

REPORT BY THE BOARD OF DIRECTORS TO VOTE, AS POINT NUMBER TWO OF THE AGENDA OF THE EXTRAORDINARY SESSION OF THE SHAREHOLDERS' MEETING OF PRYSMIAN S.P.A. SCHEDULED ON 12 APRIL 2018, THE PROPOSAL TO AMEND THE SHARE CAPITAL, PURSUANT TO ART. 125-TER OF ITALIAN LEGISLATIVE DECREE 58/98, AS AMENDED AND UPDATED, AND ARTICLE 72 OF THE CONSOB REGULATION NO. 11971/99, AS AMENDED AND UPDATED, DRAWN UP IN ACCORDANCE WITH APPENDIX 3A TO THE SAME CONSOB REGULATIONS.

- 2. Proposal to increase the share capital free of charge, to be reserved to Prysmian Group employees for the implementation of an incentive plan, in a maximum nominal amount of Euro 756,281.90, through the award, under art. 2349 of the Italian Civil Code, of an equivalent maximum amount either of profit or of profit reserves, with the issue of up to no. 7,562,819 ordinary shares with a nominal value of Euro 0.10 each. Amendment of art. 6 of the By-laws. Resolutions related thereto.**

Shareholders,

The Board of Directors on 27 February 2018 deliberated to submit to the ordinary shareholders' meeting the approval of a long term incentive plan reserved for employees of Prysmian S.p.A. (the "**Company**") and/or other Prysmian Group companies (the "**Plan 2018**"), described in the information document prepared in accordance with Art. 84-bis of the regulation adopted by Consob with Resolution No. 11971 of 14 May 1999, as subsequently modified, made available to the Shareholders for review of Point nine of the agenda of the ordinary session of the shareholders' meeting.

The information document, which we ask you to review for more information on the Plan 2018, lists the criteria for identifying the recipients and the features of the Plan and describes, in detail, the basic reasons for its adoption.

The Plan 2018 envisages the allocation to the recipient, free-of-charge, of ordinary shares of the Company. These shares could be composed of newly issued shares resulting from increase in capital, by either of profit or of profit reserves under art. 2349 of the Italian Civil Code, or of own shares held by the Company. The right to receive shares from the Company applies to the recipients of the Plan 2018 only upon reaching objectives of an economic-financial nature relative to the 2018-2020 three-years period.

In order to guarantee a sufficient supply of shares, should the objectives of an economic-financial nature provided for in the Plan 2015 be achieved, the Board intends to submit to you the proposal to increase the share capital, free-of-charge, for a maximum amount of Euro 756,281.90, through the award, under art. 2349 of the Italian Civil Code, of an equivalent maximum amount deriving from the "*Reserve for share issue as per article 2349 of the Civil Code*" according to the ordinary session of the Shareholders' Meeting, with the issue of up to no. 7,562,819 ordinary shares (equal to about the 3% of the current share capital) with a nominal value of Euro 0.10 each, to be offered to the employees of Prysmian Group.

We remind that, according to art. 23 of the Articles of Association: "*The Shareholders' Meeting may also resolve, in accordance with art. 2349 of the Italian Civil Code, an extraordinary allocation of profits by issuing bonus shares for a nominal amount corresponding to such profits*".

### **1. Reasons and assignment of the Increase in Capital**

The Company, in coherence with the widespread standard practice at national and international level and in conformity with the recommendations of the Corporate Governance Code of listed companies regarding remuneration, considers that the Plan constitutes an instrument capable of involving the staff who occupy key positions in Prysmian S.p.A. and in other Prysmian Group companies in the pursuit of the strategic objectives, as well as aligning the interests of management, of the employees and the shareholders in a medium-long term perspective. This Plan also has the objective of contributing to the development of a culture of trust in the growth of the value of the Prysmian Group, by promoting the identification and the sense of belonging of management and the employees involved, with significant effects in terms of loyalty and retention.

These goals justify the exclusion of the right of option in favour of the shareholders.

To this end, the Plan develops over a period of time, considered consistent with the aforementioned goals, of three years which must elapse between the moment of the adherence to the Plan and the date of the award of the shares.

The increase in the capital is placed at the exclusive service of the aforementioned Plan and is therefore solely intended for the employees of Prysmian S.p.A. and/or other Prysmian Group companies in accordance with Article 2359 of the Italian Civil Code, including the executives Directors of the Company.

The shares can be issued also in several tranches over the lifetime of the resolution to increase the capital described, to the final date of 31 December 2022.

## 2. Features of the Shares

The shares of the Company that can be awarded by the beneficiaries of the Plan 2018, will have the same coupon due date as the currently outstanding ordinary shares of the Company and will therefore have the coupons in effect on that date attached.

## 3. Statutory modification as a result of the resolution proposed to increase the capital

The operation described entails a modification of Article 6 of the Articles of Association in order to acknowledge the resolution of increase in the capital.

