

REPORT BY THE BOARD OF DIRECTORS TO VOTE, AS POINT NUMBER NINE OF THE AGENDA OF THE ORDINARY SESSION OF THE SHAREHOLDERS' MEETING OF PRYSMIAN S.P.A. SCHEDULED ON 16 APRIL 2015, THE AN INCENTIVE PLAN RESERVED TO PRYSMIAN GROUP'S EMPLOYEES, PURSUANT TO ARTICLE 125-TER OF THE ITALIAN LEGISLATIVE DECREE NO. 58/1998, AS AMENDED AND UPDATED, AND TO ARTICLE 84-BIS OF THE CONSOB REGULATIONS ADOPTED IN RESOLUTION 11971/99, AS AMENDED AND UPDATED, DRAWN UP IN ACCORDANCE WITH FORMAT NO.7 OF APPENDIX 3A TO THE SAME CONSOB REGULATIONS.

**9. Incentive plan: resolutions under article 114-bis of Italian Legislative Decree 58/98.**

Shareholders,

You have been convened in ordinary session to submit to your approval, under art. 114-bis, paragraph 1, of Legislative Decree 58 dated 24 February 1998 (so called Unified Financial Act), a long term incentive plan reserved to Prysmian S.p.A. and/or its subsidiaries employees, with any of the Directors of the Company included (the "Incentive Plan"), and to grant the Board of Directors with the relevant powers.

It is reminded that, as announced on 31 July 2014, the Board of Directors resolved not to execute the mandate received from the Shareholders on 16 April 2014, allowing implementation of a long term incentive plan relative to the 2014-2016 three-years period.

A description of the new Incentive Plan can be found into the here attached Information Document, drawn up pursuant to Article 84-bis of the Regulations adopted by Consob with Resolution No. 11971 of 14 May 1999, as subsequently modified and integrated.

\* \* \*

Therefore we submit the following proposal for your approval:

*"The Shareholders' Meeting, in view of the Information Document, drawn up pursuant to Article 84-bis of the Regulations adopted by Consob with Resolution No. 11971 of 14 May 1999, as subsequently modified (the "Information Document")*

*resolves*

- i. to approve the long term incentive plan reserved to Prysmian S.p.A. and/or its subsidiaries employees, with any Directors of the Company included, as described into the Information Document;*
- ii. to grant the Board of Directors with all the necessary and appropriate powers in order to establish and execute the long term incentive plan. In particular, purely as an example, the Board of Directors will have the authority, with the right to sub-delegate, to: (i) identify the participants from among the employees of the Prysmian Group and more specifically from among the employees of Prysmian S.p.A., included the members of the Board of Directors who have an existing employment relationship with Group companies, and its Italian and foreign subsidiaries, as well as determine the quantity of shares to be awarded to each of them; (ii) amend, in case of modifications of perimeter, the performance conditions to which the grant of the shares will be subordinated; (iii) establish every other term and condition for the execution of the incentive plan; (iv) approve the regulations governing the incentive plan. For the execution of the incentive plan, the Board of Directors, at his own discretion, can assigns shares to the participants either by newly-issued shares resulting from an increase in capital, free of charge, in accordance with Art. 2349 of the Civil Code, the approval of which will be submitted to the Shareholders' Meeting during the extraordinary session of the meeting of today, or through withdrawal from the supply of treasury shares held by the Company;*
- iii. to grant the Chairman of the Board of Directors and the Managing Director, pro-tempore in charge, severally between them and with the power to sub-delegate, any power to fulfill any duty arising from the Law and following to the resolutions adopted".*

\* \* \*

# LONG-TERM MANAGEMENT INCENTIVE PLAN 2015-2017

*(pursuant to Article 114-bis of Legislative Decree 58/98 and Article 84-bis, paragraph 1, of the Regulations adopted by Consob with Resolution No. 11971 of 14 May 1999, as subsequently amended and supplemented)*



Prysmian S.p.A.

16 April 2015 Shareholders' Meeting

**Prysmian**  
Group



## Contents

DEFINITIONS.....	3
INTRODUCTION .....	5
1. RECIPIENTS.....	6
2. REASONS FOR THE ADOPTION OF THE PLAN .....	7
3. APPROVAL PROCEDURE AND TIMETABLE FOR ALLOCATION OF INSTRUMENTS .....	10
4. CHARACTERISTICS OF THE ALLOCATED INSTRUMENTS.....	12

## DEFINITIONS

Below are listed the terms used in this document and the relevant definitions.

