

**REPORT
ON CORPORATE GOVERNANCE
AND
OWNERSHIP STRUCTURE**

pursuant to art. 123-*bis* TUF

(traditional model of governance and control)

Issuer: **PRYSMIAN S.p.A.**

Website: www.prysmiangroup.com

Year to which the Report refers: **2011**

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GLOSSARY

Shareholders' Meeting: General Meeting of the Shareholders of Prysmian S.p.A..

CFO: Chief Financial Officer.

Code/Self-Regulatory Code: the Self-Regulatory Code for listed companies approved in March 2006 (and revised in March 2010) by the Corporate Governance Committee and promoted by Borsa Italiana S.p.A. (the Italian Stock Exchange). Unless otherwise specified, any references to Principles, Application Criteria and Comments should be taken to refer to the Code of 2006.

Code/Self-Regulatory Code 2011: the Self-Regulatory Code for listed companies approved in December 2011 by the Corporate Governance Committee and promoted by Borsa Italiana S.p.A., ABI, Ania, Assogestioni, Assonime and Confindustria.

Civ. Cod./C.C.: the Italian Civil Code.

Board of Directors: the Board of Directors of Prysmian S.p.A..

Issuer: Prysmian S.p.A., a company with registered offices in Viale Sarca 222, Milan, tax code, VAT number and Milan Companies Register number 04866320965.

Year: financial year to which this Report refers.

Group/Prysmian Group: Prysmian S.p.A. and the companies under its direct and indirect control.

Instructions accompanying the Stockmarket Regulations: the Instructions accompanying the Regulations for Markets organised and managed by Borsa Italiana S.p.A..

Stockmarket Regulations: the Regulations for Markets organised and managed by Borsa Italiana S.p.A..

Consob Issuer Regulations: the Regulations for issuers, issued by Consob (Italy's Stock Exchange Commission) in its resolution 11971/1999 (as subsequently amended).

Consob Market Regulations: the Regulations for markets, issued by Consob in its resolution 16191/2007 (as subsequently amended).

Consob Related Party Regulations: the Regulations for related party transactions, issued by Consob in its resolution 17221 of 12 March 2010 (as subsequently amended).

Report: the report on corporate governance and ownership structure that companies are required to prepare under art. 123-*bis* TUF.

Remuneration Report: report required by art. 123-ter TUF, prepared in accordance with art. 84-*quater* of the Consob Issuer Regulations, available on the Company website www.prysmiangroup.com under *Investor Relations/Shareholder Information/Shareholders' Meetings/2012*.

Company: Prysmian S.p.A., a company with registered offices in Viale Sarca 222, Milan, tax code, VAT number and Milan Companies Register number 04866320965.

By-laws: the By-laws of Prysmian S.p.A., revised version dated 13 September 2011, available on the Company website www.prysmiangroup.com under *Investor Relations/Corporate Governance/By-laws*.

TUF: Testo Unico della Finanza (Italy's Unified Financial Act) or Italian Legislative Decree 58 of 24 February 1998.

1. ISSUER PROFILE

Prysmian S.p.A. is the holding company at the head of a group which is one of the world's leading operators in the cables industry and active in the development, design, production, supply and installation of a wide range of cables for different applications in the energy and telecommunications sectors.

Prysmian Group, with a presence in 50 countries, 98 plants and some 22,000 employees, is strongly positioned in high-tech markets and offers the most extensive range of products, services, technologies and know-how. Prysmian Group is one of the world leaders in the energy cables segment, the principal sector of the cable market by value, and is also a major global player in telecom and fibre optic cables. The Group also produces and supplies accessories and components for cable systems and high value-added services, such as the design of products and systems, and the realisation of "turnkey" projects in which the Group coordinates and manages the work as well as providing maintenance services.

Prysmian shares have been listed since 3 May 2007 in the Blue Chip segment of the electronically-traded equities market (MTA) managed by the Italian Stock Exchange. Prysmian shares were admitted to the FTSE/MIB index (formerly known as the S&P/MIB index) in September 2007.

Early in 2011, Prysmian successfully concluded a public mixed exchange and cash offer for all the ordinary shares in Draka Holding N.V., a Dutch company heading a large group of companies operating worldwide mainly in the development, production and sale of energy and telecom cables and systems. As a result of this transaction, Prysmian has obtained control of Draka Holding N.V. and so created a new world leader in the energy and telecom cables and systems industry.

The Company's corporate governance is based on the recommendations and standards contained in the "Italian Stock Exchange Self-Regulatory Code for Listed Companies", adopted by the Company.

The corporate governance rules contain principles and procedures which the Company has adopted and undertaken to respect in order to guarantee that all operations are carried out effectively and transparently.

The traditional model of governance and control has been adopted, with the presence of a general Shareholders' Meeting, a Board of Directors and a Board of Statutory Auditors. The corporate governance system is based on the core role of the Board of Directors (as the most senior body delegated to manage the Company in the interests of shareholders), on the transparency of decision-making processes, on an effective internal control system, on strict rules governing potential conflicts of interest and on appropriate standards of conduct for related party transactions.

Prysmian has implemented this system by drawing up and adopting codes, standards, rules and procedures which govern and regulate the conduct of activities by all the Company's organisational and operating structures.

The Board of Directors has the broadest possible powers of ordinary and extraordinary administration, except for those powers which by law are the exclusive prerogative of the Shareholders' Meeting. The Board of Statutory Auditors oversees compliance with the law and the memorandum of association and observance of the principles of correct administration in the conduct of company activities and monitors the adequacy of the Company's organisational structure, internal control system and administrative and accounting system.

The independent audit of the financial statements is entrusted to a specialist Con-sob-registered firm whose nomination is decided by the Shareholders' Meeting.

2. INFORMATION ON OWNERSHIP STRUCTURE (art. 123-bis TUF) as of 31/12/2011

a) Structure of share capital.

(art. 123-bis, par. 1.a), TUF)

Prysmian's subscribed and paid up share capital at 31 December 2011 was Euro 21,439,348.10 divided into 214,393,481 shares, each with a nominal value of Euro 0.10 (zero point ten).

The shares cannot be split, may be freely transferred and each carries the right to one vote. Shareholders may exercise the shareholder and capital rights given to them under prevailing law, within the limits imposed by such law.

On 30 November 2006, the Company's Extraordinary Shareholders' Meeting approved a stock-option based incentive scheme, together with the regulations governing its operation. The Extraordinary Shareholders' Meeting of 15 April 2010 subsequently extended this incentive scheme's term.

On 14 April 2011, the Company's Extraordinary Shareholders' Meeting approved an additional long-term share-based incentive scheme for the period 2011-2013 for employees of Prysmian Group. This scheme's purpose is to incentivise the process of integration following Prysmian's acquisition of the Draka Group, and is conditional upon the achievement of performance targets, as detailed in the specific information memorandum.

Details of the execution of these incentive schemes are set out in the Company's Annual Report in the section entitled "Stock Option Plans" forming part of the Directors' Report, in the respective information memoranda prepared in accordance with art.84-bis of the Consob Issuer Regulations, and in the Remuneration Report, all of which can be found on the Company website www.prysmiangroup.com under *Investor Relations/Corporate Governance*.

b) Restrictions on share transfer.

(art. 123-bis, par. 1.b), TUF)

There are no restrictions on the transfer of shares.

c) Significant interests in share capital.

(art. 123-bis, par. 1.c), TUF)

Details of significant interests in Prysmian's share capital (defined as shareholdings of more than 2% of share capital) can be found in Table 1, appended to the present Report.

This information is based on the contents of the Company's Shareholder Register and declarations received from shareholders under art. 120 of TUF, as of 31 December 2011.

d) Shares carrying special rights.

(art. 123-bis, par. 1.d), TUF)

No shares have been issued that grant special rights of control.

e) Employee share ownership: mechanism for exercising voting rights.

(art. 123-bis, par. 1.e), TUF)

There are no mechanisms for exercising voting rights in relation to any shares held by employees, whereby voting rights are not exercised directly by such employees.

f) Restrictions on voting rights.

(art. 123-bis, par. 1.f), TUF)

There are no restrictions on voting rights.

g) Shareholder agreements.

(art. 123-bis, par. 1.g), TUF)

No agreements within the meaning of art. 122 of TUF are known to the Company.

h) Change of control clauses and by-laws provisions concerning public tender offers.

(art. 123-bis, par. 1. h), art. 104, par. 1-ter, and art. 104-bis, par. 1, TUF)

There are no significant agreements currently in force within the meaning of art. 123-bis par.1.h) of TUF.

The By-laws do not contain any provisions that:

- waive the provisions of the passivity rule contained in art. 104, par. 1 and 2, of TUF;
- require the application of the neutralisation rules envisaged by art. 104-bis, par. 2 and 3, of TUF.

i) Authority to increase share capital and authorisations to buy back shares.

(art. 123-bis, par. 1.m), TUF)

The Shareholders' Meetings of 30 November 2006 and 15 April 2010 approved a share capital increase up to an original maximum nominal value of Euro 310,000.00, of which Euro 33,285.20 not subscribed at 31 December 2011, for a stock option plan for employees of the Company and of the companies directly and indirectly controlled by it under art. 2359 of the Italian Civil Code, which would be paid up in full on each subscription. The final date by which the capital increase could be subscribed is 30 June 2013.

The Shareholders' Meeting vested the Board of Directors with the power to carry out every necessary and appropriate action to implement the stock option plan, and also gave it authority to carry out said capital increase, amending the By-laws as necessary.

The Extraordinary Shareholders' Meeting of 14 April 2011 voted to increase share capital on one or more occasions, with the exclusion of pre-emptive rights of shareholders in accordance with art. 2441, par. 8 of the Italian Civil Code and art. 134 of TUF, by a maximum amount of Euro 213,150, by issuing, in one or more tranches, up to 2,131,500 new ordinary shares with a nominal value of Euro 0.10 each, to be offered for cash subscription at par to employees of Prysmian and/or its subsidiaries, who are beneficiaries of the long-term share-based incentive scheme for 2011-2013, approved by the Ordinary Shareholders' Meeting of 14 April 2011, and to be executed by 30 March 2016 at the latest.

The Shareholders' Meeting vested the Board of Directors with the power to carry out every necessary and appropriate action to implement the above incentive scheme for 2011-2013, and also gave it authority to carry out said capital increase, amending the By-laws as necessary.

Details of the execution of these incentive schemes are set out in the Company's Annual Report in the section entitled "Stock Option Plans" forming part of the Directors' Report, in the respective information memoranda prepared in accordance with art.84-*bis* of the Consob Issuer Regulations, and in the Remuneration Report, all of which can be found on the Company website www.prysmiangroup.com under *Investor Relations/Corporate Governance*.

On 24 January 2011, the Company's Extraordinary Shareholders' Meeting approved a capital increase for Prysmian S.p.A, excluding pre-emptive rights, subscribeable in whole or in part, to be paid up through contribution in kind and to be executed by 31 December 2011 at the latest. The maximum nominal amount of the approved capital increase was Euro 3,270,409.90, corresponding to a maximum number of 32,704,099 new ordinary shares with a nominal value of Euro 0.10 each and a share premium of Euro 12.94 per share, resulting in a maximum total amount, inclusive of share premium, of Euro 426,461,450.96. This capital increase was reserved for the shareholders of the Dutch company Draka Holding N.V. to satisfy the voluntary public mixed exchange and cash offer for all the ordinary shares of Draka Holding N.V., listed at that time on the NYSE Euronext in Amsterdam. Based on the number of Draka Holding N.V. ordinary shares tendered to the offer and in execution of the above resolution to increase share capital, the Company issued a total of 31,824,570 new shares with a total nominal value of Euro 3,182,457.

1) Direction and coordination (*art. 2497 et seq Cod. Civ.*)

The Company performs direction and coordination activities, within the meaning of art. 2397 of the Italian Civil Code, for the six Italian companies under its direct or indirect control.

In its meeting of 16 January 2007 the Board of Directors confirmed, as already stated in the meeting of 15 December 2005, that the Company is not under the di-

rection and coordination of other companies due to the absence of the following circumstances, which would otherwise indicate the likely existence of direction and coordination by others:

- (i) the preparation of group business, strategic, financial and budget plans;
- (ii) the issue of guidelines relating to financial and credit policy;
- (iii) the centralisation of functions such as treasury, administration, finance and control;
- (iv) the establishment of strategies for the Group's growth and the strategic and market positioning of the Group and of individual companies, especially when these policies may influence and determine actual implementation by the Company's management.

It should be noted that:

- the information required by art. 123-bis, par. 1.i) (*"agreements between the company and the directors which provide for indemnity in the event of resignation or dismissal without just cause or if the employment relationship ceases following a public tender offer"*) is provided in section 8 (Remuneration of Directors) of the present Report;
- the information required by art. 123-bis, par. 1.l) (*"rules applying to the appointment and replacement of directors and to amendments of the by-laws, other than for compliance with legal and regulatory requirements"*) is provided in section 4.1 (Board of Directors) of the present Report.

3. COMPLIANCE (*art. 123-bis, par. 2a*), TUF)

The Company's corporate governance is based on the recommendations and standards contained in the "Italian Stock Exchange Self-Regulatory Code for Listed Companies", adopted by the Company and available on the website www.borsaitaliana.it.

Prysmian directly and indirectly controls 212 companies registered in Italy or other states, of which 7 are of strategic importance as detailed later. No provision of law applying to Group companies registered in states other than Italy has any influence on the structure of Prysmian's corporate governance.

4. BOARD OF DIRECTORS

4.1. APPOINTMENT AND REPLACEMENT

(art. 123-bis, par. 1. l), TUF)

In accordance with the current By-laws, the Company is governed by a Board of Directors whose size may vary between 7 and 13 members, who remain in office for a period of no more than three financial years and are eligible for re-election. The members of the Board of Directors must satisfy the competence, integrity and independence requirements established by applicable law; in particular, at least one of the Directors - or two if the Board of Directors comprises more than seven members - must satisfy the independence requirements applying to Statutory Auditors under art. 148, par. 3 of TUF, as subsequently amended. The Directors end their term in office on the date of the Shareholders' Meeting called to approve the financial statements relating to the last financial year in which they held office.