In particular, a new paragraph will be added to Article 6 of the Articles of Association which states:

*“The Extraordinary Shareholders’ Meeting of on 12 April 2018 resolved to increase the share capital for a maximum amount of Euro 756,281.90, through the award under art. 2349 of the Italian Civil Code, of an equivalent amount deriving from the “Reserve for share issue as per article 2349 of the Civil Code”, with the issue of up to no. 7,562,819 ordinary shares with a nominal value of Euro 0.10 each, to be offered free of charge to the employees of Prysmian S.p.A. and/or other Prysmian Group companies, beneficiaries of the incentive plan approved by the Ordinary Shareholders’ Meeting of 12 April 2018, and to be carried out by the final date of 31 December 2022”.*

Below please find the current text of Article 6 of the Articles of Association, compared with the text submitted for the approval of the Extraordinary Shareholders’ Meeting. The comparison furthermore highlight, as far as may be necessary:

- the elimination of the current second paragraph of Article 6 relevant to the authorization by the Shareholders’ Meeting to increase the share capital to service the conversion of the “€300,000,000 1.25 per cent. Equity Linked Bonds due 2018”, which will be simultaneously filed with the Companies’ Register, being expires the relevant conversion period and being executed with a relevant capital increase of euro 1,343,960.10;
- the addition of a new paragraph relevant to the share capital increase, in cash, for an amount up to Euro 500,000,000.00 (including any share premium), with the issue of new shares, to be offered in pre-emption to all the stakeholders pursuant to Article 2441, paragraphs 1, 2 and 3 of the Italian Civil Code, subject to its approval, as point no.1 of the agenda, by the same Extraordinary Shareholders’ Meeting convened for the approval of the below proposal.

**Current Text**

**Modified Text**

**Article 6 – Capital and shares**

**Article 6 – Capital and shares**

The authorised and paid-up share capital is equal to € 22,154,734.90 (twenty-two million one hundred fifty-four thousand seven hundred thirty-four point ninety) divided into 221,547,349 (two hundred twenty-one million five hundred forty-seven thousand three hundred forty-nine) ordinary shares, with a par value of €0.10 (Euro zero point ten) each and may be increased in accordance with applicable laws, following a resolution by the Shareholders' Meeting.

[text unchanged]

The Extraordinary Shareholders' Meeting held on 16 April 2013 resolved to increase the share capital against payment, in cash and through installments with exclusion of the option right pursuant to Art. 2441, par. 5 of the Italian Civil Code, for a maximum nominal amount of Euro 1,344,411.30, to be paid in one or more installments through the issue of a maximum number of 13,444,113 Company's ordinary shares having the same characteristics as the outstanding ordinary shares, to be reserved exclusively and irrevocably for the conversion of the "€300,000,000 1.25 per cent. Equity Linked Bonds due 2018" Bond Loan, without prejudice to the fact that the last subscription deadline for the newly issued shares is 8 March 2018 and, if on that date the capital increase is not entirely subscribed, it shall be considered as increased by an amount equal to the subscriptions made.

~~The Extraordinary Shareholders' Meeting held on 16 April 2013 resolved to increase the share capital against payment, in cash and through installments with exclusion of the option right pursuant to Art. 2441, par. 5 of the Italian Civil Code, for a maximum nominal amount of Euro 1,344,411.30, to be paid in one or more installments through the issue of a maximum number of 13,444,113 Company's ordinary shares having the same characteristics as the outstanding ordinary shares, to be reserved exclusively and irrevocably for the conversion of the "€300,000,000 1.25 per cent. Equity Linked Bonds due 2018" Bond Loan, without prejudice to the fact that the last subscription deadline for the newly issued shares is 8 March 2018 and, if on that date the capital increase is not entirely subscribed, it shall be considered as increased by an amount equal to the subscriptions made.~~

The Extraordinary Shareholders' Meeting of on 16 April 2015 resolved to increase the share capital for a maximum amount of Euro 536,480, through the award under art. 2349 of the Italian Civil Code, of an equivalent amount deriving from the "Reserve for share issue as per article 2349 of the Civil Code", with the issue of up to no. 5,364,800 ordinary shares with a nominal value of Euro 0.10 each, to be offered free of charge to the employees of Prysmian S.p.A. and/or its subsidiaries, beneficiaries of the incentive plan approved by the Ordinary Shareholders' Meeting of 16 April 2015, and to be carried out by the final date of 31 December 2019.

[text unchanged]

The Extraordinary Shareholders' Meeting held on 12 April 2017 resolved to increase the share capital against cash contributions, in installments, with exclusion of the option right pursuant to art. 2441, par. 5 of the Italian Civil Code, for a maximum nominal value of euro 1,457,942.70, to be paid in one or more installments through the issue of a maximum of 14,579,427 Company's ordinary shares having the same characteristics as the outstanding ordinary shares, to be reserved exclusively and irrevocably for the conversion of the "Prysmian S.p.A. €500,000,000 Zero Coupon Equity Linked Bonds due 2022" Bond, without prejudice to the fact that the subscription deadline for the newly issued shares is 17 January 2022 and, if on that date the capital increase is not

[text unchanged]

