecom Cables & Systems business reached €39 million (€19 million in 2005).

³ We define EBITDA as Net income/(Loss) for the period, gross of amortisation, depreciation and impairment, financial income and expense, and shares of results of associates and taxes.

⁴ We define adjusted EBITDA as EBITDA net of charges that according to the Group's management do not have a recurring nature.

**Major
investments
for the period
2004-2006**

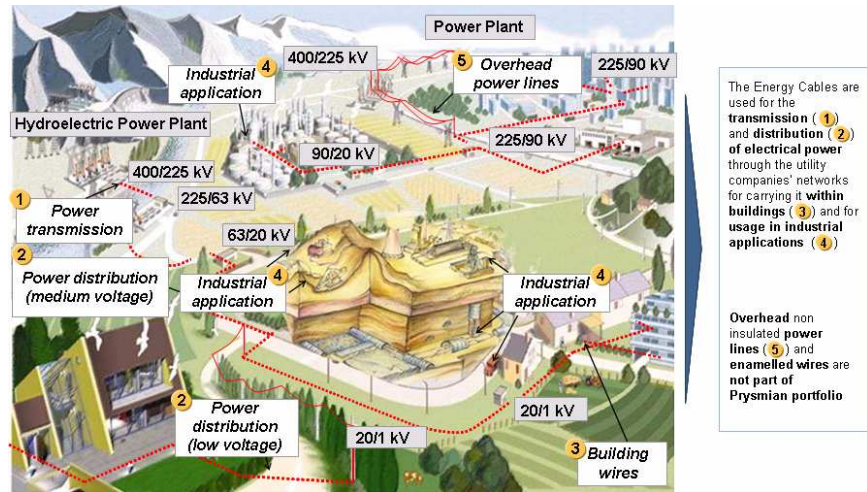
Prysmian's major investments for the period 2004-2006 were:

- The construction of a new facility for the production of umbilicals in Brazil;
- The acquisition of two production plants in China (Tianjin Angel Group Co. Ltd);
- Reinforcement of know-how and production capacity for the High Voltage sector;
- Reinforcement of production capacity in the manufacturing unit for submarine cables;
- The streamlining of operations in the Danubian area and in Italy;
- Acquisition of the business assets of New Zealand cable manufacturer, International Wire & Cable Company Limited (IWC);
- Relocation of the production of telecom cables to countries with lower labour costs;
- Investments for increased xDSL cable production in Slatina, Romania;
- Completion of the investment for increased production capacity in the optical fibre facility FOS, in Italy.

Energy Cables & Systems

The Business Units and the Offering

The Energy Cables & Systems Business Unit is Prysmian's main sector in terms of turnover. In this sector, Prysmian is one of the main operators at global level.



Applications

Prysmian designs, manufactures, distributes and installs a wide range of cables and systems for the transmission and distribution of power at low, medium, high and extra high voltage for both land and submarine applications and for special industrial applications, together with a wide range of accessories. The three main business areas are **Utilities, Trade and Installers and Industrial**, which offer the following products and services:

Utilities

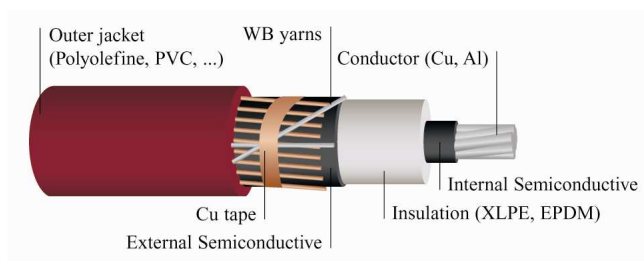
- **Power Transmission Systems.** Prysmian designs, produces and installs high and extra-high voltage cables for power transmission directly from power plant sites to primary distribution networks. This business line focuses mainly on turnkey solutions, **customized to meet our customers' needs**, which are generally higher added value products for Prysmian. Products in this business line include cables insulated with paper impregnated with oil or fluid rated for voltages up to 1100 kV and extruded polymer insulated cables for voltages below 500 kV. Prysmian's extra-high voltage and high voltage power transmission products are highly customized and have a **high technological content**. This business line provides customers with **installation and post-installation services**, as well as **network management services**, including network performance monitoring, network cables repair and maintenance, and emergency services, including disaster recovery.
- **Submarine Energy Systems.** Prysmian designs, produces and installs turnkey submarine systems worldwide. The Group develops proprietary cables and accessories utilising all types of submarine power transmission technology, which are suitable for installation at depths up to 2000 meters. The product offerings of this business line include cables insulated with paper impregnated with oil or fluid for

power transmission up to 500 kV in direct and alternate current and extruded polymeric insulation cables for voltages up to 400 kV in alternate current and up to 200 kV in direct voltage. **Installation, planning and services** are a particularly important aspect of this business line.

