

**REPORT ON THE PROPOSALS LISTED IN THE FIRST ITEM OF THE AGENDA OF THE EXTRAORDINARY SESSION OF THE SHAREHOLDERS' GENERAL MEETING OF PRYSMIAN S.P.A. OF 12, 13 AND 14 APRIL 2011, ARRANGED PURSUANT TO ART. 125-TER OF ITALIAN LEGISLATIVE DECREE 58 OF 24 FEBRUARY 1998, AS SUBSEQUENTLY MODIFIED AND INTEGRATED AND ARTICLE 72 AND 92 OF THE CONSOB REGULATION ADOPTED WITH RESOLUTION NO. 11971/99, AS SUBSEQUENTLY MODIFIED AND INTEGRATED, IN ACCORDANCE WITH PLAN NO. 2 OF ATTACHMENT 3A TO THE REGULATION**

**Proposal of a divisible share capital increase, with exclusion pre-emptive right under article 2441, paragraph 8, and article 134 of the Italian Legislative Decree no.58/98 (UFA), until a maximum nominal value of Euro 213,500 by issuance of a maximum of no. 2,131,500 new ordinary shares, with a nominal value of Euro 0.10 each, to be granted to employees of the Prysmian S.p.A. and of its subsidiaries. Consequent amendment of the article 6 of the Company's By-laws "Capital and shares".**

Shareholders,

The Board of Directors on 3 March 2011 deliberated to submit to the ordinary shareholders' meeting convened for 12 and 14 April 2011, in first and possibly second convocation, the approval of an incentive plan reserved for employees of Prysmian S.p.A. and/or its subsidiaries (the "Plan"), described in the information document prepared in accordance with Art. 84-bis of the regulation adopted by Consob with Resolution No. 11971 of 14 May 1999, as subsequently modified, made available to the Shareholders for review of Point 4 of the agenda of the ordinary session of the General Meeting.

The information document, which we ask you to review for more information on the Plan, lists the criteria for identifying the recipients and the features of the Plan and describes, in detail, the basic reasons for its adoption.

The Plan envisages the allocation, free-of-charge, of options valid for the subscription of ordinary shares of the Company in the ratio of one share for every option exercised. These shares could be composed of own shares or of newly issued shares resulting from increase in capital, excluding the right of option, in accordance with Art. 2441, paragraph 8, of the Italian Civil Code.

We wish to specify that the options provided for in the Plan may only be allocated to the recipients that the Board of Directors will identify each time, in the context of the delegation that it will receive from the General Meeting and in any case in compliance with the criteria provided in the information document for the identification of the recipients.

We wish to remind you that the Plan envisages that the right to receive options from the Company to underwrite shares applies to the recipients of the Plan only upon reaching objectives of an economic-financial nature relative to the 2011-2013 three-year period.

In order to guarantee a sufficient supply of shares, should the objectives of an economic-financial nature provided for in the Plan be achieved, the Board intends to submit to you the proposal to increase the share capital in divisible form, excluding the right of option of the shareholders in accordance with Article 2441, paragraph 8, of the Italian Civil Code and Article 134 TUF, for a maximum amount of Euro 213,150, through the issuance, also in several tranches, of a maximum of 2,131,500 new ordinary shares with euro 0.10 par value, to be offered for subscription against payment, at par value, to the employees of Prysmian SpA and its subsidiaries, by and no later than 30 March 2016, under the terms and conditions provided for in the Plan.

### **1. Reasons and assignment of the Increase in Capital**

The Company, in coherence with the widespread standard practice at national and international level and in conformity with the recommendations of the Corporate Governance Code of listed companies regarding remuneration, considers that the Plan constitutes an instrument capable of involving the staff who occupy key positions in Prysmian and in its subsidiaries in the pursuit of the strategic objectives, as well as aligning the interests of management, of the employees and the shareholders in a medium-long term perspective. This Plan also has the objective of contributing to the development of a culture of trust in the growth of the value of the Prysmian Group, by promoting the identification and the sense of belonging of management and the employees involved, with significant effects in terms of loyalty and retention.

Furthermore, following the successful conclusion of the Public Offering of Purchase and Exchange of all the Draka Holding N.V. ordinary shares, which took place on 8 February 2011, which will lead to the creation of a new industrial leading group in the industry of cables, with a global presence in more than 50 countries, approximately 90 plants and more than 20,000 employees, Prysmian intends to support the process of integration with the new Plan which will therefore also have the following objectives:

- Motivate people to reach long term results, by creating value and synergies for the new Group,
- Develop a "one-company" identity through the definition of an objective of shared performance,
- Align the performance of the management of the new group with the expectations of the investors,
- Introduce an instrument of retention, coherent with the new organization and the new roles, by improving the levels of overall remuneration of the Key Managers,

- Reinforce the sustainability of the results obtained at the Group level, in conformity with the instructions of the Corporate Governance Code of listed companies promoted by Borsa Italiana S.p.A. and which Prysmian has adopted.

