Draka

# Position Statement

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# Draka Holding N.V.

Dated 5 January 2011

For the Extraordinary General Meeting of Shareholders of Draka Holding N.V.
to be held on 26 January 2011 at 14.00 CET
in the Holiday Inn Amsterdam Hotel, De Boelelaan 2, 1083 HJ Amsterdam, the Netherlands

Relating to the recommended offer by Prysmian S.p.A.
dated 5 January 2011
for all the issued and outstanding ordinary shares in Draka Holding N.V.

In accordance with article 18 paragraph 2 and Annex G
of the Dutch Public Offers Decree Wft (*Besluit openbare biedingen Wft*)

## Important information

This Position Statement has been published by the Supervisory Board and Board of Management of Draka for the sole purpose of providing information to the Shareholders on the recommended offer by Prysmian for all the issued and outstanding ordinary shares in Draka, as required pursuant to Article 18, paragraph 2 and Annex G of the Dutch Public Offers Decree (*Besluit openbare biedingen Wft*).

Any capitalised terms in this Position Statement other than in Appendix I (Fairness Opinion J.P. Morgan plc) shall have the meaning attributed to them in Section 4 of the Offer Memorandum (Definitions). Any reference in this Position Statement to defined terms in plural form shall constitute a reference to such defined terms in singular form, and vice versa. All grammatical and other changes required by the use of a definition in singular form shall be deemed to have been made herein and the provisions hereof shall be applied as if such changes have been made.

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Draka is exclusively responsible for the accuracy and completeness of the information contained in this Position Statement.

Copies of this Position Statement are available at www.draka.com and can be obtained free-of-charge by contacting Draka via its website or by telephone on +31 20 56 89 805.

This Position Statement includes "forward looking statements" including statements about the expected timing and completion of the Offer. Forward looking statements involve known or unknown risk and uncertainty because these statements relate to events and depend on circumstances that all occur in the future. Generally, words such as may, should, aim, will, expect, intend, estimate, anticipate, believe, plan, seek, continue or similar expressions identify forward looking statements. Although Draka believes the expectations reflected in such forward looking statements are based on reasonable assumptions and to the best of its knowledge and beliefs, as of the date hereof, are true and accurate in all material respects, no assurance can be given that such statements will be fulfilled or prove to be correct, and no representations are made as to the future accuracy and completeness of such statements. Any such forward looking statements must be considered, together with the fact that actual events or results may vary materially from such forward looking statements due to, among other things, political, economic or legal changes in the markets and environments in which Draka does business, competitive developments or risks inherent to Draka's business plans and uncertainties, risk and volatility in financial markets and other factors affecting Draka.

The information included in this Position Statement reflects the situation as of the date of this Position Statement. Except as otherwise required by applicable law, Draka undertakes no obligation to update publicly or revise publicly any such information, whether as a result of new information, future events, changed circumstances or any other reason after the date of this Position Statement.

This Position Statement is governed by the laws of the Netherlands. The District Court of Amsterdam (*Rechtbank Amsterdam*) and its appellate courts shall have exclusive jurisdiction to settle any disputes which might arise out of or in connection with this Position Statement. Accordingly, any legal action or proceedings arising out of or in connection with this Position Statement may be brought exclusively in such courts.

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## 1. INTRODUCTION

Dear Shareholder,

The Shareholders' Meeting to be held on 26 January 2011 is an important event for Draka and all its stakeholders, including the Shareholders. In this document, the Supervisory Board and Board of Management would like to provide you with their Position Statement (*gemotiveerde standpuntbepaling*) in respect of the Offer.

On 18 October 2010, Nexans S.A. (***Nexans***) announced its intention to enter into discussions with Draka in relation to a possible offer for the shares in Draka. Nexans had obtained the commitment of Flint, the main shareholder of Draka, to tender its shares in Draka, subject to certain conditions, in case Nexans would make an offer to acquire Draka. Nexans had agreed with Flint to make a proposal to Draka to negotiate an agreement for a recommended cash offer to purchase all of the outstanding ordinary shares of Draka at a price of € 15.00 per share, subject to certain conditions. On 27 October 2010, Draka announced that this unsolicited indicative non-binding proposal from Nexans was inadequate as it substantially undervalued Draka and did not address the position and legitimate interests of all stakeholders, nor the execution risk of the transaction as proposed by Nexans. Draka also announced it would actively review its strategic alternatives, including continuing Draka's stated stand-alone strategy, and that it would evaluate these alternatives taking into account the interests of all of its stakeholders, including the shareholders. In this context, Draka acknowledged Flint's intention to exit as a shareholder.

On 22 November 2010, after a number of conversations between Draka and Nexans, and after a careful review of Draka's strategic alternatives, Draka formally rejected Nexans' proposed offer. On that same date, Draka and Prysmian jointly announced that they had entered into the Merger Agreement to create a global leading player in the energy and telecom cable industry. The combination will be achieved by means of a public offer for all of the issued and outstanding ordinary share capital of Draka in a mixed cash and exchange offer, comprising of € 8.60 in cash and 0.6595 Prysmian share for each Draka share; valuing Draka at € 17.20 per share.[1] Separately, Flint has irrevocably undertaken to tender all shares held by it under the terms and conditions of the Offer Memorandum, subject to certain conditions.

Later that day, Tianjin Xinmao Science & Technology Investment Group Co. Ltd. (later: Tianjin Xinmao S&T Investment Corp. Ltd.) (***Xinmao***) announced its intention to make an alternative public cash offer at a price of € 20.50 per ordinary share (***Potential Offer***) subsequent to its earlier and highly indicative and conditional proposal valuing Draka at € 17.50 per ordinary share.