- **Power Distribution Cables and Systems.** These are medium voltage cables and systems for the connections of industrial and/or residential buildings to the primary distribution networks and low voltage cables and systems for power distribution and the wiring of buildings. All Prysmian products in this business line comply with **international standards regarding to insulation capacity, fire resistance, smoke emissions and halogen levels.**
- **Network Components.** Joints and terminations for low, medium, high and extra high voltage cables for the connection of cables to each other and to other network equipment, suitable for industrial, building or infrastructure applications and for power transmission and distribution applications.

The components for high voltage applications, in particular, are designed to customer specifications.

Macro-structure of an Energy Cable



Trade and Installers

Prysmian's principal product offering targeted to the trade and installers market segment includes low voltage cables and conductors with thermoplastic and crosslinked insulation for the distribution of electrical power to and within residential and commercial structures. In particular the Trade and Installers business area supplies both rigid and flexible cables, manufactured and tested in accordance with local and international standards. The products offered in this business area may be organized into three categories based on their technical features:

- **High-end.** High value-added products, such as: fire-resistant cables; cables that continue to operate in a fire and Low Smoke Zero Halogen cables with reduced emissions of dangerous gas and smoke in a fire; cables and other products with relatively high technology content.
- **Medium-range.** Include: medium voltage cables; flexible cables for building and other products of similar technological content.
- **Low-end.** Comprise: low voltage standardized cables and rigid cables

for buildings. An increasing proportion of our sales to the trade and installers market segment consist of niche value-added products.

Industrial

Prysmian's product offering targeted to the industrial market segment includes **customized products used for various specialty applications** by customers in the chemical, electrical equipment, infrastructure, drilling and refining of oil and gas products, mining and shipbuilding, railway and automotive industries. The Group concentrates its efforts on providing integrated, value-added cabling solutions that are highly customized to the specific needs of customers. The industrial applications business area is divided into categories based on the level of technology, purpose and distribution channels. The main categories are:

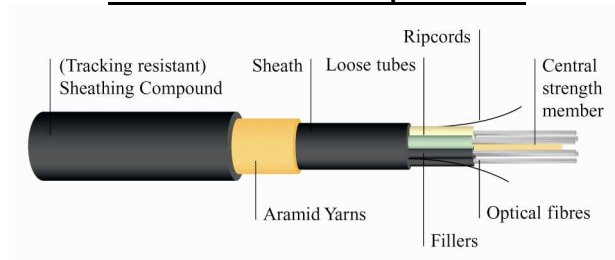
- **Oil, Gas and Petrochemical**, which includes products related to the petrochemical industry for oil extraction, both on the mainland (Up-Stream, On-Shore) and on the sea (Up-Stream, Off-Shore) and for oil refining (Down-Stream);
- **Transportation**, which includes products for trains, ships and automobiles;
- **Infrastructure**, comprising products for railway, harbour and airport facilities;
- **Mining**, including cables for the extractive industries;
- **Renewable Energy**, including cables related to the production of wind and solar energy;
- **Defence**, including cables for military applications;
- **Nuclear**, which includes cables related to nuclear energy applications.

Prysmian's primary customers in this business area are OEMs, or machinery manufacturers.

Telecom Cables & Systems

Prysmian is ranked **second worldwide on the market of fibre-optic cables, and is overall active in the production and sale of optical fibres and telecom cables, both in optical fibre and copper**, suitable for voice, video and data transmission and for control signal transmission. Prysmian also produces a wide range of connectivity components and accessories.

