

**freenet AG**

**Büdelndorf**

ISIN: DE000A0Z2ZZ5

WKN: A0Z2ZZ

## **Invitation to attend the annual general meeting 2016**

The shareholders of our company are hereby invited to attend the **annual general meeting** which will be held on Thursday, **12 May 2016, at 10:00 hours** (doors open 9:00 hours), in the **Congress Center Hamburg, Saal G, Am Dammtor/Marseiller Straße, 20355 Hamburg**

### Agenda

- 1. Presentation of the adopted annual financial statements, the approved consolidated financial statements as well as the management report for freenet AG and the Group, the report of the Supervisory Board and the explanatory report of the Executive Board regarding the information in accordance with sections 289 (4) and (5), 315 (4) German Commercial Code (Handelsgesetzbuch; HGB) for the financial year 2015.**

The Supervisory Board has approved the annual financial statements and consolidated financial statements prepared by the Executive Board; the annual financial statements have thus been adopted. A resolution by the annual general meeting is thus not necessary.

(Convenient Translation)

**2. Resolution regarding the appropriation of the net profit**

The Executive Board and Supervisory Board propose that the cumulative profit of 419,964,781.28 euros disclosed in the adopted annual financial statements of freenet AG for the period ending 31 December 2015 be appropriated as follows:

Payment of a dividend of 1.55 euros per dividend-bearing no-par-value share, i.e. 198,417,074.80 euros as the total amount of the dividend, and the remaining amount of 221,547,706.48 euros to be carried forward to the new account. The dividend is payable on 13 May 2016.

Total amount of the dividend	198,417,074.80 euros
Carried forward to new account	221,547,706.48 euros
<b>Net profit</b>	<b>419,964,781.28 euros</b>

At the time at which the annual general meeting was convened, the company indirectly held 50,000 treasury shares which are not entitled to a dividend payment. Up to the point at which the annual general meeting is held, the number of dividend-bearing shares may change as a result of the acquisition, retirement or disposal of treasury shares or as a result of issuing new shares. In this case, and if no change is made to the dividend payment of 1.55 euros per dividend-bearing share, an amended proposed resolution regarding the appropriation of profits will be submitted to the annual general meeting, proposing a corresponding adjustment to the total amount of the dividend to be paid out to the shareholders and a corresponding adjustment of the amount to be carried forward to the new account.

**3. Resolution regarding ratification of the actions of the members of the Executive Board of the company for the financial year 2015**

The Executive Board and the Supervisory Board propose that the actions of the members of the Executive Board of the company who were in office in the financial year 2015 be ratified for this period.

(Convenient Translation)

**4. Resolution regarding ratification of the actions of the members of the Supervisory Board of the company for the financial year 2015**

The Executive Board and Supervisory Board propose that the actions of the Supervisory Board of the company who were in office in the financial year 2015 be ratified for this period.

**5. Resolution regarding the appointment of the auditor for the annual financial statements and the auditor for the consolidated financial statements for the financial year 2016 as well as the auditor for any audit review of the 6-month financial report, the quarterly reports of the financial year 2016 and the quarterly report for the first quarter of the financial year 2017**

Based on the recommendation of the audit committee, the Supervisory Board proposed that the following resolution be adopted:

- a) PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, is appointed as the auditor of the annual financial statements and the auditor of the consolidated financial statements for the financial year 2016.
- b) PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, is appointed as the auditor of any audit review of interim (abbreviated) financial statements and interim management reports for the financial year 2016 and for the first quarter of the financial year 2017, if and to the extent that such interim financial statements and interim management reports are subject to an audit review.

**6. Resolution regarding the change to section 2 of the articles of association (subject of the company)**

The subject of the company set out in the articles of association is to be changed in order to provide a better presentation of the position of freenet AG as a holding company and also to round off the business activity of the freenet Group.

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The Executive Board and Supervisory Board propose that the following resolution be adopted:

Section 2 of the articles of association, which govern the subject of the company, is revised as follows:

*“(1) The subject of the company is the activity of a managing holding, i.e. in particular the holding and administration of equity participations in companies, the provision of advice and other support to such companies as well as the handling of other management tasks and services, for companies operating in the following fields:*

*(a) Development and provision of communication, internet, multimedia and online services and applications of all types as well as devices in this field, the rental, trading and leasing of such devices, services in the field of market research, marketing, advertising, design, promotion, telecommunication, multimedia, exhibition and events, the development and distribution of software solutions and other products, the operating of information technology, telecommunication installations, training facilities and management consultancy services as well as the exercising of publishing activities and arrangement activities;*

*(b) The offering, rendering and marketing of paid and free telecommunication, broadcasting and multimedia services to end users and business users and the operation of platforms in this connection, the acquisition and operation of the necessary infrastructure, including network and transmission technology, as well as the acquisition and exploitation of licenses and other rights.*

*(2) The company is also able itself to operate in the areas specified in paragraph 1, and in particular is permitted to carry out all related activities and measures. The company and the freenet Group can also restrict their respective activities to a certain part of the activities specified in paragraph 1.*

(Convenient Translation)

*(3) The company is able to acquire equity participations in other companies of the same type or of a similar type in Germany and abroad, and is also able to establish, acquire and sell such companies; it is permitted to establish, acquire, manage and sell equity participations in companies of all types for investment purposes, and can restrict itself to the administration of the equity participations. The company can spin off part or all of its operation to affiliated companies.”*

**7. Resolution regarding the creation of new authorised capital 2016 with the authorisation to exclude subscription rights and the corresponding changes to the articles of association**

The annual general meeting of 23 May 2013 adopted authorised capital of 12,800,000.00 euros limited for five years for issuing on one or more occasions up to 12,800,000 new shares in return for cash and/or non-cash contributions (Authorised Capital 2013; section 4 (6) of the articles of association). The authorised capital 2013 has so far not been utilised. In order to ensure that, in future, the company is even more flexible with regard to strengthening its need for own funds and to ensure that it has planning certainty for this purpose, a new authorised capital of approximately 10% of the share capital is to be adopted, and the articles of association are to be amended accordingly.