**To date, after having given it careful and extensive consideration, the Supervisory Board and the Board of Management fully support and unanimously recommend the Offer and the transaction contemplated thereby to its Shareholders. In determining its position (including the recommendation of the Offer to the Shareholders) the Supervisory Board and the Board of Management have also taken into consideration the current status of the discussions with Xinmao and the conditionality and execution risks attached to the existing Offer by Prysmian and the current Potential Offer by Xinmao, respectively.**

In the remainder of this document, the Supervisory Board and the Board of Management will address some important notes in respect of the Offer and the Potential Offer by Xinmao, as well as further background, including transaction rationale and decision making process on the recommended Offer.

1 Valued at Prysmian's closing price of € 13.04 on 19 November 2010.

## 2. IMPORTANT NOTES IN RESPECT OF THE OFFER BY PRYSMIAN AND THE POTENTIAL OFFER BY XINMAO

- **At the time of the announcement of the Offer, the Supervisory Board and the Board of Management had carefully reviewed all its strategic alternatives, including Draka's stated stand-alone strategy and a highly indicative and conditional proposal from Xinmao valuing Draka at € 17.50 per share, and concluded that the possible transaction with Prysmian provided premium value including the potential upside from synergies, provided maximum transaction certainty and was in the best interest of all stakeholders, including the Shareholders.**

- **The Supervisory Board and Board of Management have issued this Position Statement as per the date immediately prior to the release by Prysmian of its Offer Memorandum and it does therefore not cover any developments, including developments with respect to the Offer by Prysmian and/or the Potential Offer by Xinmao, after 5 January 2011.**

- **The Supervisory Board's and the Board of Management's recommendation is subject to their so-called "fiduciary out", all as agreed in the Merger Agreement dated 22 November 2010.**

- **Subject to certain conditions (see section 4.2 under "Certain arrangements" of this Position Statement) in the existing Merger Agreement, which conditions are currently not satisfied, the Supervisory Board and the Board of Management are entitled to withdraw their recommendation by terminating the Merger Agreement.**

- **The Supervisory Board and Board of Management have taken notice and are aware of the continuous interest of Xinmao to acquire Draka through a public offer, as reflected in Xinmao's press releases dated 22 November 2010, 29 November 2010 and 20 December 2010 respectively.**

- **The Supervisory Board and Board of Management have issued the following press releases in respect of the current Potential Offer by Xinmao:**

  - **On 23 November 2010, Draka announced it would accept the invitation of Xinmao to enter into discussions, in which the Supervisory Board and the Board of Management would explore the rationale, merits and risks for all Draka's stakeholders, including its Shareholders, of a possible business combination of Draka and Xinmao. The Supervisory Board and the Board of Management also allowed Xinmao to conduct certain due diligence investigations.**

  - **On 26 November 2010, Draka announced it had requested Xinmao to provide elaborate and detailed written information substantiating documentation in respect of questions and matters raised in connection with Xinmao's intention to launch a public offer.**

  - **On 17 December 2010, Draka announced it had facilitated Xinmao in its due diligence investigation by providing access to a data room as well as access to Draka's management and advisors. In addition, there were further discussions with Xinmao's Chairman and CEO and a site visit took place to one of Draka's production facilities. Draka also expressed its remaining concerns about the progress made by Xinmao in respect of securing financing and obtaining the relevant approvals.**

- **This Position Statement does not – within the boundaries of the Merger Agreement – preclude any offer by Xinmao nor the Supervisory Board's and Board of Management's ability to recommend any agreed public offer by Xinmao if (i) such offer would be agreed upon and launched within six weeks after such agreement with Xinmao, (ii) such offer exceeds the Implied Value by at least 15% and (iii) such offer is not "matched" by Prysmian – all as defined and in accordance with the Merger Agreement (see section 4.2 under "Certain arrangements" of this Position Statement).**

- **Under Dutch law, any party (thus including Xinmao) can launch a public offer on a Dutch listed company (thus including Draka) without the cooperation of such listed target company. Although Draka's cooperation is not required to have Xinmao launch a public offer, Draka has cooperated fully with Xinmao and will continue to do so, subject to Draka's contractual obligations as well as the Supervisory Board's and Board of Management's fiduciary obligations.**

- **Developments regarding the current Potential Offer by Xinmao will, to the extent known to the Supervisory Board and the Board of Management, be elaborated on during the Shareholders' Meeting. In the event that Xinmao launches a public offer on Draka, the Supervisory Board and Board of Management will issue a position statement in respect of such public offer by Xinmao as well.**

## 3. DECISION MAKING PROCESS BY THE SUPERVISORY BOARD AND THE BOARD OF MANAGEMENT OF DRAKA

After having received extensive legal and financial advice and having given due and careful consideration to (i) the strategic, operational, financial and social aspects and consequences of the proposed transaction; (ii) the conditionality and execution risks attached to the Offer; (iii) the position of Draka's main Shareholder Flint; (iv) the current conditional proposal by and discussion with Xinmao and (v) having obtained the Fairness Opinion dated 22 November 2010 from J.P. Morgan plc, as included in Appendix I (Fairness Opinion J.P. Morgan plc) of this Position Statement, the Supervisory Board and the Board of Management of Draka have reached the conclusion that the Offer is in the best interest of Draka, its Shareholders and all other stakeholders of Draka.