Macro-structure of an Optical Cable



Prysmian's product portfolio includes:

- A complete range of **optical cables for all applications** - long distance, metropolitan and access networks - including Fibre To The Home (**FTTH/FTTx**). Prysmian's portfolio covers cables with from 1 to 1728 optical fibres. Cables are designed to provide maximum utilization of underground, duct space together with simple and efficient installation. Designs are also available for direct buried and sub-aqueous applications utilizing a variety of construction techniques such as **Rapier** (easy access break-out cable) and **Airbag™** (dielectric direct buried). For overhead applications, Prysmian produces Optical Ground Wire (**OPGW**) and Optical Phase Conductor (**OPPC**) for use on electrical transmission lines together with alternative and dielectric aerial cables. Prysmian also supplies the **Sirocco blown fibre system** - a technique in which optical fibres are blown into pre-installed microtubes. Sirocco is widely used in the "last mile" access network allowing rapid deployment of FTTH systems. An additional FTTH technology recently developed by Prysmian is **Quickdr@w** - pre connectorized customer lead in cable for customer premises. In the production of optical fibre Prysmian has the ability to utilize all three of the major production technologies available on the market: **OVD (Outside Vapor Deposition)**, **MCVD (Modified Chemical Vapor Deposition)** and **VAD (Vapor Axial Deposition)**.
- **Copper cables for underground and overhead cabling solutions** for residential and commercial buildings. Cables are designed for high transmission, low interference and electromagnetic compatibility and in accordance with the main international standards and specifications. Prysmian can supply cables with specific performance criteria such as zero halogen emissions, low emission of toxic fumes and gases and non-propagation of fire. The Group's product portfolio includes a vast range of copper cables with different capacities (from 1 to 2400 pairs) including xDSL cables for broadband access.
- A comprehensive range of **passive connectivity products** under the **OAsys®** brand. These products cover all cable management needs whatever the network type including aerial and underground installation as well as cabling in central offices, exchanges or customer premises. Prysmian is also at the forefront of designing and developing next generation products specifically for Fibre To The Home (**FTTH**) applications.

Research & Development Centres

Research & Development

Prysmian has always attributed key **strategic importance** to Research & Development in the management and growth of its business. The Group has: **7 Research & Development Centres** (Italy, France, UK, Germany, Spain, United States and South America) with headquarters in Milan; established **collaboration agreements with major universities and research centres** (including the Polytechnic of Milan and the CNR, Italy's national research centre); **400 dedicated professionals**; **over 3,000 patents** granted and filed. The total R&D expenses increased 2% per year in the last two years.



Quality

The objectives of Prysmian's Research & Development function are **identifying innovative products and technologies, introducing onto the market new products** and services designed to expand the range on offer, and **cutting production costs**.

The quality of Prysmian products is **assured by means of strict monitoring of all phases of the production process, from raw material procurement to the delivered product**, through a highly-developed control system for each specific phase of the cycle.

The controls during the raw material procurement stage concern **supplier selection and quality check of the individual supplies**, which have to be accompanied by special certificates proving that they conform to the standards specified during the contractual phase.

High Standards of Customer Service

In order to ensure an ever-higher standard of customer service, **since 2003 Prysmian has relied on the services of third parties to carry out customer satisfaction polls and it performs monthly surveys relating to the service indicator**. The introduction of these control systems has improved service levels significantly. For example, in the Trade and Installers sector, where **the reliability of delivery times is a critical factor for success**.

Product Innovation

Energy Cables

In recent years, Prysmian has used a number of **new technologies** and marketed several **new products and processes**, both as regards the energy cable sector and the telecom cable sector.

In particular, as far as the power transmission and distribution cable sector is concerned, Prysmian has used the following technologies and offered the following products:

- Insulation and sheathing **LSOH compounds** (Afumex™);
- **Lead-free cables** for the Industrial area adopting the innovative airbag technology which, in conjunction with aluminium laminate tapes, replace the traditional lead sheath to provide superior protection against mechanical shock and aggressive agents;
- **Extra flexible cables** for special applications in the Industrial area, including mobile equipment;
- **Optopower System Technology**: high and extra high voltage underground cables used in the Utilities area which incorporate optical fibre cables for monitoring various network parameters (including temperature).

Telecom Cables

In the telecom cable sector, Prysmian has recently completed the development of the following technologies and products:

- **CasaLight™**: a fibre with enhanced performance under severe bending conditions designed specifically for FTTH applications;
- **ADSL++ (20-30 MHz) and VDSL (up to 60 MHz) high-frequency telecom cables** for use within exchanges and for the external network (last mile);
- **Dry technology**: optical cables in which the gelatinous lubricants normally used to protect the fibres from moisture damage are replaced with dry materials reducing installation times;
- **Optical cables for overhead lines based on FiAlt technology** (Fibre in Aluminium Tube), which allow a reduction in the size and weight of OPGW cables.