As for the appointment of Directors, the Company has adopted a slate voting system, in compliance with the provisions of TUF, to allow minority shareholders to elect Directors, where possible. The appointment of the Board of Directors takes place on the basis of slates presented by the outgoing Board of Directors and/or by those shareholders who, alone or together with other shareholders, hold shares representing at least 2% of share capital eligible to vote at the Ordinary Shareholders' Meeting, or such lower percentage established by legal or regulatory provisions. Consob Resolution 18.083 of 25 January 2012 has set the minimum shareholding requirement for presenting candidate slates at 1.5% for 2012.

Candidate slates must be filed at the Company's registered offices at least twenty-five days before the date set for the Shareholders' Meeting in first call. Together with each slate, individual candidates must file, within the aforementioned deadline, a curriculum vitae, indicating whether they would qualify as an Independent Director, and a declaration in which they accept their candidacy.

The procedure for the presentation of slates, for the conduct of elections and voting, as well as for the replacement of Directors who vacate office during their mandate, is contained in the By-laws.

The following is an extract from art. 14 of the By-laws relating to the slate voting system cited above.

"... The Board of Directors shall be appointed on the basis of slates presented by shareholders in accordance with the following paragraphs. Candidates on each slate must be listed with a sequential number.

The outgoing Board of Directors is entitled to present slates, as are as those shareholders who, alone or together with other shareholders, represent at least 2% (two per cent) of the ordinary share capital eligible to vote at the Ordinary Shareholders' Meeting, or representing such lower percentage as may be required by applicable law or regulations. Proof of ownership of the necessary number of shares for presenting a slate must be provided in the manner and terms prescribed by prevailing rules and regulations. No shareholder or shareholders belonging to the same group or who are connected, even indirectly, can - even through an intermediary or trustee - present or contribute to the presentation of more than one slate. No candidate may appear on more than one slate, otherwise they will be disqualified. No candidate who is not in possession of the requirements set out in applicable laws may be included on the slate. The first and second candidates on each slate must satisfy the independence requirements set out in law.

The slate of the Board of Directors, if presented, must be filed with the Company's

registered office within the thirtieth day before the date set for the first call of the Shareholders' Meeting and formally published in accordance with the terms of the following paragraph.

Without prejudice to the above, the slates must be filed with the Company's registered office and published in accordance with prevailing law. Together with each slate, each candidate must file, within the same deadline, a declaration confirming his/her candidacy and certifying, under his/her own liability, that there are no reasons why he/she is ineligible or incompatible for the position and that he/she meets the requirements set out in applicable laws and the By-laws. Each such declaration shall be accompanied by a curriculum vitae describing the candidate's personal and professional background, also indicating whether he/she would qualify as an independent director. Persons eligible to vote may vote for only one slate. Any slates which do not comply with the aforementioned requirements shall be disregarded.

The following procedure must be observed for the election of the Board of Directors: (a) five-sixths of the directors to be elected shall be chosen from the slate that obtains the majority of the votes cast by the shareholders, in the order in which they are listed on the slate; if five-sixths represents a fractional number, it shall be rounded down to the nearest whole number; (b) the remaining directors shall be taken from the other slates; for this purpose the votes obtained by these slates shall be successively divided by one, two, three, four and so on according to the number of directors to be elected. The quotients thus obtained shall be allocated to the candidates on each slate in the order specified thereon. The quotients allocated to the candidates on the various slates are then organised in a single decreasing ranking. Those with the highest quotients are elected. If several candidates have obtained the same quotient, the candidate on the slate that has not yet elected any directors or that has elected the least number of directors, shall be elected. All this is on the understanding that at least one director shall be taken from a slate, if presented and voted, presented by shareholders who are not connected, either directly or indirectly, with those who presented or voted for the slate that obtained the majority of votes cast.

If none of such slates has yet elected a director or they have all elected the same number of directors, the candidate from the slate that obtained the highest number of votes shall be elected. If the different slates receive the same number of votes and their candidates have been assigned the same quotients, the entire Shareholders' Meeting shall take part in a new vote, in which the candidate obtaining the simple majority of votes cast shall be elected.

If only one slate is presented, or if no slates are presented or if the Board of Directors is not being elected in its entirety, the Shareholders' Meeting shall vote with the quorum required by applicable law.

If an elected independent director should cease to qualify as independent after being appointed, he/she shall inform the Board of Directors immediately and, in any event, shall vacate office.

If one or more directors should vacate office for any reason at all during the financial year, the Board of Directors shall proceed in accordance with art. 2386 of the Italian Civil Code. If one or more of the outgoing directors were taken from a slate which also contained the names of unelected candidates, the Board of Directors shall replace them by appointing, according to the sequential order, individuals from the slate of the outgoing director, provided that such individuals are still eligible and willing to accept office. In addition, at least one of the members of the new Board of Directors - or two if it comprises more than seven members - must fulfil the independence requirements set out in applicable law. If the majority of directors ap-

pointed by the Shareholders' Meeting resign or lose office for other reasons, the entire Board of Directors shall be deemed to have resigned. Such resignation is effective when the Board of Directors is reconstituted with persons appointed by the Shareholders' Meeting, which must be urgently called by the remaining directors....."

As for the mechanism adopted at the Shareholders' Meeting called to appoint the Directors currently in office, please refer to section 4.2 (Composition) of the present Report.

There are no particular procedures for making amendments to the By-laws.

It is also reported that there are no structured processes for the succession of Executive Directors.

4.2. COMPOSITION **(art. 123-bis, par. 2.d), TUF)**

The Company is currently managed by a Board of Directors consisting of ten Directors. The three-year mandate of the serving Board of Directors commenced on 9 April 2009 when the Shareholders' Meeting adopted a resolution to revoke, with immediate effect, the mandate given to the Directors appointed on 28 February 2007. The shareholders then determined that the new Board of Directors should have 12 members and appointed the first 12 candidates on the slate presented by the shareholder Prysmian (Lux) II S.à r.l.

Since this was the only candidate slate presented to the meeting, the Board was appointed on the basis of a majority vote, as permitted by the Company's By-laws, and so not using the slate voting mechanism, but based on the proposals presented by shareholders (in this instance, by just one shareholder, namely Prysmian (Lux) II S.à r.l.).

During 2010 the composition and size of the Board of Directors underwent a number of changes. Francesco Paolo Mattioli died on 11 January 2010, while Michael Ogrinz and Michele Titi Cappelli resigned from the Board on 5 March 2010.

The Shareholders' Meeting held on 15 April 2010 adopted a resolution to reduce the size of the Board from twelve to ten members, and to appoint Stefano Bulletti as a new Director.

On 19 July 2010 the Company received resignations from the Directors Fabio Labruna, Hugues Lepic and Udo Günter W. Stark, at which point the Board of Directors co-opted Claudio De Conto, Sergio Erede and Massimo Tononi in their place.

It was established that the three Directors co-opted by the Board of Directors would end their mandate at the next Shareholders' Meeting, held on 24 January 2011. This meeting confirmed Claudio De Conto and Massimo Tononi as Directors and appointed a new Director in the person of Mario Ortu. The Shareholders' Meeting of 24 January 2011 appointed the three Directors on the basis of a majority vote, as permitted by the Company's By-laws, and so not using the slate voting mechanism, but based on the proposals presented. This was by virtue of the fact

that the entire Board of Directors was not being renewed.

During its meeting on 3 March 2011, the Board of Directors acknowledged the Company's commitment to make every reasonable effort to ensure the appointment of two representatives of Draka Holding N.V. in the event of a successful outcome to the public mixed exchange and cash offer for the Dutch company, in order to enable a more rapid, efficient integration between the two groups; it then evaluated the offer by the directors Stefano Bulletti and Mario Ortu to resign with immediate effect in order to allow the concurrent co-option of Frank Dorjee and Friedrich Fröhlich, which was approved by the unanimous vote of all the directors. It was established that the two Directors co-opted by the Board of Directors would end their mandate at the next Shareholders' Meeting, held on 14 April 2011. This meeting then confirmed Frank Dorjee and Friedrich Fröhlich as Directors.

The Directors originally appointed, like others who have joined the Board during the three-year mandate in progress, will end their term in office on the date of the Shareholders' Meeting that approves the financial statements for the year ended 31 December 2011.

The composition of the Board of Directors has not undergone any changes since the close of the Year.

***Personal and professional details of each director
(art. 144-decies of the Consob Issuer Regulations)***

There now follows a short curriculum vitae for each Director, in office at the date of the present Report, describing their personal details, field of expertise and past experience.

Paolo Zannoni is Chairman of the Company's Board of Directors. He graduated (*magna cum laude*) in Political Science from Bologna University in 1972, and obtained a masters (1976) and an M. Phil (1978) in Political Science from Yale University. He joined the Fiat Group in 1979 as a special assistant to the Chairman of the Board of Directors and, in 1985, he became Chairman of Fiat Washington Inc. in Washington DC. In 1990 he moved to Moscow as head of Fiat's representative office in the Soviet Union; he returned to Italy in 1992 and became Senior Vice President for development of the Fiat Group's international affairs. He left the Fiat Group in 1994 to become managing director of Goldman Sach's Investment Banking Division. He was appointed a partner in Goldman Sachs in October 2000 and is currently head of the Italian Investment Banking Division.

Valerio Battista is the Company's Chief Executive Officer and General Manager at the head of the entire Prysmian Group organisation. He gained over 17 years of experience with the Pirelli Group and headed the Energy Cables and Systems business unit for five years, including over the period 2002-2003 during which the Group successfully completed its reorganisation. He graduated in Mechanical Engineering from Florence University in 1981. He joined Uno A Erre Italia S.p.A. in 1983 as Head of the Technical Office. In September 1987 he joined the Operations Department in the Steel Cord business unit of the Pirelli Group in Figline Valdarno. In 1997 he became Director of the Pirelli Tyre division's Steel Cord business unit, becoming divisional Purchasing Director in 2001. He became CEO of the

Group's Energy Cables and Systems business unit in February 2002 and CEO of the Telecom Cables and Systems business unit in December 2004.

Wesley Clark graduated from the United States Military Academy in 1966 and obtained a degree in Politics, Philosophy and Economics from Oxford University as a Rhodes scholar. He is also a graduate of the U.S. Ranger and Airborne school. He has held numerous posts, covering a large number of different commanding and general staff positions, including Command of the First Cavalry Division. As the Head of United States Southern Command, General Clark conducted, amongst others, all the US military activities in Latin America and the Caribbean. From April 1994 until June 1996 he was the Director of Strategic Plans and Policy, J-5, for the Joint Chiefs of Staff, during which time he helped negotiate the end of hostilities in Bosnia. With thirty-eight years of service in the US Army, General Clark was promoted to the rank of four-star general as Supreme Allied Commander of NATO in Europe. After retiring in 2000, he has become a businessman, author, commentator and investment banker. In September 2003 he announced his candidacy for the Democratic presidential nomination. After winning the primary in the state of Oklahoma, and having gained national visibility, he returned to the private sector in February 2004. General Clark's awards and honours include the Presidential Medal of Freedom; Department of State Distinguished Service Award; five Distinguished Service Medals from the US Defence Department; two Distinguished Service Medals from the US Army; one Silver Star; two Bronze Stars; the Purple Heart medal and an honorary knighthood from the British and Dutch governments.

The Board of Directors has verified that General Clark satisfies the requirements set out in art. 148, par. 3 of TUF and in articles 3.C.1. and 3.C.2. of the Code, to be able to qualify as an independent director of the Company.

Claudio De Conto graduated in Corporate Finance in 1986 from the "Luigi Bocconi" University in Milan. After his studies he joined Ernst & Whinney in the UK. He joined the Pirelli Group in 1988. After five years in the Group's Treasury department, in 1993 he embarked on a long period of international experience in the Administration, Finance and Control areas of the Pirelli Group's tyre subsidiaries in Brazil, Spain and Germany. In fact, between 1996 and 2000, he held the position of Chief Financial Officer of Pirelli Neumaticos S.A. (Spain) and then of Chief Financial Officer of Pirelli Deutschland A.G. (Germany). In 2000 he became Director of Administration, Planning and Control of Pirelli S.p.A.. In 2001 he was appointed General Manager of Administration and Control at Pirelli S.p.A., a role he has maintained in the holding company Pirelli & C. S.p.A. since its merger with Pirelli S.p.A. in August 2003. From November 2006 until September 2009 he was General Manager and Chief Operating Officer of Pirelli & C. S.p.A. and was also a member of the Board of Directors of Pirelli Tyre S.p.A. and Chairman of Pirelli Broadband Solutions S.p.A.. In addition, from December 2008 to May 2010 he was Managing Director Finance at Pirelli Real Estate and from June 2009 to May 2010 Executive Chairman of Pirelli Real Estate Credit Servicing S.p.A..

He has sat on the Board of Directors of RCS MediaGroup S.p.A and been a member of the Management Board of Banca Popolare di Milano S.c.a.r.l..

Currently he is also a Senior Advisor of McKinsey and a Board Director of Artsana S.p.A., Sesto Immobiliare S.p.A. and Star Capital SGR S.p.A. (formerly known as

Efibanca Palladio SGR).

Between 2002 and June 2008 he was a member of the International Financial Reporting Interpretations Committee (IFRIC), set up by the International Accounting Standards Board (IASB), and is currently a member of the European Financial Reporting Advisory Group (EFRAG).

The Board of Directors has verified that Mr. De Conto satisfies the requirements set out in art. 148, par. 3 of TUF and in articles 3.C.1. and 3.C.2. of the Code, to be able to qualify as an independent director of the Company.