Adjusted EBITDA	EBITDA prior to non-recurring charges and income. EBITDA stands for Profit/(Loss) for the year gross of the impact on the income statement of the change in the fair value of derivatives on raw material prices, other items recorded at fair value, amortisation, depreciation and write downs, financial charges and income, dividends of other companies and taxes.
MEETING	The Shareholders' Meeting of Prysmian S.p.A.
SHARES	The ordinary shares of Prysmian S.p.A.
ANNUAL BONUS	Variable part of the salary of each Participant subject and connected to achievement of the predetermined objectives referred to a period of one year.
CLAW BACK & MALUS	Contractual mechanisms that foresee the eventual return, even partial, of the gains obtain from the sale of available Shares or of the Shares under Lock-up.
CO-INVESTMENT	One the two components which make up the Plan, according to which the Participant chooses to defer and invest a part of his/her Annual Bonus, accruing in 2015 and 2016 and paid respectively in 2016 and 2017, and to obtain grant of Shares proportional to his/her co-investment and subject to achievement of the Performance Conditions.
REMUNERATION AND APPOINTMENTS COMMITTEE	The Remuneration and Appointments Committee of Prysmian S.p.A. established within the Board of Directors pursuant to Article 6 of the Corporate Governance Code adopted by Borsa Italiana S.p.A.
PERFORMANCE CONDITIONS	The objectives of an economic-financial nature relating to cash payment for participation in the Plan.
BOARD	The Board of Directors of Prysmian S.p.A.
DATE OF INITIAL GRANT	It is the 1 <sup>st</sup> of January 2015, i.e. the date from which, retroactively, to match the grant period with the performance one, possible Participants are identified and the minimum and maximum number of Shares are defined for each of them.
INFORMATION DOCUMENT	This Information Document, prepared pursuant to and in accordance with Article 114 bis of the Financial Services Act (TUF) and Article 84-bis, paragraph 1, of the Issuers' Regulations.
PRYSMIAN GROUP	Prysmian S.p.A. and its direct or indirect subsidiaries.
PARTICIPANTS	The recipients of the Plan, identified from among employees of companies belonging to the Prysmian Group and who are considered to be key people.
LOCK-UP PERIOD	Period of time following the allocation of Shares during which the Participants are not allowed to sell part of the Shares.
PERFORMANCE SHARE	One of the two components which make up the Plan, according to which a minimum and maximum number of Shares is granted to Participants.
PERFORMANCE PERIOD	The 2015-2017 period at the end of which the achievement of the Performance Conditions will be assessed, and thus the level of achievement of the predetermined objectives of an economic-financial nature in order to receive the Shares, as envisaged by the Plan.

PLAN	This Incentive Plan consisting of two components: Co-investment and Performance Share.
SHARE REFERENCE PRICE	The average closing price of Prysmian shares during the 24/11/2014 – 24/2/2015 period, corresponding to the three-month period prior to the Board meeting which approved putting the proposal to adopt the Plan to the Shareholders' Meeting, which is 15.57 Euro.
PRYSMIAN or THE COMPANY	Prysmian S.p.A.
ISSUERS' REGULATIONS	Regulations adopted with Resolution No. 11971 of CONSOB on 14 May 1999, as subsequently amended and supplemented.
ROCE	<p>The ratio between annual Adjusted EBIT and average quarterly Net Capital Employed.</p> <p>Adjusted EBIT is EBIT prior to non-recurring charges and income. EBIT stands for Profit/(Loss) for the year gross of the impact on the income statement of the change in the fair value of derivatives on raw material prices, other items recorded at fair value, write downs, financial charges and income, dividends of other companies and taxes.</p> <p>The Net Invested Capital stands for the sum of Net fixed assets, Net working capital, Provisions (excluding Employee benefit obligations and Antitrust provisions) and Deferred Taxes.</p>
TARGET	Minimum Performance Conditions below which allocation of the Shares related to the Plan is not envisaged.
TUF-Financial Services Act	Legislative Decree No. 58/98, as subsequently amended and supplemented.

## INTRODUCTION

This Information Document is the subject of a report for the Meeting convened to resolve upon the long-term incentive plan for the 2015-2017 period, for the Prysmian Group's management.

The Information Document is published in order to provide the Company shareholders and the market with information on the Plan, in compliance with Article 84-bis of the Issuers' Regulations and in particular in compliance with Form 7 of Annex 3A of the Issuers' Regulations.

We wish to specify that the Plan must be considered "of particular significance" in accordance with Article 114-bis, paragraph 3 of the Financial Services Act and Article 84-bis, paragraph 2 of the Issuers' Regulations.

The Plan envisages that, should the predetermined Performance Conditions for the period 2015-2017 be achieved, Shares of the Company will be allocated to the Participants.

The Plan consists of:

1. Co-investment;
2. Performance Share

Co-investment envisages that each participant defers and co-invests a variable part of his/her Annual Bonus for the years 2015 and 2016, if attained, and, should the Target level be achieved, this amount will be returned, in cash and a variable number of Shares depending on the co-invested amount will be allocated.

The Performance Share, on the other hand, envisages the *ex-ante* definition of a minimum and maximum number of Shares for each Participant, depending on his/her office and pay level. The number of Shares allocated will depend on the level of achievement of the Performance Conditions.