P-Laser

Prysmian is also engaged in the development of an innovative technology known as P-Laser, which consists of an **insulating system** based on thermoplastic materials, which enable more competitive production processes to be deployed with respect to the ones currently in use. Based on patented technological solutions and on a continuous, modular, integrated process, P-Laser delivers a **more compact architecture that is recyclable and compatible with conventional cables and accessories**. The cable is also easy to handle during the installation and delivers higher performance in overload conditions, with the advantage for the customer of lower total cost of ownership of the entire system. The product P-LASER uses a High Performance Thermoplastic Elastomer Compound (HPTE) developed in Prysmian's R&D laboratories and covered by patents and patent applications. P-LASER can be manufactured on a single and uninterrupted production line. Therefore, it is characterised by the **complete product/process**

integration, which allows to significantly streamline the supply chain and to considerably reduce the factory lead time, thus providing customers - in addition to the excellent intrinsic characteristics of the product itself – with remarkable advantages in terms of service. The P-LASER cable can also be produced according to different metallic screen and outer sheath configuration requirements.



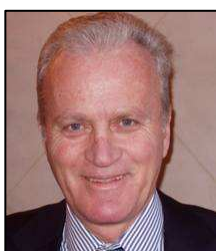
Valerio Battista - CEO

Prior to becoming CEO of Prysmian Cables and Systems in 2005, **Valerio Battista** had over 17 years' experience with the Pirelli Group. A graduate in Mechanical Engineering from Florence University, he first joined UnoAerre before developing his career within Pirelli: firstly in the Steel Cord structure (Pirelli Pneumatici), subsequently managing this division. He then held the position of Purchasing Director for the Tyre Division. In 2002, Valerio Battista became the Managing Director of the Energy Cables Division within Pirelli Cables and Systems and two years later also took responsibility for the Telecommunications Cable Division before the transition from Pirelli to Prysmian.



Fabio Romeo - Director of Energy Cables Division

Fabio Romeo is the Head of our Energy Cables & Systems division. He obtained a degree in Electronic Engineering from the Polytechnic University of Milan in 1979, an M.S. and a Ph.D. in Electrical Engineering and Computer Sciences from the University of California at Berkeley, in 1986 and 1989, respectively. His first work experience was in 1981 with Tema (ENI Group) as Project Manager for Chemical Plants. In 1982, he moved to Honeywell as Technical Advisor to the Honeywell's CEO. In 1989 he joined the Electronics division of Magneti Marelli as Innovation Manager. In 1998 he was appointed Managing Director of the Electronics Systems division of Magneti Marelli. He joined the Pirelli Group in 2001 as Director of the Truck business unit for Pirelli Tyre division and, one year later, became the Utilities Director of the Cable division of the Pirelli Group. He has been the Head of our Energy Cables & Systems division since December 2004.



Giovanni B. Scotti - Director of Telecom Cables Division

Giovanni Battista Scotti is currently in charge of the Telecom Business of Prysmian Cables & Systems. Before being appointed head of the Telecom Fibre & Cable Business, he was the CEO of former Pirelli Cables & Systems ITALIA (both Energy and Telecom) for 3 years, since 1997. Prior to this he worked with GE Plastics as Managing Director of the Italian Subsidiary and later of the South European division of the Company, from 1980 till June 1997.

He also served Magneti Marelli (automotive components producer) where he worked for 3 years as Marketing Sales Director from 1997 to 1980. His first working experience, after graduation, was with Alfa Romeo (car producer) where he became Manufacturing Manager of their unit in South Africa. He graduated at the Politecnico di Milano in Mechanical Engineering in 1969.



Pier Francesco Facchini - Chief Financial Officer

Pier Francesco Facchini became CFO of our Group in January 2007. He obtained a degree in Business Economics from Bocconi University (Milan) in 1991. His first work experience was with Nestlé Italia where, from 1991 up to 1995, he held different positions in the Management and Finance departments. From 1995 up to 2001, he worked with the Panalpina Group where he held the position of Regional Financial Controller for the Asia-Pacific region. During his career at the Panalpina Group he was also appointed CFO of Panalpina Korea and Panalpina Italia Trasporti Internazionali S.p.A. In April 2001, Mr. Facchini was appointed CFO of the Consumer Services Business Unit of Fiat Auto and from 2003 until November 2006 he held the position of CFO of the Benetton Group.

**The Board of
Directors**

Paolo Zannoni, Valerio Battista, Hughes Bernard Charles Lopic; Michael Ogrinz; Fabio Romeo, Pier Francesco Facchini, Wesley Clark, Giulio Del Ninno, Udo Günter Werner Stark, Francesco Paolo Mattioli.