Giulio Del Ninno is a graduate in Mechanical Engineering from Milan's Polytechnic University. After a brief experience as a designer of air conditioning and heating systems, he carried out applied research at Snia Viscosa's Experimental Centre. He joined the Garzanti Group in 1973 as Production Director for Garzanti Editore, a position he held until 1976, when he moved to the Montedison Group where he held numerous positions, first as Technical and Research Director in Montefibre's Polyester Sector, then as Chairman and Chief Executive Officer of the affiliate Linoleum Due Palme (a manufacturer of textile and PVC floor coverings), then as Head of Total Quality at Montefibre. From 1988 to 1996 he was Electrical Sector Director in Edison (then Selm S.p.A.) and was appointed Chief Executive Officer of the Edison Group in 1996, holding this position until April 2005. From December 2003 to June 2008 he was Chief Executive Officer of Edipower (Edison Group), Italy's number three producer of electricity. From February 2008 until October 2011 he was Chairman of SIAP (Sviluppo Italia Aree Produttive). On 30 September 2008 he was appointed Chairman of ICQ Holding S.p.A., a company operating in the sector of electricity generation from renewable sources. On 29 October 2009 he was appointed Deputy Chairman of Italgem S.p.A., the Italcementi group company involved in electricity generation.

The Board of Directors has verified that Mr. Del Ninno satisfies the requirements set out in art. 148, par. 3 of TUF and in articles 3.C.1. and 3.C.2. of the Code, to be able to qualify as an independent director of the Company.

Frank Dorjee is Prysmian Group's Chief Strategic Officer. He graduated from the University of Amsterdam with a degree in business economics (1983), a degree in tax economics (1984) and a degree in tax law (1985). He has been a certified public accountant since 1986. In 1986 he joined KPMG Audit (KPMG Accountants N.V.) and was appointed partner on 1 January 1995. He is a former Chief Financial Officer and member of the Executive Board of Van der Moolen Holding N.V.. He was first appointed to the Board of Management of Draka Holding N. V. on 1 March 2005 as Chief Financial Officer. Mr. Dorjee was appointed Chairman and Chief Executive Officer of the Board of Management of Draka Holding N.V. with effect from 1 January 2010.

Pier Francesco Facchini is Prysmian Group's Chief Financial Officer. He graduated in Business Economics in 1991 from the "Luigi Bocconi" University in Milan. His first work experience was with Nestlè Italia, where he held different positions in the Administration and Finance department between 1991 and 1995. From 1995 to 2001 he worked in a number of companies in the Panalpina Group, holding the position of Regional Financial Controller for Asia and the South Pacific and Head of Accounting, Finance and Control for Panalpina Korea (Seoul) and Panalpina Italia Trasporti Internazionali S.p.A.. In April 2001 he was appointed Finance Direc-

tor of Fiat Auto's Consumer Services business unit, leaving in 2003 to become CFO of Benetton Group, a post he held until November 2006.

Fritz Fröhlich holds a degree in Economics from the University of Cologne, Germany. He has published a number of articles as well as a book on managing multinational companies. He has had a long international career, starting with a post in the administration department of Firestone Tire & Rubber Co. in the United States. In Germany, he was Export Sales Manager with Fichtel & Sachs AG, President of Sachs-Dolmar GmbH, and subsequently became Chairman of Krupp Widia GmbH. In 1991 he joined Akzo, the Dutch chemicals and pharmaceuticals multinational, as Chairman of the Fibers Group in Wuppertal, Germany. In 1993 he became a Member of the Board of Management with responsibility for the Fibers business. In 1998 he was appointed Chief Financial Officer and Deputy Chairman of the Akzo Nobel Board of Management, a position he held until 2004. In 2004 he received the European Award for Financial Management Excellence from Chemical Week Associates. Reuters Institutional Investor Research voted him best CFO in the European chemicals industry in 2003 and 2004 and best Dutch listed company CFO in 2000. In 2004 he was also awarded the Dutch royal honour of "Officer in the Order of Orange-Nassau". Fritz Fröhlich currently sits on the Supervisory Boards of several international companies.

The Board of Directors has verified that Mr. Fröhlich satisfies the requirements set out in art. 148, par. 3 of TUF and in articles 3.C.1. and 3.C.2. of the Code, to be able to qualify as an independent director of the Company.

Fabio Ignazio Romeo is Prysmian Group's Senior Vice President Energy Business. He graduated in Electronic Engineering from Milan's Polytechnic University in 1979 and obtained an MS and later a Ph.D in Electronic Engineering and Computer Sciences from the University of California, Berkeley, in 1986 and 1989 respectively. He began his career in 1981 with Terna (part of the ENI Group) as a designer of control systems for chemical plants. He moved to Honeywell in 1982 as a Member of Technical Staff and later Technical Advisor to Honeywell's CEO. He moved to Magneti Marelli's Electronics division in 1989 with the position of Innovation Manager. In 1995 he was appointed Managing Director of Magneti Marelli's rearview mirrors division, and in 1998, he took over the same position in the electronic systems division of Magneti Marelli. In 2001 he moved to the Pirelli Group as Director of the Truck division of the Pirelli Tyre business and, a year later, he took up the position of Utilities Director of the Pirelli Cables division. In December 2004 he became Head of the Group's Energy Cables and Systems business unit.

Massimo Tononi graduated in Business Economics in 1988 from the "Luigi Bocconi" University in Milan. He worked up until 1993 for the Investment Banking Division of Goldman Sachs in London. From 1993 to 1994 he worked as personal assistant to the Chairman of Istituto per la Ricostruzione Industriale (IRI SpA). In 1994 he returned to Goldman Sachs, where he became Partner Managing Director of the London Investment Banking Division, and also of the Milan Investment Banking Division in 2005.

In May 2006 he was appointed Undersecretary at Italy's Ministry of Economy and Finance, holding this office until May 2008. Upon ending his experience at Italy's Ministry of Economy and Finance, he resumed his position as Partner Managing Director of Goldman Sachs' London Investment Banking Division until July 2010.

He is currently a member of the Board of Directors and Executive Committee of Mittel SpA (since May 2010), a member of the Board of Directors and Executive Committee of Sorin SpA (since June 2010), a Non-Executive Director of the London Stock Exchange Group (since September 2010) and a member of the Board of Directors of Borsa Italiana SpA (since November 2010) and its Chairman (since June 2011).

The Board of Directors has verified that Mr. Tononi satisfies the requirements set out in art. 148, par. 3 of TUF and in articles 3.C.1. and 3.C.2. of the Code, to be able to qualify as an independent director of the Company.

Maximum number of appointments allowed in other companies

The Board of Directors has preferred not to express an opinion on the maximum number of appointments that are compatible with effective performance of office by the Issuer's directors; this is because it believes that such a judgment rests firstly with the shareholders when designating directors and secondly with the individual director when accepting office.

4.3. ROLE OF THE BOARD OF DIRECTORS
(art. 123-bis, par. 2.d), TUF)

In 2011 the Board of Directors held 13 meetings, lasting an average of one hour and thirty minutes each. These meetings were attended by an average of 95% of the Directors, and 87% of the Statutory Auditors.

As required by current regulatory rules, the Company has published, in a press release issued on 17 January 2012, the dates of the Board meetings scheduled in 2012 to examine its financial results, in accordance with the following calendar:

- **7 March 2012:** consolidated financial statements of the Prysmian Group, proposed statutory financial statements of Prysmian S.p.A. for the year ended 31 December 2011;
- **10 May 2012:** interim management statement at 31 March 2012;
- **7 August 2012:** half-year financial report at 30 June 2012;
- **8 November 2012:** interim management statement at 30 September 2012.

During the current year no Board meetings have been held before the one which approved the present Report.

The management of the Company is the sole responsibility of the Directors, who undertake the operations necessary to implement its business purpose. The Board of Directors has the broadest possible powers of ordinary and extraordinary administration of the Company, except for those powers which by law are the exclusive prerogative of the Shareholders' Meeting. The Board of Directors also has responsibility for passing resolutions that require notarisation, regarding: (i) mergers or demergers in the cases provided by art. 2505, art. 2505-bis and art. 2506-ter of the Italian Civil Code; (ii) transfer of the registered office within Italy; (iii) establishment or closure of secondary offices; (iv) indication of which Directors may represent the Company; (v) reductions in share capital following shareholder withdrawal; and (vi) updating of the Company By-laws to comply with regulatory requirements (art. 17 of the By-laws).

For Board resolutions to be valid, it is necessary for the majority of the Directors in

office to be present and that the resolutions are passed with the favourable vote of the majority of the Directors present. In the case of a tie, the Chairman's vote is final. The Directors cannot delegate the exercise of their vote (art. 18 of the By-laws).

The Board of Directors can delegate all or part of its powers, within legal limits, to one or more of its own members, who will thus become Directors with delegated powers, and/or to an Executive Committee, and can establish the limits of the delegation. The Board of Directors remains exclusively responsible for the following matters which, under the By-laws, cannot be delegated:

- (a) examination and approval of the strategic, business and financial plans of the Company and of the Group it heads, the corporate governance system of the Company and the shareholding structure of the Group which the Company heads;
- (b) examination and approval of transactions - including investments and divestments - which, by their nature, strategic importance, size or the commitments which they may entail, have an important strategic, economic, equity or financial impact on the Company and/or the Group which it heads, with particular reference to related party transactions;
- (c) checking the adequacy of the organisational, administrative or general accounting structure of the Company and of the Group it heads;
- (d) granting and withdrawal of delegated powers to Directors and to the Executive Committee, if established, setting their limits, method of exercise and the frequency, normally no more than quarterly, with which the delegated bodies must report to the Board on how their delegated powers were used in the period;
- (e) determination, after examining the proposals of the relevant Committee and having consulted the Board of Statutory Auditors, of the remuneration of Directors with delegated powers, as well as the division of the overall amount due to the individual members of the Board of Directors and of the Committees, should the Shareholders' Meeting not have already done so;
- (f) review of general operating performance, taking into account, in particular, the information received from Directors with delegated powers, the Executive Committee, if established, and the Internal Control and Corporate Governance Committee, as well as periodically comparing actual results against budget.

The Board of Directors can appoint general managers, whose delegated powers must be established. In addition, subject to obligatory consultation with the Board of Statutory Auditors, the Board of Directors appoints, on the basis of the minimum requirements established by the By-laws, the manager responsible for preparing corporate accounting documents. The Board establishes the length of the appointment, the duties and powers in compliance with current regulatory provisions (art. 19 of the By-laws).

The Board of Directors may also establish committees with powers to advise and make proposals, also with responsibility for specific subjects, and may determine their composition and responsibilities (art. 19 of the By-laws).

The Chairman calls meetings of the Board of Directors whenever he considers it to be in the interests of the Company, or when he receives a written request from one or more Directors with delegated powers, or from at least three serving Directors, or from the Board of Statutory Auditors or from one of its standing members in the

cases provided by law (art. 16 of the By-laws).

In line with the recommendations of art. 1 of the Code, the Board has a central role in the Company's corporate governance system. The Board of Directors meets regularly and is organised and operates so as to ensure the effective and efficient performance of its functions. The Chairman of the Board of Directors informs the Directors in advance of the items to be discussed during Board meetings and, if necessary, in relation to the items on the agenda, ensures that adequate information on the matters to be examined is provided to all the Directors well in advance (art. 16 of the By-laws).

The Directors and Statutory Auditors receive in advance the documentation illustrating the matters to be discussed, except for urgent situations or when it is necessary to protect confidentiality; in this circumstance, a full discussion of these subjects is guaranteed.

The managers responsible for preparing corporate accounting documents attend meetings of the Board of Directors which address matters falling under their responsibility.

During the meeting called to examine the proposed statutory financial statements at 31 December 2010, the Board of Directors expressed a positive opinion on the adequacy of the Company's organisation, administrative and general accounting structure, also with reference to the system of internal control and to management of conflicts of interest. The Board also expressed a positive opinion on the size, composition and operation of the Board itself and of its committees. These conclusions were supported by positive opinions issued by the Internal Control Committee and the Compensation and Nominations Committee, which had previously carried out the same reviews as far as their own spheres of responsibility were concerned.

As regards the self-assessment of size, composition and operation of the Board of Directors and its committees, this was organised by the Compensation and Nominations Committee during the Year, taking account of changes in the composition of the Board and its committees and of the professional profiles and experience of existing Board members. In particular, the Board's composition was considered to present a balanced mix between Independent Directors and line management in keeping with Prysmian's structure as a public company. The large presence of Independent Directors with different characteristics and profiles was also seen as an additional guarantee for shareholders, as well as an excellent support to management in running the business. As a result of its work, the Compensation and Nominations Committee did not make any recommendations to change the size, composition or operation of the Board of Directors or its committees.

The Board of Directors agreed with these observations and consequently decided not to make any changes.

Based on figures reported in the financial statements at 31 December 2010 and quantitative criteria adopted in previous years, 7 companies directly or indirectly controlled by the Issuer have been identified as strategically important. The quantitative criteria used for this identification is based on the ratio of the following three parameters for each individual company to the consolidated amount for the Group:

- consolidated value of net sales;
- net value of fixed assets;
- value of working capital.

Every company for which at least one of the three parameters was greater than 5%

of the consolidated total has been treated as strategically important.

The outcome of this quantitative analysis had led to the identification of seven strategically important subsidiaries, as follows:

- Prysmian Cavi e Sistemi Italia S.r.l.,
- Prysmian Kabel und Systeme GmbH,
- Prysmian Cables et Systemes France S.A.S.,
- Prysmian Energia Cabos e Sistemas do Brasil S.A.,
- Prysmian Cables & Systems Limited,
- Prysmian PowerLink S.r.l.,
- Prysmian Treasury S.r.l..

The identification of the strategically important subsidiaries takes place periodically at the time of approving the annual corporate governance report.