These goals justify the exclusion of the right of option in favour of the shareholders.

To this end, the Plan develops over a period of time, considered consistent with the aforementioned goals, of three years which must elapse between the moment of the allocation of the rights and the date they are exercised. The increase in the capital is placed at the exclusive service of the aforementioned Plan and is therefore solely intended for the employees of Prysmian S.p.A. and/or its subsidiaries in accordance with Article 2359 of the Italian Civil Code, including some of the Directors of the Company, more specifically the Managing Director and General Manager, the Chief Financial Officer, the Chief Commercial Officer and the Chief Strategic Officer. The shares can be issued also in several tranches over the span of 5 years from the resolution to increase the capital described to the final date of 30 March 2016.

## 2. Features of the Shares

The Shares of the Company that can be underwritten by the beneficiaries of the Plan (after exercising the options) will have the same coupon due date as the ordinary shares of the Company at the underwriting date and will therefore have the coupons in effect on that date attached.

## 3. Statutory modification as a result of the resolution proposed to increase the capital

The operation described entails a modification of Article 6 of the Articles of Association in order to acknowledge the resolution of increase in the capital.

In particular, a new paragraph will be added to Article 6 of the Articles of Association, after the current third paragraph, which states:

*“The Extraordinary General Meeting of Shareholders on [\*] resolved to increase the share capital in divisible form, excluding the right of option of the shareholders in accordance with Article 2441, paragraph 8, of the Italian Civil Code and Article 134 TUF, for a maximum amount of Euro 213,150, through the issuance, also in several tranches, of a maximum of 2,131,500 new ordinary shares with the par value of Euro 0.10, to be offered for subscription against payment to employees of Prysmian S.p.A. and/or its subsidiaries, beneficiaries of the incentive plan approved by the Ordinary General Meeting of [\*], and to be carried out by the final date of 30 March 2016.”*

Below please find the comparison of the text of Article 6 of the Articles of Association with the text submitted for the approval of the Extraordinary General Meeting:

Current Text	Modified Text
<b>Article 6 – Capital and shares</b>	<b>Article 6 – Capital and shares</b>
<p>The authorised and paid-up share capital is equal to € 21.385.387,20 (twenty-one million three hundred eighty-five thousand three hundred eighty-seven point twenty euros) divided into 213.853.872 (two hundred thirteen million eighty-three thousand eight hundred seventy-two) ordinary shares, with a par value of €0.10 (nought point one zero) each and may be increased in accordance with applicable laws, following a resolution by the Shareholders' Meeting.</p> <p>The Shareholders' Meetings held on 30 November 2006 and 15 April 2010 resolved to increase the share capital up to a par original maximum amount of €310,000.00 (three hundred and ten thousand euros), of which at 15 April 2010 there remained €77,388.80 to exclusively serve a stock option plan in favour of the Company's employees and its direct and indirect subsidiaries pursuant to Art. 2359 of the Italian Civil Code and to be paid in full at the time of 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, the capital shall be deemed to</p>	<p>The authorised and paid-up share capital is equal to € 21.385.387,20 (twenty-one million three hundred eighty-five thousand three hundred eighty-seven point twenty euros) divided into 213.853.872 (two hundred thirteen million eighty-three thousand eight hundred seventy-two) ordinary shares, with a par value of €0.10 (nought point one zero) each and may be increased in accordance with applicable laws, following a resolution by the Shareholders' Meeting.</p> <p>The Shareholders' Meetings held on 30 November 2006 and 15 April 2010 resolved to increase the share capital up to a par original maximum amount of €310,000.00 (three hundred and ten thousand euros), of which at 15 April 2010 there remained €77,388.80 to exclusively serve a stock option plan in favour of the Company's employees and its direct and indirect subsidiaries pursuant to Art. 2359 of the Italian Civil Code and to be paid in full at the time of 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, the capital shall be deemed to</p>