Both the elements of the Plan depend on the achievement of two economic-financial performance objectives in the 2015-2017 period, represented by the cumulative 3 years' Group Adjusted EBITDA and by the average ROCE (Return On Capital Employed) for the 3 years period.

The proposal to adopt the Plan will be put for approval of the Company's Ordinary shareholders' meeting convened for 16 April 2015, in a single meeting.

On the date of this Information Document, the proposal to adopt the Plan has therefore not yet been approved by the Meeting. This Information Document is prepared on the basis of the proposal to adopt the Plan made by the Remuneration and Appointments Committee and approved by the Board of Directors on 25 February 2015.

This Information Document is made available to the public at the registered office of Prysmian S.p.A., Viale Sarca 222, Milan, through the storage mechanism used by the Company at [www.emarketstorage.com](http://www.emarketstorage.com), at Borsa Italiana S.p.A., at [www.borsaitaliana.it](http://www.borsaitaliana.it) as well as on the Company's internet site [www.prysmiangroup.com](http://www.prysmiangroup.com) (in the section investor relations).

## 1. RECIPIENTS

### 1.1 Name of the recipients who are members of the Board of Directors of Prysmian

The Plan includes the following recipients who are also members of the Board of Directors of Prysmian S.p.A.:

- Valerio Battista, Chief Executive Officer and General Manager;
- Massimo Battaini, Senior Vice President Business Energy Projects;
- Pier Francesco Facchini, Chief Financial Officer;
- Fabio Ignazio Romeo, Chief Strategy Officer.

### 1.2 Categories of employees or contract workers of the financial instruments issuer and the parent companies or subsidiaries of said issuer

Recipients of the plan are Employees of companies of the Group in Italy and abroad, who are considered key people. The maximum number of employees who will be involved in the Plan will be around 300, divided into three categories:

- *CEO*: Valerio Battista
- *Senior Management*: category consisting of around 30 Participants, not yet identified by name, who hold key roles in the Group (including the Directors of Prysmian S.p.A. who hold the offices of Chief Financial Officer, Chief Strategy Officer, Senior Vice President Business Energy Projects and managers with strategic responsibilities);
- *Other Managers*: category consisting of around 270 Participants, not yet identified by name, belonging to the various operating and business units worldwide, selected considering their role, potential and impact on Group's results.

Participation in the Plan is voluntary.

### 1.3 Name of the persons who benefit from the plan who hold management positions indicated in Article 152-sexies, paragraph 1, letter c)-c.2

The Plan includes among the possible Participants also three people who hold management positions with regular access to privileged information, in accordance with Article 152-sexies, paragraph 1, letter c)-c.2 of the Issuers' Regulations.

### 1.4 Description and number – broken down by category - of managers with strategic responsibilities other than those indicated in paragraph 1.3 and of any other possible categories of employees or contract workers for which different characteristics of the plan have been envisaged (for example, executives, employees, etc.)

With the exception of the recipients already listed in paragraphs 1.1 and 1.3 above, the Plan does not provide for the participation of other employees who have the status of "relevant persons" in accordance with the definition in Article 152-sexies, paragraph 1, letter c) – c.2 and c.3 of the Issuers' Regulations. There are no categories of employees or contract workers for which differences in the Plan are envisaged.

However, it is possible that some newly hired employees, up to a maximum of 5% of the total number of Participants to the Plan, may be included following the Date of Initial Grant, with methods which will be defined during the implementation of the Plan, always guaranteeing the Coinvestment obligation as part of the Plan.

Moreover, in the implementation phase, during which the plan characteristics will be defined in details, some could be adapted in order to guarantee the plan conformity to the local legislation and/or currency rules and/or to ease the local implementation.

## 2. REASONS FOR THE ADOPTION OF THE PLAN

### 2.1 and 2.1.1 Objectives which we intend to achieve through the allocation of the plans

The Plan has the following objectives:

- generating a strong commitment on the part of the Group's management to achieving further profit growth and return on capital employed objectives over the next three years;
- aligning management's and shareholders' interest through the use of share-based incentive systems, promoting stable investment in the Company's share capital;
- ensuring long-term sustainability of the Group's annual performance through the co-investment of part of the Annual Bonus.

The Plan was appreciated by the Remuneration and Appointments Committee during its meeting of 12 February 2015 and it was examined on 25 February 2015 by the Board of Directors, which approved the proposal to put it to the Company's Shareholders' Meeting.

A number of Shares will be granted to each participant taking into account their annual base and variable compensation levels, in order to define for each one a compensation package, overall coherent and balanced in its various components and in the utilised instruments (cash/equity), in line with the best market practices, considering also each participant's office in the Group.

The Plan duration is three years, period deemed consistent with the Plan's objective of measuring the Group value growth in the medium period.

### 2.2 and 2.2.1. Key variables, also in the form of performance indicators, considered for the purposes of allocating the plans based on financial instruments

The number of Shares which will be actually allocated to each Participant will be determined based on the achievement of Performance Conditions of an economic-financial nature, which are shared by all the Plan Participants.

