

REPORT BY THE BOARD OF DIRECTORS TO VOTE, AS POINT NUMBER FIVE OF THE AGENDA OF THE ORDINARY SHAREHOLDERS' MEETING OF PRYSMIAN S.P.A. SCHEDULED ON 13 APRIL 2016, THE PROPOSAL TO AUTHORISE THE BUY-BACK AND/OR DISPOSAL OF TREASURY SHARES PURSUANT TO ARTICLE 125-TER OF THE ITALIAN LEGISLATIVE DECREE NO. 58/1998, AS AMENDED AND UPDATED, AND TO ARTICLE 73 OF THE CONSOB REGULATIONS ADOPTED IN RESOLUTION 11971/99, AS AMENDED AND UPDATED, DRAWN UP IN ACCORDANCE WITH FORMAT 4 OF APPENDIX 3A TO THE SAME CONSOB REGULATIONS.

**5. Grant of authority to the Board of Directors to buy back and dispose of treasury shares pursuant to articles 2357 and 2357-ter of the Italian Civil Code; revocation of the authorisation to buy back and dispose of treasury shares under the shareholder resolution dated 16 April 2015; related resolutions.**

Shareholders,

You have been convened today in ordinary session to analyse, among other things, the proposal to authorise the buy-back and disposal of treasury shares pursuant to articles 2357 and 2357-ter of the Italian Civil Code and article 132 of Italian Legislative Decree 58 dated 24 February 1998. Previous authorization granted by the Shareholders' Meeting held on 16<sup>th</sup> April 2015, will expire on 15<sup>th</sup> October 2016.

**1. Reasons for seeking authorisation.**

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

- to provide the Company with a portfolio of treasury shares, including those already held by the Company, that can be used in any extraordinary transactions (for example, merger, demerger, participation acquisition);
- in order to use the treasury shares purchased to service the exercise of rights arising from convertible debt instruments or instruments exchangeable with financial instruments issued by the Company, its subsidiaries or by third parties (for example, in frameworks of takeover bids or exchange tender offers);
- to dispose of treasury shares to satisfy incentive plans or share participation plans reserved for Group's directors and/or employees;
- to allow efficient management of the Company's capital, by creating an investment opportunity even for its available liquidity.

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

The subscribed and paid-in share capital of Prysmian S.p.A. amounts to Euro 21,672,092.20, divided into 216,720,922 ordinary shares with a nominal value of Euro 0.10 each. As at the present date, the Company directly and indirectly owns 2,707,176 treasury shares, corresponding to 1.25% of share capital with voting rights.

You are reminded that the amount of treasury shares any time held by the Company can be subject to reduction due to the followings:

- during the month of March 2013, Prysmian S.p.A. has issued a "€300,000,000 1.25 per cent. Equity Linked Bonds due 2018" expiring on 8 March 2018 and reserved to Institutional Investors. The bonds may be converted into ordinary shares of the Company issued pursuant to capital increase or, at the Company's discretion, existing Prysmian ordinary shares held by the Company;
- during year 2013 Prysmian has launched a plan reserved to Prysmian Group employees consisting in offering the purchase of Prysmian shares with a discount, to be paid in the form of treasury shares, and Prysmian is also going to submit to the Shareholders' Meeting the renewal of such plan due to its expiration occurring on

- current year;
- a three years long-term incentive plan for its own employees and those of subsidiaries is on-going, dependent upon the achievement of predetermined performance conditions relating to the 2015-2017 period. From the achievement of the conditions derives the granting of ordinary shares of the Company issued pursuant to capital increase and, if not sufficient, of existing Prysmian ordinary shares held by the Company.

Details of the abovementioned incentive schemes for Prysmian Group employees and of the Convertible Bonds are set out in relevant information documents, available on the Company website [www.prysmiangroup.com](http://www.prysmiangroup.com).