Non-Executive Directors and Statutory Auditors are able to evaluate the general results of operations thanks to receipt of a continuous flow of information from the Chief Executive Officer. This occurs during each Board meeting and specifically in the meetings called to examine the interim management statements.

4.4. DELEGATED BODIES

The Directors, Valerio Battista and Pier Francesco Facchini, have been vested with operational powers.

Chief Executive Officer

The Board of Directors of 9 April 2009 conferred on Valerio Battista the office of Chief Executive Officer and General Manager, and delegated him all the authority and powers of ordinary administration needed or useful to carry out the business of the Company, including the following powers:

- to duly enter into, with all the necessary clauses, modify, terminate, transfer and terminate by withdrawal, any contract or any other deed with direct or indirect subsidiaries;
- to buy, exchange and sell in the name and on behalf of the Company and also on behalf of third parties, transfer to existing or new companies, real estate of any kind or nature wherever located, up to a maximum limit of Euro 10,000,000 (ten million euro) per individual transaction;
- to buy, exchange and sell in the name and on behalf of the Company and also on behalf of third parties, transfer to existing or new companies, assets of any kind or nature wherever located, up to a maximum limit of Euro 10,000,000 (ten million euro) per individual transaction;
- to apply for loans, financing, the opening of credit lines, in any form from banks, finance companies and institutions, parent companies and subsidiaries, up to a maximum limit of Euro 100,000,000 (one hundred million euro) per individual transaction;
- to apply for the issue or grant of guarantees, also in the interests of subsidiaries, from banks, finance companies and institutions, up to a maximum limit of Euro 100,000,000 (one hundred million euro) per individual transaction;
- to grant loans or credit lines on behalf of and/or in the interests of any subsidiary;
- to grant loans or credit lines on behalf of and/or in the interests of any investee company, up to a limit of Euro 5,000,000 (five million euro) per individual transaction;

- to grant guarantees, issue comfort letters, indemnity letters etc. or to take on any other commitment in favour of third parties, also in the interests of subsidiaries, up to a maximum limit of Euro 100,000,000 (one hundred million euro) per individual transaction;
- to sign, modify and/or terminate any contract regarding the "turnkey" supply of the Company's goods or products, including the related issue of bonds, guarantees etc., up to a maximum limit of Euro 100,000,000 (one hundred million euro) per individual transaction;
- to issue bonds, guarantees etc., up to a maximum limit of Euro 50,000,000 (fifty million euro) per individual transaction, in relation to contracts regarding the "turnkey" supply of the Company's goods or products, together with goods, products or services offered by third parties;
- to subscribe, issue, purchase, modify, sell, repay and transfer financial instruments, bonds etc., up to a maximum limit of Euro 10,000,000 (ten million euro) per individual transaction;
- to purchase and sell companies and/or business lines, up to a maximum limit of Euro 10,000,000 (ten million euro) per individual transaction;
- to purchase, sell and/or subscribe to investments in companies, up to a maximum limit of Euro 10,000,000 (ten million euro) per individual transaction;
- to employ and dismiss staff, including managers;
- to sign, pay and undertake any act inherent to or necessary to carry out share capital transactions, including capital contributions in favour of subsidiaries;
- to sign, pay and undertake any act inherent to or necessary to carry out share capital transactions in favour of investee companies, including capital contributions, up to a maximum limit of Euro 5,000,000 (five million euro) per individual transaction.

Chief Financial Officer

At its meeting on 9 April 2009, the Board of Directors also appointed the Director Pier Francesco Facchini as Chief Financial Officer, and delegated him the following authority and powers:

- to represent the Company in all its dealings with State administrations and with any other Italian or foreign public administration in matters concerning the powers hereby assigned, including tax matters in particular; to sign petitions, claims and appeals, to fulfil all formalities required by law, to represent the Company before the relevant Offices;
- to sign and present tax declarations and returns in general (including for VAT); to negotiate with Tax Offices the Company's taxes and duties, to settle and agree such taxes in the name and on behalf of the Company, provided that the principal amount to be paid, in the case of a settlement, does not exceed Euro 5,000,000 (five million euro);
- to sign payment orders in favour of public entities or their agents in relation to tax or social security payments;
- to sign communications to Chambers of Commerce, Stock Exchanges, Commodities Exchanges and companies regarding obligations applying to the Company under laws and regulations;

- to sign ordinary correspondence with customers and suppliers relating to payments to be made respectively to and by the Company;
- to acquire grants, accept the conditions thereto, sign the necessary documents and issue the related receipts;
- to sign, with all the due clauses, modify, terminate or transfer any contract with companies which are directly or indirectly controlled by the Company pursuant to art. 26 of Legislative Decree 127 of 9 April 1991, provided that the contract falls within the ordinary course of business, with no maximum value limits provided that these contracts comply with the general Prysmian Group policies in force regarding intragroup transactions;
- to sign with all the due clauses, modify, and terminate the following:
 - rental contracts and leases of less than five years, undertaking all the connected and subsequent acts, including the issue of receipts and cancellation orders, as well as rental contracts and leases for movable assets including for periods longer than five years, provided that the total amount of the annual payments connected to these contracts or the costs associated with signing, modifying or terminating them does not exceed Euro 1,000,000 (one million euro);
 - insurance contracts of all kinds (including insurance cover), provided that the related annual premium does not exceed Euro 1,000,000 (one million euro), undertaking all the connected and subsequent acts including the payment of premiums, the establishment of the payment of damages and claims and any appointments to this end of technical experts, doctors, claim agents and lawyers;
 - contracts involving the acquisition and/or provision of every kind of service and performance of work, including of an intellectual nature;
 - consulting agreements.
- to collect receivables and any other sum due to the Company and to issue the related receipts;
- to endorse, cash, collect and present sums, mandates, treasury bills, money orders, cheques and credit instruments of any kind, and to issue the related receipts;
- to endorse for encashment and discount, collect and acknowledge receipt of bills of exchange, excluding the power to accept drafts, to issue promissory notes and provide guarantees; to draw drafts;
- to make deposits, including guarantee deposits, in cash or securities at the Cassa dei Depositi e Prestiti and at the provincial branches of the Treasury, and receive receipts and deposits;
- to request the issue of banker's drafts; to bank cheques and endorse them for encashment;
- to sign payment orders in favour of the Company itself (for funds transfer);
- to undertake at Customs Offices, at Ferrovie dello Stato - Società di Trasporti e Servizi per Azioni, at transport companies generally and at Poste Italiane S.p.A., any dispatch, clearance and collection of goods, valuables, parcels, packets and letters, as well as registered and insured post, as well as the signature and collection of currency declarations relating to import and export transactions; to sign and approve invoices, circulation certificates, and the requests and statements necessary for the aforementioned operations; to sign petitions, appeals, claims;

- to represent the Company in any bankruptcy proceedings, compulsory administrative liquidation and receivership or extraordinary administration and to promote such declarations; to provide proof of receivables; to attend meetings of creditors; to accept and reject proposals for composition with creditors and requests to enter receivership or extraordinary administration regimes; to issue receipts and acquittances relating to these procedures;
- to represent the Company in tax and currency audits, inspections and reports of assessment and verification and to sign the related reports;
- to represent the Company before Tax Commissions of any level; to appeal, take part in the proceedings, elect domicile, deposit briefs and documents, take part in hearings, discuss and accept the related conclusions; to appeal, including in the case of cross appeals; to appeal to the Court of Appeal and for reversal of judgment; to appoint lawyers and proxies with all the due powers; to elect domicile;
- to represent the Company in legal proceedings, with all the necessary powers including those as per art. 183 and art. 547 of the Code of Civil Procedure, for the subjects regarding the powers thereby conferred; to start and abandon legal proceedings, including of a cautionary nature and for enforcement, including those for reversal of judgment and quashing of sentences before any legal and administrative authority and before the Constitutional Court, and generally any supranational jurisdiction, provided that - in the case of starting proceedings which are not connected to the recovery and collection of receivables - the overall amount sought does not exceed Euro 3,000,000 (three million euro); to oppose such proceedings; to appoint lawyers, proxies and technical experts with all the due powers; to elect domicile;
- to apply for loans, financing, the opening of credit lines, in any form from banks, finance companies and institutions, parent companies and subsidiaries, up to a maximum limit of Euro 50,000,000 (fifty million euro) per individual transaction;
- to apply for the issue or grant of guarantees, also in the interests of subsidiaries, from banks, finance companies and institutions, up to a maximum limit of Euro 50,000,000 (fifty million euro) per individual transaction;
- to grant loans or credit lines on behalf of and/or in the interests of any investee company up to a limit of Euro 4,000,000 (four million euro) per individual transaction;
- to grant guarantees, to issue comfort letters, indemnity letters etc. or to take on any other commitment in favour of third parties also in the interests of subsidiaries, up to a maximum limit of Euro 10,000,000 (ten million euro) per individual transaction;
- to subscribe, issue, purchase, modify, sell, repay and transfer financial instruments, bonds etc., up to a maximum limit of Euro 8,000,000 (eight million euro) per individual transaction;
- to sign, pay and undertake any act regarding or necessary to carry out share capital transactions, including capital contributions in favour of subsidiaries, up to a maximum limit of Euro 20,000,000 (twenty million euro) per individual transaction;
- to sign, pay and undertake any act regarding or necessary to carry out share capital transactions in favour of investee companies, including capital contributions, up to a maximum limit of Euro 2,000,000 (two million euro) per individual transaction;

- to issue, within the powers granted, special mandates for acts or series of particular acts.

Chairman

The Board Chairman, Paolo Zannoni, has not been vested with any operational powers, nor does he have a specific role in drawing up company strategy, nor is he a controlling shareholder of the Company.

Reporting to the Board of Directors

The Board of Directors, through the Chief Executive Officer, reports to the Board of Statutory Auditors on the matters set out in art. 150, par.1 of Legislative Decree 58/98; this reporting obligation has always been fulfilled during meetings of the Board of Directors.

Pursuant to art. 19 of the By-laws, the Chief Executive Officer also reports to the Board of Directors and the Board of Statutory Auditors on activities undertaken, general operational performance, the business outlook and the most significant operations by the Company or its subsidiaries in terms of their impact on results of operations and financial position; in particular, the Chief Executive Officer reports on operations in which the companies have an interest, on their own behalf or on behalf of third parties or which are influenced by the company which exercises direction and coordination. The provision of such information to the Board of Directors and the Board of Statutory Auditors has always taken place during meetings of the Board of Directors.

As required by law, as well as by the Code, the Company has established a procedure, which may be consulted on the Company website www.prysmiangroup.com under *Investor Relations/Corporate Governance*, which defines the parties and transactions about which information must be provided to the Company's Board of Directors and Board of Statutory Auditors and when. In particular, the procedure defines (i) the type, frequency and contents of the information, and (ii) how it should be obtained.

The Chief Executive Officer has also established the practice, at every Board meeting and regardless of how long has elapsed since the previous meeting, of personally providing information to the Board of Directors and to the Board of Statutory Auditors on the work and principal operations undertaken by the Company and its subsidiaries which do not require prior Board approval.

4.5. OTHER EXECUTIVE DIRECTORS

By virtue of the positions they hold within the Company and the Group, Valerio Battista, Frank Dorjee, Pier Francesco Facchini and Fabio Ignazio Romeo are all regarded as Executive Directors.

Valerio Battista is an executive director by virtue of his appointments as Chief Executive Officer and General Manager of the Company (see paragraph 4.4).

Frank Dorjee is an executive director by virtue of his appointment as the Group's Chief Strategic Officer, and as a Director of Prysmian Cables et Systemes France S.A.S. and Prysmian Kabel und Systeme GmbH, both strategically important subsidiaries of the Issuer.

Pier Francesco Facchini is an executive director by virtue of his appointment as

CFO of the Company (see paragraph 4.4), as Chairman with operational powers of Prysmian Cavi e Sistemi Italia S.r.l. and Prysmian Treasury S.r.l., both strategically important subsidiaries of the Issuer, and as a Director of Prysmian Cables et Systemes France S.A.S., another of the Issuer's strategically important subsidiaries.

Fabio Ignazio Romeo is an executive director by virtue of his appointment as the Group's Senior Vice President Energy Business and as a Director of Turk Prysmian Kablo Ve Sistemleri A.S., Prysmian Cables et Systemes France S.A.S. and Prysmian PowerLink S.r.l., all of which strategically important subsidiaries of the Issuer.

4.6. INDEPENDENT DIRECTORS

Five of the six Non-Executive Directors, in office at the date of the present Report, are independent, meaning that they do not have and have not recently had direct or indirect dealings with the Company or with parties connected to it, of a significance such as to affect their independence of judgment.

The procedure followed by the Board for the purposes of checking independence requires directors to declare the existence of this qualification at the time of submitting his/her candidacy for the position. Independent Directors also undertake to inform the Board of Directors promptly of the occurrence of any circumstances which invalidate this qualification. Once a year, during the meeting to approve the Report on Corporate Governance, the Board of Directors invites the directors concerned to reconfirm their independence and examines any further information they may have supplied. Based on the information provided by Wesley Clark, Claudio De Conto, Giulio Del Ninno and Massimo Tononi to the Board meeting on 3 March 2011, and by Fritz Fröhlich to the Board meeting on 12 May 2011, the Board of Directors is of the opinion that all these Directors satisfy the requirements for qualifying as "independent". For the purposes of reaching this conclusion, the Board checked that each of these Directors satisfied the requirements set out in art. 148, par. 3 of TUF and in articles 3.C.1. and 3.C.2. of the Code.

The Board of Statutory Auditors has checked the correct application of the criteria and the verification procedures adopted by the Board for its annual assessment of the independence of its members, and has noted its findings in its report to the Shareholders' Meeting.

Lastly, it is reported that no meetings of the Independent Directors on their own have been held to date, since these directors have not considered it necessary.