The Plan, for both its components (Co-investment and Performance Share), envisages that the effective allocation of Shares at the end of the Performance Period is subject to the achievement of the Target, i.e. the minimum performance condition, which involves meeting two objectives at the same time:

- cumulative Group Adjusted EBITDA for the 2015-2017 period equal to Euro 1,850 million, on a constant basis;
- average ROCE in the 2015-2017 period equal to 16,0%.

The performance range both for Group Adjusted EBITDA and for the average ROCE in the relevant period has been defined with the objective to achieve an increase of the Adjusted EBITDA and average 3-year ROCE in plan, vis à vis the 2014 results.

	Performance Conditions 2015-17		
	Cumulative Adj. EBITDA (weight 70%)	Average ROCE (weight 30%)	Curve of attribution
<b>Minimum Performance (Target)</b>	€ 1.850 m	16,0%	100
<b>Maximum Performance (Cap)</b>	€ 2.150 m	19,6%	150

The targets have been assigned considering the current and applicable accounting principles.

With reference to the Performance Share, on the Date of Initial Grant each Participant will be granted a minimum and maximum number of Shares. The effective number of Shares which will be allocated to Participants at the end of the Performance Period and within the range of granted Shares will be defined on the basis of the performance level achieved both in terms of Adjusted EBITDA, which accounts for 70% of the granted Shares, and in terms of ROCE, which accounts for 30% of the granted Shares. The grant of Shares will be made based on a linear curve between the minimum and maximum level of performance; the actual number of Shares delivered will result from the weighted average of the results of the cumulative Adjusted EBITDA (70%) and average ROCE (30%) within the abovementioned performance range. The maximum number of Shares will not exceed the maximum number of Shares initially granted to each Participant.

With reference to the Co-investment component of the Plan, each Participant will be granted a number of Shares determined on the basis of the value of the accrued Annual Bonus, the co-investment profile chosen by the participant and the Share Reference Price. At the end of the Performance Period and subject to the achievement of the Target, the Participant will be allocated a number of Shares defined on the basis of the abovementioned criteria.

It should be noted that Prysmian's Annual Bonus system is connected to liquidity (Net Financial Position) and profitability (EBITDA) indicators at the Group level and to financial and operating indicators at the Department or Business Unit level and, finally, individual objectives.

### **2.3. and 2.3.1. Elements behind the determination of the amount of the payment based on financial instruments, i.e. the criteria for its determination**

As regards the Co-investment, the number of allocated Shares will depend on the value of the Annual Bonus accrued in 2015 and 2016 (this Annual Bonus represents on average around 30% of annual basic salary, with fluctuations depending on seniority, office and the related impact on results), the deferred and co-invested percentage (Co-investment profile) and the Share Reference Value.

In particular the Participants shall choose a specific Co-investment profile for their Annual Bonus, which have different risk levels:

- **Basic Profile:** the Participant co-invests 25% of his/her Annual Bonus for 2015 and 2016, if achieved, with the possibility of obtaining, at the end of the Performance Period and in case of Target achievement, Shares equivalent to the co-invested bonus as well as to 50% of the co-invested amount; the number of allocated Shares will be defined on the basis of the Share Reference Price. Should the Target not be achieved, the Participant will lose 25% of the co-invested amount, while the residual amount of 75% of the co-invested bonus will be returned in Shares.
- **Balanced Profile:** the Participant co-invests 50% of his/her Annual Bonus for 2015 and 2016, if achieved, with the possibility of obtaining, at the end of the Performance Period and in case of Target achievement, Shares equivalent to the co-invested bonus as well as to 100% of the co-invested amount; the number of allocated Shares will be defined on the basis of the Share Reference Price. Should the Target not be achieved, the Participant will lose 50% of the co-invested amount, while the residual amount of 50% of the co-invested bonus will be returned in Shares.
- **Dynamic Profile:** the Participant co-invests 75% of his/her Annual Bonus for 2015 and 2016, if achieved, with the possibility of obtaining, at the end of the Performance Period and in case of Target achievement, Shares equivalent to the co-invested bonus as well as to 150% of the co-invested amount; the number of allocated Shares will be defined on the basis of the Share Reference Price. Should the Target not be achieved, the Participant will lose 75% of the co-invested amount, while the residual amount of 25% of the co-invested bonus will be returned in Shares.

As regards the Performance Share, the minimum and maximum number of Shares granted to each Participant is determined on the basis of his/her office and proportionally to the actual pay at the Date of Initial Grant.

For both components (Co-investment and Performance Share), at the end of the Performance Period, the allocation of Shares will be subject to the achievement of the Performance Conditions.