Prior to the announcement on 22 November 2010 as well as throughout the process up to publication of the Offer Memorandum, the Supervisory Board and the Board of Management of Draka have met on a very frequent basis to discuss the preparations, developments, and progress in relation to the proposed transaction, as well as the considerations underlying key decisions in connection therewith. A steering committee, consisting of, amongst others, the CEO and the chairman of the Supervisory Board of Draka has been charged with the day-to-day events relating to the Offer and the Potential Offer. The terms and conditions of the Offer, as documented in the Merger Agreement, have been agreed between Draka and Prysmian and have been unanimously approved by the Supervisory Board, the Board of Management and the board of directors of Prysmian. For the purpose of this Position Statement: Supervisory Board means Draka's existing supervisory board with the exclusion of the two (potentially) conflicted members Mrs. A.M. Fentener van Vlissingen and Mr. F.H. Fentener van Vlissingen.

In articulating their opinion the Supervisory Board and Board of Management have each, amongst others, given due and careful consideration to:

1. identity and character of Prysmian;
2. price and type of consideration;
3. social aspects of the proposed transaction, including Prysmian's commitments;
4. (future) governance of Draka;
5. conditionality of the Offer;
6. execution risks, including transaction certainty;
7. position of Shareholders, including in particular Draka's main Shareholder Flint; and
8. anticipated settlement date (i.e. date on which the Shareholders of Draka can expect to receive the consideration).

In connection therewith, the Supervisory Board and the Board of Management have each, in separate meetings which took place on 4 January 2011, formally resolved to reaffirm their decisions taken prior to the announcement on 22 November 2010, and to unanimously support the Offer and unanimously recommend the Offer to Draka's Shareholders for acceptance.

## 4. TRANSACTION RATIONALE ACCORDING TO THE SUPERVISORY BOARD AND THE BOARD OF MANAGEMENT

The Supervisory Board and the Board of Management have given due and careful consideration to both the financial and non-financial consequences of the Offer as described in short in sections 4.1 and 4.2 of this Position Statement, respectively, also in relation to assessing all other strategic options, such as stand-alone scenarios and potential alternative third party transactions (including the current Potential Offer by Xinmao and the conditionality and execution risks attached thereto). In reaching their decision to approve the Offer and to recommend that the Shareholders tender their Shares under the Offer, the Supervisory Board and the Board of Management have taken advice from legal, financial and strategic advisers.

### 4.1 The Supervisory Board and the Board of Management's financial assessment of the Offer

The Offeror offers a consideration of € 8.60 in cash plus 0.6595 New Prysmian Shares per Draka ordinary share with the Implied Value being € 17.20 per Share. The Offer implies a 25% premium to the closing share price of 13 October 2010[2] of € 13.72 and a premium of 37% to the volume weighted average share price over the 6 months ended 13 October 2010 of € 12.58.

2 Last date before the rumours of a possible offer from Nexans became widely spread.

The chart below shows the development of the price of Draka on Euronext Amsterdam[3] in the period from 19 November 2009 to 19 November 2010.


Based on the Supervisory Board's and the Board of Management's knowledge of the market and industry in which Draka operates, the Supervisory Board's and the Board of Management's experience and advice obtained from a financial advisor, the Supervisory Board and the Board of Management are of the opinion that the price being offered per Share exceeds the intrinsic value of Draka on a standalone basis.

The Offer constitutes a cash and share component which on the one hand offers the Shareholders the opportunity to roll part of their existing investment into the share capital of the Combined Group and as such benefit from the potential upside from synergies. On the other hand, the cash part of the Offer provides the Shareholders with an opportunity to realise a premium valuation for part of their investment.

In addition to the foregoing, the Supervisory Board and the Board of Management have also considered the following in their financial assessment of the Offer:

1. The Fairness Opinion of J.P. Morgan plc dated 22 November 2010 provided to the Supervisory Board and the Board of Management before trading hours on that date, that – subject to the assumptions made, matters considered and limitations on the review undertaken in connection with such opinion – the Offer Price to be received by the Shareholders was, as at that date, fair from a financial point of view to the Shareholders (see Appendix I (Fairness Opinion J.P. Morgan plc) of this Position Statement).

2. Prysmian is able to fulfil its cash obligations under the Offer from cash resources which are currently available within Prysmian's group of companies.

3. At the time of this Position Statement, there are no better (actual) competing public offers from a financial point of view that offer the same degree of transaction certainty to Draka's stakeholders.

The above elements, combined with the fact that Prysmian has secured an irrevocable commitment from Draka's main Shareholder Flint representing approximately 48.5% of the Shares, makes the Offer the best option for Draka, its Shareholders and its other stakeholders.

3 AMX refers to the Amsterdam Midcap Index, the index of Euronext Amsterdam that lists the shares of medium sized companies. Draka is listed on AMX.

## 4.2 The Supervisory Board and the Board of Management's non-financial considerations of the Offer

**Strategic rationale**

The Offer is backed by a strong strategic rationale and long-term value creation opportunities.