4.7. LEAD INDEPENDENT DIRECTOR

The Board of Directors has not identified a lead independent director from among the Independent Directors since it considers that the circumstances do not apply under which the Code would recommend such an appointment.

5. TREATMENT OF CORPORATE INFORMATION

Internal management and external communication of documents and information regarding the Company.

As for compliance with art. 4 of the Code, the Board of Directors has adopted a set of regulations for internal management and external communication of documents and information regarding the Company, with particular reference to price sensitive information. These regulations include the definitions of price sensitive information and confidential information contained in law, and clarifications provided by Consob and standard practice. The regulations also define how information falling under these definitions should be managed and identify the Company managers who manage and coordinate the flows of information through until disclosure to the market in compliance with procedures dictated by current law. These regulations can be consulted on the Company website www.prysmiangroup.com under *Investor Relations/Corporate Governance*.

The above regulations have been supplemented by internal operating rules and a set of procedures for preparing and disclosing financial information. These instruments make for more effective governance of the roles, responsibilities and methods of managing price sensitive information, with regard to verifying such information, updating the register of insiders, its handling, internal circulation and communication to third parties (where particular conditions must be observed), as well as market disclosure in compliance with the terms and methods laid down by current legal requirements.

These regulations must be observed by members of the governing bodies, employees and partners of the Company, as well as of subsidiaries which may have access to price sensitive information.

Register of Insiders.

In compliance with art. 115-*bis* of Legislative Decree 58/98, the Board of Directors has established a register of insiders for persons with access to price sensitive information.

Entries and updates to the register of insiders may be made on a permanent or occasional basis; function managers are responsible for identifying those people within their own field of competence whose names must be communicated to the office responsible for maintaining the register for permanent or occasional entry therein.

Internal Dealing.

Pursuant to art. 114, par. 7 of TUF, art. 152-*sexies*, art. 152-*septies* and art. 152-*octies* of the Consob Issuer Regulations, the Company has adopted a "Code of Conduct for Internal Dealing", aimed at disciplining the reporting obligations for transactions in financial instruments undertaken by persons who, by virtue of the position they hold, have access to relevant information (so-called Internal Dealing). This code of conduct identifies so-called "Relevant Persons" as (i) the Company's directors, (ii) the Company's statutory auditors, and (iii) persons with management responsibilities and managers who have regular access to price sensitive information and have the power to take management decisions which can influence the Company's development and future prospects, in particular the Chief Operating Officer, the heads of the Energy and Telecom businesses and the Chief Financial Officer. Other relevant persons are (iv) "Relevant Shareholders", i.e. those who have a shareholding of at least ten per cent (10%) of the Company's share capital,

(v) directors and statutory auditors of relevant subsidiaries, parties who carry out direction activities and managers of relevant subsidiaries (pursuant to the above code) and lastly (vi) the so-called "Persons Closely Related to Relevant Persons". To date, the Chairman of the Board of Directors and/or the Chief Executive Officer of the Company have not identified any other parties required to comply with the provisions of the "Code of Conduct for Internal Dealing", a copy of which can be consulted on the Company website www.prysmiangroup.com under *Investor Relations/Corporate Governance*.

The above Code of Conduct for Internal Dealing also identifies blackout periods during which Relevant Persons and Persons Closely Related to Relevant Persons cannot buy, sell, subscribe or exchange shares issued by Prysmian and/or financial instruments linked to its shares. The blackout periods are as follows:

- (i) 30 (thirty) calendar days preceding public announcement of approval of the Company's annual financial statements and its half-year report;
- (ii) 15 (fifteen) calendar days preceding public announcement of approval of the Company's interim management statements.

This exclusion does not apply to the exercise of rights granted under the Company's stock option plans, without prejudice to the ban on transactions in the financial instruments which are the subject of these rights during the blackout periods specified in the relevant regulations of the aforementioned plans.

However, the Board of Directors, or, in urgent cases, the Chief Executive Officer, has the power (i) to identify further periods or circumstances in which the conduct of transactions by Relevant Persons and Persons Closely Related to Relevant Persons is subject to limits or conditions, by immediately informing the Relevant Persons and the person responsible for implementation of the Code, and (ii) to allow a Relevant Person and a Person Closely Related to Relevant Persons to carry out the transaction in periods in which the ban would otherwise be in force. To date, neither the Board of Directors nor the Chief Executive Officer have made any exceptions to the ban on dealing during blackout periods.

6. BOARD COMMITTEES (art. 123-bis, par. 2.d), TUF)

The Company's Board of Directors has set up the following committees:

- (i) Internal Control Committee,
- (ii) Compensation and Nominations Committee,
- (iii) Antitrust Committee.

The functions, duties, resources and activities of the Committees in (i) and (ii) are described in later sections of this Report.

Composition and operation of the Antitrust Committee

The Antitrust Committee was set up on 4 March 2009 in response to the events involving allegations against some of the Prysmian Group's companies concerning agreements or practices in the high voltage submarine and underground electrical cables market.

The Antitrust Committee currently has the following members:

- Claudio De Conto, *Independent Director;*
- Giulio Del Ninno, *Independent Director;*
- Massimo Tononi, *Independent Director.*

The Board initially charged the Antitrust Committee with the task of keeping a constant monitor on the above events, of providing the Company's management with support and updating the Board on future developments in the same.

During the Year, in view of the now advanced state of the allegations still outstanding against some of the Group's companies arising from investigations by certain antitrust authorities, the Board assigned the Antitrust Committee with new duties in place of the previous ones. In detail, the Antitrust Committee was charged with preparing, with the aid of the Company's relevant departments, procedures aimed at avoiding and preventing the occurrence of similar episodes and/or circumstances to those that caused some of the Group's companies to become the subject of investigation by antitrust authorities.

The Committee's current composition was determined by the Board during the course of 2010 after its previous members (Hugues Lepic, Fabio Labruna and Udo Günter Werner Stark) had resigned as Directors.

The Antitrust Committee met twice during the Year, in the presence of all its serving members.

7. COMPENSATION AND NOMINATIONS COMMITTEE

The Company's Board of Directors has set up a committee to provide advice and proposals on (i) the compensation of Directors and senior management, (ii) the appointment/replacement of independent directors and the evaluation of the size and composition of the Board itself, and has also approved a set of rules governing this committee's operation.

Composition and operation of the Compensation and Nominations Committee (art. 123-bis, par. 2.d), TUF)

The Board of Directors has appointed the following Directors as members of the Compensation Committee:

- Claudio De Conto, *Independent Director;*
- Giulio Del Ninno, *Independent Director;*
- Massimo Tononi, *Independent Director.*

The Committee must consist solely of Non-Executive Directors, of whom at least two are independent.

The Committee has appointed Giulio Del Ninno as its Chairman and the Head of Group Human Resources and Organisation as its Secretary.

As stated in its rules of procedure, which can be consulted on the Company website www.prysmiangroup.com under *Investor Relations/Corporate Governance/Committees*, the Compensation and Nominations Committee has the following duties:

- A) to evaluate and present possible proposals to the Board of Directors regarding remuneration policies proposed by the Company for its management;
- B) to evaluate and present possible proposals to the Board of Directors regarding share-based incentive, stock option and stock grant plans and similar plans in order to provide incentives and promote loyalty of the management and employees of companies in the Group which the Company heads;
- C) to present proposals to the Board of Directors, in the absence of those directly concerned, on the remuneration of Executive Directors and key management personnel, as well as, at the instruction of the Chairman and of the Chief Executive Officer, to determine the criteria for the remuneration of the Company's senior management. The Committee may also present proposals relating to the portion of remuneration of Executive Directors and managers named in advance by the Board of Directors which is linked to the Company's financial results;
- D) to present proposals to the Board of Directors, in the absence of those directly concerned, for the remuneration of Non-Executive Directors, which must be commensurate with the commitment requested of each of them, after taking into account any involvement in one or more of the Company's internal committees. Only a small portion of this remuneration can be linked to the Company's financial results. Non-Executive Directors may be the beneficiaries of share-based incentive plans only on the basis of a justified decision by the Shareholders' Meeting;
- E) to periodically evaluate the criteria adopted for the remuneration of key management personnel;
- F) to present the Board of Directors with proposed candidates for the office of Director in the circumstances envisaged by art. 2386, par.1 of the Italian

- Civil Code, in the event of having to replace an Independent Director;
- G) to indicate the names of candidates for the office of Independent Director for submission to the Shareholders' Meeting, taking account of any names received from shareholders;
 - H) to present opinions to the Board of Directors regarding the Board's size and composition and, possibly, the professional figures whose presence on the Board would be desirable.

The Committee is permitted to make use of consultants, including external ones, in order to obtain information on market standards for compensation systems.

The Committee held 6 meetings in 2011 during which, inter alia:

- (i) it developed proposals for presentation to the Board concerning both the fixed and variable remuneration of Executive Directors and key management personnel;
- (ii) it developed a recommendation for presentation to the Board on how the Board's overall annual emoluments established by the shareholders should be divided up;
- (iii) it issued a positive opinion on the criteria adopted for the incentive policy based on achievement of predefined objectives and on the policies adopted for senior management remuneration;
- (iv) it presented the Board with proposals for closing the incentive plans of Draka Holding N.V. following the successful outcome of the public mixed exchange and cash offer for all this company's ordinary shares.
- (v) it presented the Board with proposals for submission to the Shareholders' Meeting to approve a new long-term incentive scheme for employees of Prysmian and other Group companies, and also made proposals concerning the rules and implementation of this scheme and the number of options to be granted to beneficiaries who are also members of the Board of Directors or key management personnel;
- (vi) it assessed possible proposals concerning the appointment of three directors for submission to the Shareholders' Meeting.

All members of the Committee were present at these meetings. These meetings were also attended by the Head of Group Human Resources and Organisation in his role as committee secretary, while the Chief Executive Officer was also invited to take part in the discussion of matters not directly affecting himself.

For additional information about the Compensation and Nominations Committee, please refer to the Remuneration Report published in accordance with art. 123-ter of TUF.

8. REMUNERATION OF DIRECTORS

As recommended by the Self-Regulatory Code, a significant part of the remuneration of Executive Directors and key management personnel, meaning those persons identified using the criteria in the "Code of Conduct for Internal Dealing" adopted by the Company (see section 5 of this Report), is linked to the Issuer's financial results and/or the achievement of specific objectives.

The Executive Directors (Valerio Battista, Frank Dorjee, Pier Francesco Facchini, Fabio Ignazio Romeo) and the key management personnel (Massimo Battaini and Phil Edwards) are beneficiaries of the long-term share-based incentive scheme for 2011-2013 discussed in section 2 paragraph i) of the present Report. Pier Francesco Facchini, the CFO, is also the beneficiary of the stock option plan introduced by the Group in 2006 and also mentioned in section 2 paragraph i) of the present Report.

The remuneration of Directors is determined in accordance with art. 2389 of the Italian Civil Code by the Shareholders' Meeting which may also determine an overall sum for the remuneration due to Directors, including those with particular responsibilities. In this case the Board of Directors, having examined the proposals of the relevant Committee and having consulted the Board of Statutory Auditors, divides up between its members the overall sum determined by the Shareholders' Meeting. Directors are eligible for reimbursement of the expenses incurred to carry out their duties (art. 14 of the By-laws).

The Shareholders' Meeting of 14 April 2011 awarded the Board, in addition to reimbursement of expenses incurred in the interests of the Company, an overall gross fee of Euro 350,000 for the year 2011, meaning the period from the date of the said meeting to the date of approving the financial statements for 2011, to be divided on a pro-rata basis in relation to the portion of the year that the Directors served. The Shareholders' Meeting also granted the Board of Directors the authority to decide how such amount should be allocated to all or to just some of the individual directors, taking into account the specific responsibilities of each.

The Board of Directors accepted the recommendation presented by the Compensation and Nominations Committee which divided up the overall emoluments between only the Non-Executive Directors qualifying as independent.

The Board therefore approved the payment of Euro 70,000 to each of the non-executive independent directors Messrs Clark, De Conto, Del Ninno, Fröhlich and Tononi.

For additional information about the remuneration policy of the Directors and key management personnel, please refer to the Remuneration Report published in accordance art. 123-ter of TUF.

During the Year the Board conducted a review in compliance with the provisions of art. 7 of the Code, noting that the Prysmian Group's general policy for the remuneration of executive directors, other directors with special responsibilities and key management personnel is basically in line with the recommendations of the said art. 7.

Indemnity of directors in the event of resignation, dismissal or termination following a public tender offer (art. 123-bis, par. 1.i), TUF)

With reference to agreements between the Issuer and the Directors which provide for indemnity in the event of resignation, dismissal/termination without just cause or if the working relationship ceases following a public tender offer, it is reported as follows:

- Valerio Battista, the Chief Executive Officer and General Manager, is also an employee of Prysmian S.p.A., with a permanent contract as a manager since 1 June 2006. His length of service and his appointment to management status date back to 1 January 1989, while his employee indemnity liability runs from 1 July 2005. Should the Company terminate the relationship without just cause or adequate disciplinary reasons for such termination, it will pay Valerio Battista the gross sum of Euro 4.5 million.
- Pier Francesco Facchini, a Director as well as CFO, is also an employee of Prysmian S.p.A., with a permanent contract as a manager since 8 January 2007. Should the Company terminate the relationship without just cause or adequate disciplinary reasons for such termination, and also in the case of dismissal with just cause, the Company will pay Pier Francesco Facchini indemnity in lieu of notice corresponding to 24 months' salary, calculated taking into account just his fixed annual remuneration at the time employment ceases.
- Frank Dorjee, a Director as well as Chief Strategic Officer, has also been employed as a manager since 1 March 2011. Should the Company terminate the relationship within three years of employment or if Mr. Dorjee resigns within the same period, the Company will pay him the gross sum of Euro 2.5 million. In the event the Company terminates the relationship for just cause, this clause will not apply and the above amount will not be paid.

