

Invitation to the Annual Shareholders' Meeting

We hereby invite our shareholders
to the Company's Annual
Shareholders' Meeting
to be held on

**Thursday, May 22, 2014,
at 11 a.m. at the "Alte Oper",
Opernplatz 1,
Mozartsaal,
60313 Frankfurt am Main,
Germany.**

2014

**United Internet AG, Montabaur
ISIN DE0005089031**



Overview Agenda Items

- Item 1.** Presentation of the approved financial statements, the approved consolidated financial statements, the joint management report for the Parent Company and the Group, including the explanatory report on the disclosures pursuant to Sections 289 (4) and 315 (4) of the German Commercial Code (HGB), the Remuneration Report, and the Declaration on Corporate Governance pursuant to Section 289a HGB (including the Corporate Governance Report), together with the Report of the Supervisory Board for the fiscal year 2013
- Item 2.** Resolution on the allocation of unappropriated profit
- Item 3.** Resolution on the ratification of Management Board actions
- Item 4.** Resolution on the ratification of Supervisory Board actions
- Item 5.** Resolution on the appointment of the auditors of the annual financial statements and consolidated annual financial statements
- Item 6.** Resolution on the acquisition and sale of treasury shares and exclusion of the right to tender and subscribe to shares
- Item 7.** Resolution on the authorization to issue bonds with warrants and/or convertible bonds, the creation of conditional capital and the corresponding amendment of the Company's by-laws (Conditional Capital 2014)
- Item 8.** Resolution on the approval to amend the existing profit and loss transfer agreement with United Internet Ventures AG
- Item 9.** Resolution on the approval of a control agreement dated March 26, 2014 between United Internet AG as controlling company and 1&1 Internet AG as dependent company
- Item 10.** Resolution on the approval of a control agreement dated March 26, 2014 between United Internet AG as controlling company and United Internet Ventures AG as dependent company
- Item 11.** Resolution on the approval of a profit and loss transfer agreement dated March 26, 2014 between United Internet AG as parent company and 1&1 Telecommunication Service SE as subsidiary
- Item 12.** Resolution on the approval of a control agreement dated March 26, 2014 between United Internet AG as controlling company and 1&1 Telecommunication Service SE as dependent company
- Item 13.** Resolution on the approval to amend the existing profit and loss transfer agreement with 1&1 Telecom Service Holding Montabaur GmbH

1. Presentation of the approved financial statements, the approved consolidated financial statements, the joint management report for the Parent Company and the Group, including the explanatory report on the disclosures pursuant to Sections 289 (4) and 315 (4) of the German Commercial Code (HGB), the Remuneration Report, and the Declaration on Corporate Governance pursuant to Section 289a HGB (including the Corporate Governance Report), together with the Report of the Supervisory Board for the fiscal year 2013

No resolution shall be adopted with regard to this agenda item as the Supervisory Board has already approved the annual financial statements and the consolidated financial statements.

2. Resolution on the allocation of unappropriated profit

In consideration of 244,265 treasury shares held by United Internet AG at the time of convening, the Management Board and Supervisory Board recommend that the unappropriated profit of United Internet AG for fiscal year 2013 of EUR 220,505,995.69 be allocated as follows:

- a portion of EUR 77,502,294.00 shall be distributed to shareholders as a dividend. At the time of convening, a total of 193,755,735 shares are entitled to receive a dividend for fiscal year 2013 (taking account of the 244,265 treasury shares held by United Internet AG without dividend entitlement). This corresponds to a dividend of EUR 0.40 per share.
- the remaining amount of EUR 143,003,701.69 is to be carried forward.

The number of shares entitled to receive a dividend may change up to the day of the Annual Shareholders' Meeting, for example should the Company sell or purchase treasury shares. In this case, the Management Board and Supervisory Board shall submit a correspondingly amended proposal for resolution, whereby the dividend shall remain unchanged at EUR 0.40 per share carrying dividend rights. The amendment shall be made as follows: should the number of shares carrying dividend rights – and thus the total dividend amount – increase, the remaining amount to be carried forward shall decrease correspondingly. Should the number of shares carrying dividend rights – and thus the total dividend amount – decrease, the remaining amount to be carried forward shall increase correspondingly.

The dividend payment shall be made on May 23, 2014.

3. Resolution on the ratification of Management Board actions

The Management Board and Supervisory Board propose a resolution to ratify the actions of those members of the Company's Management Board in office in fiscal year 2013 for that period.

4. Resolution on the ratification of Supervisory Board actions

The Management Board and Supervisory Board propose a resolution to ratify the actions of those members of the Company's Supervisory Board in office in fiscal year 2013 for that period.

5. Resolution on the appointment of the auditors of the annual financial statements and consolidated annual financial statements

The Supervisory Board recommends that Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Stuttgart, branch office Eschborn/Frankfurt am Main

- be appointed as auditors of the annual financial statements and the consolidated annual financial statements for the fiscal year 2014; and
- be appointed as auditors for the audit review of the half-yearly and quarterly financial reports, should the Company decide to subject these reports to an audit review.

Prior to submitting its election proposal, the Supervisory Board was provided with a declaration of Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft regarding its independence in accordance with the German Corporate Governance Code.

6. Resolution on the acquisition and sale of treasury shares and exclusion of the right to tender and subscribe to shares

The authorization of the Management Board to buy, sell or retire treasury shares, adopted by the Annual Shareholders' Meeting of May 23, 2013 in accordance with Section 71 (1) No. 8 German Stock Corporation Act (AktG) expires on November 23, 2014; it has already been partially utilized. In order to maintain the Company's flexibility with regard to the benefits of acquiring and selling treasury shares, the Company is to be granted a new authorization pursuant to Section 71 (1) No. 8 German Stock Corporation Act (AktG) for a period of 40 months.

The Management Board and Supervisory Board therefore submit the following resolution for adoption:

- a) In accordance with Section 71 (1) No. 8 AktG, the Company is authorized to acquire treasury shares ("United Internet shares") of up to ten percent of its capital stock. The authorization may be exercised by the Company wholly or in installments, once or several times for the pursuit of one or more purposes; it can, however, also be exercised by dependent or majority-owned corporations of the Company or by third parties for the Company's or their own account. In combination with other treasury shares owned by or in the possession of the Company or attributable to the Company pursuant to Sections 71a et seq. AktG, the acquired shares may not at any time exceed ten percent of the capital stock. The authorization may not be used for the purposes of trading with Company shares.
- b) United Internet shares may be purchased in all legally permissible manners, especially via the stock exchange and/or by means of a public bid.

In the case of a purchase by means of a public bid, the conditions described below shall apply. In the case of all other purchases, especially purchases made via the stock exchange, the price for the acquisition of United Internet shares (excluding transaction costs) may not be more than ten percent lower or higher than the stock market price.

In the case of a purchase of United Internet shares by means of a public bid, the Company must (i) publish a formal offer or (ii) publicly request the submission of offers, and thereby (iii) provide in each case for compensation in the form of a cash payment or the transfer of liquid shares.

- (i) If a formal offer of the Company is published, the Company shall set a price or a price range per United Internet share. If a price range is set, the final purchase price shall be determined on the basis of the acceptance declarations received. The offer may include an acceptance period, conditions, and the possibility to adjust the purchase price range during the acceptance period should there be substantial share price fluctuations following publication of a formal bid and during the acceptance period.

The purchase price or price range per United Internet share (excluding transaction costs) may not be more than ten percent lower nor more than ten percent higher than the average closing price of United Internet shares in XETRA trading (or any functionally equivalent successor to the XETRA system) on the last five trading days before the deadline. The deadline shall be the date of the final decision of the Management Board on the formal offer. In the case of an offer adjustment, the deadline date shall be replaced by the day of the final decision of the Management Board on the adjustment.

If the number of United Internet shares tendered by the Company exceeds the total volume of shares which the Company intended to acquire, the right of shareholders to offer shares may be excluded insofar as the purchase is based on the ratio of United Internet shares tendered. The preferred

acceptance of small lots of shares (up to 150 United Internet shares tendered per shareholder) may also be used in order to simplify processing and/or to avoid fractional amounts; to this extent, the right of shareholders to offer shares may also be excluded.

- (ii) If the Company publicly solicits submission of offers to sell United Internet shares, the Company may state a purchase price range in its solicitation within which offers may be submitted. The solicitation may provide for a submission period, terms and conditions, and the possibility of adjusting the purchase price range during the submission period if after publication of the solicitation significant share price fluctuations occur during the submission period.

Upon acceptance, the final purchase price shall be determined from all the submitted sales offers. The purchase price (excluding transaction costs) may not be more than ten percent lower nor more than ten percent higher than the average closing price of United Internet shares in XETRA trading (or any functionally equivalent successor to the XETRA system) on the last five trading days before the deadline. The deadline shall be the date on which the offers are accepted by United Internet AG.

If the number of United Internet shares offered for purchase by the Company exceeds the total volume of shares which the Company intended to acquire, the right of shareholders to offer shares may be excluded insofar as the purchase is based on the ratio of United Internet shares offered. The preferred consideration of small lots of shares (up to 150 United Internet shares tendered per shareholder) may also be used in order to simplify processing and/or to avoid fractional amounts; to this extent, the right of shareholders to tender shares may also be excluded.

- (iii) Consideration for the purchase of United Internet shares by means of bids can be made in the form of a cash payment or the transfer of shares in a listed company as defined by Section 3 (2) German Stock Corporation Act (AktG) ("exchange shares").

In the case of a formal offer or formal request for the submission of offers on an exchange basis, or for exchange shares, a certain exchange ratio may be specified or determined by way of an auction procedure. In each of these procedures for the exchange of shares, the exchange price or the applicable upper and lower limits of the price range in the form of one or more exchange shares and calculated fractional amounts, including any cash or fractional amounts (excluding incidental expenses), may not exceed the purchase ranges specified above in sub-sections (i) and (ii). The basis for calculating the relevant value of each exchange share shall be the respective arithmetic mean closing prices in XETRA trading (or any functionally equivalent successor to the XETRA system) on the last five trading days before the publication of the exchange offer or request for the submission of such an offer or before the final decision on the exchange ratio or the deadline. If the exchange shares are not traded in the XETRA trading system, the basis shall be the closing prices quoted on the stock exchange on the day of the highest average trading volume for the exchange shares in the last completed calendar year.

- (iv) The exclusion or limitation of the shareholders' right to offer shares requires a resolution of the Management Board and the approval of the Supervisory Board.
- c) The Management Board is authorized, subject to the approval of the Supervisory Board, to use these and the previously acquired United Internet shares for all legally permissible purposes, in particular a sale of treasury shares other than via the stock exchange or by offering to all shareholders if the treasury shares are sold for cash consideration which is not significantly less than the stock exchange price of Company's shares with the same rights at the time of sale, or for non-cash consideration if the amount is not unsuitably low according to general assessment (each time without incidental expenses). The decisive stock exchange price for the above selling regulation is the XETRA opening price (or any functionally equivalent successor to the XETRA system) of the Company's share on the Frankfurt Stock Exchange on the day on which the United Internet shares are sold. The above authorization for sale in return for cash consideration is reduced by that proportion of capital stock attributable to shares excluded from subscription rights during the term of this authorization, in direct or corresponding application of Section 186 (3) Sentence 4 AktG.

- d) Moreover, the Management Board is authorized to use the treasury shares acquired on the basis of this authorization and previously acquired United Internet shares, subject to the approval of the Supervisory Board, to grant shares to members of the Management Board and other Company employees, as well as managers and employees of affiliated companies as defined by Sections 15 et seq. AktG, should such persons be entitled to subscription on the basis of employee stock ownership plans. Insofar as treasury shares are to be transferred to members of the Company's Management Board, the decision shall be incumbent upon the Company's Supervisory Board.

The Management Board is further authorized to use the treasury shares acquired on the basis of this authorization and previously acquired United Internet shares, subject to the approval of the Supervisory Board, to fulfill conversion and warrant rights or conversion obligations from convertible bonds and options issued by the Company or dependent companies or companies in which the Company holds a majority share.

The Management Board is also authorized to fully or partially retire and cancel treasury shares acquired on the basis of this authorization and previously acquired United Internet shares, subject to the approval of the Supervisory Board, without any further resolution of the Annual Shareholders' Meeting. The Supervisory Board is authorized to amend Section 5 of the Company's by-laws in accordance with the respective utilization of its authorization to cancel shares.

- e) The right of shareholders to subscribe to United Internet shares shall be excluded to the extent that these shares are used in accordance with the aforementioned authorizations.
- f) The above authorizations shall become effective on May 23, 2014 and apply until September 22, 2017. The authorization to acquire and sell treasury shares adopted by the Annual Shareholders' Meeting of May 23, 2013 is to be revoked on expiry of May 22, 2014 with effect in future.

The report of the Management Board to the Annual Shareholders' Meeting regarding Agenda item 6 concerning the authorization to exclude stock tendering and subscription rights pursuant to Sections 71 (1) No. 8 and 186 (4) Sentence 2 German Stock Corporation Act (AktG) is printed in the Appendix to this Agenda.