*Main highlights of the transaction*

The strategic, operational and financial merits of the combination are compelling and will provide significant benefits to both Prysmian's and Draka's shareholders, employees, customers and other stakeholders, as the combination will create a new player with:

- a leading position in high voltage, subsea, high-end industrial cables, fibers and optical cables;
- a global presence in more than 50 countries with over 90 plants and more than 20,000 employees;
- based on 2009 aggregate figures, net sales of € 5.8 billion and adjusted EBITDA of € 541 million (excluding non recurring items) and based on 2010 aggregate estimated figures, net sales of € 6.7 billion and adjusted EBITDA of € 530 million (excluding non recurring items);[4]
- a highly complementary know-how and product portfolio with aggregate 2009 net sales split by business channels as follows: Utilities 28%, Trade & Installers 29%, Industrial 23% and Telecom 20%;
- a diverse and increased customer base with limited areas of commercial overlap;
- a balanced and diversified geographic mix with net sales in 2009 in EMEA representing 65% of the total aggregate, America 17%, Asia & Oceania 14% and Rest of the World 3%;[5]
- a combination with a highly complementary geographic footprint leveraging Draka's strength in Northern Europe and Prysmian's strong position in Southern Europe and an increased coverage of fast growing emerging markets;
- significant synergy scope to generate approximately € 100 million of annual run-rate synergies within three (3) years; and
- an enhanced and strong platform well positioned to capture the significant growth opportunities available in the market through its leading positions in key areas and segments and to deliver substantial benefits from sharing best practices and processes.

The proposed transaction is expected to be a value enhancing combination and earnings accretive for Prysmian's shareholders from 2011 onwards even on a pre-synergies basis.[6]

*A leading player*

The Combined Group will be a new leading player in the worldwide energy and telecom cable and systems industry, in particular in several of its high-technology segments.

Based on 2009 aggregate figures, the Combined Group had net sales of € 5.8 billion and adjusted EBITDA of € 541 million (excluding non recurring items). In 2010, and based on IBES median estimate as of 23 December 2010, the Combined Group is expected to reach net sales of € 6.7 billion and adjusted EBITDA of € 530 million (excluding non recurring items).

In subsea and high voltage, the Combined Group will continue to serve the main national grid operators and will be involved in the most important transmission projects worldwide.

In the industrial channel, the Combined Group will leverage an extended product offering and will be in the position to exploit cross selling opportunities in its industrial cables portfolio; for some high value-added industrial applications, as for example wind energy, the Combined Group will be in the unique position to offer to its enlarged customer base an even more complete offering, thanks to the product and technological complementarity of Prysmian and Draka. The Combined Group's manufacturing footprint will also allow to enhance the service level and product offering to the Trade & Installers channel, thanks to improved logistics flows (due to increased geographic presence and coverage) and, once again, thanks to the complementarity of Draka's and Prysmian's product portfolios.

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4 Source: median of IBES estimates as of 23 December 2010.

5 Preliminary segmentation based on existing reporting by Prysmian and Draka. Actual segmentation post-transaction may differ from the one presented above as the two companies' reported geographic segmentation is not fully consistent.

6 Excluding net one-off costs.

Thanks to the access to Draka's fiber production technology, the Combined Group will have fiber production facilities spread across the globe and will be a leading player in the optical cable segment, leveraging an even wider product range.

The Combined Group will also benefit from its strengthened geographic presence which will count on:

- possibility to exploit Draka's strength in Northern Europe and Prysmian's strong position in Southern Europe;
- leading presence in Industrial cables with local manufacturing facilities in the key markets of North America, Europe (Germany, France and Italy) and China; in particular, Draka will contribute into the combination its strong position in the North American market, where Draka operates in complementary segments such as the one for applications for the Elevator industry; in China, both companies have significant presence and will leverage on the strengths of their respective product portfolios;
- increased presence in attractive emerging markets (e.g. China, Middle East, Brazil, Mexico, ASEAN, India and Russia); in China, Prysmian is mainly present in the Energy sector, whereas Draka's main focus is in Telecommunications; in the Middle East, Prysmian is mainly active in Power Transmission projects, whereas Draka has a well rooted presence in the fast growing Oman market, through a partnership in a leading local player; in South America, the presence of the two companies is highly complementary, being Prysmian mainly active in Brazil and Draka in Mexico; also, in ASEAN, the geographical footprints have limited overlaps, where the historical presence of Prysmian in Indonesia and Malaysia is well integrated by Draka's leading positioning in Singapore and Hong Kong; and
- increased presence in the Telecom business (mainly optical cables and fiber) through complementary geographical presence in EMEA, North and South America and China; Draka's manufacturing presence in North America will provide an excellent balance in terms of currency exposure in a market which is mainly denominated in US dollars.

*Industry trends*

The reference industries in which both Prysmian's and Draka's customers operate are expanding on a global scale, with companies buying products and services globally and on a centralised basis. Also, a consolidation trend can be observed in the cable industry, both at suppliers' and at customers' level.

The globalisation and consolidation of the industry is increasing the need for scale, wide product offering, efficiency and constant innovation.

The transaction will allow the Combined Group to better tackle the evolving industry trends, as the new player will leverage:

- complementary business and product portfolios;
- an increased customer base with limited areas of commercial overlap and potential cross-selling opportunities;
- an increased coverage of fast growing emerging markets;
- industry leading R&D capabilities, crucial to effectively respond to the need for innovation;
- financial strength to invest in organic and external growth opportunities across the world; and
- a strong positioning for further industry consolidation at global level.

Thanks to the extended industrial and geographical footprint, the Combined Group is expected to optimize logistics flows, reach a wider customer base and definitely increase its proximity to the market, with an overall improvement in the service level to its customers. The Combined Group is also expected to increase its cost competitiveness thanks to significant economies of scale generated by the transaction.

