Report of the Management Board to the Annual Shareholders' Meeting regarding Agenda Item 8 concerning the exclusion of subscription rights pursuant to Sections 203 (2) Sentence 2, 186 (4) Sentence 2 German Stock Corporation Act (AktG)

The Management Board has issued the following report on Agenda Item 8. 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.

In accordance with Section 5 (4) of the Company’s by-laws, the Annual Shareholders' Meeting of May 26, 2011 authorized the Management Board, subject to the approval of the Supervisory Board, to increase the Company’s capital stock by up to EUR 112,500,000.00 by issuing on one or more occasions new no-par value shares.

The Management Board made use of this authorization on September 15/16, 2014 and, with the approval of the Supervisory Board and in accordance with Section 5 (4) of the Company’s by-laws, resolved to increase the Company’s capital stock with partial use of Authorized Capital by EUR 11,000,000.00, from EUR 194,000,000.00 to EUR 205,000,000.00, by issuing 11,000,000 new registered no-par value shares. The capital increase was made for cash contribution with the exclusion of subscription rights. The new shares were placed privately with institutional investors at a price of EUR 32.00 per share on September 16, 2014 by way of an accelerated bookbuilding placement. United Internet AG generated gross proceeds of around EUR 352.0 million from the issue, which raised the company’s financial flexibility from corporate financing. The exclusion of subscription rights enabled the Company to reach these targets and considerably reduce the time and costs associated with a rights issue. The latter also involves greater uncertainty and the risk of larger share price markdowns.

Following the above mentioned partial use of the authorization, the Management Board is now authorized, subject to the approval of the Supervisory Board, to increase the Company’s capital stock by up to a total of EUR 101,500,000.00 by issuing on one or more occasions new no-par value shares for cash and/or non-cash contribution. This authorization expires on May 25, 2016. Due to the above mentioned partial use, the present authorization is no longer available to the full extent. The possibility provided in this previous authorization to exclude the subscription rights of shareholders under simplified conditions is limited to shares which do not exceed ten percent of capital stock. This amount includes the proportionate share of capital stock attributable to shares issued or sold under exclusion of subscription rights in direct or corresponding application of Section 186 (3) Sentence 4 AktG. As the Company conducted the above mentioned capital increase from Authorized Capital in 2014 with exclusion of subscription rights pursuant to Section 186 (3) Sentence 4 AktG, the present authorization is no longer available to the full extent. The resolution under Agenda Item 8 therefore proposes to create a new authorization which will be valid for a period of five years from the day of the Annual Shareholders' Meeting in order to maintain the Company's legally granted possibilities in the years ahead. The proposed authorization will enable the Management Board to adapt the Company's equity funding to business and legal necessities on a larger scale, also in the future. The existing Authorized Capital 2011 (Section 5 (4) of the Company's by-laws) shall therefore be cancelled and replaced by a new Authorized Capital 2015 with a total volume of EUR 102,500,000.00, which can be used to issue new shares in exchange for cash and/or non-cash contributions; as before, the possibility to exclude subscription rights is to be maintained. The existing Authorized Capital 2011 shall only be cancelled when it has been ensured that the new Authorized Capital 2015 is available.

We generally intend to grant our shareholders a subscription right during the utilization of the new Authorized Capital 2015. In order to facilitate the processing of a rights issue, subscription rights can also be granted indirectly – as provided for in Section 186 (5) AktG – insofar as the new shares are accepted by one or more credit institutes or companies as defined by Section 186 (5) Sentence 1 AktG with the obligation to offer them to shareholders for subscription.

However, we would like to maintain our financial flexibility and have the possibility to exclude subscription rights in certain cases.

The authorization to exclude subscription rights for fractional shares serves to allow a practical representation of the subscription ratio with regard to the amount of the respective capital increase. Without the exclusion of subscription rights for fractional shares, the technical execution of the capital increase and the exercise of subscription rights would be significantly more difficult, particularly for capital increases of a round sum. The new fractional shares excluded from shareholder subscription rights will be either sold via the stock exchange or used in another manner in the best interests of the Company.

The possibility of a so-called facilitated exclusion of subscription rights pursuant to Section 186 (3) Sentence 4 AktG serves the Company's interest in achieving the best possible issue rate for the issue of new shares. The possibility to exclude subscription rights provided for in Section 186 (3) Sentence 4 AktG gives the Management Board, with the consent of the Supervisory Board, the ability to quickly, flexibly and cost effectively take advantage of the possibilities resulting from the respective stock exchange situation. The Management Board is to be authorized to exclude the subscription rights of shareholders, subject to the approval of the Supervisory Board, in the case of a capital increase in return for cash contribution if this capital increase in return for cash contribution does not exceed 10% of the existing capital stock, neither at the time this authorization becomes effective nor, if this amount is smaller, when it is exercised (including any usage of other authorizations to sell treasury shares or issue warrant/convertible bonds under exclusion of subscription rights pursuant to Section 186 (3) Sentence 4 AktG) and issuance price is not substantially below the market price. A strengthening of the Company's equity in the interest of the Company and all shareholders is thereby achieved. By avoiding the time-consuming and costly processing of subscription rights, equity requirements can be met in a timely manner through market opportunities arising at short notice, new shareholder groups can be acquired domestically and abroad, and better economic terms can be achieved by setting the issuance price close to prevailing market conditions. The possibility to increase capital under optimal conditions and without a considerable subscription right discount is of particular importance to the Company since it allows for the quick and flexible utilization of changing opportunities in its market as well as in new markets and the very short term coverage of a resulting capital requirement.