7. Resolution on the authorization to issue bonds with warrants and/or convertible bonds, the creation of conditional capital and the corresponding amendment of the Company's by-laws (Conditional Capital 2014)

In order to utilize all legal possibilities for the creation of an optimum financial structure for the Company, a new authorization for issuing convertible and/or warrant bonds and creating new conditional capital (Conditional Capital 2014) is proposed as the current authorization and respective Conditional Capital 2010 are limited to June 1, 2015 and the Annual Shareholders' Meeting 2015 may be held after this date – and the subsequent mandatory entry of new conditional capital in the Commercial Register may occur even later. In order to ensure that these possibilities are also open to the Company in future years, the Management Board and Supervisory Board therefore propose the following resolution:

a) Cancellation of the previous authorization and Conditional Capital 2010

On June 2, 2010 the Annual Shareholders' Meeting adopted a conditional capital increase of up to EUR 80,000,000.00 which was earmarked for shares to be granted to bearers or holders of warrant and/or convertible bonds which the Annual Shareholders' Meeting on June 2, 2010 authorized the Company to issue in the period ending June 1, 2015. The Company has not made use of this authorization to issue warrant or convertible bonds so far. It is therefore proposed to cancel this authorization and Conditional Capital 2010:

The authorization adopted on June 2, 2010 under Agenda item 11 for issuing convertible and/or warrant bonds and creating Conditional Capital 2010 shall be cancelled at such time at which

- the contestation period in accordance with Section 246 (1) German Stock Corporation Act (AktG) has expired without any claims being lodged against the authorization under b) or, in the event of such a claim having been lodged with the applicable period, it was dismissed, withdrawn or otherwise settled in a legally binding manner, and
- Conditional Capital 2014 and the corresponding amendment of Section 5 (6) of the Company's by-laws have been entered in the Commercial Register.

b) Authorization

i) **Period of authorization, nominal amount, term, number of shares**

The Management Board is authorized, subject to the approval of the Supervisory Board, to issue on one or more occasions in the period ending May 31, 2019 warrant and/or convertible bonds with a total nominal value of up to EUR 900 million with a term of up to ten years (hereinafter referred to jointly as the “bonds”) or to accept on behalf of the Company a guarantee for bonds issued by a subordinated Group company and to grant bearers or holders of bonds warrant or conversion rights for new Company shares with an attributable proportional share of capital stock of up to EUR 30,000,000.00, as specified in more detail in the option terms and conditions attached to each warrant or convertible bond (hereinafter referred to as the “bond conditions”). In addition to euros, the bonds may also be issued in any legal currency of an OECD nation – limited to the equivalent value in euros. They may also be issued by a subordinated Group company.

The issue of bonds may also be made for non-cash contribution, providing that the value of the non-cash contribution corresponds to the issue price and is not significantly lower than the market value of the bonds calculated pursuant to sub-section ii) number (1) of this resolution.

The individual issues can be divided into partial bonds with equal rights.

ii) **Subscription rights, exclusion of subscription rights**

Shareholders are generally entitled to subscription rights for the bonds. The bonds may also be accepted by a banking syndicate with the obligation to offer them for subscription to shareholders. However, the Management Board is authorized, subject to the approval of the Supervisory Board, to exclude the subscription rights of shareholders to the bonds,

- (1) providing they are offered for cash consideration and the issue price is not materially lower than the theoretical market value of the bonds calculated using recognized valuation techniques. This only applies, however, providing the shares issued to serve the respective conversion and/or warrant rights do not exceed ten percent of capital stock. This amount includes the proportionate share of capital stock attributable to shares issued or used in direct or corresponding application of Section 186 (3) Sentence 4 German Stock Corporation Act (AktG) under exclusion of subscription rights; this amount also includes the proportionate share of capital stock attributable to shares issued or to be issued to serve conversion and/or warrant rights, providing the underlying bond is issued during the term of this authorization under exclusion of subscription rights pursuant to Section 186 (3) Sentence 4 AktG;
- (2) for fractional amounts resulting from the subscription ratio;
- (3) insofar as it is necessary in order to grant the bearers of conversion or warrant rights to Company shares a subscription right in the amount to which they are entitled on conversion of their conversion or warrant rights or fulfillment of their conversion obligation; or
- (4) insofar as bonds are to be issued in return for non-cash contributions in the course of business combinations or for the acquisition of companies, parts of companies, interests in companies or other assets eligible for contribution and the exclusion of subscription rights serves the Company's interests.

iii) **Conversion right, conversion obligation**

In the case of an issue of convertible bonds, the bearers receive the right to convert their bonds into Company shares in accordance with the bond conditions. The proportionate amount of capital stock represented by shares to be issued for the conversion may not exceed the nominal amount of the convertible bond. The exchange ratio is obtained by dividing the nominal amount of a bond by the stipulated conversion price for one new share of the Company. The exchange ratio may also be obtained by dividing the issue price of a bond that is lower than its nominal amount by the stipulated conversion price for one new share of the Company. The exchange ratio may be rounded down to a whole number. An additional cash payment may also be stipulated. The terms and conditions may also stipulate that fractions shall be combined or settled in cash.

The bond conditions may also stipulate a conversion obligation at the end of the term (or at an earlier time). In this case, the Company is entitled to settle in cash, partially or fully, any difference between the nominal value of the bonds and the stock market price of the shares as specified in the bond conditions on issuance of the bond – as described in sub-section v) – multiplied by the conversion ratio.

iv) **Warrant rights**

In the case of an issue of warrant bonds, one or more warrants are attached to each warrant bond which entitle the bearer to receive Company shares in accordance with the bond conditions. The proportionate amount of capital stock of shares to be issued for each warrant bond may not exceed the nominal amount of the warrant bond.

v) **Option or conversion price, protection against dilution**

The conversion or option price to be set must be at least 80% of the average closing prices of Company shares in XETRA trading (or a comparable successor system) on the Frankfurt Stock Exchange on the five trading days prior to the day of the Management Board's resolution on the issue of convertible bonds or during those days on which subscription rights are traded on the Frankfurt Stock Exchange, with the exception of the last two trading days of subscription right trading.

Irrespective of the provisions of Section 9 (1) AktG, the option or conversion price shall, on the basis of an antidilutive provision, be reduced as specified in the bond conditions if the Company increases capital stock or issues further bonds, or grants or guarantees options, in the period up to the expiry of the option or conversion period and does not grant the holders of existing options or conversion rights, subscription rights in the amount to which they would be entitled following exercise of the option or conversion right. The bond conditions may also stipulate the adjustment of the option or conversion price, or the option or conversion relationship, in the event of other Company measures which may lead to a dilution of the value of option or conversion rights.

In all cases, the proportionate amount of capital stock represented by shares to be issued for each bond may not exceed the nominal amount of the bond.

vi) **Further structuring possibilities**

Under consideration of the above provisions, the Management Board is authorized to determine the further details of the issuance and features of the bonds and their conditions, and in agreement with the executive bodies of the Group companies issuing the bonds, in particular to determine the coupon, issue price, term and denomination, agreement of subordination in respect of other liabilities, the subscription or conversion ratio (e.g. a variable conversion ratio depending on the share price performance during the term or a conversion ratio with an underlying issuance price below the nominal value of the convertible bond), the determination of an additional cash payment, settlement or combination of fractional amounts, cash payment in lieu of the delivery of shares, the option or conversion price and the option or conversion term.

c) **Conditional capital increase**

Capital stock is to be conditionally increased by up to EUR 30,000,000.00, divided into 30,000,000 no-par shares. The conditional capital increase is earmarked for shares to be granted to bearers or holders of warrant or convertible bonds granted by the Company or a subordinated Group company in accordance with the above authorization, providing the issue is in return for cash and unless a cash settlement is granted or the option or conversion rights are serviced from the stock of treasury shares or Approved Capital. The new shares shall be issued at the option or conversion price to be determined in accordance with the above authorization. The conditional capital increase shall only be implemented to the extent that the option or conversion rights pertaining to the bonds are exercised or conversion obligations pertaining to the bonds are fulfilled and unless a cash settlement is granted or the option or conversion rights are serviced from the stock of treasury shares or Approved Capital.

The Management Board is authorized to determine the further details of the implementation of the conditional capital increase (Conditional Capital 2014).

d) **Amendments to the Company's by-laws**

Section 5 (6) of the Company's by-laws is to be reformulated as follows:

“(6) Capital stock is to be conditionally increased by up to EUR 30,000,000.00, divided into 30,000,000 no-par shares (Conditional Capital 2014). The conditional capital increase is earmarked for shares to be granted to bearers or holders of warrant or convertible bonds granted by the Company or a subordinated Group company in the period ending May 21, 2019 in accordance with the authorization of the Annual Shareholders' Meeting of May 22, 2014, providing the issue is in return for cash and unless a cash settlement is granted or the option or conversion rights are serviced from the stock of treasury shares or Approved Capital. The conditional capital increase shall only be implemented to the extent that the option or conversion rights pertaining to the aforementioned bonds are exercised or conversion obligations pertaining to the bonds are fulfilled and unless a cash settlement is granted or the option or conversion rights are serviced from the stock of treasury shares or Approved Capital. The shares will participate in profits from the beginning of the fiscal year in which they are created by exercising the option or conversion rights. The Management Board is authorized to determine the further details of the implementation of the conditional capital increase.”

The report of the Management Board to the Annual Shareholders' Meeting regarding Agenda item 7 concerning the exclusion of subscription rights pursuant to Sections 221, 186 (4) German Stock Corporation Act (AktG) is printed in the Appendix to this Agenda.

8. Resolution on the approval to amend the existing profit and loss transfer agreement with United Internet Ventures AG

There is a profit and loss transfer agreement dated March 2, 2006 between United Internet AG as the sole shareholder and United Internet Ventures AG, domiciled in Montabaur, Germany. The profit and loss transfer agreement was originally concluded by United Internet AG and United Internet Beteiligungen GmbH. In 2013, United Internet Beteiligungen GmbH changed its legal form to become United Internet Ventures AG.

This agreement forms the basis for a so-called fiscal unity for income tax purposes between United Internet Ventures AG and United Internet AG.

The relevant sections of the German Law on Changing and Simplifying Business Taxation and Tax-Related Travel Expenses, which was adopted on February 20, 2013 and came into force on February 26, 2013 states that tax recognition of a fiscal unity with a private limited liability company, as United Internet Ventures AG was until 2013, requires a so-called dynamic reference to Section 302 German Stock Corporation Act (AktG) with regard to the regulation of loss assumptions, in other words an agreement between the parties regarding the

provisions of Section 302 German Stock Corporation Act (AktG), as amended. Following a transitional period, this new legal requirement must also be observed for agreements already signed before the law came into force.

In order to continue the fiscal unity for income tax purposes between United Internet Ventures AG and United Internet AG in a legally secure manner, the agreement must therefore be amended to meet the new legal requirements. United Internet AG and United Internet Ventures AG have therefore concluded an amendment agreement. In order to be effective, this agreement must not only be approved by the Shareholders' meeting of United Internet Ventures AG (already granted), and be entered in the Commercial Register of United Internet Ventures AG (still pending), but also requires the approval of the Annual Shareholders' Meeting of United Internet AG. The Management Board and Supervisory Board therefore submit the following resolution for adoption:

The agreement dated March 26, 2014 between United Internet AG and United Internet Ventures AG to amend the profit and loss transfer agreement dated March 2, 2006 is approved in full.

Main content of the amendment agreement

The amendment agreement contains the following key provisions:

1. In accordance with the new legal requirements, the detailed provisions regarding loss assumption by United Internet AG will be replaced by an extensive reference to the regulations of Section 302 German Stock Corporation Act (AktG), as amended. There is thus no requirement to quote individual passages of Section 302 German Stock Corporation Act (AktG).
2. The provisions regarding profit transfer shall further clarify, with regard to the legal regulations introduced in 2009, that the profit to be transferred is to be calculated in compliance with Section 301 German Stock Corporation Act (AktG), as amended.
3. Moreover, for the sake of completeness, the provisions regarding termination for cause shall include the dynamic reference to the corporate tax guideline, as amended.

Starting on the day on which the Annual Shareholders' Meeting is convened, shareholders will have the possibility to inspect during normal business hours at the offices of United Internet AG, located at Elgendorfer Strasse 57, 56410 Montabaur, the following documents:

- the amendment agreement of March 26, 2014 as well as the original profit and loss transfer agreement of March 2, 2006,
- the annual financial statements and management reports of United Internet AG for the last three completed fiscal years
- the annual financial statements and management reports of United Internet Ventures AG and United Internet Beteiligungen GmbH for the last three completed fiscal years and
- the jointly prepared report of the Management Boards of United Internet AG and United Internet Ventures AG, pursuant to Sections 293a, 295 German Stock Corporation Act (AktG), as also printed in the Appendix to this invitation.

Starting on the day on which the Annual Shareholders' Meeting is convened, the above documents can be accessed via the corporate website www.united-internet.de in the Investor Relations/Annual Shareholders' Meeting section. They will also be available for inspection at the Annual Shareholders' Meeting.

9. Resolution on the approval of a control agreement dated March 26, 2014 between United Internet AG as controlling company and 1&1 Internet AG as dependent company

The Management Board and Supervisory Board submit the following resolution for adoption:

The control agreement dated March 26, 2014 between United Internet AG as controlling company and United Internet Ventures AG as dependent company is approved in full.

Main content of the control agreement

The control agreement contains the following key provisions:

1. As the dependent company, 1&1 Internet AG is placed under the management of United Internet AG as the controlling company.
2. United Internet AG has the right to issue instructions to the management board of 1&1 Internet AG regarding the management of the company, which the management board of 1&1 Internet AG must obey in compliance with the provisions of Section 308 (2) Sentences 1 and 2 German Stock Corporation Act (AktG).
3. United Internet AG has a comprehensive right to receive information.
4. For the term of the agreement, United Internet AG is required to assume all other annual net losses of 1&1 Internet AG – i.e. irrespective of the loss assumption obligation.
5. The agreement is concluded for an indefinite period and may be terminated at any time with a notice period of three months to the end of the month. Termination for cause remains unaffected.

Starting on the day on which the Annual Shareholders' Meeting is convened, shareholders will have the possibility to inspect during normal business hours at the offices of United Internet AG, located at Elgendorfer Strasse 57, 56410 Montabaur, the following documents:

- the control agreement,
- the annual financial statements and management reports of United Internet AG for the last three completed fiscal years
- the annual financial statements and management reports of 1&1 Internet AG for the last three completed fiscal years and
- the jointly prepared report of the Management Boards of United Internet AG and 1&1 Internet AG, pursuant to Section 293a German Stock Corporation Act (AktG), as also printed in the Appendix to this invitation.

Starting on the day on which the Annual Shareholders' Meeting is convened, the above documents can be accessed via the corporate website www.united-internet.de in the Investor Relations/Annual Shareholders' Meeting section. They will also be available for inspection at the Annual Shareholders' Meeting.

10. Resolution on the approval of a control agreement dated March 26, 2014 between United Internet AG as controlling company and United Internet Ventures AG as dependent company

The Management Board and Supervisory Board submit the following resolution for adoption:

The control agreement dated March 26, 2014 between United Internet AG as controlling company and United Internet Ventures AG as dependent company is approved in full.