The Executive Board and Supervisory Board propose that the following resolution be adopted:

a) A new section 4 (8) is inserted in the articles of association:

*“(8) For a period of five years after this authorisation is entered in the commercial register, the Executive Board is authorised, with the approval of the Supervisory Board, to increase the share capital on one or more occasions by way of issuing new shares in return for cash and/or non-cash contributions, up to a maximum of 12,800,000 euros (in words: twelve million eight hundred thousand euros (authorised capital 2016)). The shareholders can also be granted the statutory*

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*subscription rights in such a way that the new shares are offered to one or more credit institutions and/or companies which are equivalent in accordance with section 186 (5) AktG or a group or a syndicate of credit institutions and/or such equivalent companies on condition that they offer them to the shareholders (indirect subscription right). The Executive Board is authorised, with the approval of the Supervisory Board, to exclude the subscription rights of shareholders for issues of shares in return for non-cash contributions. The Executive Board is also authorised, with the approval of the Supervisory Board, to exclude fractions from the subscription rights and also from being issued to persons who are or in an employment or work relationship with the company (apart from members of the executive bodies of the company) or with affiliated companies (employee shares). In addition, the Executive Board, with the approval of the Supervisory Board, can also exclude the subscription rights of shareholders if the new shares are issued in return for a cash contribution for an issue price which is not significantly lower than the market price of the already listed shares of the company at the time at which the issue amount is definitively fixed (this should be as close as possible to the date on which the shares are placed). However, the authorisation to exclude the subscription rights in accordance with the previous sentence can only be utilised if the proportionate amount of the new shares in relation to the share capital does not exceed 10% of the share capital at the time at which this authorisation is entered in the commercial register or – if lower – at the time at which the authorisation is exercised. The following must be deducted from this 10% limit: The proportionate amount of the share capital which is attributable to shares which may have been issued since the adoption of the resolution of the annual general meeting regarding this authorisation as a result of authorisation to issue new shares with the exclusion of subscription rights in accordance with sections 202 (2), 203 (1), 186 (3) sentence 4 AktG or which may have been sold since the adoption of the resolution of the annual general meeting regarding this authorisation as a result of an authorisation to acquire treasury shares with the exclusion of subscription rights in accordance with sections 71 (1) no. 8, 186 (3) sentence 4 AktG. The*

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*following must also be deducted: The proportionate amount of share capital which is attributable to shares which can be issued as a result of bonds or an option or conversion right or an option or conversion obligation or a share delivery right of the company if these bonds have been issued in accordance with sections 221 (4) sentence 2, 186 (3) sentence 4 AktG since the adoption of a resolution of the annual general meeting regarding this authorisation. The Executive Board is also authorised, with the approval of the Supervisory Board, to define the further details of the respective capital increase and the way in which it is carried out.”*

**8. Resolution regarding the authorisation to acquire and use treasury shares in accordance with section 71 (1) no. 8 AktG including the authorisation to retire treasury shares and reduce capital as well as the authorisation to exclude put options and subscription rights; cancellation of the existing authorisation**

The annual general meeting of 13 May 2014 has adopted an authorisation for the acquisition of treasury shares; this has so far not been utilised.

In order to be able to continue to acquire and use treasury shares with adequate planning reliability in future, the Executive Board is again to be authorised to acquire treasury shares, and the currently existing authorisation is to be cancelled in accordance with section 71 (1) no. 8 AktG.

The Executive Board and Supervisory Board therefore propose that the following resolution be adopted:

1) The Executive Board is authorised, with the approval of the Supervisory Board, to acquire treasury shares of up to a total of 10% of the share capital existing at the time of the resolution on 12 May 2016 or, if this amount is lower, the share capital existing at the time at which the authorisation is exercised; this authorisation is applicable for every permissible purpose subject to the statutory restrictions and in line with the following requirements.

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The authorisation will become effective with the resolution on 12 May 2016 and shall be applicable until 11 May 2021. The authorisation can be utilised by the company and also by its subsidiaries or third parties engaged by the company or by a subsidiary for the account of the company or its subsidiaries.

At the choice of the Executive Board, the acquisition in each case shall be carried out (i) via the stock exchange, (ii) by means of a public offer to purchase shares, (iii) by means of a public invitation to submit offers to sell shares or (iv) by way of issuing put options to the shareholders.

- In the event of an acquisition via the stock exchange, the consideration per share paid by the company (excl. incidental purchasing costs) must not be more than 10% higher or lower than the average of the share price of the company in the closing auction in electronic trading on the Frankfurt Stock Exchange on the three market trading days preceding the day on which the obligation to purchase shares is taken on.
- In the event of a public invitation to submit offers to sell shares, the consideration per share paid by the company (excl. incidental purchasing costs) must not be more than 10% higher and not be more than 20% lower than the average of the share price of the company in the closing auction in electronic trading on the Frankfurt Stock Exchange on the last three market trading days preceding the day on which the offers to sell shares are accepted.
- In the event of a public offer to purchase shares or an acquisition by way of granting put options, the consideration per share paid by the company (excl. incidental purchasing costs) must not be more than 10% higher or more than 10% lower than the average of the share price of the company in the closing auction in electronic trading on the Frankfurt Stock Exchange on the last three market trading days preceding the reference date. The reference date is defined as the day on which the Executive Board takes the definitive decision regarding the offer for the granting of put options.

If, after the publication of a public offer to purchase shares or a public invitation to submit offers to sell shares or after the granting of put options, the share price differs



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considerably from the offered purchase or selling price or the limits of any purchase or selling price range, the offer to purchase shares, the invitation to submit offers to sell shares or the put options can be adjusted. In this case, the relevant amount is based on the corresponding price on the last market trading day before the publication of the adjustment; this amount is subject to the condition that the price which is paid must not be more than 10% higher or more than 20% lower than the averages detailed above.

The volume of a public offer to purchase shares or a public invitation to submit offers to sell shares can be limited. If a public offer to purchase shares or if a public invitation to submit offers to sell shares is oversubscribed, the acquisition or the acceptance must be scaled down in the ratio of the respective shares which are offered and which have to be taken into consideration, with a partial exclusion of a potential right of the shareholders for tendering their shares. A provision may be made for preferential acquisition or preferential acceptance of small quantities of up to 50 tendered shares per shareholder as well as rounding in accordance with commercial principles with partial exclusion of a potential right of shareholders for tendering their shares.

The volume of the put options which overall are offered to the shareholders can also be limited. If put options are granted to the shareholders for the purpose of the acquisition, these put options are allocated to the shareholders in the ratio of their shareholding compared with the ratio of the volume of shares to be repurchased by the company to the share capital. Fractions of put options do not have to be allocated; any partial put options are excluded for this case.

The Executive Board is responsible for defining the greater details of the respective acquisition, in particular any offer to purchase shares or any invitation to submit offers to purchase shares. This is also applicable for the greater details regarding any put options, particularly with regard to the contents, the term and where appropriate their negotiability. Due consideration also has to be given to restrictions and requirements of capital market law and other legal restrictions and requirements.