The number of shares for which the buy-back authorisation is requested is such that, at any one time and taking into account the aforementioned treasury shares already held by the Company, the total number of treasury shares held does not exceed 10% of share capital, therefore, considering the current number of ordinary shares outstanding, up to 21,672,092 ordinary shares of nominal value Euro 0.10 each. Taking into account the treasury shares already owned and not sold pursuant to previous Shareholders' resolutions, as of today the Shareholders' authorization would allow a purchase up to maximum no. of 18,964,916 shares.

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

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

The Board of Directors notes that the Company's financial statements for the year ended 31 December 2015, the draft of which was approved by the Board of Directors on 24 February 2016 and will be submitted for approval by the Shareholders' Meeting convened for 13 April 2016, report available reserves of approximately Euro 953 million, after approximately Euro 90 million in allocations as dividends considering the net profit of the year 2015 equal to approximately Euro 155 million, as proposed by this Board of Directors to the aforementioned Shareholders' Meeting.

In relation to the transactions concerning shares, every accounting entry necessary or appropriate will be executed, in compliance with the current provisions of law and the applicable accounting standards.

### 4. Maximum term of the authorisation.

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

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

### 5. Minimum and maximum price.

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

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

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

However, these price limits do not have to apply when treasury shares are used as consideration in extraordinary transactions or to service any share-based incentive plans.

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

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

Purchases will nonetheless be made in compliance with conditions regulated by the *pro tempore* applicable Law, concerning the negotiation of treasury shares, and currently represented by art. 5 of Regulation (EC) 2273/2003 concerning purchase price and daily volumes.

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

Starting from the date of the Shareholders' resolution, we propose to revoke the current authorisation for the purchase and disposal of treasury shares, granted by the Shareholders' Meeting on 16 April 2015.

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

#### *"The Shareholders' Meeting*

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

#### **RESOLVES**

1. *to revoke, starting from this resolution, the current authorisation for the purchase and disposal of treasury shares, granted to Board on 16 April 2015.*
2. *to authorise, pursuant to and for the purposes of article 2357 of the Italian Civil Code, the Board of Directors, for a period of 18 months from the date of adopting the present resolution, to purchase, on one or more occasions, a maximum number of shares that, at any one time, does not exceed 10% of share capital, threshold currently amounting to 18,964,916 shares, taking into account any treasury shares already held. Share buy-backs may be carried out at a minimum price of no more than 10% below the stock's*

*official price reported in the trading session on the day before carrying out each individual purchase transaction and at a maximum price no more than 10% above the stock's official price reported in the trading session on the day before carrying out each individual purchase transaction. Purchases will be made, within the limits of the distributable earnings and available reserves reported in the duly approved most recent annual financial statements, on markets regulated and organised by the Italian Stock Exchange according to the operating procedures established in the rules for organising and managing such markets, which do not allow the direct matching of buy orders with predetermined sell orders, and nonetheless in accordance with the provisions of article 144-bis, par. 1, letters a) and b) of Consob Regulation 11971 dated 14 May 1999.*

3. *to authorise, pursuant to and for the purposes of article 2357-ter of the Italian Civil Code, the Board of Directors, to complete, on one or more occasions, with no time limits and even before having finished the purchases, the disposal of all or part of the Company's treasury shares purchased under the present resolution as well as those already held. Treasury shares sales may be carried out at a minimum price no more than 10% below the stock's official price reported in the trading session on the day before carrying out each individual disposal and at a maximum price no more than 10% above the stock's official price reported in the trading session on the day before carrying out each individual disposal. The Board of Directors may decide not to apply these price limits when treasury shares are used as consideration in extraordinary transactions, in the framework bonds conversion or to service any share-based incentive plans.*
4. *to grant the Board of Directors the powers to:*
  - *identify the reserves to be used for the purchase of treasury shares;*
  - *establish the procedures, timing and additional executive terms of treasury share purchases and disposals, as long as in compliance with the conditions and restrictions contained in the present resolution;*
  - *execute, in relation to every treasury share purchase, every accounting entry necessary or appropriate, in compliance with the current provisions of law and the applicable accounting standards;*
  - *enter into any deed or document or fulfil any formalities, including with third parties, that, at the Board's absolute discretion, are deemed necessary or nonetheless appropriate for executing the present resolution."*

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