Payment of the indemnities envisaged for the above Executive Directors, who are also the Company's employees, in the event of early termination of employment, is not explicitly excluded when employment is terminated for objectively inadequate performance since these indemnities replace those provided under the national collective employment agreement for senior managers of companies producing goods and services, which would be payable even in the event of termination for inadequate performance.

Apart from those disclosed above, there are no other agreements between the Issuer and the other Directors which provide for indemnity in the event of resignation, dismissal/termination without just cause or if the working relationship ceases following a public tender offer.

9. INTERNAL CONTROL COMMITTEE

The Board of Directors has set up an Internal Control Committee, with the functions of providing advice and proposals to the Board itself.

The operation of the Internal Control Committee is governed by a set of rules which can be consulted on the Company website www.prysmiangroup.com under *Investor Relations/Corporate Governance/Committees*.

Composition and operation of the Internal Control Committee (art. 123-bis, par. 2.d), TUF)

The Board of Directors has appointed the following Directors as members of the Internal Control Committee:

- Claudio De Conto, *Independent Director;*
- Giulio Del Ninno, *Independent Director,*
- Massimo Tononi, *Independent Director.*

The Committee must consist solely of Non-Executive Directors, of whom at least two are independent.

The Committee has appointed Giulio Del Ninno as its Chairman, and the Director of Internal Audit, who is also Manager in charge of Internal Control, as its Secretary.

The Chairman of the Board of Statutory Auditors, or the other standing Statutory Auditors in his place, has attended every meeting of the Internal Control Committee; employees and experts, including representatives of the independent auditors, have also been invited to attend committee meetings in a consultative capacity.

The Internal Control Committee has the following duties:

- A) to assist the Board of Directors in carrying out the duties relating to the internal control system, in compliance with the provisions of articles 8.P.3 and 8.P.4 of the Code, as follows:
 - (i) definition of the guidelines for the internal control system, so that the main risks facing the Company and its subsidiaries are correctly identified, as well as adequately measured, managed and monitored, also determining in what way such risks are compatible with sound, correct management of the business, presenting proposals in this regard to the Board of Directors;
 - (ii) identification of an Executive Director in charge of supervising the operation of the internal control system;
 - (iii) assessment, at least on an annual basis, of the adequacy, effectiveness and actual operation of the internal control system;
 - (iv) description, in the corporate governance report, of the key elements of the internal control system, and expression of its opinion on the system's overall adequacy;
- B) to evaluate, together with the manager responsible for preparing corporate accounting documents and the independent auditors, the correct and consistent application of the accounting standards used to prepare the consolidated financial statements; to present proposals to the Board of Directors in this regard;
- C) to express, at the request of the Executive Director appointed for this purpose, opinions on specific issues involving identification of the main business risks as well as on the design, development and management of the internal

- control system;
- D) to evaluate the work programme prepared by the Managers in charge of Internal Control as well as their periodic reports and to present proposals to the Board of Directors in this regard;
 - E) to evaluate audit engagement proposals presented by the independent auditors, as well as their audit work programme and results presented in the audit report and the management letter; to present proposals to the Board of Directors in this regard;
 - F) to report to the Board of Directors, at least every six months, at the time of approving the annual financial statements and the half-year report, on the work performed and on the adequacy of the internal control system and to present proposals to the Board of Directors in this regard;
 - G) to oversee the effectiveness of the independent audit of the financial statements;
 - H) if identified by the Board of Directors as the committee responsible for certain functions required by current rules on related party transactions, to provide prior opinions to the body responsible for approving specific related party transactions undertaken by the Company, or its subsidiaries, in accordance with the procedures adopted by the Company governing related party transactions;
 - I) to carry out additional duties assigned it by the Board of Directors, with particular reference to dealings with the independent auditors;
 - J) to monitor compliance with the Code of Ethics adopted by the Company.

Legislative Decree 39/2010 has identified the Board of Statutory Auditors as the "Internal Control and Financial Audit Committee", meaning that some of the supervisory duties falling to the Internal Control Committee are now shared with the Board of Statutory Auditors and conducted in a coordinated fashion.

The Board of Directors has assigned the Internal Control Committee the duties and functions required of independent directors by the new legal provisions concerning related party transactions and, specifically, the task of examining the Company's procedures prior to their adoption (and any future amendments to the same) and of putting them into effect.

The Internal Control Committee held 7 meetings in 2011.

All the members of the Committee in office at the time of the meetings were present at such meetings.

During these meetings the Committee examined, inter alia:

- the consolidated financial statements for 2010, the half-year financial report for 2011, the interim management statements and related results of the year-end financial audit and the limited review of the half-year financial report;
- the internal audit plan, internal audit activities carried out, risk assessment activities for the Group, the status of the internal audit plan for 2011 and related results, as well as the structure and role of the Internal Audit Department.

10. INTERNAL CONTROL SYSTEM

The Board of Directors has defined guidelines for the internal control system, so that the main risks facing the Issuer and its subsidiaries are correctly identified, as well as adequately measured, managed and monitored, also determining how such risks are compatible with sound, correct management of the business.

The Internal Audit Department is in charge of providing an independent, objective assessment of the adequacy of the Group's internal control environment. The Director of Internal Audit reports directly to Prysmian Group's Chief Executive Officer, as well as to the Internal Control Committee.

The Internal Audit Department draws up an annual audit plan after conducting a risk assessment. Risk factors are analysed and revised every year to ensure that the audit plan properly covers the risks to which the Group is exposed. This activity includes interviews with senior management in order to identify risks, uncertainties or specific audit requests. The previous results of internal audit activities are also analysed to identify potential trends, any widespread weaknesses in internal control and similar recommendations. The implementation status of previous internal audit recommendations is also reviewed. Once these activities are completed, the annual internal audit plan is submitted for approval first by the Internal Control Committee and then by the Board of Directors.

In conducting internal audit activities, the Director of Internal Audit and the Internal Audit department are given complete access to all relevant data, documentation, information and personnel to enable them to perform each audit.

The Director of Internal Audit attends every meeting of the Internal Control Committee. The results of internal auditing activities are reported to the committee along with key findings and remediation actions. The status of the audit plan is reported during each meeting. Any significant deviations or anticipated deviations are discussed and confirmed with the Internal Control Committee. The implementation status of audit recommendations or remediation actions is reported to the Internal Control Committee.

The Board of Directors has evaluated the internal control system's adequacy, effectiveness and actual operation during the course of the Year.

Description of the main features of the risk management and internal control system in relation to the financial reporting process (art. 123-bis, par. 2.b), TUF)

Prysmian adopts a series of administrative and accounting procedures to ensure reliable internal control over its financial reporting process. The Company uses policies, procedures and operating instructions for guaranteeing an effective flow of information from its subsidiaries. These include the Group Accounting Manual (rules for the use and application of accounting policies), the Administrative Processes Manual, the procedures for creating and publishing financial information and other procedures for the preparation of the consolidated financial statements and interim financial reports (including the chart of accounts, the consolidation procedures and procedures for related party transactions). Prysmian's head office functions are responsible for distributing this documentation to subsidiaries. Every subsidiary can access all these accounting policies, procedures and rules through the Group's intranet site. The subsidiaries also issue local policies, procedures and rules that comply with the Company's guidelines.

The Company uses the COSO framework for identifying the key risks and thus the required key controls that need to be established to mitigate the risks identified and to ensure the internal control system is operating effectively. A scoping exercise has been carried out to identify Prysmian Group's critical processes and sub-processes and updated as and when required by changes in the business.

The Internal Audit Department has independently tested the key controls at each of the Group's operating companies to ensure they operate as described. Areas for improvement are reported to the Company's senior management and also to the Internal Control Committee. An action plan has been agreed with each operating company to strengthen existing controls or rectify any weaknesses. The Internal Audit Department monitors the implementation status of these action plans and updates senior management and the Internal Control Committee accordingly.

The Company has adopted a centrally coordinated evaluation and attestation process for the purposes of assessing the adequacy and effectiveness of the internal control system, which includes controls over the financial reporting process, and for complying with Law 262/05 (Investor Protection Act).

The Chief Executive Officer and Chief Financial Officer of every Group operating company and the directors of the relevant head office functions and departments are responsible for maintaining an adequate internal control system which includes periodically testing that the key controls identified under Law 262/05 continue to operate effectively and efficiently. These officers are required to submit an attestation every six months confirming that the internal control system is operating properly. This signed attestation is sent to Prysmian Group's Chief Financial Officer and to the Director of Internal Audit. To support this attestation the officers must also confirm that they have specifically tested the operation of key controls and that evidence supporting their conclusions has been retained; such documentation must be retained for future independent review. In support of this process, the Company requires every subsidiary to submit a detailed "Internal Control Questionnaire" (ICQ). These ICQs document the key controls for each critical business process and describe how the control works in that operating unit and what type of tests have been performed in the reporting period to confirm the adequacy of the control. The owner of the business process must update the ICQ every six months. The Internal Audit Department reviews the ICQs centrally in order to check their consistency and then selects a number of subsidiaries or business processes for detailed follow-up audits. The results of these audits are reported in accordance with the internal audit reporting process.

10.1. EXECUTIVE DIRECTOR IN CHARGE OF SUPERVISING THE OPERATION OF THE INTERNAL CONTROL SYSTEM

The Board of Directors, assisted by the Internal Control Committee, has appointed Valerio Battista, the Chief Executive Officer and General Manager, as Executive Director in charge of supervising the operation of the internal control system. This choice is in line with the provisions of the Self-Regulatory Code, best practice and the Company's organisational structure in which the Internal Audit Department already reported directly and hierarchically to the Chief Executive Officer.

As established by the Code, the Board of Directors has charged the Executive Director in charge of supervising the operation of the internal control system with identifying the principal business risks, by implementing the policy guidelines es-

established by the Board of Directors, and also managing the internal control system by constantly testing its overall adequacy, effectiveness and efficiency.

After consulting the Internal Control Committee, the Executive Director in charge of supervising the operation of the internal control system has proposed the name of a person meeting the requirements for the position of Manager in charge of Internal Control, described in the following paragraph.

10.2. MANAGER IN CHARGE OF INTERNAL CONTROL

In order to guarantee an adequate system of internal control, the Company has set up an Internal Audit department, whose director reports directly to the Chief Executive Officer and also holds the position of Manager in charge of Internal Control.

The Board of Directors has appointed the Manager in charge of Internal Control at the proposal of the Executive Director in charge of supervising the operation of the internal control system and after consulting the Internal Control Committee. The Board of Directors has also determined the remuneration of the Manager in charge of Internal Control.

The Manager in charge of Internal Control has had direct access to all the information needed to perform his duties; he has reported on his work to the Executive Director in charge of supervising operation of the internal control system and is hierarchically independent from line managers.

He also acts as the Secretary to the Internal Control Committee, and so takes part in this Committee's meetings and coordinates its work.

If requested by the Board of Statutory Auditors, he reports during their quarterly inspections on the matters falling under his responsibility.

10.3. ORGANISATIONAL MODEL (Legislative Decree 231/2001)

In view of changes in the Company's corporate governance system and for the purposes of ensuring its compliance with intervening changes in the law, during the Year the Group initiated a project to update the organisational models adopted by its Italian companies, according to their specific characteristics and different operations.

By resolution of the Board of Directors on 24 January 2006, the Company adopted an organisational model (the "Model") in compliance with the requirements of Legislative Decree 231/2001. As a result of constant revisions and updates, the Board of Directors approved a new version of this Model on 27 August 2008 whose revisions were primarily for compliance with intervening legislative changes.

Revision of the Model has taken account of the extension of corporate administrative liability to new types of offences, and of changes to the Company's organisational structure after adopting the original organisational model.

As a result, the Model fully reflects the guidelines identified by analysing and mapping company processes exposed to the risk of wrongdoing and is appropriate for the Company's specific characteristics, meaning that it meets the effectiveness requirements demanded by the law.

The Model adopted by the Company is reflected in the following documents:

- (a) *Code of Ethics*. This sets out the general principles (transparency, integrity and fairness) which underpin the conduct of business and which are also relevant for the purposes of Legislative Decree 231/2001; it also indicates the goals and values which characterise the Company's operations. This document is published on the Prysmian website www.prysmiangroup.com under *Investor Relations/Corporate Governance* and on the Group's intranet. For the purposes of its widest possible distribution, the Code of Ethics has been translated into 13 languages and displayed at every one of the Group's member companies. The contents of the Code of Ethics have also been publicised through specific training programmes.
- (b) *Rules of conduct*. These contain specific rules for dealing with public officials and are designed to satisfy the specific requirements of Legislative Decree 231/2001 with regard to the prevention of potential risk situations. These guidelines set out types of conduct to be actively adopted and conduct to be avoided, thus translating the contents of the Code of Ethics into practical guidelines.
- (c) *Rules of Governance*. This is a descriptive document structured as follows:
- *Foreword*: this contains a description of the business and organisation of Prysmian, with the purpose of putting the Model into its specific company context.
 - *Section One*: this contains a general description of the contents of the Decree and the purpose of the Model.
 - *Section Two*: this provides details of the Model's specific rules of governance.
- This document contains, inter alia, a list and description of the offences, an organisation chart, contractual clauses and a list of procedures. It also describes how the Model is distributed and publicised, how its users are instructed and how it is adopted and continuously updated. It also contains a specific chapter on the Monitoring Board (duties, reasons for members being ineligible, removal, disqualification and suspension of members, spending budget for its work).
- (d) *Decision-making and control procedures*. These have the purpose of governing for all the relevant risks mapped:
- roles and responsibilities of persons involved;
 - decision-making/authorisation processes;
 - how activities at risk are managed and controlled.

Monitoring Board

This is the body appointed by the Board of Directors in compliance with Legislative Decree 231/2001; its task is to monitor the Model's operation and compliance therewith, as well as to oversee its updating, by presenting the Board of Directors with proposed revisions and changes to the existing Model.