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2) The Executive Board is authorised to use the treasury shares acquired on the basis of this authorisation or previous authorisations as follows:

a) The shares can be sold via the stock exchange or via a public offer to all shareholders in the ratio of their shareholding; in the case of an offer to all shareholders, the subscription right for fractions is excluded.

b) The shares can also be sold otherwise in return for cash payment at a price which is not significantly lower than the market price of the company's listed shares at the time of the sale. The proportionate amount of the share capital attributable to the number of shares sold under the terms of this authorisation must not exceed 10% of the share capital existing at the time of the adoption of the resolution of the annual general meeting regarding this authorisation or – if this is lower – the share capital of the company existing at the time at which this authorisation is exercised. The proportionate amount of the share capital of new shares which have been issued after the adoption of the resolution of the annual general meeting regarding this authorisation up to the point of the disposal of the shares as a result of authorisations for issuing shares out of authorised capital with the exclusion of subscription rights in accordance with sections 203 (1), 186 (3) sentence 4 AktG must be netted against the 10% limit. The proportionate amount of the share capital which is attributable to shares which can be issued as a result of bonds with an option or conversion right or an option or conversion obligation or a stock delivery right of the company, to the extent that these bonds have been issued as a result of authorisations in accordance with sections 221 (4), 186 (3) sentence 4 AktG since the adoption of the resolution of the annual general meeting regarding the authorisation up to the point at which the shares are sold, must also be netted against the 10% limit.

c) The shares can be offered and transferred to third parties as a (partial) consideration for the direct or indirect acquisition of companies, parts of companies or equity participations in companies or other assets, including real assets and receivables including receivables due from the company or within the framework of business combinations.

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d) The shares can be offered for sale to persons who are or have been in an employment or work relationship with the company (with the exception of members of the executive bodies of the company) or a subsidiary, or can be transferred to such persons.

e) The shares can be used for fulfilling option or conversion rights or conversion or conversion obligations or a share delivery right of the company resulting from option and/or convertible bonds which the company or a direct or indirect subsidiary of the company will issue on the basis of an authorisation of the annual general meeting.

f) The Executive Board is also authorised to retire treasury shares without a further resolution of the annual general meeting being required for such retirement and the performance of the retirement. In accordance with section 237 (3) no. 3 AktG, the retirement can be carried out without a capital reduction in such a way that, as a result of the retirement, there is an increase in the proportion of other shares of the company in relation to the share capital in accordance with section 8 (3) AktG. In accordance with section 237 (3) no. 3, second clause AktG, the Executive Board is authorised to adjust the disclosure of the number of shares in the articles of association accordingly. The retirement can also be linked with a capital reduction; in this case the Executive Board is authorised to reduce the share capital by the proportionate amount of share capital which is attributable to the retired shares, and the Supervisory Board is authorised to adjust the disclosure of the number of shares and the share capital in the articles of association accordingly.

3) The subscription rights of the shareholders in relation to the shares are detailed as in point 2) a) and are also excluded to the extent that these shares are used in accordance with the above authorisations detailed in points 2) b), c), d) and e).

4) The authorisations for acquiring treasury shares, for otherwise disposing of, using or retiring such shares can be exercised independently of each other, on one or several occasions, in part or also in their entirety. If shares are used as a consideration, this can also be carried out in combination with other forms of consideration. They also cover the use of shares of the company which may be held by the company or an affiliated company at the time at which the resolution regarding this authorisation is adopted.

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5) The Supervisory Board can specify that measures resulting from these authorisations may only be carried out with its approval or with the approval of a Supervisory Board committee.

6) The authorisation to acquire treasury shares granted by the resolution of the annual general meeting of 13 May 2014 (agenda item 6) is cancelled at the point at which this resolution becomes effective and is replaced by this resolution.

**9. Resolution regarding the authorisation to use equity derivatives within the framework of the acquisition of treasury shares in accordance with section 71 (1) no. 8 AktG and also regarding the exclusion of put options and subscription rights; cancellation of the existing authorisation**

As an extension to the authorisation for the acquisition of treasury shares in accordance with section 71 (1) no. 8 AktG proposed for the adoption of a resolution under agenda item 8, the company is to be authorised to acquire treasury shares, including the use of equity derivatives, with the cancellation of the existing corresponding authorisation of 13 May 2014. This does not increase the volume of shares that is permitted to be acquired in total; only a further option for acquiring treasury shares is provided.

The Executive Board and Supervisory Board therefore propose that the following resolution be adopted:

1) As an extension of the authorisation to acquire treasury shares in accordance with section 71 (1) no. 8 AktG proposed for the adoption of a resolution under agenda item 8 of the annual general meeting of 12 May 2016, shares of the company may be acquired by the means described under that agenda item 8 and also by means of using equity derivatives. The Executive Board is authorised to acquire options which entitle the company to acquire shares of the company by way of exercising the options (call options). The Executive Board is also authorised to sell options which oblige the company, when the options are exercised by their holders, to acquire shares of the company (put options). In addition, the acquisition can be carried out using a combination of call and put options and also by using other equity derivatives, as

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detailed in the following. The authorisation will become effective with the resolution on 12 May 2016 and is applicable until 11 May 2021. The authorisation can be utilised by the company and also by its subsidiaries or third parties engaged by the company or a subsidiary for the company's account or the account of the subsidiaries.

All acquisitions of shares using call options, put options, a combination of call and put options or other equity derivatives are limited to shares with a volume not exceeding 5% of the share capital existing at the time of the resolution of the annual general meeting or – if this amount is lower – the share capital existing at the time at which this authorisation is authorised.

2) The options must be concluded with one or more credit institution(s), one or more companies operating in accordance with section 53 (1) sentence 1 or section 53b (1) sentence 1 or (7) of the German Banking Act (Gesetz über das Kreditwesen) or a group or syndicate of credit institutions and/or such companies. They must be designed in such a way as to ensure that the options result only in deliveries of shares which have been acquired in line with the principle of equal treatment for the shareholders; this requirement is satisfied if the shares are acquired via the stock exchange. The term of the options must not exceed 18 months in each case, and must also be chosen in such a way that the shares are not acquired after 11 May 2021 as a result of the options being exercised. The acquisition or disposal price paid by the company for call options or received by the company for put options or paid or received by the company for a combination of call and put options must not be significantly higher or lower than the theoretical market value established using recognised actuarial methods.