Main content of the control agreement

The control agreement contains the following key provisions:

1. As the dependent company, United Internet Ventures AG is placed under the management of United Internet AG as the controlling company.

2. United Internet AG has the right to issue instructions to the management board of United Internet Ventures AG regarding the management of the company, which the management board of United Internet Ventures AG must obey in compliance with the provisions of Section 308 (2) Sentences 1 and 2 German Stock Corporation Act (AktG).
3. United Internet AG has a comprehensive right to receive information.
4. For the term of the agreement, United Internet AG is required to assume all other annual net losses of United Internet Ventures AG – i.e. irrespective of the loss assumption obligation.
5. The agreement is concluded for an indefinite period and may be terminated at any time with a notice period of three months to the end of the month. Termination for cause remains unaffected.

Starting on the day on which the Annual Shareholders' Meeting is convened, shareholders will have the possibility to inspect during normal business hours at the offices of United Internet AG, located at Elgendorfer Strasse 57, 56410 Montabaur, the following documents:

- the control agreement,
- the annual financial statements and management reports of United Internet AG for the last three completed fiscal years,
- the annual financial statements and management reports of United Internet Ventures AG for the last three completed fiscal years and
- the jointly prepared report of the Management Boards of United Internet AG and United Internet Ventures AG, pursuant to Section 293a German Stock Corporation Act (AktG), as also printed in the Appendix to this invitation.

Starting on the day on which the Annual Shareholders' Meeting is convened, the above documents can be accessed via the corporate website www.united-internet.de in the Investor Relations/Annual Shareholders' Meeting section. They will also be available for inspection at the Annual Shareholders' Meeting.

11. Resolution on the approval of a profit and loss transfer agreement dated March 26, 2014 between United Internet AG as parent company and 1&1 Telecommunication Service SE as subsidiary

The Management Board and Supervisory Board submit the following resolution for adoption:

The profit and loss transfer agreement dated March 26, 2014 between United Internet AG as parent company and 1&1 Telecommunication Service SE as subsidiary is approved in full.

Main content of the control agreement

The profit and loss transfer agreement contains the following key provisions:

1. The affiliated company 1&1 Telecommunication Service SE undertakes to transfer its entire profit, as calculated according to the prevailing commercial law regulations and under consideration of subsection 2 below, and in accordance with Section 301 German Stock Corporation Act (AktG), to United Internet AG as the parent company.
2. Subject to the approval of United Internet AG, the affiliated company 1&1 Telecommunication Service SE may transfer amounts from the net income to revenue reserves (Section 272 (3) German Commercial Code (HGB)), insofar as this is economically justifiable in a fair commercial view, whereby the transfer of amounts from capital reserves as defined by Section 272 (2) of the German Commercial Code (HGB) which were formed during the period of affiliation is excluded. United Internet AG can demand that other revenue reserves formed during the agreement be reversed and used to balance a loss or transferred as profit.

3. As the parent company, United Internet AG can demand an interim profit transfer if and insofar as an interim profit transfer can be paid.
4. As the parent company, United Internet AG undertakes in accordance with Section 302 German Stock Corporation Act (AktG) to offset any other loss of its affiliated company arising during the term of the agreement.
5. The obligation to transfer profits or assume losses accrues on the respective balance sheet dates of the affiliated company and is also due on this date. It is to be fulfilled no later than three months after the annual financial statements of the affiliated company have been adopted.
6. The agreement becomes effective on entry of its existence in the Commercial Register at the registered office of the affiliated company and shall apply as of January 1, 2015. It cannot be terminated before December 31, 2019, 24:00 p.m.. The period of notice is six months to the end of each economic year. Termination for cause remains unaffected. Such cause is in particular the assignment of shares in the affiliated company by the parent company, an IPO of the affiliated company, the acquisition of an equity stake in the affiliated company by an external shareholder according to Section 307 German Stock Corporation Act (AktG), the merging of the affiliated company with another company and the conversion of the affiliated company into a legal form which may not be an affiliated company. Cause for the extraordinary termination of this agreement also includes the occurrence of any event deemed material by the German Corporation Tax Rules (KStR) as amended (currently: R 6o (6) KStR 2004). Notice must be given in writing.

Starting on the day on which the Annual Shareholders' Meeting is convened, shareholders will have the possibility to inspect during normal business hours at the offices of United Internet AG, located at Elgendorfer Strasse 57, 56410 Montabaur, the following documents:

- the profit and loss transfer agreement,
- the annual financial statements and management reports of United Internet AG for the last three completed fiscal years,
- the annual financial statements for fiscal year 2013 and the opening balance sheet as at November 28, 2013 of 1&1 Telecommunication Service SE (formerly Atrium 64, Europäische VV SE) and
- the jointly prepared report of the Management Boards of United Internet AG and 1&1 Telecommunication Service SE Internet Ventures AG, pursuant to Section 293a German Stock Corporation Act (AktG), as also printed in the Appendix to this invitation.

Starting on the day on which the Annual Shareholders' Meeting is convened, the above documents can be accessed via the corporate website www.united-internet.de in the Investor Relations/Annual Shareholders' Meeting section. They will also be available for inspection at the Annual Shareholders' Meeting.

12. Resolution on the approval of a control agreement dated March 26, 2014 between United Internet AG as controlling company and 1&1 Telecommunication Service SE as dependent company

The Management Board and Supervisory Board submit the following resolution for adoption:

The control agreement dated March 26, 2014 between United Internet AG as controlling company and 1&1 Telecommunication Service SE as dependent company is approved in full.

Main content of the control agreement

The control agreement contains the following key provisions:

1. As the dependent company, 1&1 Telecommunication Service SE is placed under the management of United Internet AG as the controlling company.

2. United Internet AG has the right to issue instructions to the management board of 1&1 Telecommunication Service SE regarding the management of the company, which the management board of 1&1 Telecommunication Service SE must obey in compliance with the provisions of Section 308 (2) Sentences 1 and 2 German Stock Corporation Act (AktG).
3. United Internet AG has a comprehensive right to receive information.
4. For the term of the agreement, United Internet AG is required to assume all other annual net losses of 1&1 Telecommunication Service SE – i.e. irrespective of the loss assumption obligation.
5. The agreement is concluded for an indefinite period and may be terminated at any time with a notice period of three months to the end of the month. Termination for cause remains unaffected.

Starting on the day on which the Annual Shareholders' Meeting is convened, shareholders will have the possibility to inspect during normal business hours at the offices of United Internet AG, located at Elgendorfer Strasse 57, 56410 Montabaur, the following documents:

- the control agreement,
- the annual financial statements and management reports of United Internet AG for the last three completed fiscal years,
- the annual financial statements for fiscal year 2013 and the opening balance sheet as at November 28, 2013 of 1&1 Telecommunication Service SE (formerly Atrium 64. Europäische VV SE) and
- the jointly prepared report of the Management Boards of United Internet AG and 1&1 Telecommunication Service SE Internet Ventures AG, pursuant to Section 293a German Stock Corporation Act (AktG), as also printed in the Appendix to this invitation.

Starting on the day on which the Annual Shareholders' Meeting is convened, the above documents can be accessed via the corporate website www.united-internet.de in the Investor Relations/Annual Shareholders' Meeting section. They will also be available for inspection at the Annual Shareholders' Meeting.

13. Resolution on the approval to amend the existing profit and loss transfer agreement with 1&1 Telecom Service Holding Montabaur GmbH

There is a profit and loss transfer agreement dated March 27, 2013 between United Internet AG as the sole shareholder and 1&1 Telecom Service Holding Montabaur GmbH, domiciled in Montabaur, Germany.

This agreement forms the basis for a so-called fiscal unity for income tax purposes between 1&1 Telecom Service Holding Montabaur GmbH and United Internet AG.

The relevant sections of the German Law on Changing and Simplifying Business Taxation and Tax-Related Travel Expenses, which was adopted on February 20, 2013 and came into force on February 26, 2013 states that tax recognition of a fiscal unity with a private limited liability company requires a so-called dynamic reference to Section 302 German Stock Corporation Act (AktG) with regard to the regulation of loss assumptions, in other words an agreement between the parties regarding the provisions of Section 302 AktG, as amended. With regard to this dynamic reference to Section 302 German Stock Corporation Act (AktG), the financial authorities require a formulation which excludes any restriction of Section 302 German Stock Corporation Act (AktG).

In order to continue the fiscal unity for income tax purposes between 1&1 Telecom Service Holding Montabaur GmbH and United Internet AG in a legally secure manner, the agreement must therefore be amended. United Internet AG and 1&1 Telecom Service Holding Montabaur GmbH have therefore concluded an amendment agreement. In order to be effective, this agreement must not only be approved by the shareholder meeting of 1&1 Telecom Service Holding Montabaur GmbH (already granted), and be entered in the Commercial Register of

1&1 Telecom Service Holding Montabaur GmbH (still pending), but also requires the approval of the Annual Shareholders' Meeting of United Internet AG. The Management Board and Supervisory Board therefore submit the following resolution for adoption:

The agreement dated March 26, 2014 between United Internet AG and 1&1 Telecom Service Holding Montabaur GmbH to amend the profit and loss transfer agreement dated March 27, 2013 is approved in full.

Main content of the amendment agreement

The amendment agreement contains the following key provisions:

1. In accordance with the new legal requirements, the detailed provisions regarding loss assumption by United Internet AG will be replaced by a concise yet full reference to the regulations of Section 302 German Stock Corporation Act (AktG), as amended.
2. The first possible date of termination for the profit and loss transfer agreement is to be postponed by one year to the end of December 31, 2019 to ensure that the minimum term of five years for the profit and loss transfer agreement is respected under all circumstances.
3. The amendments to the profit and loss transfer agreement will come into force retroactively as of the beginning of January 1, 2014.

Starting on the day on which the Annual Shareholders' Meeting is convened, shareholders will have the possibility to inspect during normal business hours at the offices of United Internet AG, located at Elgendorfer Strasse 57, 56410 Montabaur, the following documents:

- the amendment agreement of March 26, 2014 as well as the original profit and loss transfer agreement of March 27, 2013,
- the annual financial statements and management reports of United Internet AG for the last three completed fiscal years
- the annual financial statements for fiscal year 2013 and the opening balance sheet as at February 27, 2013 of 1&1 Telecom Service Holding Montabaur GmbH and
- the jointly prepared report of the Management Boards of United Internet AG and 1&1 Telecom Service Holding Montabaur GmbH, pursuant to Sections 293a, 295 German Stock Corporation Act (AktG), as also printed in the Appendix to this invitation.

Starting on the day on which the Annual Shareholders' Meeting is convened, the above documents can be accessed via the corporate website www.united-internet.de in the Investor Relations/Annual Shareholders' Meeting section. They will also be available for inspection at the Annual Shareholders' Meeting.

Participation in the Annual Shareholders' Meeting

Those shareholders who have notified their intention to attend the Annual Shareholders' Meeting and exercise their voting right by no later than **24:00 (CEST) of May 15, 2014** at the address:

United Internet AG,
c/o Computershare Operations Center,
80249 München,
Fax: +49 89 309037-4675,
hv2014@united-internet.de

and are registered on the day of the Annual Shareholders' Meeting in the share register as shareholders of the Company, are entitled to participate in the Annual Shareholders' Meeting, as well as to exercise their voting rights and put forward motions. Decisive for the timeliness of the registration is its date of receipt.

Decisive for voting rights, is the amount of shares entered in the share register on the day of the Annual Shareholders' Meeting. For reasons of technical processing, no changes will be performed in the share register in the period from May 16, 2014, 00:00 (CEST), to the day of the Annual Shareholders' Meeting (including the aforementioned days themselves). Buyers of Company shares who are not yet entered in the share register are therefore requested to file their registration applications as soon as possible.

Free availability of shares

Shares are not blocked by registering for the Annual Shareholders' Meeting; shareholders can thus continue to freely dispose of their shares even after successful registration.

Total number of shares and voting rights

On the date when the Annual Shareholders' Meeting was convened, the Company's capital stock amounted to EUR 194,000,000.00 and the number of no-par value shares was 194,000,000 with an equal number of voting rights. At the time of convening the Annual Shareholders' Meeting, United Internet AG held 244,265 treasury shares.

Exercising voting rights by proxy

Shareholders who are not able to participate themselves in the Annual Shareholders' Meeting may have their voting rights exercised by a representative should such authorization have been granted, e.g. by a bank, shareholder association, or proxy provided by the Company.

The shareholder or proxy must register each case of authorization in an orderly manner. If the shareholder authorizes more than one person, the Company may reject one or several of these persons.

The granting or revocation of proxies, as well as proof of such authorization to the Company, must be made in text form (Section 126b German Civil Code [BGB]).

The address, fax number and email address stated for registration can also be used for granting proxy to the Company, transmitting proof of proxy for the representative, and for the revocation of proxies.

On the day of the Annual Shareholders' Meeting, the entry and exit controls to the Annual Shareholders' Meeting at the Alte Oper, Opernplatz 1, Mozartsaal, 60313 Frankfurt am Main, may be used for this purpose from 10.00 a.m. (CEST).

The personal appearance of the shareholder at the Annual Shareholders' Meeting is not in itself revocation of a previously issued proxy. In this case, the shareholder must declare the revocation at the Annual Shareholders' Meeting in the required manner and provide documentation to the Company. During the Annual Shareholders' Meeting, the Company shall provide prepared revocation forms for the shareholders.

Special rules apply for proxies granted to credit institutes, shareholder associations and similar persons and institutes according to Section 135 (8) and Section (10) AktG, as well as for the revocation and evidence of such proxies. In such cases, shareholders are requested to make timely arrangements with their representative due to the special form which may be requested.

Shareholders shall receive a proxy form together with their admission ticket, which can be used for granting proxies. This proxy form can also be sent separately to shareholders on request and is also available on the Internet at www.united-internet.de in the section Investor Relations/Annual Shareholders' Meeting. Shareholders are requested to grant proxies preferably using the proxy form provided by the Company.