*Expected synergies*

Due to the significant experience matured by both Prysmian and Draka in implementing efficiency and cost saving measures, the Combined Group is expected to generate approximately € 100 million of annual run-rate pre-tax cost synergies to be achieved within three (3) years.

Synergies will derive mainly from the following areas:

- optimization of the manufacturing footprint, aiming at improving the efficiency of the plants and reorganizing the various production lines; other than efficiencies and cost competitiveness, the industrial reorganisation will maintain a special focus on enhancing the service level to the customers and exploit cross-selling opportunities;
- raw materials procurement and purchase of other supplies and services, leveraging the increased scale of the Combined Group and aligning the terms and conditions of the two companies with the different suppliers;
- effective reshaping and integration of the two organizations at corporate, country and business level, with the specific aim to enhance the best human resources of the two companies;
- optical fiber sourcing, complementing the production of Prysmian plant in Southern Italy with Draka's North American facility and rebalancing fiber in-house production and out-sourcing; and
- exploitation of the complementarities in product portfolios and cross-selling opportunities.

In addition, the combination is expected to generate additional benefits (not included in the aforementioned estimate of approximately € 100 million) through sharing of best practices, cross-fertilization in lean manufacturing and R&D know-how, introduction of proven concepts and procedures into the respective client bases and across each other footprints, improved logistic flows and a natural hedge against currency fluctuations in the Telecom business. Furthermore, increased scale and scope will allow the combination to be more competitive in international tenders, also leveraging the wider geographical presence.

Prysmian and Draka are among the most efficient players in the industry, with an impressive track record in implementing efficiency and cost saving measures, and have identified significant scope for further improvements for the Combined Group.

The two companies have proved their ability to integrate and further develop acquired assets thanks to continuous investments. Prysmian's precedent acquisitions and business integrations (as a stand-alone entity and as part of the Pirelli Group) such as the integration of energy cables operations of Siemens AG in 1998, energy cable operations from BICC General in 2000 and others, represent relevant examples whereby acquired assets have been developed and their value significantly enhanced (i.e. excellence centre of Neustadt in Germany, Delft in the Netherlands and Pikkala in Finland for the production of extra-high voltage power cables).

*No break-up*

With reference to Draka, Prysmian does not envisage any break-up of its business or material divestitures of any of its business units, and believes that the integration can be successfully executed with minimal disruptions, taking into account both companies' strengths and culture.

**Governance**

The current member of the Board of Management, Mr F.F. Dorjee, will continue to serve as member of the Board of Management after Settlement.

Subject to (i) Prysmian declaring the Offer unconditional and only from Settlement and (ii) to the extent still required, the applicable consultation (including as to the amendments of the profile of the Supervisory Board) and advice procedures, the Supervisory Board of Draka shall, subject to the appointment at the Shareholders' Meeting of Draka, consist of five members, of whom three shall be nominated by Prysmian and of whom two shall be remaining, current members of the Supervisory Board of Draka (Mr L.M.J. van Halderen and Mr A.W. Veenman). These remaining members of the Supervisory Board of Draka shall be considered independent members (i.e. within the definition of the Dutch Corporate Governance Code) and shall have certain veto powers to protect the interests of minority Shareholders.

The proposed amendments to the profile of the Supervisory Board and the deviations from the Dutch Corporate Governance Code in addition to the current deviations will be discussed and explained during the Shareholders' Meeting of Draka prior to any decision making.

In addition, and at the request of Draka's central works council, which request Prysmian and Draka are pleased to honour, within six (6) months after the Settlement Date an additional member will be added to the Supervisory Board upon nomination of Draka's central works council. Taking into account that the Supervisory Board will then consist of six (6) members, the articles of association will be amended to reflect that the chairman of the Supervisory Board, to be appointed by the general meeting of shareholders, will have a casting vote. In this respect, an additional extraordinary general meeting of shareholders of Draka will be convened to resolve on (i) the amendment of the articles of association of Draka and (ii) the appointment of the additional member to the Supervisory Board.

One current member of the Supervisory Board is expected to be appointed as non-executive director at the board of directors of Prysmian after Settlement.

**Integration**

In the first 100 days after the completion of the Offer, a business plan of the Combined Group for the subsequent three (3) years will be defined with the purpose of ensuring the competitiveness of the Combined Group and to ensure continuity in the long term.

The year 2011 will mainly be dedicated to define the final detailed new group business & industrial plan, to design and implement the appropriate group and local organization as well as to plan the integration process through different milestones and activities taking into account the rights of the relevant employee representatives of Draka and Prysmian. Any decision on the business organization will be taken consistently, after completion of a careful process of analysis and benchmarking and – to the extent required – after applicable employee consultation and advice procedures.

Prysmian shall preserve the integrity of the business of the Draka Group and has no intention to break up the Draka Group or to divest material activities of the Company. The Combined Group will leverage the intercompany opportunity in order to improve the commercial penetration in the different markets, as well as to improve the saturation and utilization of the different factories. The industrial allocation strategy will be based on market needs, on the different factory performance and the ability to serve the different customers. No policy will be aimed to prejudicially move volumes out of the Netherlands industrial platforms. Furthermore, in the next three (3) years of integration, investments in Dutch factories of Draka will be maintained at an adequate level and in line with the last years trend.

The head office of the new combined operations of the Combined Group in the Benelux and in the Nordics will be maintained in Amsterdam, the Netherlands. The existing overall Draka R&D structure, will be maintained over the next three (3) years; therefore the scope of activities and services, locations and number of employees in R&D will be maintained in the Netherlands and the R&D technology centre in France, focussed on telecommunication, will operate as a satellite of R&D in Eindhoven, the Netherlands. In the above period, in case of circumstances which require significant changes, these will, where appropriate, be submitted to the central works council of Draka for advice.