3) The consideration for the acquisition of a share as a result of the exercising of a put option, consisting of the purchase price/exercise price of the share which is agreed in the option and which is payable when the put option is exercised (excl. incidental purchasing costs, but including the option premium which is received) must not be more than 10% higher or more than 20% lower than the market price of the shares of the company established by the opening auction in electronic trading on the Frankfurt Stock Exchange on the day on which the relevant option transaction is concluded. The consideration for the acquisition of a share as a result of the exercising of a call option, consisting of the purchase price/exercise price for the

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share which is agreed in the option and which is payable upon the exercising of the call option must not be more than 10% higher or more than 10% lower than the average of the market prices of the shares of the company established by the closing auctions in electronic trading on the Frankfurt Stock Exchange on the three market trading days preceding the day on which the call option is exercised.

4) Furthermore, it can be agreed with one or more of the credit institutions specified in point 2) and/or equivalent companies that such credit institutions or equivalent companies deliver to the company within a pre-defined period a previously defined quantity of shares or a previously defined Euro consideration in relation to shares of the company. The price for which the company acquires treasury shares must feature a discount to the arithmetic mean of the volume-weighted average prices of shares in electronic trading on the Frankfurt Stock Exchange, calculated over a previously defined number of market trading days. However, the price of the shares must not be more than 20% lower than the above-mentioned mean. In addition the credit institutions specified in point 2) and/or equivalent companies must undertake to purchase the shares to be delivered on the market at prices which are within the range which would be applicable if the company itself were to directly acquire the shares via the stock exchange.

5) If treasury shares are acquired using equity derivatives in accordance with the above-mentioned regulations, any shareholder rights to conclude such options or other equity derivatives with the company as well as any put option of the shareholders are excluded.

6) The regulations defined in points 2) and 4) of the resolution proposal relating to agenda item 8 of the annual general meeting of 12 May 2016 are applicable accordingly for the use of treasury shares which are acquired using equity derivatives. The subscription right of shareholders in relation to treasury shares is excluded in accordance with point 2) a) of the above-mentioned resolution proposal and also to the extent that these shares are used in accordance with the authorisations in point 2) b), c), d) or e) of the resolution proposal in relation to agenda item 8.

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7) The Supervisory Board can specify that measures in accordance with these authorisations can only be carried out with the approval of the Supervisory Board or the approval of a Supervisory Board Committee.

8) The authorisation to acquire treasury shares using equity derivatives granted by the resolution of the annual general meeting of 13 May 2014 (agenda item 7) is cancelled at the point at which this resolution becomes effective and is replaced by this resolution.

**10. Resolution regarding the authorisation to issue convertible and/or option bonds and for excluding the subscription rights, cancelling the authorisation of 13 May 2014, and also resolution regarding the creation of contingent capital 2016 and corresponding change to the articles of association; cancellation of contingent capital 2014.**

The existing authorisation for issuing option and/or convertible bonds, for the purpose of long-term planning reliability, including the underlying contingent capital is to be replaced by a new authorisation.

The Executive Board and Supervisory Board propose that the following resolutions be adopted:

**A) Authorisation for issuing convertible and/or option bonds and for excluding the subscription rights, cancelling the existing authorisation.**

The Executive Board is authorised to issue, up to 11 May 2021, on one or more occasions bearer or registered convertible and/or option bonds (together: “bonds”) with or without limited maturity with a total nominal amount of up to 640,000,000 euros, and to grant to the bearers or holders of bonds conversion or option rights relating to registered no-par-value shares of the company with a proportionate amount of the share capital totalling up to 12,800,000 euros subject to the terms of the bonds. The terms of the bonds can also establish (i) an option or conversion right at the end of the term or at an earlier date (“final maturity” in each case; this also covers cases in which a bond falls due as a result of termination) in accordance with the terms of the bond or in accordance with an exchange right or conversion right granted to the

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company in the terms of the bond or (ii) may specify that the company has the right, upon final maturity, to grant shares in the company to the owners or holders of the option or convertible bonds in part or in whole instead of paying the cash amount which falls due (“share delivery right”).

The bonds may be issued in euros and also – subject to the limit represented by the corresponding equivalent value in euros – in the statutory currency of an OECD country. The bonds may also be issued by a directly or indirectly wholly-owned subsidiary of the company. For this case, the Executive Board is authorised to issue the guarantee for the bonds for the company and to grant a share delivery right in relation to new registered no-par value shares of the company to the owners and holders of conversion or option rights or option or conversion obligations or to the company.

The individual issues can be broken down into bonds with equal rights.

In the case of issues of option bonds, one or more warrants are attached to each bond; these authorise or (also as a result of a share delivery right) oblige the holder or owner to subscribe for registered no-par-value shares of the company subject to the bond or option conditions to be defined by the Executive Board. For option bonds issued in euros by the company, the option conditions may specify that the option price may also be settled in part or in whole by way of transferring bonds and, where necessary, an additional cash payment. The subscription ratio is defined by dividing the nominal amount of a bond by the option price fixed for a registered no-par-value share of the company. If this results in fractions of shares, it can be specified that these fractions can be aggregated to take up whole shares subject to the bond and option conditions, where appropriate in return for an additional payment. The proportionate amount in relation to the share capital of the registered no-par-value shares of the company to be taken up for each bond must not exceed the nominal amount of the bond.



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In the event of issues of convertible bonds, the holders or owners of the bonds receive the right or the obligation to convert these bonds into registered no-par-value shares of the company in accordance with the bond conditions defined by the Executive Board, or to accept these shares. The conversion ratio is defined by dividing the nominal amount of a bond by the fixed conversion price for one registered no-par-value share of the company, and may be rounded up or rounded down to the nearest whole number. The conversion ratio can also be defined by dividing the issue amount of a bond which is lower than the nominal amount by the fixed conversion price for one new registered no-par-value share of the company. An additional payment to be made in cash and pooling or compensation for fractions which cannot be converted can also be defined. The bond conditions may provide for a variable conversion ratio and may determine the conversion price (subject to the minimum price specified in the following) within a defined range depending on the development of the market price of the shares of the company during the life of the bond. The proportionate amount in relation to the share capital of the registered no-par-value shares to be issued upon conversion must not exceed the nominal amount of the bond.

The bond conditions can specify that, in the event of conversion or the exercising of an option, treasury shares of the company can also be granted. The bond conditions can also specify that the company does not have to grant registered no-par-value shares of the company to the beneficiary of the convertible or option bonds, and instead can pay the consideration in cash.