The granting or revocation of instructions to Company proxies, as well as any amendments of such instructions, must be made in text form – as must the granting or revocation of authority to Company proxies. The following special regulations apply in such cases: if the representatives receive more than one proxy and voting instructions, the last formally valid proxy issued with the corresponding instructions will be considered binding. If proxies are not granted in the valid form, representatives will not cast proxy votes at the Annual Shareholders' Meeting. If instructions are not filled out correctly or not unequivocally issued, representatives bound by voting instructions shall abstain from voting or not participate in the vote depending on the voting process. The proxies are bound by instructions and may not vote at the Annual Shareholders' Meeting on items not known in advance (e.g. procedural motions). Depending on the voting procedure, representatives with voting instructions shall abstain from voting or not participate in the vote. The same applies to the vote on a counter-motion. It is not permissible to instruct a Company proxy to declare an objection nor file a motion or raise a question.

The granting, revocation or amendment of proxy authorization and instructions to Company proxies is only possible via the address, fax number or e-mail address stated for registration as follows:

- (i) at the given address by May 21, 2014, 24:00 p.m. (CEST);
- (ii) at the given fax number or e-mail address by May 22, 2014, 12:00 a.m. (CEST).

In addition, on the day of the Annual Shareholders' Meeting, the entry and exit controls to the Annual Shareholders' Meeting at the Alte Oper, Opernplatz 1, Mozartsaal, 60313 Frankfurt am Main, may be used for this purpose from 10.00 a.m. (CEST) until shortly before voting begins.

On receipt of the registration, shareholders will be sent admission tickets. We request you to bring these to the Annual Shareholders' Meeting. The receipt and presentation of the admission ticket is not, however, a prerequisite for participating in the Annual Shareholders' Meeting and exercising voting rights. They merely serve to aid organization of the event. Voting tickets will be distributed before the Annual Shareholders' Meeting at the venue.

Information on the Annual Shareholders' Meeting is also provided on the Company's website (www.united-internet.de) in the Investor Relations/Annual Shareholders' Meeting section.

Rights of shareholders

(Disclosures pursuant to Sections 122 (2), 126 (1), 127, 131 (1) AktG)

Extended agenda

Shareholders whose shares together reach at least 5% of capital stock or a prorated amount of EUR 500,000.00 may, pursuant to Section 122 (2) AktG, request that items be placed on the agenda and announced. Each new item must be accompanied by reasons justifying it or a draft resolution. Requests must be made in writing to the Management Board of the Company. It must be received by the Company at least 30 days prior to the Annual Shareholders' Meeting, i.e. by no later than 24:00 (CEST) of April 21, 2014. Pursuant to Section 122 (2) Sentence 1 in conjunction with Section 142 (2) Sentence 2 AktG, those shareholders submitting such requests must document that they have been the owners of the shares since at least February 22, 2014 00:00 a.m. (CET). We would ask you to send the corresponding requests to the following address:

Management Board of United Internet AG
Elgendorfer Strasse 57
56410 Montabaur
Germany

Additions to the agenda requiring announcement – if not already announced when the meeting is convened – are to be immediately announced on receipt of the request in the Federal Gazette. They will also be reported to shareholders entered in the share register and announced online at www.united-internet.de in the Investor Relations/Annual Shareholders' Meeting section.

Counter-motions and nominations pursuant to Sections 126 (1) and 127 AktG

Every shareholder may also submit counter-motions to the motions brought by the Management Board and Supervisory Board on certain items of the agenda, as well as submitting nominations for elections. Counter-motions requiring publication must include reasons. Nominations for elections requiring publication do not have to include reasons. Counter-motions, nominations and other enquiries must be sent to the following address only:

United Internet AG
Investor Relations
Elgendorfer Strasse 57
56410 Montabaur
Germany
Fax no. +49 2602 96-1013
investor-relations@united-internet.de.

Subject to Section 126 (2) and (3) AktG, counter-motions and nominations requiring publication received from shareholders, including the name of the shareholder, the reasons for the motion requiring publication and any response from the administration, will be made accessible on the Company's website at www.united-internet.de in the Investor Relations/Annual Shareholders' Meeting section. Only those counter-motions and nominations received by the Company at the aforementioned address no later than 14 days prior to the Annual Shareholders' Meeting, i.e. by 24:00 (CEST), May 7, 2014 shall be considered. Nominations will only be made accessible if they meet the requirements of Sections 124 (3) Sentence 4, and 125 (1) Sentence 5 AktG.

Right to information pursuant to Section 131 (1) AktG

At the Annual Shareholders' Meeting, any shareholder or shareholder representative may request the Management Board to provide information on matters relating to the Company, as long as this information is necessary for the proper assessment of an item on the Agenda and there is no right to refuse the provision of information. The Management Board's obligation to provide information also comprises the legal and business relations of United Internet AG with associated companies. It also includes the situation of the United Internet Group and the companies included in United Internet's consolidated financial statements. Moreover, the chairman of the meeting is entitled to conduct various measures with regard to the orderly conduct of the Annual Shareholders' Meeting. These also include a limitation of the right to speak and ask questions.

For further information on the rights of shareholders, please refer to the corresponding document which can be found in the Investor Relations/Annual Shareholders' Meeting section of the Company's website at www.united-internet.de.

Information and documents on the Annual Shareholders' Meeting

The invitation to the Annual Shareholders' Meeting with all mandatory details, explanations and documents is also available on our corporate website at www.united-internet.de under Investor Relations/Annual Shareholders' Meeting, where the information/documents pursuant to Section 124 a AktG can also be found.

Following the Annual Shareholders' Meeting, the voting results will be published at the same internet address.

The invitation to the Annual Shareholders' Meeting was made available for publication by those media which may be expected to disseminate the information throughout the European Union.

Transmission of the Annual Shareholders' Meeting

According to Section 15 (4) of the by-laws of United Internet AG, the Annual Shareholders' Meeting may be transmitted in full or in excerpts, in sound and image, providing the Management Board approves such transmission. This may also occur in such a way that the public have unrestricted access.

Montabaur, April 2014

United Internet AG
The Management Board

Appendices

to the invitation of United Internet AG to its Annual Shareholder's Meeting 2014

Report of the Management Board to the Annual Shareholders' Meeting regarding agenda item 6 concerning the authorization to exclude stock tendering and subscription rights pursuant to Sections 71 (1) No. 8 and 186 (4) Sentence 2 AktG

The Management Board has presented the following report on agenda item 6 concerning the authorization of the Company to exclude the tendering rights of shareholders in the case of a buyback of United Internet shares via purchase bids, and the authorization of the Management Board, subject to the approval of the Supervisory Board, to sell treasury shares acquired by the Company in other ways than through the stock exchange or by offering them to all shareholders with the exclusion of subscription rights. Starting on the day on which the Annual Shareholders' Meeting is convened, 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. It has the following content:

Re item 6 of the agenda

This agenda item contains the proposal, on revocation of the existing authorizations from May 23, 2013, to authorize the Company until September 22, 2017 to acquire treasury shares of up to ten percent of its capital stock.

The statutory maximum period of 5 years for such authorizations shall not be utilized. The proposed authorization will enable the Company to make use of the possibility to acquire and sell its own shares, as provided for in Section 71 (1) No. 8 AktG, in order to take advantage of the related benefits for the Company and its shareholders.

a) Bids and exclusion of tendering rights

Agenda item 6 also contains the proposal to authorize the Company's Management Board, with the approval of the Supervisory Board, to acquire treasury shares also by means of bids and thereby to exclude the tendering rights of shareholders. This will enable the Company to ideally structure the purchase of treasury shares.

It may be beneficial for the Company not to purchase treasury shares via the stock exchange but to conduct buybacks by means of a bid made to all shareholders. This may be the case, for example, if a bid can be conducted faster than by purchasing via the stock exchange due to the volume of the planned buyback or if the transfer of other liquid shares is planned as consideration for the buyback rather than cash consideration.

As the buyback of treasury shares by means of bids must always comply with the general limit of ten percent of capital stock, and the Company must be able to limit any buyback with regard to its financial plans, it is therefore feasible that the Company is offered more treasury shares during a bid than it is permitted to purchase within the scope of this authorization, or than the Company had planned to purchase with regard to volume. In order to maintain the shareholders' right to equal treatment in such a situation, a provision should generally be made to ensure that every tendering shareholder is considered in proportion of the shares offered by the shareholder to the total volume of shares tendered. The bid could therefore not be conducted if it were not possible to exclude the general tendering right of shareholders, fully or in part.

Preferential treatment of smaller offers of up to 150 shares can be provided for in order to reduce the administrative effort for processing such a bid or to exclude fractional amounts.

Only by excluding tendering rights can the Company conduct share buybacks by means of a bid. Having carefully weighed up the interests of the shareholders and the Company, the Management Board thus considers the restriction or exclusion of the shareholders' rights to tender shares to be fundamentally justified, given the advantages resulting from the use of bids for the Company. When structuring a possible bid, the Management Board shall very closely examine and weigh up carefully whether and to what extent tendering rights are to be excluded.

b) Sale of treasury shares and exclusion of subscription rights

The authorization of the Management Board proposed under item 6 of the agenda would also allow the Management Board, subject to the approval of the Supervisory Board, to sell treasury shares in other ways than through the stock exchange or by offering them to all shareholders, if the treasury shares are sold for cash compensation which is not significantly lower than the share price for the same type of Company shares at the time of such sale, or for non-cash compensation whose value is not generally regarded as inappropriately low (in each case excluding transaction costs). The stock market price for the purpose of the above selling arrangement is the XETRA opening price (or any functionally equivalent successor to the XETRA system) of the Company's shares on the Frankfurt Stock Exchange on the day when the shares are sold. This authorization to sell for cash consideration is reduced by that proportion of capital stock attributable to shares excluded from subscription rights during the term of the authorization in direct or corresponding application of Section 186 (3) Sentence 4 AktG.

Moreover, the Management Board is to be authorized to use the treasury shares, subject to the approval of the Supervisory Board, to grant shares to members of the Management Board and other Company employees, as well as to executives and employees of affiliated companies pursuant to Sections 15 et seq. AktG, should such persons be entitled to subscription on the basis of employee stock ownership plans. Insofar as treasury shares are to be transferred to members of the Company's Management Board, the decision shall be incumbent upon the Company's Supervisory Board.

The Management Board is further to be authorized to use the treasury shares, subject to the approval of the Supervisory Board, to fulfill conversion and warrant rights or conversion obligations resulting from convertible or warrant bonds issued by the Company or subordinate Group companies.

These authorizations each provide for the possibility to exclude the subscription rights of shareholders. The Company thus makes use of the possibility to exclude stock subscription rights pursuant to Section 71 (1) No. 8 AktG.

The possibility to exclude stock subscription rights serves the Company's interest to sell treasury shares, for example, to institutional investors. Moreover, the Company may be thus enabled to gain new shareholder groups in Germany and abroad. The legal provision to exclude stock subscription rights enables the Company's management to react quickly, flexibly and cheaply to any opportunities provided by the respective stock exchange mood. It does not require the time-consuming and expensive procedure involved with subscription rights. The exclusion of subscription rights also enables the Company to act flexibly and cost-effectively when acquiring other companies, in line with its intended acquisition policy, or other asset items such as licenses.

The possibility to exclude stock subscription rights during the sale of treasury shares also enables the Company to grant treasury shares to persons with entitlements from the employee stock ownership plans or to use such treasury shares to service convertible and warrant bonds, without having to utilize conditional capital for this purpose. Insofar as the Management Board makes use of this authorization, the treasury shares are issued to the entitled persons at the issuance price fixed for the respective employee stock ownership plan or the respective bond conditions.

The asset and voting right interests of shareholders are observed by limiting the authorization to acquire, and thus also to sell, treasury shares to a maximum of ten percent of the Company's capital stock. The requirement of a compensation amount, which should not be significantly lower than the share price in the case of cash compensation and not inappropriately low for non-cash compensation, guarantees that the assets of shareholders are only diluted to a minimum extent, if at all. The benefit for the Company and its shareholders, however, is that interest in the share can be raised by extending the circle of shareholders and that certain assets can be acquired without placing a strain on liquidity. In the case of employee stock ownership plans and convertible or warrant bonds, such a procedure is also more cost-efficient.

c) Reports

The Management Board shall report to the Annual Shareholders' Meeting with regard to its utilization of authorizations.

Report of the Management Board to the Annual Shareholders' Meeting regarding agenda item 7 concerning the exclusion of subscription rights pursuant to Sections 221 and 186 (4) German Stock Corporation Act (AktG)

The Management Board has presented the following report on agenda item 7 concerning the 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 exclude the subscription rights of shareholders to the bonds. Starting on the day on which the Annual Shareholders' Meeting is convened, 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. It has the following content:

Re item 7 of the agenda

As the present authorization expires on June 1, 2015, and the Annual Shareholders' Meeting 2015 may be held after this date, we propose that the Annual Shareholders' Meeting grants a new authorization and creates new conditional capital for issuing convertible and/or warrant bonds to maintain the legal possibilities open to the Company in future years. The scope of this authorization for warrant and/or convertible bonds amounts to EUR 900 million while the conditional capital earmarked to secure option and/or conversion rights amounts to EUR 30,000,000.00 (Conditional Capital 2014).

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 option 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 900 million. Shares with a total proportionate amount of capital stock of up to EUR 30,000,000.00 are to be made available to service such bonds, unless a cash settlement is granted or the option or conversion rights are serviced from the stock of treasury shares or Approved Capital.

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 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 this subscription right 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 favorable market conditions. 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 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, 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.

Subscription rights are also to be excluded in order to utilize fractional amounts or to fulfill the subscription rights of bearers of previous bonds. The exclusion of subscription rights in the case of fractional amounts is usual and sensible as the costs of subscription right trading for fractional amounts is in no way proportional to the profit for the shareholders. It is also usual on the market that bond owners are granted a subscription right to subsequent

bonds, so that warrant or convertible bonds can be placed more easily. The subscription rights of shareholders must be excluded for both these purposes.

Moreover, it must be possible to exclude subscription rights in order to issue bonds for non-cash consideration. This shall only happen if the non-cash consideration is not unreasonably low in comparison with the issuance price of the bond and not materially lower than 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 option rights 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.