Compared to the previous long-term incentive plan adopted by the Company for the 2011-13 period, and the one approved but not implemented for 2014-16, the current Plan envisages broader use of Shares, since the Co-investment component envisages, upon meeting the Performance Conditions, the allocation of Shares instead of the exclusively cash payments set forth in the previous Plan. It is believed that in

this way, within a public company, the Plan favours the alignment of management's and shareholders' perspectives.

**2.4 Reasons behind the possible decision to allocate compensation plans based on financial instruments not issued by the financial instruments issuer, such as financial instruments issued by subsidiaries or parent companies or third-party companies as regards the group to which they belong; should the aforementioned instruments not be traded on regulated markets, information on the criteria used to determine the value which can be attributed to them**

Not applicable since the Plan is only based on Prysmian Shares.

**2.5. Evaluations regarding significant implications of a tax and accounting nature which have affected the definition of plans**

All the Participants in the Plan are employees of the Prysmian Group.

Upon disbursement, the amounts relating to the Plan will be subject to the tax, social security and/or accounting legislation in force at the time in each Country in which the Participants were resident during the Plan vesting period. For the expat the Company will apply a tax equalization policy, without prejudice to local obligations, to provide a certain treatment independently from the foreign assignment.

**2.6. Possible support of the Plan by the Special fund to encourage employee participation in companies, in accordance with Article 4, paragraph 112, of Law No. 350 of 24 December 2003**

The Plan does not receive support from the Special fund to encourage employee participation in companies, in accordance with Article 4, paragraph 112, of Law No. 350 of 24 December 2003.

### **3. APPROVAL PROCEDURE AND TIMETABLE FOR ALLOCATION OF INSTRUMENTS**

#### **3.1. Authority and duties delegated by the Meeting to the Board of Directors for the implementation of the Plan**

On 25 February 2015, the Board of Directors, upon proposal of the Remuneration and Appointments Committee which met to discuss the matter on 12 February 2015, resolved to put this Plan to the Ordinary Shareholders' Meeting, convened for 16 April 2015 in a single meeting, for approval.

The proposal of granting the Board all authority necessary and appropriate to set up and execute the Plan will be put to the Shareholders' Meeting; nonetheless, the decisions on the Plan will be taken by the Board (with the withheld vote of the Issuer's Executive Directors who are part of the plan) only subject to approval by the Remuneration and Appointments Committee, which consists of three non-executive and independent directors.

In particular, purely as an example, the Board of Directors, with pre-approval by the Remuneration and Appointments Committee, shall have the authority, with the right to sub-delegate, to: (i) identify the Participants from among the employees of the Prysmian Group and, more specifically, from among the members of the Board of Directors of Prysmian S.p.A. and the employees of Prysmian S.p.A. and its Italian and foreign subsidiaries, as well as determine the number of Rights to be granted to each of them; (ii) change the Performance Conditions to which the allocation of Shares is subject in case of changes in the scope of consolidation; (iii) establish every other term and condition for the performance of the Plan; (iv) approve the regulations governing the Plan.

#### **3.2. Indication of the individuals in charge of the management of the Plan and their function and duties**

The body responsible for the decisions referring to the Plan – with the right to sub-delegate and without prejudice to the prerogatives specific to the Shareholders' Meeting – is the Board of Directors of the Company, which will supervise the implementation and the operational management of the Plan. Nonetheless, the decisions on the Plan will be taken by the Board (with the withheld vote of the Issuer's Directors who are part of the plan) only subject to approval by the Remuneration and Appointments Committee.

#### **3.3. Existing procedures for the revision of the Plan also in relation to possible changes in the basic objectives**

The Board of Directors, during the implementation phase, will establish, subject to approval by the Remuneration and Appointments Committee, the regulations for the Plan, on the basis of which possible procedures to revise the Plan itself will be established.

These procedures will include the possibility for the Board to change and set new parameters for the Performance Conditions, in case of extraordinary and/or unpredictable events or circumstances which may have a significant impact on the results and on business area of the Prysmian Group.

#### **3.4. Description of the procedures to determine the availability and allocation of the financial instruments on which the Plan is based**

The Plan envisages the grant of free Shares. These Shares may consist of treasury Shares or newly issued Shares deriving from a free share capital increase through the allocation of profits or earnings reserves pursuant to article 2349 of the Italian Civil Code.

The allocation of Shares may take place at the end of the Performance Period, should the following conditions be met: the Participant has accepted all the rules of the Plan, including the Co-investment of part of the actual Annual Bonus accrued in 2015 and 2016, if achieved, the Participant is still an employee of the Group and the minimum Performance Conditions (Target) envisaged by the Plan have been achieved.

#### **3.5. Role performed by each director in determining the characteristics of the Plan; any conflicts of interest affecting the directors concerned**

The decision to promote the Plan, with the relevant terms and conditions, was prepared by the Human Resources and Organization Department of the Prysmian Group, with the assistance of external consultants and was put to the Remuneration and Appointments Committee, consisting of independent directors who are not recipients of the Plan, for review on 12 February 2015, in conformity with what is recommended by the Corporate Governance Code of Listed companies issued by Borsa Italiana S.p.A.