The respective option or conversion price to be fixed for a no-par-value share of the company, with the exception of those cases in which there is an option or conversion obligation or a share delivery right, must be at least 80% of the unweighted average closing price of the shares of the company in electronic trading on the Frankfurt Stock Exchange on the last ten market trading days before the day of the resolution adopted by the Executive Board regarding the issue of the bonds or – if a subscription right is granted – must be at least 80% of the unweighted average market price of the shares of the company in electronic trading on the Frankfurt Stock Exchange on the last ten market trading days before the start of the subscription period. In cases involving an option or conversion obligation or a share delivery right, the option or conversion price (subject to the bond conditions) can be at least either the minimum price specified above or the volume-weighted average price of the shares of the

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company in electronic trading on the Frankfurt Stock Exchange during a reference period of 15 market trading days before the day of final maturity or another defined time, even if this average price is lower than the minimum price specified above (80%). The proportionate amount in relation to the share capital of the no-par-value shares of the company to be issued must not exceed the nominal amount of the bonds. Section 9 (1) and 199 (2) AktG are not affected.

The bond conditions can specify that, during the conversion or option period, the conversion or option price can be adjusted in the following cases in order to maintain existing ratios, notwithstanding the minimum issue amount, in accordance with section 9 (1) in conjunction with section 199 (2) AktG:

- Capital increases by converting the capital reserve or revenue reserves in share capital by issuing new shares;
- Pooling shares;
- Capital increases or sales of shares in conjunction with the granting of a subscription right (irrespective of an exclusion of subscription rights for fractions), without a subscription right being granted to the holders or owners of existing convertible or option bonds with conversion or option rights or conversion obligations to the extent to which they would be legally entitled after exercising the conversion or option right or after fulfilling the conversion obligation;
- Issuing further convertible or option bonds or granting or guarantee of other conversion or option rights or obligations, with the granting of an exclusive subscription right to the shareholders (irrespective of an exclusion of subscription rights for fractions), without a subscription right being granted to the holders or owners of existing convertible or option bonds with conversion or option rights or conversion obligations to the extent to which they would be legally entitled after exercising the conversion or option right or after fulfilling the conversion obligation;
- Capital reductions (if not simply in the form of a reduction of the proportionate amount attributable to individual shares in relation to the share capital);
- In cases of other unusual measures or events which may have an impact on the capital structure of the company.

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In these cases, the adjustment is carried out in accordance with section 216 (3) AktG and also in line with normal market practice in such a way that the economic value of the conversion and/or option rights or conversion obligations which existed immediately before the measure which triggered off the adjustment is not affected, as the conversion or option price and/or the number of option or conversion rights or obligations for each bond is adjusted.

Instead of an adjustment to the conversion or option price, and subject to the conditions of the convertible or option bonds, it is also possible in all cases for the company to pay a corresponding amount in cash if the conversion or option right is exercised or if the conversion or option obligation is fulfilled.

The shareholders are entitled to a subscription right in relation to the bonds. The bonds can also be taken on by one or more credit institutions, one or more companies operating in accordance with section 53 (1) sentence 1 or section 53b (1) sentence 1 or (7) of the German Banking Act (Gesetz über das Kreditwesen) or a group or a syndicate of credit institutions and/or such companies on condition that they offer a subscription right to the shareholders for these bonds (indirect subscription right). If bonds are issued by a subsidiary of the company, the company must ensure that the statutory subscription right is granted for the shareholders in accordance with the above sentences if the subscription right is not excluded in accordance with the following regulations.

However, the Executive Board is authorised, by way of appropriate application of section 186 (3) sentence 4 AktG, to issue bonds (excluding the subscription rights) if the issue price is not significantly lower than the hypothetical market value of the bonds determined in accordance with recognised and in particular actuarial methods. This authorisation to exclude subscription rights is only applicable if the shares which have been issued or which are to be issued for servicing the conversion and/or option rights or for fulfilling the conversion or option obligation or the share delivery right overall do not account for more than 10% of the proportionate share capital at the time at which this becomes effective or – if this figure is lower – at the time at which the authorisation is exercised. This maximum figure for excluding subscription rights has to be netted against the proportionate amount in relation to the share capital of shares which are issued after 12 May 2016 up to the point at which the bonds are

**(Convenient Translation)**

issued (if the authorised capital is used) or which can be taken up as a result of conversion or option rights issued after 12 May 2016 or conversion or option obligations or a share delivery right established after 12 May 2016, if the subscription rights of shareholders are excluded in accordance with or in line with section 186 (3) sentence 4 AktG if the authorised capital is utilised or if the convertible and/or option bonds are issued. It is also necessary to net the proportionate amount in relation to the share capital of treasury shares which the company has acquired on the basis of an authorisation in accordance with section 71 (1) no. 8 AktG and which it has sold to third parties after 12 May 2016 and up to the point at which this authorisation which has been granted is exercised in return for a cash payment with the exclusion of shareholder subscription rights and with the appropriate application of section 186 (3) sentence 4 AktG.

In addition, the Executive Board is authorised to exclude the subscription rights of shareholders in relation to bonds for fractions and also to exclude the subscription right to the extent that is necessary to be able to grant registered no-par-value shares of the company to the owners or holders of conversion or option rights or to grant a subscription right to the holders or owners of bonds with conversion or option obligations or a share delivery right to the extent to which they would be entitled after the conversion or option right or share delivery right has been exercised or when the conversion or option obligation is fulfilled.

The Executive Board is authorised, subject to the principles defined in this authorisation, to define the further details of the issue and terms of the bonds and the corresponding conditions or to define these details with the approval of the executive bodies of the issuing direct or indirect subsidiary. This is applicable particularly in relation to conversion or option rights or obligations or share delivery rights, the coupon, the type of interest, the maturity and denomination, the conversion or option period, the definition of an additional cash payment, compensation for or pooling of fractions, dilution protection regulations, cash payment instead of delivery of registered no-par-value shares and the delivery of existing instead of the issuing of new registered no-par-value shares.

(Convenient Translation)

The Supervisory Board can specify that measures on the basis of this authorisation may be carried out only with the approval of the Supervisory Board or the approval of a Supervisory Board Committee.

This authorisation will become effective at the point at which the contingent capital adopted under B) becomes effective.

## **B) Contingent capital and change to the articles of association**

### **a) Contingent capital 2016**

A contingent capital increase of up to 12,800,000 euros has been carried out for the share capital by the issue of up to 12,800,000 new registered no-par-value shares with a proportionate amount of 1.00 euro of the share capital in relation to the individual no-par-value share (contingent capital 2016). The purpose of the contingent capital increase is to grant registered no-par-value shares to the holders or owners of convertible and/or option bonds which are issued by the company or a direct or indirect subsidiary on the basis of the authorisation adopted by the annual general meeting of 12 May 2016 under agenda item 10, letter A), and which grant a conversion or option right or a share delivery right of the company in relation to registered no-par-value shares of the company or which specify a conversion or option obligation. The shares are issued at the conversion or option price to be determined in accordance with the authorisation resolution designated above.