The Monitoring Board reports at least once every six months to the Board of Directors on the Model's application and effectiveness.

The Monitoring Board currently in office comprises the Director of Internal Audit who is also Manager in charge of Internal Control, a consultant who is also a former statutory auditor for some of Prysmian Group's Italian companies, and a consultant with expertise in the application of Legislative Decree 231/2001.

10.4. INDEPENDENT AUDITORS

In accordance with law, the independent statutory audit of the financial statements is carried out by a firm of auditors registered with Consob. The By-laws state that this engagement must be conferred by the Shareholders' Meeting at the justified proposal of the Board of Statutory Auditors.

The serving independent auditors are PricewaterhouseCoopers S.p.A., who were engaged by the Shareholders' Meeting of 16 January 2007 to carry out the independent statutory audit of the Company's separate financial statements and Prysmian Group's consolidated financial statements and to perform a limited review of the Company's half-year financial reports for the period 2007-2015. The engagement will end with the approval of the financial statements for the year ended 31 December 2015.

10.5. MANAGER RESPONSIBLE FOR PREPARING CORPORATE ACCOUNTING DOCUMENTS

Among the duties the By-laws attribute to the Board of Directors is that of appointing the Manager responsible for preparing corporate accounting documents and determining this person's term in office, functions and powers in accordance with current legal requirements. The Board of Directors must consult the Board of Statutory Auditors before making this appointment. The Board of Directors can also remove this manager from office if necessary.

According to art. 19 of the By-laws, the Manager responsible for preparing corporate accounting documents must be chosen on the basis of professional ability and competence from persons with no less than three years of experience in at least one of the following activities:

- a) administration, control or executive duties in a business environment;
- b) professional activities in the field of credit, finance, securities or insurance;
- c) university lecturing on subjects relating to law or economics;
- d) administrative or executive functions with public entities or authorities pertaining to the credit, finance, securities or insurance sector or with public entities or authorities not pertaining to these sectors as long as the duties involved managing economic and financial resources.

Having obtained the favourable opinion of the Board of Statutory Auditors, on 13 May 2010 the Board of Directors appointed Massimo Branda (Head of Financial Statements & Compliance) and Jordi Calvo (Head of Planning & Controlling) as Managers responsible for preparing corporate accounting documents. In making this appointment, the Board of Directors took into consideration not only the best practice adopted by other listed companies, but also a recent interpretation published by Assonime (Italy's listed company association) which recommends keeping the office of Manager responsible for corporate accounting documents separate from that of Board director, on the basis that the two offices have different, independent responsibilities.

In terms of identifying suitable persons for the position of Manager responsible for preparing corporate accounting documents, the Board considered that the roles covered in the organisation by the heads of the two functions "Financial State-

ments & Compliance" and "Planning & Controlling" and their professional experience in administration and control satisfied the professional requirements contained in law and the By-laws.

Subsequently, after Mr. Branda left the Group, on 30 September 2011 the Board appointed Pier Francesco Facchini as sole Manager responsible for preparing corporate accounting documents until 11 November 2011, when the Board, again with the prior favourable opinion of the Board of Statutory Auditors, approved the joint appointment of Jordi Calvo and Carlo Soprano, the new Head of Financial Statements & Compliance, as Managers responsible for preparing corporate accounting documents.

The Managers responsible for preparing corporate accounting documents, together with the Chief Executive Officer, attest in a specific report attached to the Company's separate and consolidated financial statements and its half-year condensed financial statements, that the administrative and accounting processes have been adequate and effectively applied, and that these documents correspond to the underlying accounting records and books of account and are able to provide a true and fair view of the Company's balance sheet, results of operations and financial position and of the group of companies included in the consolidation.

The Managers responsible for preparing corporate accounting documents also issue specific statements attesting that interim financial information (eg. interim management statements and/or press releases issued to the market) corresponds to the underlying accounting records and books of account of the company and group of companies included in the consolidation.

11. DIRECTORS' INTERESTS AND RELATED PARTY TRANSACTIONS

Art. 19 of the By-laws represents an initial form of compliance by the Company's corporate governance model with the recommendations of art. 9 of the Code, since it requires Directors to report adequately and promptly, at least on a quarterly basis, both to the Board of Directors and to the Board of Statutory Auditors, on transactions in which they have an interest on their own account or on account of third parties or which are influenced by the party carrying out direction and coordination activities, if any.

The Company has sought to base its own corporate governance model on that recommended by art. 9 of the Code, with particular reference to compliance with the principles of substantial and procedural fairness in the management of related party transactions, including by calling on the assistance of independent experts, if requested. In particular, in view of the recent instructions and guidelines contained in Consob Resolution 17221 of 12 March 2010, as subsequently amended, the Board of Directors has voted to adopt a set of "*Procedures for Related Party Transactions*", which can be consulted on the Company website www.prysmiangroup.com under *Investor Relations/Corporate Governance/Related Parties Regulation*.

These procedures govern, inter alia: (i) the roles of the different persons directly involved in the procedures (for example, the Shareholders' Meeting, the Board of Directors, the committee of independents, heads of department, etc.); (ii) the gathering, management and publication of information concerning the Prysmian list of related parties; (iii) how transactions that the Company intends to carry out with related parties should be reviewed and approved; (iv) how and when information and documentation concerning proposed transactions should be made available; (v) exemption from the procedures for certain types of related party transactions and in certain circumstances.

Related party transactions are examined in the explanatory notes to the financial statements in the paragraph entitled "Related party transactions", which lists and discusses such transactions.

12. APPOINTMENT OF STATUTORY AUDITORS

The appointment of the Statutory Auditors takes place on the basis of slates presented by shareholders who, alone or together with other shareholders, hold shares representing at least 2% of share capital with voting rights, or such lower percentage established by legal or regulatory provisions. These slates must be filed at the registered offices at least twenty-five days before the date set for the Shareholders' Meeting in first call. Each slate must be accompanied by statements in which the individual candidates accept their candidacy and by the candidates' curriculum vitae. Consob Resolution 18.083 of 25 January 2012 has set the minimum shareholding requirement for presenting candidate slates at 1.5% for 2012.

The procedure for the presentation of slates, for the conduct of elections and voting as well as for the replacement of statutory auditors who vacate office during their mandate, is contained in the By-laws (art. 21).

The Statutory Auditors serve for three years and their term in office expires on the date of the Shareholders' Meeting called to approve the financial statements relating to their third year in office. They are eligible for re-election. The Chairman of the Board of Statutory Auditors and one of the Alternate Auditors are appointed by the Shareholders' Meeting from among the Statutory Auditors elected by minority shareholders.

In accordance with the By-laws, members of the Board of Statutory Auditors must fulfil the requirements of professional and personal standing and independence contained in the applicable legislation. In particular, for the purposes of art. 1, par. 2, letters B) and C) of Ministry of Justice Decree 162 of 30 March 2000, the business sectors and fields viewed as strictly pertinent to the Company are those relating to the Company's sector of operations, as well as fields relating to private and commercial law, economic disciplines and those relating to the Company's business sector.

No candidate slate was presented when the current Board of Statutory Auditors was appointed on 15 April 2010 and so the Shareholders' Meeting elected the statutory auditors by adopting a resolution in accordance with the legally required quorum; the shareholders therefore approved the proposals presented during the meeting which involved: (i) confirming the members of the Board of Statutory Auditors already in office, and (ii) confirming the fees due to the Chairman of the Board of Statutory Auditors and to the standing statutory auditors.

At the end of the Year, the Board of Statutory Auditors therefore had the following members:

- Marcello Garzia, Chairman of the Board of Statutory Auditors;
- Luigi Guerra Standing statutory auditor;
- Paolo Burlando, Standing statutory auditor;
- Luciano Rai, Alternate statutory auditor;
- Giovanni Rizzi, Alternate statutory auditor.

The above statutory auditors will remain in office until the date of the Shareholders' Meeting which approves the financial statements for the year ended 31 December 2012.

13. STATUTORY AUDITORS *(art. 123-bis, par. 2.d), TUF)*

As required by art. 2409-bis of the Italian Civil Code, the independent statutory audit of the accounts has been entrusted to a firm of auditors, who must comply with the regulations applying to audits of listed companies and are under Consob supervision.

The Board of Statutory Auditors is therefore required to monitor the Company's compliance with the law and its memorandum of association, as well as the observance of correct management principles in the conduct of its business, and to control the adequacy of the Company's organisational structure, internal control system and administrative-accounting system.

Legislative Decree 39/2010 has identified the Board of Statutory Auditors as the "Internal Control and Financial Audit Committee", meaning that it now has supervisory duties over the financial reporting process, the effectiveness of internal control systems, internal audit and risk management, over the statutory audit of the annual accounts and consolidated accounts and over the independence of the external auditing firm.

In 2011 the Board of Statutory Auditors held 9 meetings, attended by an average of 96% of its members. The Statutory Auditors also ensured their presence at the only Shareholders' Meeting held in the Year, and at meetings of the Board of Directors, of the Internal Control Committee and of the Compensation and Nominations Committee.

Personal and professional details of each statutory auditor.

There now follows a short curriculum vitae for each Statutory Auditor, describing their personal details, field of expertise and past experience of business management.

Marcello Garzia obtained his diploma from the Luigi Einaudi Commercial Institute in Milan in 1967; he has been an official auditor since 1992 and is a member of the Register of Auditors. For 29 years, of which 18 in a managerial role, he worked for the Pirelli Group, where he held positions of responsibility in the administration and control area (Internal Audit, Group Administrative Systems and Projects). Since 1997 he has worked as a consultant for several important companies on organisation projects (special corporate operations, revision of administrative processes, implementation of internal control systems). He currently serves as a statutory auditor and member of monitoring boards set up under Legislative Decree 231/2001 for several Prysmian Group companies.

Paolo Burlando works as a professional accountant for Studio Associato Burlando Zoppi D'Amico Luzzati, a partnership founded by himself in 1997 in Turin. He is specialised in corporate finance transactions, and holds several appointments on the boards of directors and statutory auditors of listed and unlisted companies. These include his membership of the Board of Directors of Buzzi Unicem S.p.A. and appointments as a standing statutory auditor of Gruppo Mutui On Line S.p.A., Yarpa Investimenti SGR S.p.A., Laterite S.p.A. and other smaller companies. Be-

fore founding BZDL he worked as an analyst for UBS Private Equity and as an assistant to the Chief Executive Officer of Fratelli Buzzi S.p.A.. Mr. Burlando graduated in Business Economics from Turin University in 1987 and became a certified professional accountant and registered auditor in 1992.

Luigi Guerra is a graduate in Business Economics, with a specialisation in Administration and Control, from the Luigi Bocconi University in Milan. He is a registered professional accountant, a member of the Register of Auditors and a registered technical consultant to the Milan Courts. In addition to working as a self-employed professional, in the past he has worked as an analyst for "Milano Finanza", a weekly business newspaper. In 1989 he became an assistant in the corporate finance division of La Compagnia Finanziaria S.p.A., an investment bank in Milan. He sat on the IT Commission of the Milan Professional Accountants Association from 1993 to 2001 and since 2009 he has sat on this Association's Corporate Control Commission.

Giovanni Rizzi is a graduate in Business Economics, with a specialisation in Private Practice, from the Luigi Bocconi University in Milan. He is a registered professional accountant and member of the Register of Auditors. He was a visiting lecturer in Tax Law at the Business Economics faculty of the University of Trento for the academic year 1999-2000. He began his career in Reconta Ernst & Young, leaving in 1996 to work for the legal firm of Prof. M. Tabellini until 1999. He has worked since 2000 as a consultant in corporate restructuring and reorganisation, tax and financial planning for national and international groups, balance sheet review and company valuations. He is a tax law subject expert at the University of Pavia's Faculty of Economics.

Luciano Rai is a registered professional accountant and a member of the Register of Auditors. He currently works as a professional accountant at Rai and Partners in Milan. He worked as a professional accountant for the firm of Gerla Associati in Milan from 1984 to 2001, becoming its senior partner in 1994. In 1998, under the aegis of the Milan Professional Accountants Association, he founded Koinos Scarl, a co-operative providing Information & Technology services to the professional accountancy sector. Mr. Rai is the Chief Executive of Koinos Scarl, a company managed by a Board of Directors that comprises the Chairmen of some of Italy's principal regional accountancy associations (Milan, Rome, Naples, Palermo, Bolzano, Piedmont, Tuscany, Lombardy), as well as the Chairman of the national association. Mr. Rai sat on the Council of the Milan Professional Accountants Association from 2001 to 2007.

Based on the statements supplied by its members, the Board of Statutory Auditors has verified that all its members meet the independence requirements that apply to directors under art. 3 of the Code. When making this assessment, the Board of Statutory Auditors has not adopted different criteria to those envisaged by the Code for the independence of directors.

The Board of Statutory Auditors has monitored the independence of the independent auditors, by checking compliance with related provisions and the nature and amount of services other than auditing ones provided to Prysmian and its subsidiaries by the same independent auditors and members of its network.

The Board of Statutory Auditors has coordinated the conduct of its work with the Internal Audit Department and with the Internal Control Committee.

14. RELATIONS WITH SHAREHOLDERS

The Board of Directors has charged the Chief Executive Officer to identify someone to be in charge of investor relations and to make the related appointment. Under this authority, the Chief Executive Officer has appointed Luca Caserta as Investor Relations Director, having the necessary qualifications and experience for this role. The Investor Relations Director has the task of managing relations with institutional investors and financial analysts through a process of transparent and timely communication.

In particular, on publication of its annual, half-yearly and quarterly results, the Company organises specific conference calls with institutional investors and financial analysts, also allowing the specialist press to take part. In addition, the Company promptly advises shareholders and potential shareholders of every action or decision which might have an important impact on their investment.