The proposal of the Remuneration and Appointments Committee was then approved by the Board of Directors on 25 February 2015, and then submitted to the Shareholders' meeting for approval. The resolution with which the Board of Directors approved the architecture of the Plan and the proposal to put it to Prysmian's Shareholders' Meeting for approval was taken in the absence of executive directors who may participate in the Plan.

**3.6. Date of the resolution adopted by the body responsible for submitting the plans for approval to the meeting and for any proposal by a remuneration committee**

The Board of Directors, on the proposal of the Remuneration and Appointments Committee made on 12 February 2015, resolved, during its meeting of 25 February 2015, to put the Plan to the upcoming Company Shareholders' meeting for approval.

**3.7. Date of the resolution adopted by the body responsible for allocating the instruments and for any proposal by a remuneration committee**

Not applicable since, at the date of this Information Document, the Plan has not yet been approved by the Ordinary Shareholders' Meeting and financial instruments have not yet been allocated.

**3.8 Market price, recorded on the aforementioned dates, for the financial instruments on which the plans are based, if traded on regulated markets**

As at 12 February 2015, the close price on the Italian Equities Market managed and organised by Borsa Italiana S.p.A. of the ordinary shares of Prysmian was Euro 16,84.

As at 25 February 2015, the close price on the Italian Equities Market managed and organised by Borsa Italiana S.p.A. of the ordinary shares of Prysmian was Euro 17,59.

**3.9. Terms and conditions which the Issuer took into account in identifying the timetable for allocation of the instruments in implementation of the Plan, of the possible coincidence between (i) this assignment or any relevant decisions by the Remuneration Committee and (ii) the disclosure of any relevant information pursuant to article 114, paragraph 1, of Legislative Decree no. 58 of 24 February 1998**

The identification of possible control measures will be referred to the Board during the determination of the regulations governing the Plan, without prejudice to the fact that the execution of the Plan will take place, in any case, in full compliance with the Company's disclosure requirements, in order to guarantee transparency and parity of information to the market, as well as compliance with the procedures adopted by the Company.

## **4. CHARACTERISTICS OF THE ALLOCATED INSTRUMENTS**

### **4.1 Description of the different forms of compensation plans based on financial instruments**

The Plan envisages the grant of Shares, for free, Shares. The Shares will be allocated at the end of the Performance Period, subject to the achievement of predetermined Performance Conditions.

### **4.2 Period of actual implementation of the plan with reference also to possible different anticipated cycles**

#### **4.3 End of the plan**

The initial identification of the Participants and the grant to them of the minimum and maximum number of Rights, for the Performance Share, is envisaged to take place during 2015, retroactively from the Date of Initial Grant. The Shares that are depended on the Co-investment will be determined at individual level once the 2016 MBO has been calculated.

Considering that the Plan has as a reference point the achievement of Performance Conditions over a three-year time period (2015-2017), the Shares deriving from the Rights granted to the Participants will be allocated in 2017.

#### **4.4 Maximum number of financial instruments allocated each financial year in relation to subjects identified by name or to the categories indicated**

It is estimated that, in case of Target achievement, between around 3.3 and 4.3 million Shares will be necessary. This value will depend on the Co-investment profile chosen and the size of the 2015 and 2016 Annual Bonus, actually accrued.

In case of achievement of the maximum level of Adj. EBITDA and ROCE (Cap), it is estimated that a maximum of around 6.8 million Shares will become necessary.

The Shares necessary for the Plan needs will come from the free share capital increase pursuant to article 2349 of the Italian Civil Code, which will be put to the upcoming Shareholders' Meeting of 16 April 2015, to which treasury Shares may be added.

In case of achievement of the Target, the CEO will receive 7% of the total Shares, Senior Management will receive around 40% of the total Shares and Other Managers will receive around 53% of the total Shares.

#### **4.5 Methods and clauses for implementation of the Plan, specifying whether the effective allocation of the instruments is subject to some conditions or to the achievement of particular results, also as regards performance; description of these results and conditions.**

Allocation of the Shares relating to the Plan is subject to the achievement of the predetermined Performance Conditions as set out in point 2.2. In addition, the number of Shares allocated for the Performance Share will depend on the level of achievement of Performance Conditions.

#### **4.6 Availability restrictions affecting the allocated instruments, specifically with reference to the terms within which the subsequent transfer to the company or third parties is allowed or not**

The Rights granted to the Participants cannot be sold, disposed of, subject to restrictions or transferred and any sale, disposal, subjection to restrictions or transfer made in breach of this provision shall not be valid and shall be in any case ineffective in regard to the Company.

A Lock-up Period of two years shall be envisaged for all the Participants, relating to a percentage of Shares allocated with reference to the Performance Share. In particular, for the CEO and Senior Management, the Lock-up will relate to all allocated Shares, not sold to pay taxes and social contributions, while for Other Managers it will relate to 20% of the allocated Shares.