<p>entirely subscribed, it shall be considered as increased by an amount equal to the subscriptions made.</p> <p>On 12 April 2018, the Extraordinary Shareholders' Meeting of the Company approved a share capital increase, in cash, for an amount up to Euro 500,000,000.00, including any share premium, to be implemented by the Board of Directors by no later than 31 July 2019 in separable form (<i>in via scindibile</i>), with the issue of new shares, to be offered in pre-emption to all the Company's shareholders and to any holder of convertible bonds, pursuant to Article 2441, paragraphs 1, 2 and 3 of the Italian Civil Code, subject to the completion of the acquisition of General Cable Corporation. The Extraordinary Shareholder's Meeting grant the Board of Directors appropriate powers to define, shortly before the launch of the capital increase offer, the final terms of the capital increase, including (a) the timetable of the various phases of the capital increase, including the offer; (b) the final amount of the capital increase, subject to the maximum aggregate amount of Euro 500,000,000.00; (c) the issue price of each of the new shares and, as a consequence, the portion of such price to be allocated to the share premium reserve; (d) the number of the new shares to be issued and the option ratio applicable to each of the existing shares and convertible bonds of the Company; and (e) the date on which the subscription of the new shares will be effective, taking into account the final deadline of 31<sup>st</sup> July 2019 .</p> <p>In the resolutions passed for to increase the share capital by issuing share for cash, the option right may be excluded up to a maximum of 10% of the previously existing share capital, provided the issue price corresponds to the shares' market value and this is confirmed in a specific report from the firm appointed for the statutory audit of accounts.</p>	<p>[text subjected to the approval by the Shareholders' Meeting in the framework of other item of the agenda]</p> <p><b>The Extraordinary Shareholders' Meeting of on 12 April 2018 resolved to increase the share capital for a maximum amount of Euro 756,281.90, through the award under art. 2349 of the Italian Civil Code, of an equivalent amount deriving from the "Reserve for share issue as per article 2349 of the Civil Code", with the issue of up to no. 7,562,819 ordinary shares with a nominal value of Euro 0.10 each, to be offered free of charge to the employees of Prysmian S.p.A. and/or other Prysmian Group companies, beneficiaries of the incentive plan approved by the Ordinary Shareholders' Meeting of 12 April 2018, and to be carried out by the final date of 31 December 2022.</b></p> <p>[text unchanged]</p>
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The modifications shown do not imply a withdrawal pursuant to Art. 2437 Italian Civil Code.

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In connection with the above, the following deliberation is therefore submitted for the approval of the Extraordinary Shareholders' Meeting:

*"The Extraordinary Shareholders' Meeting of Prysmian S.p.A., having reviewed the Directors' Report,*

**RESOLVES**

- I. *To increase the share capital to increase the share capital for a maximum amount of Euro 756,281.90, in a divisible form, with the issue of up to no. 7,562,819 ordinary shares with a nominal value of Euro 0.10 each, to be offered free of charge, through the award under art. 2349 of the Italian Civil Code, of an equivalent amount deriving from the "Reserve for share issue as per article 2349 of the Civil Code", to the employees of Prysmian S.p.A. and/or other Prysmian Group companies, beneficiaries of the incentive plan approved by the Ordinary Shareholders' Meeting of 12 April 2018, and to be carried out by the final date of 31 December 2022.*
- II. *To modify Article 6 of the Articles of Association by adding the following penultimate paragraph "The Extraordinary Shareholders' Meeting of on 12 April 2018 resolved to increase the share capital for a maximum amount of Euro 756,281.90, through the award under art. 2349 of the Italian Civil Code, of an equivalent amount deriving from the "Reserve for share issue as per article 2349 of the Civil Code", with the issue of up to no. 7,562,819 ordinary shares with a nominal value of Euro 0.10 each, to be offered free of charge to the employees of Prysmian S.p.A. and/or other Prysmian Group companies, beneficiaries of the incentive plan approved by the Ordinary Shareholders' Meeting of 12 April 2018, and to be carried out by the final date of 31 December 2022".*
- III. *To grant the Board of Directors, and on its behalf severally the Chairman and the Managing Director each time in charge, the authority to implement the above resolutions, including:*
  - i) *The power to update Article 6 of the Articles of Association, in the part relative to the amount of the capital and the number of shares that form it, with respect to the total or partial subscription of the increase in capital, thereby also filing such updates with the Companies' Register;*
  - ii) *The power to carry out any activity, to prepare, submit, sign any document, or deed, requested, necessary or appropriate for the purpose of executing the increase in capital deliberated and performing every preparatory, ancillary, instrumental and consequent activity, with separate delegation to the legal representatives pro tempore for every and any activity not reserved by the law or internal regulations to the collegial body;*
  - iii) *The power to perform any act necessary or opportune for the execution of the resolution, also granting separate delegation to the legal representatives pro tempore to introduce the changes allowed or requested for registration in the Companies' Register;*
- IV. *To establish that, if the increase in capital deliberated were not totally underwritten by the final date of 31 December 2022, the capital is intended in any case increased for an amount equal to the subscriptions collected".*

Milan, 13 March 2018

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