The Investor Relations Director is in constant contact with investors, organising both group and one-to-one meetings in Milan and the principal financial centres in Italy and abroad. The Investor Relations section of the Company website contains audio/video recordings of conference calls and presentations to the financial community as well as documents and press releases published by the Company.

Investors can address their requests for information to the Investor Relations office:

Tel. 02.6449.1

Fax 02.6449.4509

luca.caserta@prysmiangroup.com

15. SHAREHOLDERS' MEETINGS (art. 123-bis, par. 2.c), TUF)

According to art.11 of the By-laws "All shareholders entitled to attend general meetings may be represented at such meetings by issuing a written proxy, in the cases and within the limits permitted by applicable law. The proxy form for participation at the general meeting may also be notified to the company by sending it to the certified email address specified in the notice of the meeting".

In order to reduce the restrictions and requirements that might make it difficult and costly for those eligible to attend meetings and exercise their voting rights, the By-laws allow the Board of Directors to specify in the notice of the meeting that attendance is permitted via telecommunication media which enable all those attending the meeting to be identified and allow them to follow the debate and contribute in real time to the discussion of items on the agenda.

The Board of Directors resolved, in compliance with art. 9 of the By-laws and the provisions of the Code, to submit to the Shareholders' Meeting a set of regulations for shareholders' meetings which was approved at the Shareholders' Meeting on 28 February 2007. The regulations for shareholders' meetings govern the orderly and functional conduct of meetings and ensure each shareholder the right to speak on the items under discussion.

In particular, the regulations contain procedures for verifying the right to participate in Shareholders' Meetings, for entering and exiting the premises where the meeting is held, for joining in the debate, with particular attention to the amount of time allowed for those eligible to express their opinion on items on the agenda and for members of Board of Directors and the Board of Statutory Auditors to reply.

These regulations also define the powers of the meeting's Chairman and the voting procedures.

The regulations can be consulted on the Company website www.prysmiangroup.com under *Investor Relations/Corporate Governance/Shareholders' Meeting Regulations*.

The meeting's Chairman directs the debate, giving the floor to directors, statutory auditors and those eligible who have requested to speak. Bearing in mind the subject and importance of individual items on the agenda, as well as the number of people requesting to speak, the Chairman decides in advance how long each speaker and respondent may speak in order to ensure that the proceedings can be completed in one session.

Those eligible may request to speak on each item on the agenda only once, making observations, asking for information and putting forward proposals. The floor may be requested until the Chairman declares the debate on the related item closed.

Persons who requested the floor are entitled to make a brief reply.

The Chairman establishes how speakers request the floor and the order in which they may speak.

In order to allow the Chairman, and at the latter's request, anyone assisting him, to respond more completely to issues raised, those eligible are permitted to submit written notes to the Board of Directors setting forth the issues on which they intend to speak, even before the Shareholders' Meeting is opened.

In order to ensure that shareholders have sufficient information to take informed decisions in their meetings, the Board of Directors approves a "Report on items on the agenda" and publishes it within the legally required term, including on the Company website.

During the year the market capitalisation of the Company's shares underwent a major increase in February as a result of issuing 31,824,570 new shares, following the success of the public mixed exchange and cash offer for the ordinary shares in the Dutch company Draka Holding N.V.. The Company's capitalisation has not undergone any other significant changes, with its movements reflecting those in the Prysmian stock, whose performance did not deviate significantly from that of the FTSE/MIB (formerly S&P/MIB) index in which the stock is listed.

There was only one important change in the shareholder structure during the Year:

- on 20 April 2011, the placement was completed of 15,583,144 of the Company's shares held directly by Flint International B.V., corresponding to about 7.4% of share capital and representing the entire stake held by Flint International B.V. in Prysmian S.p.A. following the public mixed exchange and cash offer for the ordinary shares of Draka Holding N.V.. The placement was carried out through an accelerated bookbuilding offer directed exclusively at institutional investors.

16. OTHER CORPORATE GOVERNANCE PRACTICES
(art. 123-bis, par. 2.a), TUF)

There are no other corporate governance practices to disclose other than those reported and described in the preceding sections.

17. CHANGES SINCE YEAR END

There have been no other changes in the corporate governance structure since the end of the Year apart from those already reported and described in the preceding sections.

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TABLES

TABLE 1: INFORMATION ON OWNERSHIP STRUCTURE
(at 31 December 2011)

	No. shares	% of share capital	Listing
Ordinary shares	214,393,481	100.00	MTA
Shares with suspended voting rights (*)	3,039,169	1.42	MTA

(*) Treasury shares held directly and indirectly by the Company at 31/12/2011.

Declarant	Direct shareholder	% of ordinary share capital (*)	% of voting share capital (*)
Clubtre S.rl.	Clubtre S.rl.	6.199	6.199
BlackRock Inc.	<i>Blackrock Investment Management (UK) Ltd</i>	1.076	1.076
	<i>Blackrock Institutional Trust Company NA</i>	1.300	1.300
	<i>Blackrock (Luxembourg) SA</i>	0.803	0.803
	<i>Blackrock Advisors (UK) Limited</i>	0.210	0.210
	<i>Blackrock Fund Advisors</i>	0.338	0.338
	<i>Blackrock (Netherlands) BV</i>	0.060	0.060
	<i>Blackrock Advisors LLC</i>	0.092	0.092
	<i>Blackrock Asset Management Japan Limited</i>	0.246	0.246
	<i>Blackrock Asset Management Deutschland AG</i>	0.093	0.093
	<i>Blackrock Investment Management LLC</i>	0.089	0.089
	<i>Blackrock Asset Management Canada Limited</i>	0.026	0.026
	<i>Blackrock International Limited</i>	0.021	0.021
	<i>Blackrock Financial Management Inc</i>	0.051	0.051
	<i>Blackrock Asset Management Australia Limited</i>	0.015	0.015
	<i>Blackrock Investment Management (Australia) Ltd</i>	0.007	0.007
		<i>Blackrock Asset Management Ireland Ltd</i>	0.318
	BlackRock Inc. (Total)	4.746	4.746
Standard Life Investments Ltd.	<i>Standard Life Investments Ltd.</i>	1.159	1.159
	<i>Vidacos Nominees</i>	0.998	0.998
	Standard Life Investments Ltd. (Total)	2.157	2.157
J.P. Morgan Chase & Co.	<i>J.P.Morgan Securities Ltd.</i>	2.139	2.139
	<i>J.P.Morgan Whitefriars Inc.</i>	0.006	0.006
	<i>J.P.Morgan Ventures Corp.</i>	0.010	0.010
	J.P. Morgan Chase & Co. (Total)	2.155	2.155

Declarant	Direct shareholder	% of ordinary share capital (*)	% of voting share capital (*)
Norges Bank	Norges Bank	2.015	2.015
Manning & Napier Advisors llc	Manning & Napier Advisors llc	2.954	2.954
FMR llc	FMR llc	2.193	2.193
Franklin Templeton Institutional llc	Franklin Templeton Institutional llc	2.164	2.164
Threadneedle Asset Management Holdings ltd	Threadneedle Asset Management Holdings ltd	2.050	2.050
Market		73.367	73.367
	Total	100.00%	100.00%

(*): Information about shareholders who directly or indirectly hold ordinary shares carrying more than 2% of voting rights at the Company's ordinary shareholders' meetings is also available on the Consob website. It should be noted however that the information published on the Consob website, based on notifications by parties required to comply with art. 120 of TUF and the Consob Issuer Regulations, could differ from the situation presented above; this is because Consob is not required to adjust the percentage shareholdings for changes resulting from capital increases.

TABLE 2: STRUCTURE OF THE BOARD OF DIRECTORS AND COMMITTEES

Situation at 31 December 2011

Board of Directors											Compensation and Nominations Committee		Internal Control Committee	
Office held	Members	In office from	In office until	Slate (M/m) *	Exec.	Non-exec.	Indep. as per Code	Indep. as per TUF	(%) **	Number other appointments ***	****	**	****	**
Chairman	Paolo Zannoni	1/1/2011	31/12/2011	M	-	X	-	-	77	3				
CEO and General Manager	Valerio Battista	1/1/2011	31/12/2011	M	X	-	-	-	100	1				
Director	Wesley Clark	1/1/2011	31/12/2011	M	-	X	X	X	92	8				
Director	Claudio De Conto	21/07/2011	31/12/2011	-	-	X	X	X	92	2	X	100	X	100
Director	Giulio Del Ninno	1/1/2011	31/12/2011	M	-	X	X	X	100	2	X	100	X	100
Director	Frank Franciscus Dorjee	3/3/2011	31/12/2011	-	X	-	-	-	89	-				
Director	Pier Francesco Facchini	1/1/2010	31/12/2011	M	X	-	-	-	100	2				
Director	Friedrich Wilhelm Fröhlich	3/3/2011	31/12/2011	-	-	X	X	X	100	4				
Director	Fabio Ignazio Romeo	1/1/2011	31/12/2011	M	X	-	-	-	100	1				
Director	Massimo Tononi	21/07/2011	31/12/2011	-	-	X	X	X	92	4	X	100	X	100
DIRECTORS WHO VACATED OFFICE DURING THE YEAR														
Director	Stefano Bulletti	1/1/2011	3/3/2011	-	-	X	-	-		-				
Director	Sergio Erede	1/1/2011	24/1/2011	-	X	-	X	X		-	X	n/a		
Director	Mario Ortu	24/1/2011	3/3/2011	-	-	X	X	X		-				
On occasion of the most recent appointment of the Board of Directors on 9 April 2009, the minimum shareholding for presenting candidate slates was 2% of share capital.														
Number of meetings held during the Year:							BOD: 13			ICC: 7			CNC: 6	

(*) Prysmian (Lux) II S.à r.l., the holder of the majority of voting rights at the shareholders' meeting on 9 April 2009, was the only shareholder to present a slate of candidates for the office of Director. As permitted by the Company's By-laws, the Board was appointed on the basis of a majority vote and so the slate voting mechanism was not used.

(**) This column reports the percentage of meetings of the Board of Directors and its committees attended by the directors (no. attendances/no. meetings held during a director's effective period in office).

(***) This column reports the number of appointments held by the person concerned as a director or statutory auditor of other companies listed on regulated markets, in Italy or abroad, or of financial, banking, insurance or other large companies. The list of these companies for each director in office at 31 December 2011 is appended to this Report (Appendix A), indicating whether the company in which the appointment is held is a member of the Prysmian Group.

(****) This column indicates with an "X" the director's membership of this committee.

TABLE 3: STRUCTURE OF THE BOARD OF STATUTORY AUDITORS

Situation at 31 December 2011

Board of Statutory Auditors							
Office held	Members	In office from	In office until	Slate (M/m) *	Indep. as per Code	(%) **	Number other appointments ***
Chairman	Marcello Garzia	01/01/2011	31/12/2011	N/A	X	100	7
Standing Statutory Auditor	Luigi Guerra	01/01/2011	31/12/2011	N/A	X	100	22
Standing Statutory Auditor	Paolo Burlando	01/01/2011	31/12/2011	N/A	X	90	28
Alternate Statutory Auditor	Giovanni Rizzi	01/01/2011	31/12/2011	N/A	X	N/A	26
Alternate Statutory Auditor	Luciano Rai	01/01/2011	31/12/2011	N/A	X	N/A	12
On occasion of the most recent appointment of the Board of Statutory Auditors on 15 April 2010, the minimum shareholding for presenting candidate lists was 2% of share capital.							
Number of meetings held during the Year: 9							

(*) Since no candidate list was presented, the current Board of Statutory Auditors was appointed by adoption of a resolution in accordance with the legally required quorum.

(**) This column reports the percentage of meetings of the Board of Statutory Auditors attended by the statutory auditors (no. attendances/no. meetings held during an auditor's effective period in office).

(***) This column reports the number of appointments held as a director or statutory auditor that are relevant for the purposes of art. 148-*bis* TUF. The complete list of appointments held by the Chairman of the Board of Statutory Auditors and the other standing statutory auditors is published by Consob, in accordance with art. 144-*quinquiesdecies* of the Consob Issuer Regulations.

APPENDICES

APPENDIX A)

LIST OF APPOINTMENTS HELD BY DIRECTORS IN OFFICE AT 31 DECEMBER 2011 (in companies listed on regulated markets, or in financial, banking or insurance companies)

NAME	OFFICE HELD	COMPANY
Paolo Zannoni	Director	Atlantia S.p.A.
	Chairman of BoD	Dolce & Gabbana Holding S.r.l.
	Director	Gado S.r.l.
Valerio Battista	Director	Indesit Company S.p.A.
Wesley Clark	Chairman	Rodman & Renshaw
	Director	AMG Advanced Metallurgic Group N.V.
	Director	Bankers Petroleum Ltd.
	Director	Juhl Wind Inc.
	Director	BNK Petroleum Inc.
	Director	Amaya Gaming, Inc.
	Director	Rentech, Inc.
Claudio De Conto	Member of Management Board	Banca Popolare di Milano S.c.a r.l
	Director	Star Capital SGR S.p.A.
Giulio Del Ninno	Chairman	ICQ Holding S.p.A.
	Deputy Chairman	Italgen S.p.A.
Pier Francesco Facchini	Chairman of BoD	Prysmian Treasury S.r.l. (*)
	Chairman of BoD	Prysmian Treasury (LUX) S.à r.l. (*)
Friedrich Wilhelm Fröhlich	Chairman	Randstad NV
	Director	ASML NV
	Chairman	Altana AG
	Director	Rexel SA
Fabio Ignazio Romeo	Director	Turk Prysmian Kablo ve Sistemleri AS (*)
Massimo Tononi	Director and Member of Executive Committee	Mittel S.p.A.
	Director and Member of Executive Committee	Sorin S.p.A.
	Director	London Stock Exchange
	Chairman of BoD	Borsa Italiana S.p.A.

(*) Prysmian Group company.

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