Prysmian is committed that, after the Offer has been declared unconditional (*gestand wordt gedaan*), the allocation of employees will follow the ''best person for the job'' principle. Prysmian and Draka will leverage the value of their respective management and professionals aiming at a proper balance of the two companies, using the Draka competencies where the company has more experience and a larger footprint (i.e. Nordic and the Netherlands).

Existing obligations pursuant to employment agreements of the Draka employees and pursuant to employee consultation policies will be continued and no forced lay-offs will be made as a direct result of the transaction.

Further information regarding the social consequences relating to the Offer and employee consultation (reference is made to schedule G, paragraph 4 of the DPOD) is included in Section 6.14 of the Offer Memorandum (Management and Employees of the Company), which information is incorporated by reference in this section of this Position Statement.

The integration of the business of Prysmian and Draka will be the responsibility of the respective boards of each of Prysmian and Draka. In order to facilitate the integration of the businesses of Prysmian and Draka, an Integration Committee will be established as of the Settlement Date, consisting of three members: Mr F.F. Dorjee will be chairman of the Integration Committee and the other two members will be appointed by Prysmian.

**Certainty of funds**

Before announcement of the Offer on 5 January 2011, Prysmian has provided the Supervisory Board and the Board of Management sufficient comfort with regard to certainty of funds. Prysmian will finance the maximum total amount of the Cash Consideration of approximately € 420 million with cash on its balance sheet and on the basis of existing committed credit facilities.

On 15 December 2010, Prysmian convened an extraordinary general meeting of Prysmian shareholders scheduled for 21 January 2011 on first call, on 22 January 2011 on second call, and on 24 January 2011 on third call. In such shareholders' meetings, the shareholders of Prysmian will be asked to approve the increase of Prysmian's authorised share capital and the issue of the New Prysmian shares in order for Prysmian to be in a position to deliver the Share Consideration. The board of directors of Prysmian will recommend to Prysmian shareholders such capital increase and the related issuance of shares.

**Certain arrangements**

In the Merger Agreement, the Offeror and Draka have agreed that the Company is permitted to engage in discussions or negotiations with, and provide information to, any person that makes an unsolicited approach to the Company with the intention of making a Competing Offer.

Draka may accept a Competing Offer if:

(a) it is launched, or is binding on the offering party concerned in the sense that such offering party has (i) conditionally committed itself to the Company to launch a Competing Offer within 6 weeks and (ii) publicly announced its intention to launch a Competing Offer which announcement includes the proposed price per Share and the relevant conditions precedent in relation to such Competing Offer and the commencement thereof;

(b) it is determined by the Supervisory Board and the Board of Management, having consulted financial and legal advisors and acting in good faith and observing obligations under Dutch law, to be substantially more beneficial to the Company and its stakeholders than the Offer, specifically taken into account the consideration to be received by Shareholders and the likelihood of completion; and

(c) to the extent (i) it is a public offer on the Shares, the consideration per Share under the Competing Offer (to be valued as at the date of the initial public announcement of the Binding Competing Offer) exceeds the Implied Value by at least 15% or (ii) it is an offer for all or substantially all of the assets of the Draka Group, the net proceeds to the Shareholders of the Company resulting from such a transaction (to be valued as at the date of the initial public announcement of the Binding Competing Offer), calculated on a per Share basis, exceed the Implied Value by at least 15%;

such Competing Offer to be deemed a Binding Competing Offer.

Draka may however not accept a Binding Competing Offer if the Offeror has made a revised offer within five Business Days following the date on which it has received notice in respect of such Binding Competing Offer, which is determined by the Supervisory Board and the Board of Management, having consulted financial and legal advisors and acting in good faith and observing obligations under Dutch law, to be at least equally beneficial to the Company and its stakeholders as the Binding Competing Offer, specifically taken into account the consideration to be received by Shareholders and the likelihood of completion.

**Post-Offer Measures**

It is the intention of Prysmian to acquire all Shares and that:

(a) for that purpose, Prysmian may use any legally permitted method of post Offer restructuring, as described in Section 6.13 of the Offer Memorandum (Consequences of the Offer);

(b) the interest of minority Shareholders will be taken into account in effectuating such restructuring; and

(c) the Supervisory Board of Draka after Settlement is likely to have at least two independent members (i.e. within the meaning of the Dutch Corporate Governance Code) with certain veto powers to protect the interests of minority Shareholders, subject to – to the extent still required – the applicable (employee) consultation and advice procedures.

## 5. INFORMATION ON SHARES, OPTIONS HELD, RELATED TRANSACTIONS AND CONCLUDED AGREEMENTS, SEVERANCE AND OTHER PAYMENTS

The information referred to in schedule G, paragraph 3 of the DPOD is included in Section 6.9 (Shareholdings of the members of the Boards) and Section 6.14.3 (Severance Packages of Members of the Boards) of the Offer Memorandum, which information is incorporated by reference in this section of this Position Statement.

In view of the applicable rules and regulations to avoid improper conflicts of interests, the two members of the Supervisory Board Mrs. A.M. Fentener van Vlissingen and Mr. F.H. Fentener van Vlissingen, nor any other representative of Flint have participated in the deliberations and decision making regarding the transactions contemplated with the Offer.

