

REPORT BY THE BOARD OF DIRECTORS TO VOTE, AS POINT NUMBER TWO OF THE AGENDA OF THE ORDINARY SESSION OF THE SHAREHOLDERS' MEETING OF PRYSMIAN S.P.A. SCHEDULED ON 12 APRIL 2017, THE PROPOSAL TO ALLOCATE THE NET PROFIT OF THE YEAR, PURSUANT TO ARTICLE 125-TER OF THE ITALIAN LEGISLATIVE DECREE NO. 58/1998, AS AMENDED AND UPDATED.

2. Allocation of net profit for the year and distribution of dividend.

Shareholders,

The Board of Directors proposes to resolve, in respect to the net profit of the year 2016, the distribution of a gross dividend of Euro 0.43 to each voting ordinary share. Considering both the outstanding ordinary shares, currently equal to no. 216,720,922, and the treasury shares directly owned, which have no right to profits, the total amount to be allocated would be equal to approximately Euro 91 million.

The number of treasury shares directly owned by the Company as of 1st March 2017, date of the Board of Directors' meeting convening the Shareholders' Meeting to resolve upon the following proposal, was equal to 3,816,964. Such amount is however subject to possible daily in-creses, according to the buy-back programme currently on going by the Company. Upon this matter an information to the public is disclosed on weekly basis.

The number of shares with no right to profits, being directly owned by the Company, will be calculated with reference to the evidence of the accounts in relation to the end of the accounting day under art. 83-*terdecies* of Legislative Decree no.58/1998 (so called "record date").

It is reminded that no allocation to the "Legal Reserve" is required, being such reserve equal to one-fifth of share capital, as required by art. 2430 of the Italian Civil Code.

The amount remaining after the proposed allocations would be set aside as retained earnings. Finally, considering the year 2017 calendar approved by Borsa Italiana S.p.A., we propose that the dividend will be payable from 26 April 2017, with record date on 25 April 2017 and shares going ex-div on 24 April 2017.

Considering the above we propose that you adopt the following resolution:

"The Shareholders' Meeting:

examined the financial statements at 31 December 2016, which closes with a net profit of Euro 137,165,205,

RESOLVES

to allocate the net profit for the year of Euro 137,165,205 as follows:

- *to each voting ordinary share (considering the treasury shares directly owned) a gross dividend of Euro 0.43, equal to approximately Euro 91 million;*
- *to the retained earnings the remainder of approximately Euro 46 million.*

The dividend will be payable from 26 April 2017, with record date on 25 April 2017 and shares going ex-div on 24 April 2017".

Milan, 7 March 2017

* * *