

REPORT BY THE BOARD OF DIRECTORS TO SHAREHOLDERS' MEETINGS CONVENED TO VOTE ON PROPOSALS TO AUTHORISE THE BUY-BACK AND/OR DISPOSAL OF TREASURY SHARES PURSUANT TO ARTICLES 73 AND 93 OF THE CONSOB REGULATIONS ADOPTED IN RESOLUTION 11971/99, AS AMENDED AND UPDATED, DRAWN UP IN ACCORDANCE WITH FORMAT 4 OF APPENDIX 3A TO THE SAME REGULATIONS.

Shareholders,

You have been convened today in ordinary session to analyse, among other things, the proposal to authorise the buy-back and disposal of treasury shares pursuant to articles 2357 and 2357-ter of the Italian Civil Code and article 132 of Italian Legislative Decree 58 dated 24 February 1998.

1. Reasons for seeking authorisation.

The authorisation to buy back and dispose of treasury shares is being sought to give the Company authority that can be exercised:

- to provide the Company with a portfolio of treasury shares, including those already held by the Company, that can be used in any extraordinary transactions;
- in order to use the treasury shares purchased to service the exercise of rights arising from convertible debt instruments or instruments exchangeable with financial instruments issued by the Company, its subsidiaries or by third parties;
- to dispose of treasury shares to satisfy stock option plans reserved for the Group's directors and employees;
- to allow efficient management of the Company's capital, by creating an investment opportunity even for its available liquidity.

2. Maximum number, class and nominal value of the shares to which the authorisation relates.

The subscribed and paid-in share capital of Prysmian S.p.A. amounts to Euro 21,439,348.10, divided into 214,393,481 ordinary shares with a nominal value of Euro 0.10 each. As at the present date, the Company directly and indirectly owns 3,039,169 treasury shares, corresponding to 1.4% of share capital with voting rights. You are reminded that in 2011 Prysmian S.p.A. initiated a long-term incentive plan for its own employees and those of subsidiaries, lasting over a three-year timeframe and dependent upon the achievement of predetermined performance conditions relating to the 2011-2013 period. This incentive plan involves granting options to receive or subscribe to ordinary shares of Prysmian S.p.A. in a ratio of one share for every option exercised; the plan also establishes that shares received by plan beneficiaries can also be taken from the Company's holding of treasury shares which may therefore undergo a significant reduction.

In accordance with current legislation, the number of shares for which the buy-back authorisation is requested is such that, at any one time and taking into account the aforementioned treasury shares already held by the Company, the total number of treasury shares held does not exceed 10% of share capital, currently amounting to 18,400,179 ordinary shares of nominal value Euro 0.10 each.

In any case, under article 2357, par. 1, of the Italian Civil Code, treasury shares can be bought back on one or more occasions as long as the total does not exceed distributable profits and available reserves, as reported in the duly approved most recent annual financial statements.

3. **Other information for assessing compliance with article 2357, par. 3, of the Italian Civil Code**

The Board of Directors notes that the Company's financial statements for the year ended 31 December 2011, the draft of which was approved by the Board of Directors on 7 March 2012 and will be submitted for approval by the Shareholders' Meeting convened for 18 April 2012, report available reserves of approximately Euro 44 million before approximately Euro 658 million in allocations as dividends, as proposed by this Board of Directors to the aforementioned Shareholders' Meeting.

In addition, the Board of Directors draws attention to the need, under article 2357-ter, par. 3, of the Italian Civil Code, to use available reserves to establish, concurrently with the buy-back of treasury shares, an undistributable reserve corresponding to the same amount as the treasury shares and retain such reserve until such time as the treasury shares are transferred.

4. **Maximum term of the authorisation.**

The buy-back authorisation is requested for a maximum period of 18 months from the date the Shareholders' Meeting adopts the relevant resolution.

The authorisation to dispose of treasury shares purchased under article 2357 of the Italian Civil Code is requested without any time limits.

5. **Minimum and maximum price.**

Treasury shares will be bought back and sold in accordance with applicable laws and regulations:

- (i) at a minimum price no more than 10% below the stock's official price reported in the trading session on the day before carrying out each individual transaction;
- (ii) at a maximum price no more than 10% above the stock's official price reported in the trading session on the day before carrying out each individual transaction.

