

EXPLANATORY NOTES BY THE BOARD OF DIRECTORS
PREPARED IN ACCORDANCE WITH ARTICLE 72, PAR. 1 AND
ARTICLE 92 OF CONSOB REGULATION NO. 11971 DATED 14 MAY
1999 (INCLUDING SUBSEQUENT AMENDMENTS AND
ADDITIONS), UPON THE PROPOSAL UNDER POINT NO. 1 OF
THE SHAREHOLDERS' MEETING AGENDA – EXTRAORDINARY
SESSION – CONVENED ON APRIL 13, FIRST CALL, APRIL 14,
SECOND CALL, AND APRIL 15, THIRD CALL.

Shareholders,

You have been convened today in extraordinary session to analyse the proposed extension of the term for subscribing to the unexecuted and still executable part of the capital increase approved by the Shareholders' Meeting on 30 November 2006 to service the Stock Option Plan approved at the same meeting, as well as the consequent amendment of art. 6 of the Company's By-laws "Capital and Shares". The Board reminds you in this regard that the Shareholders' Meeting of 30 November 2006:

- (i) had approved the establishment of an incentive plan based on stock options (the "Plan"), for employees of the Company and of the companies under its direct or indirect control (as defined by art. 2359 of the Italian Civil Code), together with the regulations governing the Plan's operation;
- (ii) had approved, to service the plan, a share capital increase for cash of up to Euro 310,000.00, which could be carried out in several, separate stages, with the Board of Directors granted the authority to execute these increases;
- (iii) had acknowledged the waiver of pre-emption rights relating to this capital increase by the Company's then sole shareholder.

At the date of approving the present report, the total number of options granted and still outstanding under the Plan is equal to 1,560,436 (of which 880,599 are vested but not yet exercised and 679,837 will vest on 4 December 2010), which give the right to a total of 1,560,436 shares with a par value of Euro 0.10 each.

Full details of the Plan can be found not only in the information memorandum published in 2007, which can be consulted on the Company website www.prysmian.com under *Investor Relations/Corporate Governance*, but also in the information memorandum made available for discussion of item 5 on the agenda of the Shareholders' Meeting in ordinary session, and in the disclosures provided in compliance with regulatory requirements and international financial reporting standards (IFRS) in the Directors' report and Explanatory notes to the financial statements of Prysmian S.p.A. and in the Group Annual Report of the Prysmian Group.

The proposal under review is associated with the proposal to extend the deadline by which the Plan's beneficiaries can exercise vested but unexercised options and options that will vest on 4 December 2010, which will be examined under item 5 of the agenda of the Shareholders' Meeting in ordinary session. In fact, if this amendment to the Plan is approved and confirmed by the shareholders, it will also be necessary to extend the term for subscribing to the unexecuted and still executable part of the capital increase approved by the Shareholders' Meeting on 30 November 2006.

The strict link between the Plan's proposed amendment and the proposed extension of the term for subscribing to the share capital increase serving the Plan itself, underlines the singleness of intent behind the stated proposals. For this reason, as far as the motivation for the proposal discussed in the present note is concerned, you should refer to the information memorandum prepared for the purposes and effects of art. 114-*bis* of Italian Legislative Decree 58/98, made available for

discussion of item 5 on the agenda of the Shareholders' Meeting in ordinary session.

The Board recalls that the existing term for subscribing to the said capital increase coincides with the thirtieth day after public announcement of the Board's approval of the Company's financial statements for the year ended 31 December 2010. This deadline is determined by the combined provisions of art. 6, par. 2 of the By-laws, which states *"The foregoing is subject to the fact that, in the event the capital increase has not been fully subscribed by the deadline set out in article 5.2 of the stock option plan regulations, capital shall be deemed to have been increased by an amount equal to the subscriptions received up until such date"* and of art 5.2 of the stock option plan regulations, which states *"In no event can a notice of exercise be sent, nor an original option validly exercised after the expiry date, which is set as the 30th (thirtieth) day after public announcement of the Board's approval of the Company's financial statements for the year ended 31 December 2010"*.

The Board wishes to underline that the sole purpose of the proposal in question is to extend the term for subscription, for the unexecuted and still executable part of the capital increase approved on 30 November 2006, without making any changes to the other decisions made under the resolution adopted on this occasion, such as the maximum amount of the capital increase, the method of execution and subscription, and the issue price of the new shares.

Lastly, the Board wishes to point out that the combined provisions of art. 2441, par. 8 of the Italian Civil Code and of art. 134 of Italian Legislative Decree 58/1998 apply to the resolution because, as already stated (i) the Plan's beneficiaries are employees of the Company and of the companies under its direct or indirect control as defined by art. 2359 of the Italian Civil Code and (ii) a maximum of 1,560,436 shares, as of the date of the present report, with a par value of Euro 0.10 each, could be issued to serve the Plan, which represent 0.86% of the shares making up the entire share capital; the Shareholders' Meeting will therefore adopt the resolution concerning this proposal with the majorities required at extraordinary shareholders' meetings, as set out in art. 2441, par. 8 of the Italian Civil Code and art. 134 of Italian Legislative Decree 58/1998.

In view of the proposed resolution to amend the Plan in item 5 of the agenda of the Shareholders' Meeting in ordinary session, the Board proposes that - if the Plan's amendment is approved and confirmed by the Shareholders' Meeting - the term for subscribing to the unexecuted and still executable part of the capital increase approved by the shareholders on 30 November 2006, be extended to 30 June 2013 at the very latest; at the date of approving the present report, this involves issuing a remaining maximum number of 1,560,436 ordinary Prysmian shares of par value Euro 0.10 each, carrying normal rights, which will be given to the Plan's beneficiaries after exercising the options granted to them by the Shareholders' Meeting of 30 November 2006.