The contingent capital increase is only to be carried out in the case of bonds being issued in accordance with the authorisation resolution of the annual general meeting of 12 May 2016 (agenda item 10) and only to the extent that conversion or option rights or a share delivery right are utilised or owners or holders who are obliged to convert the bond or exercise the option fulfil their obligation to convert or exercise an option, and also if treasury shares are not used for this purpose or if a cash settlement is not made by the company. The new registered no-par-value shares participate in profits from the beginning of the financial year in which they are created. The Executive Board is authorised to fix the further details of carrying out the contingent capital increase.

**b) Change to articles of association**

Section 4 of the articles of association is extended to include the following new section 7:

*“A contingent capital increase of up to 12,800,000 euros has been carried out for the share capital by the issue of up to 12,800,000 new registered no-par-value shares with a proportionate amount of 1.00 euro of the share capital in relation to the individual no-par-value share (contingent capital 2016). The purpose of the contingent capital increase is to grant registered no-par-value shares to the holders or owners of convertible and/or option bonds which are issued by the company or a direct or indirect subsidiary on the basis of the authorisation adopted by the annual general meeting of 12 May 2016 under agenda item 10, letter A), and which grant a conversion or option right or a share delivery right of the company in relation to registered no-par-value shares of the company or which specify a conversion or option obligation. The shares are issued at the conversion or option price to be determined in accordance with the authorisation resolution designated above.*

*The contingent capital increase is only to be carried out in the case of bonds being issued in accordance with the authorisation resolution of the annual general meeting of 12 May 2016 (agenda item 10) and only to the extent that conversion or option rights or a share delivery right are utilised or owners or holders who are obliged to convert the bond or exercise the option fulfil their obligation to convert or exercise an option, and also if treasury shares are not used for this purpose or if a cash settlement is not made by the company. The new registered no-par-value shares participate in profits from the beginning of the financial year in which they are created. The Executive Board is authorised to fix the further details of carrying out the contingent capital increase.”*

(Convenient Translation)

**C) Cancellation of the existing authorisation and the contingent capital 2014**

The authorisation resolution of the annual general meeting of 13 May 2014 (agenda item 8, letter A)) is cancelled at the point at which the authorisation resolution in accordance with letter A) as well as the contingent capital 2016 in accordance with letter B) a) become effective. The existing authorisation can be utilised until that time. The resolution regarding the contingent capital 2014 of 13 May 2014 (agenda item 8, letter B) a)) as well as section 4 (7) of the articles of association are cancelled. The Executive Board is instructed to notify for entry the cancellation of the contingent capital 2014 of 13 May 2014 (agenda item 8, letter B) a)) as well as section 4 (7) of the articles of association in such a way that the entry is carried out immediately before the entry of the new contingent capital 2016 and section 4 (7) of the articles of association in the resolution of 12 May 2016.

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(Convenient Translation)

## **REPORTS TO THE ANNUAL GENERAL MEETING REGARDING THE AGENDA ITEMS 7, 8, 9 AND 10**

### **1. REPORT TO THE ANNUAL GENERAL MEETING REGARDING AGENDA ITEM 7**

Under agenda item 7, the Executive Board and Supervisory Board propose that new authorised capital totalling 12,800,000 euros should be created for a duration of five years by way of the change to the articles of association.

For this purpose, the Executive Board submits a written report in accordance with sections 203 (2), 186 (4) sentence 2 AktG, which is published in full in the following:

#### **Report regarding agenda item 7**

The authorisation for issuing new shares in accordance with section 4 (8) of the articles of association proposed by the annual general meeting 2016 under agenda item 7 can be utilised subject to the statutory subscription rights of the shareholders, also in the form of indirect subscription rights.

#### ***Authorisation to exclude subscription rights***

However, the authorisation to issue new shares also comprises the authorisation of the Executive Board, with the approval of the Supervisory Board, to exclude the statutory subscription rights of shareholders. This is also applicable for cases in which the consideration for non-cash contributions is provided partially in the form of shares which are issued and partially in the form of a cash payment or other consideration (possibly also treasury shares). The authorisation for excluding subscription rights serves the following purposes:

- 1) The Executive Board and Supervisory Board are to have the opportunity of being able to access authorised capital for the purpose of the business combination or for the acquisition of equity participations, companies or parts of companies as a non-cash contribution in return for issuing shares of the company. A contribution of equity participations, companies and parts of companies to a subsidiary of the company or a business combination with a subsidiary may also be considered. The value at which the new shares are issued in this case depends on the specific circumstances of the individual



**(Convenient Translation)**

case and also on the timing. For fixing the price, the Executive Board and Supervisory Board will orient their considerations on the interests of the company and, where possible, on the market price.

As has been the case in the past, the Executive Board constantly reviews opportunities for the company to acquire companies, parts of companies or equity participations in companies which are operating in the business area of the company. The acquisition of such equity participations, companies or parts of companies in return for the granting of shares is in the interest of the company if the acquisition can consolidate or strengthen the respective market position of the freenet Group or if it enabled the freenet Group to break into new areas of operation or if it makes it easier for the freenet Group to do so. In order to be able to take account of the interests of the vendor or the company in a payment in the form of shares of the company for such acquisitions in a prompt and flexible manner, it is necessary, if it is not possible and not intended for treasury shares to be used, that the Executive Board is authorised to issue new shares with the exclusion of subscription rights of the shareholders with the approval of the Supervisory Board. Because the shares are to be issued at a price which, as far as possible, reflects the market price, interested shareholders are able, at a time which is closely linked with an issue of new shares which is carried out for the above-mentioned purposes, and for which the subscription right of shareholders is excluded, to acquire additional shares at the market price and thus subject to essentially equivalent conditions via the stock exchange.

In view of the above considerations, from the point of view of the Executive Board, the proposed authorisation to issue new shares is in the interest of the company and may justify the exclusion of shareholder subscription rights in individual cases. Accordingly, for each individual acquisition, the Executive Board and the Supervisory Board will assess and consider whether the acquisition in return for the issue of shares to the exclusion of subscription rights is necessary and in the interest of the company.

- 2) The proposed authorisation in section 4 (8) of the articles of association is also intended to enable the Executive Board and Supervisory Board to also use the authorised capital for issuing shares as a consideration in return for the contribution of other assets which can be contributed as non-cash assets, and in particular licences, commercial property rights, receivables (including receivables due from the company), real estate and rights relating to real estate. In the above-mentioned cases, the granting of shares is in the

**(Convenient Translation)**

interest of the company if the assets which are contributed in the form of a non-cash contribution are of benefit for the activity of the company or the acquisition is beneficial for the financial position, net assets or results of operations of the company, also in the form of a reduction of debt, and an acquisition in return for a cash payment is not possible at all or is not possible subject to reasonable conditions.