If subscription rights were preserved it would not be possible to set terms in line with market conditions and ensure a smooth placement process. Although Section 186 (2) AktG allows publication of the subscription price up to the third from last day of the subscription period, the frequently observed volatility of the stock markets means that there is still a market risk over several days leading to safety markdowns when determining the issuance price and resulting in conditions that are not close to the market. The existence of subscription rights also jeopardizes the successful placement with third parties or involves additional costs due to the uncertainty of whether they will be exercised (subscription behavior). Finally, if the Company grants subscription rights it cannot react quickly to market conditions, due to the length of the subscription period, but is exposed to declining share prices during the subscription period that may lead to unfavorable equity procurement for the Company.

The asset and voting right interests of shareholders are observed by the Management Board by setting the issuance price at such a level that it is not substantially below the market price and by keeping any markdown in the market price according to the prevailing market conditions as low as possible after the final decision on the issuance price has been made. This and the absolute limitation of the authorization to 10% of capital stock take into account the interests of shareholders in dilution protection and the loss of influence for shareholders in accordance with Section 186 (3) Sentence 4 AktG. By placing the new shares close to the stock exchange price, shareholders can purchase shares on the market at similar conditions in order to maintain their shareholding.

The authorization to exclude subscription rights to the benefit of holders of bonds with warrant or conversion rights, or obligations, issued by the Company or its Group subsidiaries serves the purpose, in the event that this authorization is exercised, of not having to reduce the warrant or conversion price pursuant to the so-called dilution protection clause of the warrant or conversion conditions. Instead, it should also be possible to grant holders of bonds with warrant or conversion rights, or obligations, a subscription right to the extent they would be due upon exercising the warrant or conversion rights or upon fulfillment of the warrant or conversion obligations. The exclusion of subscription rights to the benefit of holders of bonds already issued has the advantage that it is not necessary to reduce the warrant or conversion price for the warrant or conversion rights, or obligations, already issued, thus enabling a greater inflow of funds. With this authorization to exclude subscription rights, the Management Board has the option to choose between the alternatives when utilizing the Authorized Capital 2015, after careful consideration of the interests.

The authorization to exclude subscription rights for capital increases in return for non-cash contributions serves the purpose of enabling the acquisition of companies, parts of companies, interests in companies or other assets, including rights and receivables, in return for the granting of shares. The acquisition of equity interests may involve investments of any size. The Management Board should thereby be enabled to utilize Company shares as consideration in suitable cases. The Company should have the option to quickly and successfully react to favorable offers or opportunities that arise for business combinations, or the acquisition of companies, parts of companies, interests in companies or other assets, including rights and receivables. As in the past, the Management Board constantly examines opportunities to acquire companies or equity interests in companies.

If the acquisition of companies, parts of companies, interests in companies or other assets, including rights and receivables, through capital increase for non-cash contribution leads to tax savings for the seller, or the seller is interested for any other reason in acquiring shares of the Company instead of a cash payment, the negotiating position of the Company is strengthened through the option of being able to offer shares as consideration. In individual cases based on particular interests of the Company, it may be necessary to offer the seller new shares in return for an interest in a company. The proposed authorization would enable the Company to react quickly and flexibly in such situations in order to acquire companies, parts of companies, interests in companies or other assets, including rights and receivables, through the issuance of new shares. The proposed authorization thereby enables optimal financing of the acquisition through issuance of new shares, as well as strengthening the Company's own equity base.

The option to transfer shares for the acquisition of companies, parts of companies, interests in companies or other assets, including rights and receivables, or in the context of business combinations, can also prove to be the more favorable financing form for the Company compared to cash, because it protects liquidity, and thus can also be in the interest of the shareholders. The proposed authorization scope of 50% of current capital stock would also enable the Company to acquire larger companies, in suitable cases, provided this is in the interests of the shareholders and the Company. In each individual case, the administration will only use the option of a capital increase in exchange for non-cash contributions under exclusion of the subscription right from Authorized Capital 2015 if the value of the new shares and the value of the consideration, i.e. the value of the company, parts of the company, interests in companies or other assets, including rights and receivables, to be acquired are in a reasonable relationship to each other. The issue price of the new shares should principally be aligned with the stock exchange price. An economic disadvantage for shareholders excluded from the subscription right would be avoided in such a case. In weighing up all these circumstances, the exclusion of subscription rights appears generally appropriate, necessary, commensurate and in the interests of the Company in order to be able to make such a beneficial acquisition.

The Management Board will carefully examine in each individual case whether it should make use of the proposed authorization and possible exclusion of subscription rights. The Management Board shall only take such a step if the Management Board and Supervisory Board believe it is in the acknowledged interests of the Company, also after weighing up the interests of the current shareholders.

The Management Board shall report any specific use of the proposed authorization to the Annual Shareholders' Meeting.

Montabaur, April 2015

For the Management Board of United Internet AG

Ralph Dommermuth	Robert Hoffmann	Jan Oetjen
Norbert Lang	Martin Witt	

This version of the report is a translation of the German original, prepared for the convenience of Englishspeaking readers. For the purposes of interpretation the German text shall be authoritative and final. No warranty is made as to the accuracy of this translation and United Internet AG assumes no liability hereto.