It is envisaged that a further 10% of Shares allocated to the CEO and Senior Management as part of the Performance Share shall be subject to Lock-up up to the end of their employment relationship with the Prysmian Group.

The plan will foresee additional availability restrictions affecting the Shares. In fact, claw back and malus clauses are being used. In the plan implementation phase, the Company will define the circumstances, i.e. Fraud, under which the earned award is being returned partially or in full.

#### **4.7 Possible conditions subsequent to the allocation of the plans in case the recipients carry out hedging operations enabling them to neutralise any prohibition to sell the financial instruments allocated**

No conditions subsequent apply in the case in which the Participants carry out hedging operations enabling them to neutralise any prohibition to sell the Rights granted.

#### **4.8 Description of the effects determined by the termination of the employment relationship**

Shares allocation is subject, *inter alia*, to the condition that the Participant is an employee of the Group under normal employment relations and the actual performance of work activity. During the implementation of the Plan, the regulations that will be defined by the Board will establish the different effects in case of termination of the employment relationship, depending on the reason and the time when termination may occur.

#### **4.9 Indication of other possible causes for cancellation of the plans**

Possible causes for cancellation of the Plan will be specified during the implementation of the Plan.

#### **4.10. Reasons relating to the possible redemption by the company of the financial instruments pursuant to articles 2357 et seq. of the Italian Civil Code**

No right of redemption of Shares by the Company is envisaged.

#### **4.11. Possible loans or other favourable terms for the purchase of Shares pursuant to article 2358 of the Italian Civil Code**

No granting of loans is envisaged.

#### **4.12. Evaluation of the expected burden for the company on the date of allocation, as it may be determined based on predetermined terms and conditions, by total amount and with reference to each instrument of the plan**

On the date of preparation of this Information Document there are no elements sufficient to provide reliable evaluations on the expected burden for the Company, since it depends on various factors which cannot be estimated.

The administrative operating expenses for the Plan should be considered insignificant.

#### **4.13 Possible dilutive effects on the capital caused by the compensation plans**

The share capital increase which will be required to the upcoming Shareholders' Meeting in order to implement the Plan amounts to a maximum of Euro 536,480, through the issue of a maximum of 5,364,800 new Shares with a par value of Euro 0.10 each. As regards the dilutive effect of the operation, considering that at today's date the share capital of Prysmian is composed of 216,720,922 Shares, a maximum dilution of approx. 2.5% of the capital is estimated.

#### **4.14 Possible limits for the exercise of the right to vote and the allocation of the economic rights**

No limits are envisaged to the exercise of the right to vote and the allocation of the economic rights within the limits envisaged by this Information document.

#### **4.15. Should the shares not be traded on regulated markets, all information useful for a complete estimate of their value**

Not applicable since the Shares are accepted for trading on the Italian Equities Market organised and managed by Borsa Italiana S.p.A.

#### **4.16. Number of financial instruments underlying each option**

Not applicable since the Plan regards the allocation of shares.

#### **4.17 Expiration of the options**

Not applicable since the Plan regards the allocation of shares.

#### **4.18 Methods, timetable and clauses for exercise of Options**

Not applicable since the Plan regards the allocation of shares.

**4.19 Exercise price of the option or methods and criteria for its determination**

Not applicable since the Plan regards the allocation of shares.

**4.20 If the exercise price of the option is not equal to the market price determined as indicated in Point 4.19 (fair market value), reasons for this difference**

Not applicable since the Plan regards the allocation of shares.

**4.21 Criteria based on which there are different exercise prices of the options for the various persons and categories of recipients**

Not applicable since the Plan regards the allocation of shares.

**4.22 In the case in which the financial instruments underlying the options are not negotiated on regulated markets, indication of the value which can be attributed to the underlying instruments or the criteria for determining this value**

Not applicable since the Plan regards the allocation of shares.

**4.23 Criteria for the adjustments made necessary following extraordinary operations on the capital or other operations which involve a change in the number of underlying instruments (increase in capital, extraordinary dividends, grouping or splitting of the underlying shares, merger or splitting, conversion to other categories of shares, etc.)**

In case of extraordinary operations on the share capital or other operations which have, in any case, a significant impact on the amount represented by the Rights granted to each Participant, the Company agrees to do everything in its power, including changing the Plan, so that the total amounts represented by the granted Rights remain unchanged.

The Table attached to Form 7 of Annex 3A of the Issuers' Regulations will be analysed in detail at the time the Rights are granted and updated from time to time during the implementation of the Plan in accordance with Article 84-*bis*, paragraph 5 letter a) of the Issuers' Regulations.

Milan, 16 March 2015

Attachments: Table no. 1, Chart 7 of Annex 3A of the Issuers' Regulations.