<p>have been increased by an amount equal to the subscriptions gathered until such date.</p> <p>The Shareholders' Meeting held on 24 January 2011 approved a divisible share capital increase for consideration, up to an original maximum nominal value of Euro 3,270,409.90 (three million two hundred and seventy thousand four hundred and nine euros and ninety cents), by issuing a maximum number of 32,704,099 (thirty-two thousand seven hundred and four thousand and ninety-nine) ordinary shares, of nominal value Euro 0.10 each, to be subscribed by a contribution of shares originating from the acceptance of the voluntary public purchase and exchange offer for all of the ordinary shares of Draka Holding N.V. and to be executed by 31 December 2011 at the latest.</p> <p>In the resolutions passed for to increase the share capital by issuing share for cash, the option right may be excluded up to a maximum of 10% of the previously existing share capital, provided the issue price corresponds to the shares' market value and this is confirmed in a specific report from the firm appointed for the statutory audit of accounts.</p>	<p>have been increased by an amount equal to the subscriptions gathered until such date.</p> <p>The Shareholders' Meeting held on 24 January 2011 approved a divisible share capital increase for consideration, up to an original maximum nominal value of Euro 3,270,409.90 (three million two hundred and seventy thousand four hundred and nine euros and ninety cents), by issuing a maximum number of 32,704,099 (thirty-two thousand seven hundred and four thousand and ninety-nine) ordinary shares, of nominal value Euro 0.10 each, to be subscribed by a contribution of shares originating from the acceptance of the voluntary public purchase and exchange offer for all of the ordinary shares of Draka Holding N.V. and to be executed by 31 December 2011 at the latest.</p> <p><b>The Extraordinary General Meeting of Shareholders on [*] resolved to increase the share capital in divisible form, excluding the right of option of the shareholders in accordance with Article 2441, paragraph 8, of the Italian Civil Code and Article 134 TUF, for a maximum amount of Euro 213,150, through the issuance, also in several tranches, of a maximum of 2,131,500 new ordinary shares with the par value of Euro 0.10, to be offered for subscription against payment to employees of Prysmian S.p.A. and/or its subsidiaries, beneficiaries of the incentive plan approved by the Ordinary General Meeting of [*], and to be carried out by the final date of 30 March 2016.</b></p> <p>In the resolutions passed for to increase the share capital by issuing share for cash, the option right may be excluded up to a maximum of 10% of the previously existing share capital, provided the issue price corresponds to the shares' market value and this is confirmed in a specific report from the firm appointed for the statutory audit of accounts.</p>
---	---

The modification shown does not imply a withdrawal pursuant to Art. 2437 Italian Civil Code.

\*\*\*\*\*

In connection with the above, the following deliberation is therefore submitted for the approval of the Extraordinary General Meeting of the Shareholders:

*“The Extraordinary General Meeting of the Shareholders of Prysmian S.p.A., having reviewed the Directors' Report,*

*Resolves*

- I. *To increase the share capital against payment, in divisible form, in accordance with Article 2441, paragraph 8, of the Italian Civil Code and Article 134 TUF, for a maximum amount of Euro 213,150, through the issuance, also in several tranches, of a maximum of 2,131,500 new ordinary shares with the par value of Euro 0.10, to be offered for subscription against payment at par value to employees of Prysmian S.p.A. and/or its subsidiaries, beneficiaries of the incentive plan approved by the Ordinary General Meeting of [\*], and to be carried out by the final date of 30 March 2016.*

- II. *To modify Article 6 of the Articles of Association by adding the following penultimate paragraph “The Extraordinary General Meeting of Shareholders on [\*] resolved to increase the share capital in divisible form, excluding the right of option of the shareholders in accordance with Article 2441, paragraph 8, of the Italian Civil code and Article 134 TUF, for a maximum amount of Euro 213,150, through the issuance, also in several tranches, of a maximum of 2,131,500 new ordinary shares with the par value of Euro 0.10, to be offered for subscription against payment to employees of Prysmian S.p.A. and/or its subsidiaries, beneficiaries of the incentive plan approved by the Ordinary General Meeting of [\*], and to be carried out by the final date of 30 March 2016.”*
- III. *To grant the Board of Directors the authority to implement the above resolutions, including:*
- i) The power to update Article 6 of the Articles of Association, in the part relative to the amount of the capital and the number of shares that form it, with respect to the total or partial subscription of the increase in capital, thereby also filing such updates with the Register of Companies;*
  - ii) The power to carry out any activity, to prepare, submit, sign any document, or deed, requested, necessary or appropriate for the purpose of executing the increase in capital deliberated and performing every preparatory, ancillary, instrumental and consequent activity, with separate delegation to the legal representatives pro tempore for every and any activity not reserved by the law or internal regulations to the collegial body;*
  - iii) The power to perform any act necessary or opportune for the execution of the resolution, also granting separate delegation to the legal representatives pro tempore to introduce the changes allowed or requested for registration in the Register of Companies;*
  - iv) To establish that, if the increase in capital deliberated were not totally underwritten by the final date of 30 March 2016, the capital is intended in any case increased for an amount equal to the subscriptions collected”.*