The decision as to whether new shares of the company are to be granted as a consideration must always be taken by the Executive Board with the approval of the Supervisory Board, with due consideration of the interest of the company in relation to the specific measure, the necessity of granting shares and the valuation. The considerations regarding the issue amount specified under point 1 are applicable accordingly.

- 3) Instead of the non-cash contributions specified in the above points 1) and 2), the obligation to transfer the asset to the company can also be contributed as a non-cash contribution if the payment is due within five years after the performance of the capital increase has been recorded.
- 4) In addition, the Executive Board, as a result of the authorised capital in section 4 (8) of the articles of association, is also to be given the opportunity of issuing shares to persons who are in an employment or work relationship with the company or with affiliated companies (with the exception of members of the executive bodies of the company) (employees' shares) in return for cash contributions, netting of salary claims, the contribution of payment claims and/or other assets. At present, it is of course not possible to provide any details of any issue amounts. The Executive Board will fix a reasonable issue amount with due consideration being given to the interests of the company and its shareholders as well as the respective purpose, and will place the considerations on the market price. The issue price of the new shares should only be lower than the current market price of the already listed shares to the extent that this is not unusual for employees' shares.
- 5) If the administration utilises the authorisation to increase the capital in conjunction with the statutory shareholder subscription rights, it may be necessary for the subscription right to be excluded for fractions in order to achieve practical subscription figures. The Executive Board is also authorised to do this with the approval of the Supervisory Board.

**(Convenient Translation)**

If the subscription rights were not excluded with regard to fractions, it might not be possible under certain circumstances to carry out a capital increase particularly by a round figure or to a round figure with a practical subscription ratio. The new shares which are excluded from the shareholders' subscription rights as unutilised fractions are either sold via the stock exchange or are otherwise utilised in the best possible manner for the company.

- 6) The Executive Board and Supervisory Board are also to be given the opportunity, in line with the statutory regulation in sections 203 (1) sentence 1, 186 (3) sentence 4 AktG, to issue new shares in a manner other than safeguarding the statutory subscription rights of shareholders if the issue for cash payment is carried out for an issue amount which is not significantly lower than the market price of the shares of the company.

The possibility of issuing new shares as described above is in the interest of the company and the shareholders as, as a result of issuing shares for instance to institutional investors, it is possible for additional domestic and international shareholders to be gained. The company is also enabled to adjust its equity and bring it into line with the respective business requirements and to respond quickly and in a flexible manner to favourable situations on the market. The shareholders' interests in relation to assets and voting rights are safeguarded. In view of the low volume of authorised capital of approximately 10% of share capital and the fact that the authorisation to exclude subscription rights is limited to max. 10% of the share capital (with due consideration being given to equivalent measures), the shareholders do not suffer any disadvantage as the shares are only permitted to be issued for a price which is not significantly lower than the market price of the shares of the company at the time of the sale. Interested shareholders are therefore able to acquire a number of shares necessary for maintaining the percentage of their shareholding in relation to all shares via the stock exchange at conditions which are essentially equivalent.

At present, there are no specific plans for using the authorised capital 2016.

(Convenient Translation)

### *Reporting*

The Executive Board will always carefully assess whether the utilisation of the authorised capital 2016 and the exclusion of shareholders' subscription rights are in the interest of the company and its shareholders. The Executive Board will report to the annual general meeting with regard to any utilisation of the authorised capital 2016.

## **2. REPORT TO THE ANNUAL GENERAL MEETING REGARDING AGENDA ITEM 8**

Under agenda item 8, the Executive Board and Supervisory Board propose that the company should be authorised, in accordance section 71 (1) no. 8 AktG in line with standard company practice (with the existing authorisation being cancelled), to acquire treasury shares in an amount of up to 10% of the share capital existing at the time of the resolution on 12 May 2016 or – if this figure is lower – the share capital existing at the time at which this authorisation is exercised.

For this purpose, in accordance with section 71 (1) no. 8 in conjunction with section 186 (4) sentence 2 AktG, the Executive Board submits a written report which is disclosed in full in the following:

### **Report regarding agenda item 8**

#### *General*

The existing authorisation to acquire treasury shares in accordance with section 71 (1) no. 8 AktG in line with the resolution of the annual general meeting of 13 May 2014 is due to expire on 12 May 2019. In order to provide planning reliability for the next few years, the Executive Board is again to be authorised to acquire treasury shares in accordance with section 71 (1) no. 8 AktG. Accordingly, in the annual general meeting of 12 May 2016, a new authorisation is to be created and the existing authorisation is to be cancelled.

The Supervisory Board can specify that measures as a result of this authorisation can be carried out only with the approval of the Supervisory Board or the approval of a Supervisory Board Committee.

(Convenient Translation)

### *Acquisition*

With regard to the acquisition of treasury shares, the principle of equal treatment in accordance with section 53a AktG must be safeguarded. The proposed acquisition of the shares via the stock exchange, by way of a public offer to purchase shares, a public invitation to submit offers to sell shares or by the granting of put options to the shareholders takes account of this principle. However, even in the case of such an acquisition, it may become necessary to exclude fractions or not to allocate fractions of put options in order to permit practical processing. Accordingly, any partial put options are excluded.

If a public offer to purchase shares or a public invitation to submit offer to sell shares is oversubscribed, i.e. more shares are in total offered to the company than are to be purchased by the company, the acceptance must be scaled down on the basis of ratios. The relevant factor is accordingly the ratio of the number of shares offered by individual shareholders with respect to each other. On the other hand, the total number of shares held by a shareholder who offers the shares for sale is not the decisive factor. This is because only the shares which are offered are available to be purchased. Moreover, it would not be practical for the shareholding of the individual shareholder to be checked. Accordingly, any right of the shareholders to tender their shares is partially excluded. In such a case, it is possible to provide preferential acceptance of small quantities of up to 50 tendered shares per shareholder as well as rounding in accordance with commercial principles. The purpose of these options is to avoid fractions for defining the ratios to be acquired and minor residual holdings and thus to facilitate technical processing. Any right of the shareholders for tendering their shares is accordingly also partially excluded.