Conversion or option rights from such bonds issued for non-cash consideration cannot be serviced from conditional capital. This requires the use of treasury shares or a capital increase for non-cash contribution. Approved Capital 2011 is still currently available for such purposes.

Report on Agenda Item 8

Report of the Management Board of United Internet AG and the management board of United Internet Ventures AG (formerly United Internet Beteiligungen GmbH) in accordance with Sections 293a, 295 German Stock Corporation Act (AktG) on the agreement dated March 26, 2014 between United Internet AG and United Internet Ventures AG regarding the amendment of the profit and loss transfer agreement dated March 2, 2006

In order to inform shareholders and prepare a resolution for the Annual Shareholders' Meeting, the Management Board of United Internet AG and the management board of United Internet Ventures AG (formerly United Internet Beteiligungen GmbH) have issued a joint written report on the agreement dated March 26, 2014 between United Internet AG and United Internet Ventures AG, domiciled in Montabaur, Germany, regarding the amendment of the profit and loss transfer agreement dated March 2, 2006 (the "Amendment Agreement"). Starting on the day on which the Annual Shareholders' Meeting is convened, 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. It has the following content:

Re item 8 of the agenda

I. Starting point: existing profit and loss transfer agreement dated March 2, 2006

On March 2, 2006, United Internet AG concluded a profit and loss transfer agreement (hereinafter referred to as the "Agreement") with United Internet Ventures AG (formerly United Internet Beteiligungen GmbH), a wholly owned subsidiary with no external shareholders.

The Agreement came into force on its entry in the Commercial Register of United Internet Beteiligungen GmbH on July 3, 2006, after the shareholder meeting of United Internet Ventures AG on March 2, 2006 and the Annual Shareholders' Meeting of United Internet AG on June 13, 2006 had approved the Agreement.

The conclusion of the Agreement served primarily to establish a fiscal unity for income tax purposes according to Sections 14 and 17 German Corporation Tax Act (KStG) between United Internet Ventures AG and United Internet AG. The result of the fiscal unity is that as of the beginning of fiscal year 2006 United Internet Ventures AG, as subsidiary, and United Internet AG, as parent company, are assessed jointly with regard to income taxation.

In accordance with the requirements of Sections 14 and 17 German Corporation Tax Act (KStG), the Agreement sets forth in particular the obligation of United Internet Ventures AG to transfer its profits to United Internet AG, the amount of which is specified in the Agreement in accordance with Section 301 German Stock Corporation Act (AktG), as well as the obligation of United Internet AG to assume the losses of United Internet Ventures AG, the amount of which is currently specified by partially quoting the key passages of Section 302 German Stock Corporation Act (AktG).

The agreement was concluded for a fixed period of five years and could not be terminated, other than for cause, until that period had expired. Unless notice is served, the Agreement is prolonged by one further year at the end of each year. The right to terminate for cause, including in particular the reasons that are recognized for tax purposes as cause, remains unaffected.

As United Internet AG held, and still holds, all shares in United Internet Ventures AG at the time of concluding the Agreement and at the time of concluding the amendment agreement, and United Internet Ventures AG thus has no external shareholders, there is no need for settlement or compensation provisions pursuant to Sections 304 and 305 German Stock Corporation Act (AktG) (see Section 304 (1) Sentence 3 AktG). There was therefore no need for an authorized expert to audit the Agreement or the amendment agreement (Sections 293b (1), last half-sentence, 295 AktG).

II. Agreement dated March 26, 2014 to amend the profit and loss transfer agreement of March 2, 2006

The amendment agreement dated March 26, 2014 between United Internet AG and United Internet Ventures AG serves to amend the profit and loss transfer agreement of March 2, 2006. A notarized copy of the amendment agreement of March 26, 2014 is attached to this report (not printed here).

The main content and purpose of the amendment agreement is explained below:

Section 1 of the amendment agreement sets out the new name of United Internet Ventures AG in the profit and loss transfer agreement following its change of legal form.

Sections 2 and 3 of the amendment agreement amends Section 1 of the profit and loss transfer agreement which regulates the transfer of profits. The amendments concern the following details:

- In order to clarify the profit transfer obligation, "in compliance with Section 301 German Stock Corporation Act (AktG) as amended" has been inserted in Section 1 (1) of the profit and loss transfer agreement, and the sentence "the amount to be transferred is net income without the profit transfer, less any loss carried forward from the previous year" has been deleted. The reason for this insertion and deletion is the introduction of a corresponding distribution restriction in Section 268 (8) HGB and Section 301 German Stock Corporation Act (AktG) by the German Accounting Law Modernization Act (BilMoG) of 25 May, 2009 (Federal Law Gazette I p. 1102). Although the tax authorities do not believe that this amendment to the law in 2009 justifies the need to amend existing profit and loss transfer agreements, the management boards regard it as sensible to adapt the wording of the profit and loss transfer agreement to the current legal situation due to the impending amendment explained further (with respect to the assumption of losses pursuant to Section 302 AktG), also with regard to the transfer of profits.

Section 4 of the amendment agreement amends Section 2 of the profit and loss transfer agreement, which regulates the assumption of losses.

- In Section 2 of the profit and loss transfer agreement, the existing provision on the obligation and the amount of loss assumption, which is currently determined by the partial verbatim quotation of the essential passages of the statutory provision, is replaced by reference to the provisions of Section 302 German Stock Corporation Act (AktG), as amended. The reason is the reformulation of Section 17 Sentence 2 No. 2 German Corporation Tax Act (KStG) by the German Law on Changing and Simplifying Business Taxation and Tax-Related Travel Expenses of February 20, 2013 (Federal Law Gazette I p. 285). This states that a profit and loss transfer agreement with a subsidiary which has the legal form of a private limited liability

company (“GmbH”), as was the case for United Internet Ventures AG until 2013, is only recognized if the agreement itself specifically provides for loss assumptions by referring to the provisions of Section 302 German Stock Corporation Act (AktG). German tax law therefore demands a specific reference to (rather than a direct quotation of) Section 302 German Stock Corporation Act (AktG), as amended. This reference must also be dynamic, i.e. referring to the currently valid version of Section 302 German Stock Corporation Act (AktG).

- As evidenced by the transitional provision of the German Law on Changing and Simplifying Business Taxation and Tax-Related Travel Expenses of February 20, 2013, the revised version of Section 17 Sentence 2 No. 2 German Corporation Tax Act (KStG) applies to both profit and loss transfer agreements concluded after the Act came into force, as well as to certain agreements – after a certain transition period – concluded before the Act came into force (“Old Agreements”). Due in part to current statements by the tax authorities, however, the scope of the transitional provision for Old Agreements is unclear. It was decided therefore to adapt the profit and loss transfer agreement of March 2, 2006 to the revised version of Section 17 Sentence 2 No. 2 German Corporation Tax Act (KStG) as a precaution, in order to continue the existing fiscal unity for income tax purposes on a legally secure footing. As evidenced by the transitional provision, the amendment must have become effective through entry in the Commercial Register of United Internet Ventures AG by no later than December 31, 2014.

Section 5 amends Section 4 (3) of the profit and loss transfer agreement which governs termination for cause. Firstly, the term “without notice” (“fristlos”) is replaced by the term “extraordinary” (“außerordentlich”) termination. Secondly, the number of reasons deemed important (“for cause”) in the case of extraordinary termination was increased. In addition to a list of important reasons which justify extraordinary termination, there will also be a dynamic reference to the latest version of the corporate tax guidelines. As explained above, the management boards regard it as sensible to adapt the wording of the profit and loss transfer agreement to the current legal situation due to the impending amendment, also with regard to termination for cause.

In accordance with legal requirements, Section 6 of the amendment agreement clarifies that the amendment agreement only becomes effective after it has been approved by the shareholders’ meeting of United Internet Ventures AG (already granted on March 26, 2014), as well as by the Annual Shareholders’ Meeting of United Internet AG, and has been entered in the Commercial Register of United Internet Ventures AG. It does not need to be entered in the Commercial Register of United Internet AG.

Report on Agenda Item 9

Joint report of the management boards of United Internet AG and 1&1 Internet AG regarding the control agreement between United Internet AG and 1&1 Internet AG pursuant to Section 293a German Stock Corporation Act (AktG)

In order to inform shareholders and prepare a resolution for the Annual Shareholders' Meeting, the Management Board of United Internet AG and the management board of 1&1 Internet AG have issued a joint written report on the control agreement dated March 26, 2014 between United Internet AG and 1&1 Internet AG, domiciled in Montabaur, Germany. Starting on the day on which the Annual Shareholders' Meeting is convened, 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. It has the following content:

Re item 9 of the agenda

1. Conclusion and effectiveness of the agreement

The control agreement between United Internet AG as parent company and 1&1 Internet AG as subsidiary was concluded on March 26, 2014. A notarized copy of the agreement dated March 26, 2014 is attached to this report (not printed here).

To become effective, the control agreement must first be approved by the Annual Shareholders' Meeting of United Internet AG, which is expected to be given at the Annual Shareholders' Meeting convened for May 22, 2014. Moreover, the agreement must also be approved by the annual Shareholders' meeting of 1&1 Internet AG, which was granted on March 26, 2014. Finally, the control agreement becomes effective with its entry into the Commercial Register of 1&1 Internet AG.

2. Explanation of the control agreement

The control agreement between United Internet AG and 1&1 Internet AG, including its individual provisions, are explained as follows:

2.1 Management (Section 1 of the Agreement)

Section 1.1 of the control agreement includes the constituent provision for a control agreement, whereby 1&1 Internet AG as the dependent company is placed under the management of United Internet AG as the controlling company. This gives United Internet AG the right to issue instructions to the management board of 1&1 Internet AG regarding the management of the company. According to Section 1.1 Sentence 3 of the control agreement, instructions must be issued in written form.

The scope of this instruction right is determined by the provisions of Section 308 German Stock Corporation Act (AktG). In accordance with Section 308 (2) Sentences 1 and 2 German Stock Corporation Act (AktG), the management board of 1&1 Internet AG is obliged to comply with such instructions (Section 1.2 of the control agreement).

2.2 Right to receive information (Section 2 of the Agreement)

Section 2.1 of the control agreement sets forth that United Internet AG is entitled at all times to inspect the books and documents of 1&1 Internet AG, and further that the management board of 1&1 Internet AG is obliged to provide United Internet AG with all information requested.

Section 2.2 des control agreement specifies that 1&1 Internet AG has an ongoing obligation to report to United Internet AG.

2.3 Loss assumption (Section 3 of the Agreement)

In accordance with legal provisions, Section 3.1 of the control agreement determines that Section 302 German Stock Corporation Act (AktG), as amended, shall be applied. Section 302 German Stock Corporation Act (AktG) obliges the controlling company, in this case United Internet AG, to offset any loss arising – without consideration of the loss assumption obligation – during the term of the agreement. The loss can also be offset by withdrawing amounts from other revenue reserves of the dependent company, which were formed during the term of the agreement.

Section 3.2 of the control agreement regulates the due date of the loss assumption requirement. The obligation to assume losses accrues on the respective balance sheet dates of the dependent company and is also due on this date.

In the case of termination for cause, United Internet AG is only obliged to offset the prorated annual net loss up to the date on which the termination becomes effective (Section 3.3 of the control agreement).

2.4 Effectiveness (Section 4 of the Agreement)

Section 4 of the control agreement regulates the effectiveness of the agreement. We refer here to the explanations under Section 1. Management pursuant to Section 1 of the control agreement can only be exercised when the agreement has become effective (Section 4.3 of the control agreement).

2.5 Term, termination (Section 5 of the Agreement)

Section 5 of the agreement regulates the contractual term and possibilities to serve notice on the control agreement.

The agreement is concluded for an indefinite period (Section 5.1 of the control agreement). It can be terminated at any time with a notice period of three months to the end of each month. Notice must be served in written form (Section 5.3 of the control agreement), in accordance with the legal provisions of Section 297 (3) German Stock Corporation Act (AktG).

Section 5.4 of the agreement also clarifies that the right of termination for cause remains unaffected. Such cause is in particular (i) the loss of the majority of voting rights of the controlling company in the dependent company, (ii) the loss of controlling company's position as sole shareholder of the dependent company, (iii) the merger or division of the controlling company or the dependent company, (iv) the opening of insolvency proceedings over the assets of the controlling company or the dependent company or the rejection of such proceedings due to lack of assets, (v) the liquidation of the controlling company or the dependent company, and (vi) the transformation or relocation of the registered office of the controlling company or dependent company in such a way that they can no longer be party to a control agreement.

If the agreement ends, the controlling company must provide security for the creditors of the dependent company in accordance with Section 303 of the German Stock Corporation Act (AktG) (Section 5.5. of the control agreement).

2.6 Final provisions (Section 6 of the Agreement)

Section 6.1 of the agreement states that all amendments and additions to the agreement must be made in writing.

Section 6.2 of the agreement also contains an escape clause stating if individual provisions of the agreement be void for any reason, this does not invalidate the other provisions of the agreement. This stipulation is a standard component of agreements and was included for reasons of legal precaution. There is no indication that any of the provisions in the agreement might be invalid.

2.7 Compensation and indemnity provisions

As all shares in 1&1 Internet AG are held by United Internet AG, no compensation and indemnity provisions have been included in the control agreement (Sections 304, 305 German Stock Corporation Act (AktG)).

There is therefore no need to discuss their assessment.

3. Legal and economic reasons for the conclusion of the control agreement

3.1 Background situation of the companies involved

3.1.1 United Internet AG

3.1.1.1 Overview of the company

The company was founded as 1&1 Aktiengesellschaft & Co. Kommanditgesellschaft auf Aktien on January 29, 1998 (registration in the commercial register of the district court of Montabaur under HRB 5762 on February 16, 1998) with a capital stock of DM 2,529,600.00. Following several capital increases and the translation of its capital stock to euros, the company changed its legal status to that of a public limited company ("Aktiengesellschaft") named United Internet AG with a resolution of the Extraordinary Shareholders' Meeting of February 22, 2000 with a capital stock of EUR 13,211,782.22 (registration in the commercial register of the district court of Montabaur under HRB 5762 on March 23, 2000). After further capital increases from company funds, from conditional and approved capital, as well as various capital reductions, the company's capital stock now amounts to EUR 194,000,000.00 (registration in the commercial register of the district court of Montabaur under HRB 5762 on February 8, 2013).