Accordingly, the Board of Directors proposes (i) that art. 6 of the By-laws be amended for the part which refers to the existing term for subscribing to the stated capital increase and (ii) that the Board of Directors be given every power to execute the amendments approved, including amendment of the plan's regulations.

The existing text of art. 6 of the By-laws is compared with the proposed amendment as follows:

Prysmian S.p.A. By-laws	
<i>Text of existing article 6</i>	<i>Text of proposed article 6</i>
Article 6 – Capital and shares	Article 6 – Capital and shares
<p>Subscribed and paid-in share capital is equal to Euro 18,123,503.90 [eighteen million one hundred and twenty-three thousand five hundred and three euros and ninety cents] divided into 181,235,039 [one hundred and eighty-one million two hundred and thirty-five thousand and thirty-nine] shares, each with a par value of Euro 0.10 (zero point ten euros), and may be increased in accordance with applicable laws by resolution of the Shareholders' Meeting.</p> <p>The Shareholders' Meeting of 30 November 2006 approved a share capital increase up to a maximum par value of Euro 310,000.00 (three hundred and ten thousand point zero zero) to serve a stock option plan for employees of the Company and of the companies under its direct or indirect control as defined by art. 2359 of the Italian Civil Code, which will be paid in full on each subscription. The foregoing is subject to the fact that, in the event the capital increase has not been fully subscribed by the deadline set out in article 5.2 of the stock option plan regulations, capital shall be deemed to have been increased by an amount equal to the subscriptions received up until such date.</p> <p>Resolutions adopted to increase share capital for cash may exclude pre-emption rights for up to a maximum of 10% of the previously existing share capital, provided the issue price corresponds to the market value of the shares and this is confirmed in a specific report by the Company's appointed auditors.</p>	<p>Subscribed and paid-in share capital is equal to Euro 18,123,503.90 [eighteen million one hundred and twenty-three thousand five hundred and three euros and ninety cents] divided into 181,235,039 [one hundred and eighty-one million two hundred and thirty-five thousand and thirty-nine] shares, each with a par value of Euro 0.10 (zero point ten euros), and may be increased in accordance with applicable laws by resolution of the Shareholders' Meeting.</p> <p>The Shareholders' Meetings of held on 30 November 2006 and 15 April 2010 approved a share capital increase up to an original maximum par value of Euro 310,000.00 (three hundred and ten thousand point zero zero), of which at [*] there remained Euro 156,043.60 [or such lower amount at the date of the extraordinary shareholders' meeting] to serve a stock option plan for employees of the Company and of the companies under its direct or indirect control as defined by art. 2359 of the Italian Civil Code, which will be paid in full on each subscription. The foregoing is subject to the fact that, in the event the capital increase has not been fully subscribed by the deadline set out in article 5.2 of the stock option plan regulations of 30 June 2013, capital shall be deemed to have been increased by an amount equal to the subscriptions received up until such date.</p> <p>Resolutions adopted to increase share capital for cash may exclude pre-emption rights for up to a maximum of 10% of the previously existing share capital, provided the issue price corresponds to the market value of the shares and this is confirmed in a specific report by the Company's appointed auditors.</p>

Based on the foregoing considerations, we therefore propose that you adopted the following resolution:

"The Shareholders' Meeting

- has examined the explanatory notes by the Board of Directors prepared in accordance with article 72, par. 1 and article 92 of CONSOB Regulation no. 11971 dated 14 May 1999 (including subsequent amendments and additions), as well as the explanatory notes prepared by the Board of Directors for the shareholders on item 5 of the meeting's agenda in ordinary session ("Incentive plans: resolutions under article 114-*bis* of Italian Legislative Decree 58/98"),
 - acknowledges the resolutions already adopted in today's ordinary shareholders' meeting, relating to the same item on the agenda,
resolves
- 1) to extend until 30 June 2013 the term currently permitted by art. 6 of the By-laws for subscribing to the unexecuted and still executable part of the capital increase for cash approved by the Shareholders' Meeting of 30 November 2006, to serve the stock option plan approved by the same Shareholders' Meeting of 30 November 2006, corresponding to a maximum of 1,560,436 *[or such lower number at the date of the extraordinary shareholders' meeting]* ordinary Prysmian shares of par value Euro 0.10 each, corresponding to a maximum par value of Euro 156,043.60 *[or such lower amount at the date of the extraordinary shareholders' meeting]*; all other aspects of the stated capital increase, including the subscription price of the shares, as defined or regulated by the same Shareholders' Meeting, remain the same;
 - 2) to amend art. 6, par. 2 of the By-laws as follows: "The Shareholders' Meetings held on 30 November 2006 and 15 April 2010 approved a share capital increase up to an original maximum par value of Euro 310,000.00 (three hundred and ten thousand point zero zero), of which at [*] there remained Euro 156,043.60 *[or such lower amount at the date of the extraordinary shareholders' meeting]* to serve a stock option plan for employees of the Company and of the companies under its direct or indirect control as defined by art. 2359 of the Italian Civil Code, which will be paid in full on each subscription. The foregoing is subject to the fact that, in the event the capital increase has not been fully subscribed by the deadline of 30 June 2013, capital shall be deemed to have been increased by an amount equal to the subscriptions received up until such date".
 - 3) to grant the Board of Directors every power to execute the above resolutions with the authority to make any changes or additions that might be necessary or appropriate".

Milan, 12 March 2010

on behalf of Board of Directors
the Chief Executive Officer
ing. Valerio Battista