As of the date of this Position Statement, the member of the Board of Management holds a number of Shares and options, as shown in Section 6.9 (Shareholdings of the members of the Boards). No member of the Supervisory Board or the Board of Management received Shares or options in connection with the Offer. The member of the Board of Management holding Shares and options has irrevocably undertaken to tender all Shares held by him (including any Shares acquired pursuant to the exercise of options prior to the (initial or extended) Closing Date) into the Offer.

Any options held by the member of the Board of Management shall accelerate and be settled on identical terms as for the other participants under such long term incentive plans as set out in section 7.12.1 of the Offer Memorandum (Settlement of the options under the option plans and of shares under the share plans).

## 6. FINANCIALS

The information referred to in paragraph 2 of Annex G of the Dutch Public Offers Decree Wft (*Besluit openbare biedingen Wft*) is included in Part IV of the Offer Memorandum (Financial Information Draka), which information is incorporated by reference in this Position Statement.

Draka expects to publish the financial results over the financial year 2010 on 15 February 2011. In addition, prior to the Shareholders' Meeting of Draka on 26 January 2011, Draka will provide an update on the anticipated results over the financial year 2010.

## 7. EMPLOYEE CONSULTATION PROCESS

The relevant and applicable employee consultation procedures with the central works council and the European works council have been completed. The central works council of Draka has rendered a positive advice regarding the Boards' recommendation of the Offer. The Social Economic Council and the relevant trade unions have been notified of the Offer in accordance with the Merger Code (*SER-besluit Fusbegedragsregels 2000*). The Supervisory Board and Board of Management are pleased with the specific commitments in writing made by Prysmian in favour of Draka, its central works council and thus the Draka employees.

## 8. OVERVIEW OF TRADING IN DRAKA

In the year preceding the date of this Position Statement, no transactions or agreements in respect of securities in Draka were effected or concluded by any of the current members of the Supervisory Board.

Pursuant to and in accordance with the terms of Draka's applicable long term incentive plans, Mr F.F. Dorjee was awarded Performance Shares as set out below in the year preceding the date of this Position Statement.

| *Award date* | *Class of Shares* | *Number of Shares* |
|---|---|---|
| 1-1-2008 | Performance shares | 19.794 |
| 1-1-2009 | Performance shares | 55.252 |
| 1-1-2010 | Performance shares | 20.221 |

## 9. CONCLUSION

Given all of the above, the Supervisory Board and the Board of Management believe that to date the Offer is in the best interest of Draka, its Shareholders and other stakeholders of Draka.

5 January 2011

| **Supervisory Board** | **Board of Management** |
|---|---|
| Mr F.W. Fröhlich (Chairman) | Mr F.F. Dorjee |
| Mr B.E. Dijkhuizen | |
| Mr L.M.J. van Halderen | |
| Mr R.F.W. van Oordt | |
| Mr J.C.M. Schönfeld | |
| Mr A.W. Veenman | |

**Appendix I – Fairness Opinion J.P. Morgan plc**

November 22, 2010

**JPMorgan**

Draka Holding N.V.

De Boelelaan 7
Building 'Officia I'
1083 HJ Amsterdam
The Netherlands

Attention: The Board of Management
The Supervisory Board

You have requested our opinion as to the fairness, from a financial point of view, to the holders of the ordinary shares of par value €0.50 per share (the ''Company Shares'') in the share capital of Draka Holding N.V. (the ''Company'') of the consideration to be paid to such holders in the proposed sale (the ''Transaction'') of the Company to Prysmian S.p.A. (the ''Acquiror'').

Pursuant to the merger agreement dated 22 November (the ''Agreement''), among the Company and the Acquiror (and any company formed by the Acquiror to acquire the Company), each holder of outstanding Company Shares, other than Company Shares held in treasury or owned by the Company and its affiliates, will be offered the right to receive from the Acquiror a consideration equal to €8.60 in cash (the ''Cash Consideration'') and 0.6595 ordinary shares of par value €0.10 per share of the Acquiror's share capital (the ''Acquiror Shares'') (the ''Share Consideration'' and together with the Cash Consideration, the ''Consideration'') for each Company Share.

Please be advised that while certain provisions of the Transaction are summarised above, the terms of the Transaction are more fully described in the Agreement. As a result, the description of the Transaction and certain other information contained herein is qualified in its entirety by reference to the more detailed information appearing or incorporated by reference in the Agreement.

In arriving at our opinion, we have (i) reviewed the Agreement; (ii) reviewed certain publicly available business and financial information concerning the Acquiror and the Company, the industries in which they operate and certain other companies engaged in businesses comparable to them; (iii) compared the proposed financial terms of the Transaction with the publicly available financial terms of certain transactions involving companies we deemed relevant and the consideration paid for such companies; (iv) compared the financial and operating performance of the Acquiror and the Company with publicly available information concerning certain other companies we deemed relevant and reviewed the current and historical market prices of the Acquiror Shares and the Company Shares and certain publicly traded securities of such other companies; (v) reviewed certain internal, unaudited financial analyses, projections, assumptions and forecasts prepared by the management of the Company (and their other professional advisors) relating to the Company's business for the period ended 2013, as well as the estimated amount and timing of the cost savings and related expenses and synergies expected to result from the Transaction (the ''Synergies''); and (vi) performed such other financial studies and analyses and considered such other information as we deemed appropriate for the purposes of this opinion.