3.1.1.2 Holding structure

United Internet AG acts as a management holding for its subsidiaries, including 1&1 Internet AG.

3.1.1.3 Result situation

For further details on the development and result situation of United Internet AG, please refer to the Company's consolidated financial statements and management report for the fiscal year 2013.

3.1.2 1&1 Internet AG

3.1.2.1 Overview of 1&1 Internet AG

1&1 Internet AG was formed from 1&1 Telekommunikation GmbH (district court of Montabaur HRB 4450) and changed its legal status to that of a public limited company ("Aktiengesellschaft") with a resolution on May 26, 2000 and first entered in the Commercial Register of the district court of Montabaur under the number HRB 6484 on August 11, 2000. 1&1 Telekommunikation GmbH was founded with a capital stock of DM 500,000.00 (entered in the Commercial Register of the district court of Montabaur under the number HRB 4450 on October 20, 1992). Following capital increases in the course of transformation measures, the change to euro, and further capital increases, the company's capital stock is now EUR 11,860,700.00 (entered in the Commercial Register of the district court of Montabaur under the number HRB 6484 on November 23, 2005).

3.1.2.2 Equity relationship

United Internet AG is the sole shareholder of 1&1 Internet AG and thus holds 100% of its shares. The share capital stock amounts to EUR 11,860,700.00 and is fully paid in.

3.1.2.3 Business activity

1&1 Internet AG and its subsidiaries and investments is a leading internet provider which provides a comprehensive range of sophisticated online applications for private persons, freelancers and small businesses. The business divisions of the 1&1 Group include its domestic access business (mobile and DSL) and applications business, which comprises all hosting, application and portal activities. 1&1 operates mainly in Germany, Austria, the UK, France, Spain, Italy, Poland, the USA, Canada and Mexico. Its product range includes webhosting and e-business solutions in the cloud (websites, domains, e-mail and group work applications, e-commerce and payment solutions, SEO and online marketing tools), as well as mobile and DSL internet access and telephony, and personal information management via the internet. 1&1's products are also available as attractive software and hardware bundles. All 1&1 products are operated at the 1&1 Group's high-performance data centers.

3.1.2.4 Profit transfer agreement / result situation

For further details on the development and result situation of 1&1 Internet AG, please refer to the company's financial statements and management report for the fiscal year 2013 prepared in accordance with commercial law guidelines. There has been a profit and loss transfer agreement with United Internet AG, as the parent company, since March 2, 2006. The result situation of 1&1 Internet AG has always been positive since the profit and loss transfer agreement was concluded. United Internet AG has not had to offset any losses so far. In its fiscal year 2013, the net income before profit transfer of 1&1 Internet AG amounted to EUR 271,511 thousand (prior year: EUR 159,830 thousand).

3.2 Reasons for the conclusion of a control agreement

3.2.1 Company law reasons

The United Internet AG group is led by United Internet AG as the holding company, whereby its legally independent subsidiaries conduct its operating activities. Due to the control agreement, United Internet AG has additional legal instruments for issuing instructions to the management board of 1&1 Internet AG.

3.2.2 Tax reasons

1&1 Internet AG is integrated within the sales tax fiscal unity of the United Internet Group. The sales tax fiscal unity means that sales tax and input tax claims of the subsidiary 1&1 Internet AG can be ascertained via the parent company United Internet AG. As a result, the sales tax obligations of the subsidiary, such as advance sales tax returns or the filing of sales tax declarations, can be pooled and managed efficiently by the parent company. Moreover, services between the two companies are regarded as untaxed inter-company revenues. In a fiscal unity, the only company responsible for tax is the parent company. However, the subsidiary is still liable for its share of sales tax.

The conditions for the existence of a sales tax fiscal unity were adapted and further refined by a letter of the German Federal Ministry of Finance (BMF) dated March 7, 2013 (IV D 2 – S 7105/11/10001). Should the conditions for the sales tax fiscal unity between the two companies no longer exist, this would mean a return of sales tax obligations for 1&1 Internet AG and thus a high administrative effort for 1&1 Internet AG. This is to be avoided. The conclusion of a control agreement is therefore necessary to ensure the legally compliant continuation of the sales tax fiscal unity between 1&1 Internet AG and United Internet AG. It ensures the optimum structure for sales tax purposes also in the future.

Report on Agenda Item 10

Joint report of the management boards of United Internet AG and United Internet Ventures AG regarding the control agreement between United Internet AG and United Internet Ventures AG pursuant to Section 293a German Stock Corporation Act (AktG)

In order to inform shareholders and prepare a resolution for the Annual Shareholders' Meeting, the Management Board of United Internet AG and the management board of United Internet Ventures AG have issued a joint written report on the control agreement dated March 26, 2014 between United Internet AG and United Internet Ventures AG, domiciled in Montabaur, Germany. Starting on the day on which the Annual Shareholders' Meeting is convened, 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. It has the following content:

Re item 10 of the agenda

1. Conclusion and effectiveness of the agreement

The control agreement between United Internet AG as parent company and United Internet Ventures AG as subsidiary was concluded on March 26, 2014. A notarized copy of the agreement dated March 26, 2014 is attached to this report (not printed here).

To become effective, the control agreement must first be approved by the Annual Shareholders' Meeting of United Internet AG, which is expected to be given at the Annual Shareholders' Meeting convened for May 22, 2014. Moreover, the agreement must also be approved by the annual Shareholders' meeting of United Internet Ventures AG, which was granted on March 26, 2014. Finally, the control agreement becomes effective with its entry into the Commercial Register of United Internet Ventures AG.

2. Explanation of the control agreement

The control agreement between United Internet AG and United Internet Ventures AG, including its individual provisions, are explained as follows:

2.1 Management (Section 1 of the Agreement)

Section 1.1 of the control agreement includes the constituent provision for a control agreement, whereby United Internet Ventures AG as the dependent company is placed under the management of United Internet AG as the controlling company. This gives United Internet AG the right to issue instructions to the management board of United Internet Ventures AG regarding the management of the company. According to Section 1.1 Sentence 3 of the control agreement, instructions must be issued in written form.

The scope of this instruction right is determined by the provisions of Section 308 German Stock Corporation Act (AktG). In accordance with Section 308 (2) Sentences 1 and 2 German Stock Corporation Act (AktG), the management board of United Internet Ventures AG is obliged to comply with such instructions (Section 1.2 of the control agreement).

2.2 Right to receive information (Section 2 of the Agreement)

Section 2.1 of the control agreement sets forth that United Internet AG is entitled at all times to inspect the books and documents of United Internet Ventures AG, and further that the management board of United Internet Ventures AG is obliged to provide United Internet AG with all information requested.

Section 2.2 des control agreement specifies that United Internet Ventures AG has an ongoing obligation to report to United Internet AG.

2.3 Loss assumption (Section 3 of the Agreement)

In accordance with legal provisions, Section 3.1 of the control agreement determines that Section 302 German Stock Corporation Act (AktG), as amended, shall be applied. Section 302 German Stock Corporation Act (AktG) obliges the controlling company, in this case United Internet AG, to offset any loss arising – without consideration of the loss assumption obligation – during the term of the agreement. The loss can also be offset by withdrawing amounts from other revenue reserves of the dependent company, which were formed during the term of the agreement.

Section 3.2 of the control agreement regulates the due date of the loss assumption requirement. The obligation to assume losses accrues on the respective balance sheet dates of the dependent company and is also due on this date.

In the case of termination for cause, United Internet AG is only obliged to offset the prorated annual net loss up to the date on which the termination becomes effective (Section 3.3 of the control agreement).

2.4 Effectiveness (Section 4 of the Agreement)

Section 4 of the control agreement regulates the effectiveness of the agreement. We refer here to the explanations under Section 1. Management pursuant to Section 1 of the control agreement can only be exercised when the agreement has become effective (Section 4.3 of the control agreement).

2.5 Term, termination (Section 5 of the Agreement)

Section 5 of the agreement regulates the contractual term and possibilities to serve notice on the control agreement.

The agreement is concluded for an indefinite period (Section 5.1 of the control agreement). It can be terminated at any time with a notice period of three months to the end of each month. Notice must be served in written form (Section 5.3 of the control agreement), in accordance with the legal provisions of Section 297 (3) German Stock Corporation Act (AktG).

Section 5.4 of the agreement also clarifies that the right of termination for cause remains unaffected. Such cause is in particular (i) the loss of the majority of voting rights of the controlling company in the dependent company, (ii) the loss of controlling company's position as sole shareholder of the dependent company, (iii) the merger or division of the controlling company or the dependent company, (iv) the opening of insolvency proceedings over the assets of the controlling company or the dependent company or the rejection of such proceedings due to lack of assets, (v) the liquidation of the controlling company or the dependent company, and (vi) the transformation or relocation of the registered office of the controlling company or dependent company in such a way that they can no longer be party to a control agreement.

If the agreement ends, the controlling company must provide security for the creditors of the dependent company in accordance with Section 303 of the German Stock Corporation Act (AktG) (Section 5.5. of the control agreement).

2.6 Final provisions (Section 6 of the Agreement)

Section 6.1 of the agreement states that all amendments and additions to the agreement must be made in writing.

Section 6.2 of the agreement also contains an escape clause stating if individual provisions of the agreement be void for any reason, this does not invalidate the other provisions of the agreement. This stipulation is a standard component of agreements and was included for reasons of legal precaution. There is no indication that any of the provisions in the agreement might be invalid.

2.7 Compensation and indemnity provisions

As all shares in United Internet Ventures AG are held by United Internet AG, no compensation and indemnity provisions have been included in the control agreement (Sections 304, 305 German Stock Corporation Act (AktG)).

There is therefore no need to discuss their assessment.

3. Legal and economic reasons for the conclusion of the control agreement

3.1 Background situation of the companies involved

3.1.1 United Internet AG

3.1.1.1 Overview of the company

The company was founded as 1&1 Aktiengesellschaft & Co. Kommanditgesellschaft auf Aktien on January 29, 1998 (registration in the commercial register of the district court of Montabaur under HRB 5762 on February 16, 1998) with a capital stock of DM 2,529,600.00. Following several capital increases and the translation of its capital stock to euros, the company changed its legal status to that of a public limited company ("Aktiengesellschaft") named United Internet AG with a resolution of the Extraordinary Shareholders' Meeting of February 22, 2000 with a capital stock of EUR 13,211,782.22 (registration in the commercial register of the district court of Montabaur under HRB 5762 on March 23, 2000). After further capital increases from company funds, from conditional and approved capital, as well as various capital reductions, the company's capital stock now amounts to EUR 194,000,000.00 (registration in the commercial register of the district court of Montabaur under HRB 5762 on February 8, 2013).

3.1.1.2 Holding structure

United Internet AG acts as a management holding for its subsidiaries, including United Internet Ventures AG.

3.1.1.3 Result situation

For further details on the development and result situation of United Internet AG, please refer to the Company's consolidated financial statements and management report for the fiscal year 2013.

3.1.2 United Internet Ventures AG

3.1.2.1 Overview of United Internet Ventures AG

United Internet Ventures AG was formed from United Internet Beteiligungen GmbH (district court of Montabaur HRB 20092) and changed its legal status to that of a public limited company ("Aktiengesellschaft") with a resolution on March 20, 2013 and first entered in the Commercial Register of the district court of Montabaur under the number HRB 23538 on April 16, 2013 with a capital stock of EUR 50,000.00. United Internet Beteiligungen GmbH was founded with a capital stock of EUR 25,000.00 (entered in the Commercial Register of the district court of Montabaur under the number HRB 20092 on November 8, 2005. Following various capital increases, capital stock prior to the change in legal form amounted to EUR 50,000.00 (entered in the Commercial Register of the district court of Montabaur under the number HRB 20092 on April 2, 2013).

3.1.2.2 Equity relationship

United Internet AG is the sole shareholder of United Internet Ventures AG and thus holds 100% of its shares. The share capital stock amounts to EUR 50,000.00 and is fully paid in.

3.1.2.3 Business activity

United Internet Ventures AG provides marketing, sales, support and other services, especially in the field of telecommunications, information technology, including the internet, and data processing as well as related fields. This includes the acquisition, holding, managing and sale of equity interests in other companies, especially those active in the aforementioned fields.

3.1.2.4 Profit transfer agreement / result situation

For further details on the development and result situation of United Internet Ventures AG, please refer to the company's financial statements for the fiscal year 2013 prepared in accordance with commercial law guidelines. There has been a profit and loss transfer agreement with United Internet AG, as the parent company, since March 2, 2006. Pursuant to item 8 of the Agenda for the Annual Shareholders' Meeting on May 22, 2014, this profit and loss transfer agreement is to be amended. Following a positive result before profit transfer in fiscal year 2011 of EUR 2,091 thousand, increased writedowns on financial assets placed a burden on earnings in 2012 and 2013. These amounted to EUR 8,652 thousand in 2012 and EUR 21,374 thousand in 2013 and led to negative results before loss assumption of EUR 2,301 thousand in 2012 and EUR 24,010 thousand in fiscal year 2013.

3.2 Reasons for the conclusion of a control agreement

3.2.1 Company law reasons

The United Internet AG group is led by United Internet AG as the holding company, whereby its legally independent subsidiaries conduct its operating activities. Due to the control agreement, United Internet AG has additional legal instruments for issuing instructions to the management board of United Internet Ventures AG.

3.2.2 Tax reasons

United Internet Ventures AG is integrated within the sales tax fiscal unity of the United Internet Group. The sales tax fiscal unity means that sales tax and input tax claims of the subsidiary United Internet Ventures AG can be ascertained via the parent company United Internet AG. As a result, the sales tax obligations of the subsidiary, such as advance sales tax returns or the filing of sales tax declarations, can be pooled and managed efficiently by the parent company. Moreover, services between the two companies are regarded as untaxed inter-company revenues. In a fiscal unity, the only company responsible for tax is the parent company. However, the subsidiary is still liable for its share of sales tax.