**REMUNERATION SCHEMES BASED ON FINANCIAL INSTRUMENTS**

Table 1 of model 7 of Appendix 3A to the Regulation 11971/99

16 March 2015

Name and surname or category	Office	BOX 1						
		Financial instruments other than stock option						
		<b>Section 1</b>						
		New assignment instruments on the basis of the decision:						
		<input checked="" type="checkbox"/> of the board of directors to propose to shareholders' meeting <input type="checkbox"/> of the competent body for the implementation of the shareholders' meeting						
		Date of the relevant meeting resolution (*)	Type of financial instrument	Number of financial instruments assigned (**)	Assignment date	Instrument purchase price (if applicable)	Market price at the time of assignment	Vesting period
<b>Valerio Battista</b>	CEO - Issuer's Director	4/16/2015	Ordinary shares of Prysmian S.p.A.	N.D.	N.D.	N.D.	N.D.	N.D.
<b>Massimo Battaini</b>	Issuer's Director	4/16/2015	Ordinary shares of Prysmian S.p.A.	N.D.	N.D.	N.D.	N.D.	N.D.
<b>Pier Francesco Facchini</b>	Issuer's Director	4/16/2015	Ordinary shares of Prysmian S.p.A.	N.D.	N.D.	N.D.	N.D.	N.D.
<b>Fabio Ignazio Romeo</b>	Issuer's Director	4/16/2015	Ordinary shares of Prysmian S.p.A.	N.D.	N.D.	N.D.	N.D.	N.D.
<b>no. 3 Managers with strategic responsibilities</b>		4/16/2015	Ordinary shares of Prysmian S.p.A.	N.D.	N.D.	N.D.	N.D.	N.D.
<b>about no. 24 Senior Managers</b>		4/16/2015	Ordinary shares of Prysmian S.p.A.	N.D.	N.D.	N.D.	N.D.	N.D.
<b>about no. 270 Other Managers</b>		4/16/2015	Ordinary shares of Prysmian S.p.A.	N.D.	N.D.	N.D.	N.D.	N.D.
<b>Notes:</b>								
(*) Shareholders' Meeting to resolve upon the Plan, convened on April 16th, 2015, in single call.								
(**) The final number of financial instrument awarded will be subject to several factors, as per the Information Document, i.e. the individual coinvestment and the level of achievement of Performance Conditions envisaged in the Plan.								

Table 1 of model 7 of Appendix 3A to the Regulation 11971/99

Name or category	Position	BOX 1						
		Financial instruments other than stock option						
		<u>Section 1</u>						
		Instruments relating to plans, currently valid, approved on the basis of previous shareholders' meeting resolutions						
		Date of shareholders' meeting (mm/dd/yyyy)	Description of the instrument	Number of financial instruments underlying options assigned for each person or category (*)	Date of assignment by the board or the competent body (mm/dd/yy)	Strike price (**)	Market price of the financial instruments as at the assignment date	Option maturity date (mm/dd/yyyy)
<b>Valerio Battista</b>	Director of the Issuer	16/04/2013	Options over ordinary shares of Prysmian S.p.A.	827	May/June 2014	N.A.	16,50	November 2013 May 2014
<b>Pier Francesco Facchini</b>	Director of the Issuer	16/04/2013	Options over ordinary shares of Prysmian S.p.A.	827	May/June 2014	N.A.	16,50	November 2013 May 2014
<b>Fabio Ignazio Romeo</b>	Director of the Issuer	16/04/2013	Options over ordinary shares of Prysmian S.p.A.	827	May/June 2014	N.A.	16,50	November 2013 May 2014
<b>Masimo Battaini</b>	Director of the Issuer	16/04/2013	Options over ordinary shares of Prysmian S.p.A.	827	May/June 2014	N.A.	16,50	November 2013 May 2014
<b>Notes:</b>								
<b>n. 3 Manager with strategic responsibilities</b>		16/04/2013	Options over ordinary shares of Prysmian S.p.A.	423	May/July 2014	N.A.	16,5/15,75	November 2013 May 2014
<b>n. 225 Manager</b>		16/04/2013	Options over ordinary shares of Prysmian S.p.A.	41.176	May/July 2014	N.A.	16,5/15,75	November 2013 May 2014
<b>n. 4816 Other employees</b>		16/04/2013	Options over ordinary shares of Prysmian S.p.A.	68.811	May/June 2014	N.A.	16,50	November 2013 May 2014
<b>n. 491 Other employees (France)</b>		16/04/2013	Options over ordinary shares of Prysmian S.p.A.	33.380	May/June 2014	16,96	16,61	November 2013 May 2014
<b>Notes:</b>								
(*) The number of financial instruments granted depends on the individual investment, the discount applicable and the purchase price paid by the intermediary in charge of financial instruments.								
(**) The Plan foresees the free allocation of company's shares. Only for participants employees of companies based in France is expected, in addition to the free allocation, the sale of company's shares at a purchase price not currently available .								