Report of the Management Board to the Annual Shareholders' Meeting regarding Agenda Item 9 concerning the exclusion of subscription rights pursuant to Section 221 (4) Sentence 2, and Section 186 (4) Sentence 2 German Stock Corporation Act (AktG)

The Management Board has issued the following report on Agenda Item 9. Starting on the day on which Notice is given of the Annual Shareholders’ Meeting, the report can be accessed via the corporate website www.united-internet.de in the Investor Relations/Annual Shareholders' Meeting section. The report will also be available for inspection at the Annual Shareholders' Meeting.

The present authorization of the Management Board, subject to the approval of the Supervisory Board, to issue warrant and/or convertible bonds, or to accept on behalf of the Company a guarantee for bonds issued by a subordinated Group company, and to grant warrant or conversion rights for new Company shares to the bearers or holders of bonds, expires on May 21, 2019.

The possibility provided in this present authorization to exclude the subscription rights of shareholders under simplified conditions for bonds issued at prices close to the prevailing market price pursuant to Section 186 (3) Sentence 4 AktG is limited to bonds with rights to shares which do not exceed ten percent of capital stock. This limitation includes shares issued or sold in direct or corresponding application of Section 186 (3) Sentence 4 AktG under exclusion of subscription rights. As the Company conducted a capital increase from Authorized Capital in 2014 with the exclusion of subscription rights pursuant to Section 186 (3) Sentence 4 AktG, the present authorization is no longer available to the full extent. In order to ensure that the authorization is available to the Company to a sufficient extent again in future years, we propose that the Annual Shareholders' Meeting grants a new authorization and creates new conditional capital for issuing warrant and/or convertible bonds to maintain the legal possibilities of the Company in future years. The scope of this authorization for warrant and/or convertible bonds amounts to EUR 1,000,000,000.00 while the conditional capital earmarked to secure warrant and/or conversion rights amounts to EUR 25,000,000.00 (Conditional Capital 2015).

The suitable provision of capital represents an important foundation for the Company’s development. One such financial instrument are warrant or convertible bonds, which initially provide the Company with low-interest external capital. The conversion or warrant premiums achieved benefit the Company. In order to give the Company the necessary flexibility in the provision of capital, e.g. for investments, we therefore propose this authorization.

It should be possible to issue bonds with a total amount of up to EUR 1,000,000,000.00. Shares with a total proportionate amount of capital stock of up to EUR 25,000,000.00 are to be made available to service such bonds, unless a cash settlement is granted or the warrant or conversion rights are serviced from the stock of treasury shares or Approved Capital. The authorization to grant warrant or conversion rights, or obligations, for new Company shares to the bearers or holders of bonds thus refers to a proportional amount which is less than 15% of the Company's capital stock at the time of the authorization.

Our shareholders should generally have the right to subscribe to these bonds. This gives them the possibility to invest their capital in the Company while at the same time maintaining their shareholding ratio. In order to facilitate processing, the possibility of issuing bonds to credit institutes or companies as defined by Section 186 (5) Sentence 1 AktG with the obligation of offering them to shareholders for subscription is also to be exploited.

In corresponding application of Section 186 (3) Sentence 4 AktG, however, the Management Board should be authorized, subject to the approval of the Supervisory Board, to exclude the subscription rights of shareholders if the issue price of the bonds is not substantially lower than their market price. This exclusion of subscription rights is necessary if a bond is to be placed quickly in order to benefit from temporary favorable market conditions. Depending on the market circumstances, this gives the Company the possibility to achieve a far greater inflow of funds than if subscription rights were upheld for the bond issue. The interests of shareholders are to be protected insofar as the bonds are not to be issued at a price materially lower than the market value, whereby the value of a subscription right is virtually zero. This possibility is limited to bonds with rights to shares representing no more than ten percent of capital stock. This amount includes the proportionate share of capital stock attributable to shares issued or sold during the term of the authorization in direct or corresponding application of Section 186 (3) Sentence 4 AktG under exclusion of subscription rights. It also includes the proportionate share of capital stock attributable to shares issued or to be issued to serve conversion or warrant rights, or obligations, providing the underlying bonds were issued during the term of this authorization under exclusion of subscription rights pursuant to Section 186 (3) Sentence 4 AktG. This inclusion serves the interests of shareholders that their shareholding be diluted as little as possible and their ability to decide on such transactions is upheld.

The possibility to exclude subscription rights in the case of fractional amounts is a reasonable and market-conforming means for achieving a practical subscription ratio.

The exclusion of subscription rights to the benefit of holders of bonds with warrant or conversion rights, or obligations, is in line with common market practice and has the advantage that the warrant/conversion price of the outstanding bonds, which are commonly equipped with an anti-dilution mechanism, does not have to be reduced. The two proposed exclusions of subscription rights are therefore in the interests of the Company and its shareholders.

Moreover, it must be possible to exclude subscription rights in order to issue bonds for non-cash consideration. The Management Board will take care that the non-cash consideration is commensurate with the value of the bond. This is based on the market value of the bonds calculated using recognized valuation techniques. In particular, such an issue for non-cash consideration shall provide us with the opportunity to also use bonds in connection with business combinations or the acquisition of companies, parts of companies or investments in such or the acquisition of assets. The Company wishes to retain the possibility to strengthen its competitiveness by means of such acquisitions and to raise its profitability. In such cases, consideration often cannot or should not be provided in cash. The seller may even insist on consideration of a different form. One attractive alternative in such cases may be to offer bonds with conversion or warrant rights, or obligations, instead of or in addition to the granting of shares or cash payments. This possibility creates additional flexibility and raises the Company’s competitive chances in the case of acquisitions. The Management Board shall carefully examine each individual case as to whether the purchase and the granting of bonds for non-cash consideration is in the Company’s interests. It shall only exclude shareholders’ subscription rights if this is the case.

Montabaur, April 2015

For the Management Board of United Internet AG

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