The conditions for the existence of a sales tax fiscal unity were adapted and further refined by a letter of the German Federal Ministry of Finance (BMF) dated March 7, 2013 (IV D 2 – S 7105/11/10001). Should the conditions for the sales tax fiscal unity between the two companies no longer exist, this would mean a return of sales tax obligations for United Internet Ventures AG and thus a high administrative effort for United Internet Ventures AG. This is to be avoided. The conclusion of a control agreement is therefore necessary to ensure the legally compliant continuation of the sales tax fiscal unity between United Internet Ventures AG and United Internet AG. It ensures the optimum structure for sales tax purposes also in the future.

Report on Agenda Item 11

Joint report of the management boards of United Internet AG and 1&1 Telecommunication Service SE concerning the profit and loss transfer agreement between United Internet AG and 1&1 Telecommunication Service SE pursuant to Section 293a German Stock Corporation Act (AktG)

In order to inform shareholders and prepare a resolution for the Annual Shareholders' Meeting, the Management Board of United Internet AG and the management board of 1&1 Telecommunication Service SE have issued a joint written report on the profit and loss transfer agreement dated March 26, 2014 between United Internet AG and 1&1 Telecommunication Service SE, domiciled in Montabaur, Germany. Starting on the day on which the Annual Shareholders' Meeting is convened, 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. It has the following content:

Re item 11 of the agenda

1. Conclusion and effectiveness of the agreement

The profit and loss transfer agreement between United Internet AG as parent company and 1&1 Telecommunication Service SE as subsidiary was concluded on March 26, 2014. A notarized copy of the agreement dated March 26, 2014 is attached to this report (not included here).

To become effective, the profit and loss transfer agreement must first be approved by the Annual Shareholders' Meeting of United Internet AG, which is expected to be given at the Annual Shareholders' Meeting convened for May 22, 2014. Moreover, the agreement must also be approved by the annual Shareholders' meeting of 1&1 Telecommunication Service SE, which was given on March 26, 2014. Finally, the profit and loss transfer agreement becomes effective with its entry into the commercial register of 1&1 Telecommunication Service SE.

On the basis of the regulation made in Section 1 in conjunction with Section 4 (1) of the agreement, the income of 1&1 Telecommunication Service SE is to be allocated to United Internet AG, within the framework of the affiliation founded and continued through the agreement and on establishment of the aforementioned effectiveness conditions, as of January 1, 2015.

2. Explanation of the profit and loss transfer agreement

The profit and loss transfer agreement between United Internet AG and 1&1 Telecommunication Service SE, including its individual provisions, are explained as follows:

2.1 Profit transfer (Section 1 of the agreement)

On the basis of the regulation in Section 1 (1) of the agreement, the affiliated company, i.e. 1&1 Telecommunication Service SE, undertakes to transfer its entire profit, as calculated according to the prevailing commercial law regulations and under consideration of Section 1 (2) as well as Section 301 German Stock Corporation Act (AktG), to the parent company, i.e. United Internet AG.

The amount to be transferred is thereby the net income without profit transfer, less any loss carryforward from the previous year, less that amount to be transferred to statutory reserves pursuant to Section 300 German Stock Corporation Act (AktG), and less the amount barred for distribution pursuant to Section 268 (8) HGB.

Section 1 (2) of the agreement stipulates that, subject to approval by the parent company, the affiliated company may transfer amounts from the net income to revenue reserves (Section 272 (3) German Commercial Code (HGB)), insofar as this is economically justifiable in a fair commercial view. In such cases, the amount to be transferred to the parent company is correspondingly less.

According to Section 1 (3) of the agreement, the transfer of amounts from capital reserves as defined by Section 272 (2) of the German Commercial Code (HGB) which were formed during the period of affiliation is excluded. The parent company can demand, however, that other revenue reserves formed during the agreement be reversed and used to balance a loss or transferred as profit.

According to Section 1 (4) of the agreement, the parent company can demand an interim profit transfer if and insofar as an interim payment can be paid.

2.2 Loss assumption (Section 2 of the agreement)

In accordance with the legal provisions of Section 302 German Stock Corporation Act (AktG), the agreement obliges United Internet AG to offset any loss of its subsidiary which accrues – without consideration of the loss assumption obligation – during the term of the agreement. The loss can also be offset by withdrawing amounts from other revenue reserves of the affiliated company, which were formed during the term of the agreement.

2.3 Due date, settlement, interest (Section 3 of the agreement)

Section 3 (1) sets out the accrual and due date of rights to profit transfers or loss assumptions. They accrue on the respective balance sheet dates of the affiliated company and are also due on this date.

Section 3 (2) regulates the fulfillment of rights to profit transfers or loss assumptions. They are to be fulfilled no later than three months after the annual financial statements of the affiliated company have been adopted.

Section 3 (3) stipulates the interest payment for the period between the due date and the actual payment date. Pursuant to Section 352 and 353 German Commercial Law (HGB), the party required to make a payment is obliged to pay additional interest of 5% p.a. of the respective amount owed for the aforementioned period.

2.4 Term (Section 4 of the agreement)

Section 4 of the agreement regulates the term and the possibilities to serve notice on the profit and loss transfer agreement.

Section 4 (1) of the agreement stipulates that the profit and loss transfer agreement begins on January 1, 2015.

Section 4 (2) of the agreement states that the agreement cannot be terminated before December 31, 2019, 24:00 p.m. The agreement is firm until this time. The regulations with a minimum term of five years, i.e. until the end of 2019, have been included with regard to the intended acknowledgement of an intercompany grouping for tax purposes (Section 14 German Corporate Income Tax Law - KStG). It also indicates that the conclusion of the profit and loss transfer agreement is part of a long-term concept. If the agreement is not terminated, it is extended each time for a further one-year period. The period of notice is six months to the end of the economic year.

Moreover, in Section 4 (3) of the agreement it is specified that the right to terminate for cause remains unaffected. Such cause is in particular the assignment of shares in the affiliated company by the parent company, an IPO of the affiliated company, an investment of an external shareholder pursuant to Section 307 German Stock Corporation Act (AktG) in the subsidiary, the merging of the affiliated company with another company and the conversion of the affiliated company into a legal form which may not be an affiliated company. Cause for the extraordinary termination of the agreement also includes in particular the occurrence of other circumstances deemed material by the currently valid version of the corporate tax guideline (currently: R 60 (6) KStR 2004). The requirement to give notice in writing is in accordance with legal regulations pursuant to Section 297 (3) German Stock Corporation Act (AktG).

2.5 Final provisions (Section 5 of the agreement)

Section 5 (1) of the agreement states that all amendments and additions to the agreement must be made in writing.

Section 5 (2) of the agreement also contains an escape clause stating if individual provisions of the agreement be void for any reason, this does not invalidate the other provisions of the agreement. This stipulation is a standard component of agreements and was included for reasons of legal precaution. There is no indication that any of the provisions in the agreement might be invalid.

Finally, Section 5 (3) of the agreement states that the costs of the agreement are to be borne by the affiliated company.

2.6 Compensation and indemnity provisions

As all shares in 1&1 Telecommunication Service SE are held by United Internet AG, no compensation and indemnity provisions have been included in the profit and loss transfer agreement (Sections 304, 305 German Stock Corporation Act (AktG)).

There is therefore no need to discuss their assessment.

3. Legal and economic reasons for the conclusion of the profit and loss transfer agreement

3.1 Background situation of the companies involved

3.1.1 United Internet AG

3.1.1.1 Overview of the company

The company was founded as 1&1 Aktiengesellschaft & Co. Kommanditgesellschaft auf Aktien on January 29, 1998 (registration in the commercial register of the district court of Montabaur under HRB 5762 on February 16, 1998) with a capital stock of DM 2,529,600.00. Following several capital increases and the translation of its capital stock to euros, the company changed its legal status to that of a public limited company ("Aktiengesellschaft") named United Internet AG with a resolution of the Extraordinary Shareholders' Meeting of February 22, 2000 with a capital stock of EUR 13,211,782.22 (registration in the commercial register of the district court of Montabaur under HRB 5762 on March 23, 2000). After further capital increases from company funds, from conditional and approved capital, as well as various capital reductions, the company's capital stock now amounts to EUR 194,000,000.00 (registration in the commercial register of the district court of Montabaur under HRB 5762 on February 8, 2013).

3.1.1.2 Holding structure

United Internet AG acts as a management holding for its subsidiaries, including 1&1 Telecommunication Service SE.

3.1.1.3 Result situation

For further details on the development and result situation of United Internet AG, please refer to the Company's consolidated financial statements and management report for the fiscal year 2013.

3.1.2 1&1 Telecommunication Service SE

3.1.2.1 Overview of 1&1 Telecommunication Service SE

1&1 Telecommunication Service SE was formed as Atrium 64. Europäische VV SE on November 28, 2013 with a capital stock of EUR 120,000.00 and first entered in the Commercial Register of the district court of Charlottenburg under the number HRB 154590 B on December 4, 2013. Amongst other things, the annual Shareholders' meeting of February 21, 2014 adopted resolutions to change the company name to 1&1 Telecommunication Service SE and move its registered office from Berlin to Montabaur. The new name and location were entered in the Commercial Register of the district court of Montabaur under the number HRB 23963 on March 7, 2014.

3.1.2.2 Equity relationship

United Internet AG is the sole shareholder of 1&1 Telecommunication Service SE and thus holds 100% of its shares. The share capital stock amounts to EUR 120,000.00 and is fully paid in.

3.1.2.3 Business activity

1&1 Telecommunication Service SE acquires, holds and manages equity interests, especially in companies active in the fields stated below. Moreover, 1&1 Telecommunication Service SE provides consulting and other services of all kinds regarding the use of telecommunication products and value-added data services, especially via the internet or similar transmission media, trades with information technology products of all kinds for its own account as well as for others, publishes, distributes, and acquires data of all kinds in data networks, and markets, installs and trains in this connection in the field of electronic data, communication and network connection systems, produces and markets software as well as standard market services. The company's object does not include transactions which require a license under the German Banking Act ("Kreditwesengesetz"), as amended.

3.1.2.4 Result situation

No significant description of the development and result situation of 1&1 Telecommunication Service SE can be provided as the company has not yet commenced its business activities.

3.2 Reasons for the conclusion of a profit and loss transfer agreement

3.2.1 Company law reasons

The United Internet AG group has a holding structure, within which its legally independent subsidiaries operate, which in turn is led by United Internet AG as a management holding company. In this way, United Internet AG can bundle and efficiently handle its management tasks. In line with this holding concept, 1&1 Telecommunication Service SE is to be included in the group organization as a contractual group company. This ensures, in particular, the optimal employment of financial resources within the group. The formation of a contractual group company offers the possibility of coordinating the interests of 1&1 Telecommunication Service SE with those of the group as a whole – while still maintaining the profit responsibility of 1&1 Telecommunication Service SE in all other respects.

3.2.2 Tax reasons

1&1 Telecommunication Service SE is a legally independent subsidiary, whose result is taxed at company level and thus cannot be consolidated with profits and losses of United Internet AG. Following the change from the tax imputation method to the half-income procedure as part of Germany's corporation tax reform of 2001, and to the partial-income procedure as part of Germany's corporation tax reform of 2008, consolidation of profits and losses for purposes of corporation tax is no longer possible via dividend distribution and the respective imputed tax charge. Moreover, the system-related tax exemption of dividend payments between corporations is connected with a restriction of the deductibility of operating expenditure on the holding level.

These disadvantages can be avoided by the establishment of a fiscal unity for corporation tax purposes. A substantial condition for the establishment of a fiscal unity for corporation tax purposes between United Internet AG as parent company and 1&1 Telecommunication Service SE as subsidiary is the conclusion or continuation of a profit and loss transfer agreement (Section 14 German Corporate Income Tax Law - KStG).

As a consequence of the fiscal unity for corporation tax purposes, the entire income of the affiliated company is transferred to the parent company for taxation. This enables fiscal consolidation of the subsidiary's income with that of the parent company on the one hand, but also allows one subsidiary to offset losses against the profits of another. Moreover, the fiscal unity also ensures the deductibility of operating expenditure of United Internet AG.

The foundation or continuation of a subsidiary relationship between United Internet AG (parent company) and 1&1 Telecommunication Service SE (affiliated company) is thus an ideal structure for corporation tax purposes, as well as for trade tax and sales tax purposes.

Despite the profit transfer agreement, the income of 1&1 Telecommunication Service SE is first determined according to general regulations and separately from the parent company. According to commercial law, the net income of 1&1 Telecommunication Service SE is to be transferred to United Internet AG, less any loss brought forward from periods prior to the subsidiary relationship. This transfer obligation is disclosed in the annual financial statements of 1&1 Telecommunication Service SE as a liability to affiliated companies. In the case of a net loss, this is to be offset by the parent company.

This must be differentiated from the profit calculation according to tax law. The parent company does not receive the net income, or loss, but the commercial balance sheet result of the affiliated company modified according to tax law principles. Due to operating expenses not deductible for tax purposes, tax-exempted income and allocation to reserves according to commercial law, for example, differences occur between the income to be allocated and the commercial balance sheet result.

Report on Agenda Item 12

Joint report of the management boards of United Internet AG and 1&1 Telecommunication Service SE regarding the control agreement between United Internet AG and 1&1 Telecommunication Service SE pursuant to Section 293a German Stock Corporation Act (AktG)

In order to inform shareholders and prepare a resolution for the Annual Shareholders' Meeting, the Management Board of United Internet AG and the management board of 1&1 Telecommunication Service SE have issued a joint written report on the control agreement dated March 26, 2014 between United Internet AG and 1&1 Telecommunication Service SE, domiciled in Montabaur, Germany. Starting on the day on which the Annual Shareholders' Meeting is convened, 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. It has the following content:

Re item 12 of the agenda

1. Conclusion and effectiveness of the agreement

The control agreement between United Internet AG as parent company and 1&1 Telecommunication Service SE as subsidiary was concluded on March 26, 2014. A notarized copy of the agreement dated March 26, 2014 is attached to this report (not printed here).