However, these price limits do not have to apply when treasury shares are used as consideration in extraordinary transactions or to service any share-based incentive plans for the Group's directors and employees.

6. **Ways in which treasury shares can be purchased.**

In accordance with the provisions of article 132 of Italian Legislative Decree 58 dated 24 February 1998, and article 144-bis, par. 1, letters a), b) and c) of Consob Regulation 11971 dated 14 May 1999 (as amended and updated), share buy-backs will be carried out, in such a way as to ensure equal treatment between shareholders, on markets regulated and organised by the Italian Stock Exchange according to the operating procedures established in the rules for organising and managing such markets, which do not allow the direct matching of buy orders with predetermined sell orders.

Purchases will nonetheless be made in compliance with conditions regulated by art. 5 of Regulation (EC) 2273/2003 concerning purchase price and daily volumes.

You are reminded that for the duration of the Company's ownership of the treasury shares, the voting rights of such shares are suspended along with earnings participation rights and pre-emption rights, all of which are proportionately assigned to the other shares.

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

“The Shareholders' Meeting

- *in view of articles 2357 and 2357-ter of the Italian Civil Code and article 132 of Italian Legislative Decree 58 dated 24 February 1998;*
- *acknowledges the report by the Board of Directors on the proposal to buy back and dispose of treasury shares and the proposals contained therein;*
- *in view of the contents of the most recently approved financial statements;*

RESOLVES

1. *to authorise, pursuant to and for the purposes of article 2357 of the Italian Civil Code, the Board of Directors, for a period of 18 months from the date of adopting the present resolution, to purchase, on one or more occasions, a maximum number of shares that, at any one time and taking into account any treasury shares already held, does not exceed 10% of share capital, currently amounting to 18,400,179 shares of nominal value Euro 0.10 each. Share buy-backs may be carried out at a minimum price of no more than 10% below the stock's official price reported in the trading session on the day before carrying out each individual purchase transaction and at a maximum price no more than 10% above the stock's official price reported in the trading session on the day before carrying out each individual purchase transaction. Purchases will be made, within the limits of the distributable earnings and available reserves reported in the duly approved most recent annual financial statements, on markets regulated and organised by the Italian Stock Exchange according to the operating procedures established in the rules for organising and managing such markets, which do not allow the direct matching of buy orders with predetermined sell orders, and nonetheless in accordance with the provisions of article 144-bis, par. 1, letters a) b) and c) of Consob Regulation 11971 dated 14 May 1999.*
2. *to authorise, pursuant to and for the purposes of article 2357-ter of the Italian Civil Code, the Board of Directors, to complete, on one or more occasions, with no time limits and even before having finished the purchases, the disposal of all or part of the Company's treasury shares purchased under the present resolution as well as those already held. Treasury shares sales may be carried out at a minimum price no more than 10% below the stock's official price reported in the trading session on the day before carrying out each individual disposal and at a maximum price no more than 10% above the stock's official price reported in the trading session on the day before carrying out each individual disposal. The Board of Directors may decide not to apply these price limits when treasury shares are used as consideration in extraordinary transactions or to service any share-based incentive plans for the Group's directors and employees.*
3. *to grant the Board of Directors the powers to:*
 - *identify the reserves to be used for the purchase of treasury shares and for establishing the undistributable reserve under article 2357-ter, par. 3, of the Italian Civil Code;*
 - *establish the procedures, timing and additional executive terms of treasury share purchases and disposals, as long as in compliance with the conditions and restrictions contained in the present resolution;*

- *establish, in relation to every treasury share purchase, pursuant to article 2357-ter, par. 3, of the Italian Civil Code, an undistributable reserve for an amount corresponding to the amount of treasury shares classified as assets in the financial statements, and nonetheless make every necessary accounting entry resulting from the purchases made;*
- *enter into any deed or document or fulfil any formalities, including with third parties, that, at the Board's absolute discretion, are deemed necessary or nonetheless appropriate for executing the present resolution."*

Milan, 7 March 2012

By order of the Board of Directors
the Chief Executive Officer
ing. Valerio Battista