In addition, we have held discussions with certain members of the management of the Company with respect to certain aspects of the Transaction, and the past and current business operations of the Company and the Acquiror, the financial condition and future prospects and operations of the Acquiror and the Company, the effects of the Transaction on the financial condition and future prospects of the Company and the Acquiror, and certain other matters we believed necessary or appropriate to our inquiry. We have only reviewed publicly available information regarding the financial condition, future prospects and operations of the Acquiror.

In giving our opinion, we have relied upon and assumed the accuracy and completeness of all information that was publicly available or was furnished to or discussed with us by the Company or otherwise reviewed by or for us, and we have not independently verified (nor have we assumed responsibility or liability for independently verifying) any such information or its accuracy or completeness. We have not conducted or been provided with any valuation or appraisal of any assets or liabilities, nor have we evaluated the solvency of the Acquiror or the Company under any laws relating to bankruptcy, insolvency or similar matters. In relying on financial analyses, projections, assumptions and forecasts provided to us or derived therefrom, including the Synergies, we have assumed that they have been reasonably prepared based on assumptions reflecting the best currently available estimates and judgments by management of the Company as to the expected future results of operations and financial condition of the Acquiror and the Company to which such analyses, projections, assumptions or forecasts relate. We express no view as to such analyses, projections or forecasts (including the Synergies) or the assumptions on which they were based and the Company has confirmed that we may rely upon such analyses, projections, assumptions and forecasts (including the Synergies) in the delivery of this opinion. We have also assumed that the Transaction and the other transactions contemplated by the Agreement will have the tax consequences described in the discussions with, and materials furnished to us by, representatives of the Company, and will be consummated as described in the Agreement, and that the definitive Agreement will not differ in any material respects from the draft thereof furnished to us. We have also assumed that the representations and warranties made by the Company and the Acquiror in the Agreement and the related agreements are and will be true and correct in all respects material to our analysis and will have no exposure under any indemnification obligations contained within the Agreement or the related agreements in any amount material to our analysis. We are not legal, regulatory or tax experts and have relied on the assessments made by advisors to the Company with respect to such issues. We have further assumed that all material governmental, regulatory or other consents and approvals necessary for the consummation of the Transaction will be obtained without any adverse effect on the Acquiror or the Company or on the contemplated benefits of the Transaction. In giving our opinion, we have relied on the Company's commercial assessments of the Transaction. The decision as to whether or not the Company enters into a Transaction (and the terms on which it does so) is one that can only be taken by the Company.

Our opinion is necessarily based on economic, market and other conditions as in effect on, and the information made available to us as of, the date hereof. It should be understood that subsequent developments may affect this opinion and that we do not have any obligation to update, revise, or reaffirm this opinion.

Our opinion is limited to the fairness, from a financial point of view, of the Consideration to be paid to the holders of the Company Shares in the proposed Transaction and we express no opinion as to the fairness of the Transaction to, or any consideration paid in connection therewith by, the holders of any other class of securities, creditors or other constituencies of the Company or as to the underlying decision by the Company to engage in the Transaction. Furthermore, we express no opinion with respect to the amount or nature of any compensation to any officers, directors, or employees of any party to the Transaction, or any class of such persons relative to the Consideration to be paid to the holders of the Company Shares in the Transaction or with respect to the fairness of any such compensation. We are expressing no opinion herein as to the price at which the Company Shares or the Acquiror Shares will trade at any future time. As a result, other factors after the date hereof may affect the value of the business of the Company and the Acquiror after consummation of the Transaction, including but not limited to (i) the total or partial disposition of the share capital of the Company or the Acquiror by shareholders of the Company or the Acquiror within a short period of time after the effective date of the Transaction, (ii) changes in prevailing interest rates and other factors which generally influence the price of securities, (iii) adverse changes in the current capital markets, (iv) the occurrence of adverse changes in the financial condition, business, assets, results of operations or prospects of the Company or the Acquiror, (v) any necessary actions by or restrictions of governmental agencies or regulatory authorities, and (vi) timely execution of all necessary agreements to complete the Transaction on terms and conditions that are acceptable to all parties at interest. No opinion is expressed as to whether any alternative transaction might be more beneficial to the Company.

We have acted as financial advisor to the Company with respect to the proposed Transaction and will receive a fee from the Company for our services if the proposed Transaction is consummated.

During the two years preceding the date of this letter, we and our affiliates have had commercial or investment banking relationships with the Company for which we and such affiliates have received customary compensation. In the ordinary course of our businesses, we and our affiliates may actively trade the debt and equity securities of the Company or the Acquiror for our own account or for the accounts of customers and, accordingly, we may at any time hold long or short positions in such securities.

Acquiror for our own account or for the accounts of customers and, accordingly, we may at any time hold long or short positions in such securities.

On the basis of and subject to the foregoing, it is our opinion as of the date hereof that the Consideration to be paid to the holders of the Company Shares in the proposed Transaction is fair, from a financial point of view, to such holders.

This letter is provided to the Board of Management and the Supervisory Board of the Company in connection with and for the purposes of its evaluation of the Transaction. This opinion does not constitute a recommendation to any shareholder of the Company as to whether or not such shareholder should tender any Company Shares with respect to the Transaction or any other matter. This opinion may not be disclosed, referred to, or communicated (in whole or in part) to any third party for any purpose whatsoever except with our prior written approval. This opinion may be reproduced in full in any proxy or information statement mailed to shareholders of the Company but may not otherwise be disclosed publicly in any manner without our prior written approval.

Very truly yours,

J.P. MORGAN PLC

J.P. Morgan plc