To become effective, the control agreement must first be approved by the Annual Shareholders' Meeting of United Internet AG, which is expected to be given at the Annual Shareholders' Meeting convened for May 22, 2014. Moreover, the agreement must also be approved by the annual Shareholders' meeting of 1&1 Telecommunication Service SE, which was granted on March 26, 2014. Finally, the control agreement becomes effective with its entry into the Commercial Register of 1&1 Telecommunication Service SE.

2. Explanation of the control agreement

The control agreement between United Internet AG and 1&1 Telecommunication Service SE, including its individual provisions, are explained as follows:

2.1 Management (Section 1 of the Agreement)

Section 1.1 of the control agreement includes the constituent provision for a control agreement, whereby 1&1 Telecommunication Service SE as the dependent company is placed under the management of United Internet AG as the controlling company. This gives United Internet AG the right to issue instructions to the management board of 1&1 Telecommunication Service SE regarding the management of the company. According to Section 1.1 Sentence 3 of the control agreement, instructions must be issued in written form.

The scope of this instruction right is determined by the provisions of Section 308 German Stock Corporation Act (AktG). In accordance with Section 308 (2) Sentences 1 and 2 German Stock Corporation Act (AktG), the management board of 1&1 Telecommunication Service SE is obliged to comply with such instructions (Section 1.2 of the control agreement).

2.2 Right to receive information (Section 2 of the Agreement)

Section 2.1 of the control agreement sets forth that United Internet AG is entitled at all times to inspect the books and documents of 1&1 Telecommunication Service SE, and further that the management board of 1&1 Telecommunication Service SE is obliged to provide United Internet AG with all information requested.

Section 2.2 des control agreement specifies that 1&1 Telecommunication Service SE has an ongoing obligation to report to United Internet AG.

2.3 Loss assumption (Section 3 of the Agreement)

In accordance with legal provisions, Section 3.1 of the control agreement determines that Section 302 German Stock Corporation Act (AktG), as amended, shall be applied. Section 302 German Stock Corporation Act (AktG) obliges the controlling company, in this case United Internet AG, to offset any loss arising – without consideration of the loss assumption obligation – during the term of the agreement. The loss can also be offset by withdrawing amounts from other revenue reserves of the dependent company, which were formed during the term of the agreement.

Section 3.2 of the control agreement regulates the due date of the loss assumption requirement. The obligation to assume losses accrues on the respective balance sheet dates of the dependent company and is also due on this date.

In the case of termination for cause, United Internet AG is only obliged to offset the prorated annual net loss up to the date on which the termination becomes effective (Section 3.3 of the control agreement).

2.4 Effectiveness (Section 4 of the Agreement)

Section 4 of the control agreement regulates the effectiveness of the agreement. We refer here to the explanations under Section 1. Management pursuant to Section 1 of the control agreement can only be exercised when the agreement has become effective (Section 4.3 of the control agreement).

2.5 Term, termination (Section 5 of the Agreement)

Section 5 of the agreement regulates the contractual term and possibilities to serve notice on the control agreement.

The agreement is concluded for an indefinite period (Section 5.1 of the control agreement). It can be terminated at any time with a notice period of three months to the end of each month. Notice must be served in written form (Section 5.3 of the control agreement), in accordance with the legal provisions of Section 297 (3) German Stock Corporation Act (AktG).

Section 5.4 of the agreement also clarifies that the right of termination for cause remains unaffected. Such cause is in particular (i) the loss of the majority of voting rights of the controlling company in the dependent company, (ii) the loss of controlling company's position as sole shareholder of the dependent company, (iii) the merger or division of the controlling company or the dependent company, (iv) the opening of insolvency proceedings over the assets of the controlling company or the dependent company or the rejection of such proceedings due to lack of assets, (v) the liquidation of the controlling company or the dependent company, and (vi) the transformation or relocation of the registered office of the controlling company or dependent company in such a way that they can no longer be party to a control agreement.

If the agreement ends, the controlling company must provide security for the creditors of the dependent company in accordance with Section 303 of the German Stock Corporation Act (AktG) (Section 5.5. of the control agreement).

2.6 Final provisions (Section 6 of the Agreement)

Section 6.1 of the agreement states that all amendments and additions to the agreement must be made in writing.

Section 6.2 of the agreement also contains an escape clause stating if individual provisions of the agreement be void for any reason, this does not invalidate the other provisions of the agreement. This stipulation is a standard component of agreements and was included for reasons of legal precaution. There is no indication that any of the provisions in the agreement might be invalid.

2.7 Compensation and indemnity provisions

As all shares in 1&1 Telecommunication Service SE are held by United Internet AG, no compensation and indemnity provisions have been included in the control agreement (Sections 304, 305 German Stock Corporation Act (AktG)).

There is therefore no need to discuss their assessment.

3. Legal and economic reasons for the conclusion of the control agreement

3.1 Background situation of the companies involved

3.1.1 United Internet AG

3.1.1.1 Overview of the company

The company was founded as 1&1 Aktiengesellschaft & Co. Kommanditgesellschaft auf Aktien on January 29, 1998 (registration in the commercial register of the district court of Montabaur under HRB 5762 on February 16, 1998) with a capital stock of DM 2,529,600.00. Following several capital increases and the translation of its capital stock to euros, the company changed its legal status to that of a public limited company ("Aktiengesellschaft") named United Internet AG with a resolution of the Extraordinary Shareholders' Meeting of February 22, 2000 with a capital stock of EUR 13,211,782.22 (registration in the commercial register of the district court of Montabaur under HRB 5762 on March 23, 2000). After further capital increases from company funds, from conditional and approved capital, as well as various capital reductions, the company's capital stock now amounts to EUR 194,000,000.00 (registration in the commercial register of the district court of Montabaur under HRB 5762 on February 8, 2013).

3.1.1.2 Holding structure

United Internet AG acts as a management holding for its subsidiaries, including 1&1 Telecommunication Service SE.

3.1.1.3 Result situation

For further details on the development and result situation of United Internet AG, please refer to the Company's consolidated financial statements and management report for the fiscal year 2013.

3.1.2 1&1 Telecommunication Service SE

3.1.2.1 Overview of 1&1 Telecommunication Service SE

1&1 Telecommunication Service SE was formed as Atrium 64. Europäische VV SE on November 28, 2013 with a capital stock of EUR 120,000.00 and first entered in the Commercial Register of the district court of Charlottenburg under the number HRB 154590 B on December 4, 2013. Amongst other things, the annual Shareholders' meeting of February 21, 2014 adopted resolutions to change the company name to 1&1 Telecommunication Service SE and move its registered office from Berlin to Montabaur. The new name and location were entered in the Commercial Register of the district court of Montabaur under the number HRB 23963 on March 7, 2014.

3.1.2.2 Equity relationship

United Internet AG is the sole shareholder of 1&1 Telecommunication Service SE and thus holds 100% of its shares. The share capital stock amounts to EUR 120,000.00 and is fully paid in.

3.1.2.3 Business activity

1&1 Telecommunication Service SE acquires, holds and manages equity interests, especially in companies active in the fields stated below. Moreover, 1&1 Telecommunication Service SE provides consulting and other services of all kinds regarding the use of telecommunication products and value-added data services, especially via the internet or similar transmission media, trades with information technology products of all kinds for its own account as well as for others, publishes, distributes, and acquires data of all kinds in data networks, and markets, installs and trains in this connection in the field of electronic data, communication and network connection systems, produces and markets software as well as standard market services. The company's object does not include transactions which require a license under the German Banking Act ("Kreditwesengesetz"), as amended.

3.1.2.4 Profit transfer agreement / result situation

There is a profit and loss transfer agreement with United Internet AG dated March 26, 2014, which is dealt with in Agenda item 11. No significant description of the development and result situation of 1&1 Telecommunication Service SE can be provided as the company has not yet commenced its business activities.

3.2 Reasons for the conclusion of a control agreement

3.2.1 Company law reasons

The United Internet AG group is led by United Internet AG as the holding company, whereby its legally independent subsidiaries conduct its operating activities. Due to the control agreement, United Internet AG has additional legal instruments for issuing instructions to the management board of 1&1 Telecommunication Service SE.

3.2.2 Tax reasons

1&1 Telecommunication Service SE is integrated within the sales tax fiscal unity of the United Internet Group. The sales tax fiscal unity means that sales tax and input tax claims of the subsidiary 1&1 Telecommunication Service SE can be ascertained via the parent company United Internet AG. As a result, the sales tax obligations of the subsidiary, such as advance sales tax returns or the filing of sales tax declarations, can be pooled and managed efficiently by the parent company. Moreover, services between the two companies are regarded as untaxed inter-company revenues. In a fiscal unity, the only company responsible for tax is the parent company. However, the subsidiary is still liable for its share of sales tax.

The conditions for the existence of a sales tax fiscal unity were adapted and further refined by a letter of the German Federal Ministry of Finance (BMF) dated March 7, 2013 (IV D 2 – S 7105/11/10001). Should the conditions for the sales tax fiscal unity between the two companies no longer exist, this would mean a return of sales tax obligations for 1&1 Telecommunication Service SE and thus a high administrative effort for 1&1 Telecommunication Service SE. This is to be avoided. The conclusion of a control agreement is therefore necessary to ensure the legal compliance of the sales tax fiscal unity between 1&1 Telecommunication Service SE and United Internet AG. It ensures the optimum structure for sales tax purposes also in the future.

Report on Agenda Item 13

Report of the Management Board of United Internet AG and the management of 1&1 Telecom Service Holding Montabaur GmbH in accordance with Sections 293a, 295 German Stock Corporation Act (AktG) on the agreement dated March 26, 2014 between United Internet AG and 1&1 Telecom Service Holding Montabaur GmbH regarding the amendment of the profit and loss transfer agreement dated March 27, 2013

In order to inform shareholders and prepare a resolution for the Annual Shareholders' Meeting, the Management Board of United Internet AG and the management of 1&1 Telecom Service Holding Montabaur GmbH have issued a joint written report on the agreement dated March 26, 2014 between United Internet AG and 1&1 Telecom Service Holding Montabaur GmbH, domiciled in Montabaur, Germany, regarding the amendment of the profit and loss transfer agreement dated March 27, 2013 (the "Amendment Agreement"). Starting on the day on which the Annual Shareholders' Meeting is convened, 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. It has the following content:

Re item 13 of the agenda

1. Starting point: existing profit and loss transfer agreement dated March 27, 2013

On March 2, 2006, United Internet AG concluded a profit and loss transfer agreement (hereinafter referred to as the "Agreement") with 1&1 Telecom Service Holding Montabaur GmbH, a wholly owned subsidiary with no external shareholders.

The Agreement came into force on its entry in the Commercial Register of 1&1 Telecom Service Holding Montabaur GmbH on June 14, 2013, after the shareholder meeting of 1&1 Telecom Service Holding Montabaur GmbH on March 27, 2013 and the Annual Shareholders' Meeting of United Internet AG on May 23, 2013 had approved the Agreement.

The conclusion of the Agreement served primarily to establish a fiscal unity for income tax purposes according to Sections 14 and 17 German Corporation Tax Act (KStG) between 1&1 Telecom Service Holding Montabaur GmbH and United Internet AG. The result of the fiscal unity is that as of February 27, 2013, 1&1 Telecom Service Holding Montabaur GmbH, as subsidiary, and United Internet AG, as parent company, are assessed jointly with regard to income taxation.

In accordance with the requirements of Sections 14 and 17 German Corporation Tax Act (KStG), the Agreement sets forth in particular the obligation of 1&1 Telecom Service Holding Montabaur GmbH to transfer its profits to United Internet AG, the amount of which is specified in the Agreement in accordance with Section 301 German Stock Corporation Act (AktG), as well as the obligation of United Internet AG to assume the losses of 1&1 Telecom Service Holding Montabaur GmbH according to Section 302 (1) German Stock Corporation Act (AktG), whereby it is clarified that Section 302 German Stock Corporation Act (AktG) applies in its entirety and as amended.

The agreement was concluded for a period of at least five years and cannot be terminated, other than for cause, until that period ending December 31, 2018 has expired. Unless notice is served, the Agreement is prolonged by one further year at the end of each year. The right to terminate for cause, including in particular the reasons that are recognized for tax purposes as cause, remains unaffected.

As United Internet AG held, and still holds, all shares in 1&1 Telecom Service Holding Montabaur GmbH at the time of concluding the Agreement and at the time of concluding the amendment agreement, and 1&1 Telecom Service Holding Montabaur GmbH thus has no external shareholders, there is no need for settlement or compensation provisions pursuant to Sections 304 and 305 German Stock Corporation Act (AktG) (see Section 304 (1) Sentence 3 AktG). There was therefore no need for an authorized expert to audit the Agreement or the amendment agreement (Sections 293b (1), last half-sentence, 295 AktG).

2. Agreement dated March 26, 2014 to amend the profit and loss transfer agreement of March 27, 2013

The amendment agreement dated March 26, 2014 between United Internet AG and 1&1 Telecom Service Holding Montabaur GmbH serves to amend the profit and loss transfer agreement of March 27, 2013. A notarized copy of the amendment agreement of March 26, 2014 is attached to this report (not printed here).

The main content and purpose of the amendment agreement is explained below:

Section 1 of the amendment agreement reformulates the current wording of Section 2 (loss assumption) so that it complies fully with the requirements of the tax authorities. The reference to Section 302 German Stock Corporation Act (AktG) is formulated in an express, comprehensive and dynamic manner.

Section I.2 of the amendment agreement amends the date on which notice can be normally served on the amendment agreement, from December 31, 2018 to December 31, 2019.

Section II. of the amendment agreement regulates the validity of the amendments as of January 1, 2014.

In accordance with legal requirements, Section II of the amendment agreement also clarifies that the amendment agreement only becomes effective after it has been approved by the shareholders' meeting of 1&1 Telecom Service Holding Montabaur GmbH (already granted on March 26, 2014), as well as by the Annual Shareholders' Meeting of United Internet AG, and has been entered in the Commercial Register of 1&1 Telecom Service Holding Montabaur GmbH. It does not need to be entered in the Commercial Register of United Internet AG.

This version of the Invitation and Agenda to the Annual Shareholders' Meeting of United Internet AG 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.



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