### *Disposal and other utilisation*

In accordance with the proposed authorisation, the treasury shares acquired by the company can either be retired or resold by way of a public offer to all shareholders in accordance with their percentage shareholding or via the stock exchange. With the two latter possibilities of disposing of the acquired treasury shares, the right of shareholders to equal treatment is also safeguarded when the shares are disposed of. However, in accordance with sections 71 (1) no. 8, 186 (3) AktG, in the following cases, there should be the possibility for excluding the subscription rights of shareholders or the subscription rights of shareholders is necessarily excluded:

**(Convenient Translation)**

a) Firstly, the Executive Board is authorised, in the event of an offer to all shareholders, to exclude fractions from the subscription right in order to achieve round figures. If the subscription rights were not to be excluded with regard to fractions, the technical performance of the disposal and the exercising of the subscription right would be much more difficult. The new shares which are excluded from the subscription rights of shareholders as unutilised fractions are either sold via the stock exchange or otherwise utilised in an optimum manner for the company.

b) In line with the statutory regulation in section 71 (1) no. 8 sentence 5 AktG, the proposed authorisation also specifies that the Executive Board can dispose of the acquired treasury shares in a manner other than via the stock exchange or via an offer to all shareholders if the acquired treasury shares, in line with the regulation of section 186 (3) sentence 4 AktG, are sold in return for cash payment for a price which is not significantly lower than the market price of the shares of the company with the same terms at the time of the disposal. The time of the disposal is defined as the time at which the obligation to transfer shares is entered into, even if this is still conditional. If the transfer is not preceded by a separate obligation, the time of the disposal is defined as the time of the transfer. This is also applicable if the time of the transfer is specified as the relevant time in the obligation agreement. The disposal price for the treasury shares is definitively defined just before the disposal of the treasury shares. This possibility of disposing of treasury shares is limited to 10% of the respective share capital, with due consideration being given to the netting specified in the resolution proposal.

The possibility of selling treasury shares as described above is in the interest of the company and the shareholders as, as a result of selling shares for instance to institutional investors, it is possible for additional domestic and international shareholders to be gained. The company is also enabled to adjust its equity and bring it into line with the respective business requirements and to respond quickly and in a flexible manner to favourable situations on the market. The shareholders' interests in relation to assets and voting rights are safeguarded. In view of the low volume of max. 10%, the shareholders do not suffer disadvantage, as the shares are only permitted to be sold for a price which is not significantly lower than the market price of the shares of the company at the time of the sale. Interested shareholders are therefore able to acquire a number of shares necessary for maintaining the percentage of their shareholding in relation to all shares via the stock exchange at conditions which are essentially equivalent.

**(Convenient Translation)**

c) The company is also to have the opportunity of being able to offer treasury shares as a consideration within the framework of business combinations and in the case of acquisitions (including indirect acquisitions) of companies, parts of companies or equity participations or other assets including real estate and receivables (including receivables due from the company).

The price for which treasury shares are used in this case depends on the specific circumstances of the individual case and also on the specific time. For the purpose of fixing the price, the Executive Board will focus on the interests of the company and where possible the market price.

The acquisition of equity participations, companies or parts of companies is in the interest of the company if the acquisition indicates that it is likely that the market position of the freenet Group will be consolidated or strengthened or if it enables the company to break into new areas of operation or if it facilitates this process. In the other cases of the acquisition of assets including real estate and receivables (including receivables due from the company), the granting of shares is in the interest of the company if the acquired assets are beneficial for the activity of the company or are advantageous for the financial position, net assets or results of operations of the company and an acquisition in return for cash payment is not possible or is not possible subject to reasonable conditions.

In order to be able to take account of a legitimate interest of the vendors or the company in relation to payment (possibly also proportionate payment) in the form of shares of the company for such acquisitions in a timely and flexible manner, it is necessary, if there is no possibility or intention of using authorised capital, that the Executive Board should be authorised to grant treasury shares with the exclusion of shareholders' subscription rights. Because the volume of treasury shares will be limited and because the shares are to be issued for a price which, where possible, is linked to the market price, interested shareholders have the possibility of acquiring additional shares via the stock exchange subject to essentially equivalent conditions at a time which is closely linked with a disposal of shares which is carried out for the above-mentioned purposes of the acquisition of a company, part of company or equity participation or which is otherwise carried out and for which the shareholder subscription rights are excluded.

**(Convenient Translation)**

In view of the above considerations, and in the opinion of the Executive Board, the proposed authorisation for using treasury shares is in the interest of the company and may, in individual cases, justify grounds for excluding the subscription rights of shareholders. The specific decision to exclude the shareholders' subscription rights must be taken by the Executive Board, with due consideration being given to the interests of the company in relation to the specific measure, the necessity of (partial) granting of shares and the valuation of the shares and the consideration.

d) The company should also be given the opportunity of offering treasury shares to persons who are or were in an employment or work relationship which companies of the freenet Group (with the exception of members of the executive bodies of the company), or to transfer treasury shares to such persons.

The way in which employees and members of the Executive Board of downstream companies identify with their company is of considerable importance for motivation and commitment. The need to maintain or boost motivation and commitment is therefore in the interest of the company. Issues of shares to such persons can make a contribution in this respect. This is also applicable for employees and members of the executive bodies of downstream companies, e.g. if the commitment is provided during the activity of such persons for the period after they no longer work for the company. The Executive Board should therefore be enabled to take advantage of this opportunity.

It is in the nature of things that the shares must not be offered to such persons at the current market price, and instead might have to be offered at a discount to the market price in order to achieve the desired effect. The Executive Board will therefore assess the conditions for the offer of shares to such persons in each case giving due consideration to this aspect, and will allow its decision to be led by the interests of the company.

e) The company should also be given the opportunity of using treasury shares for fulfilling option or conversion rights or option or conversion obligations or a share delivery right of the company by means of using bonds issued by the company or a downstream Group company on the basis of an authorisation of the annual general meeting.



**(Convenient Translation)**

The proposed resolution does not create a new or further authorisation for issuing bonds. The only purpose of the proposed resolution is to provide the company with the opportunity of using treasury shares instead of the otherwise specified contingent capital for meeting option or conversion rights or option or conversion obligations or share delivery rights of the company which have been established on the basis of other authorisations of the annual general meeting, if this, following an assessment carried out by the Executive Board, is in the interest of the company. Option or conversion rights or option or conversion obligations or share delivery rights which can be considered for servicing by treasury shares on the basis of the proposed authorisation are based on (i) bonds which will be issued in future on the basis of the authorisation for issuing option and/or convertible bonds adopted by the annual general meeting on 13 May 2014 or the annual general meeting on 12 May 2016 as well as (ii) bonds which are issued on the basis of a future authorisation of the annual general meeting.

***Reporting***

The Executive Board will always carefully assess whether the utilisation of the authorisation and the exclusion of subscription rights are in the interest of the company and its shareholders. The Executive Board will report any utilisation of the authorisation to the annual general meeting.

**3. REPORT TO THE ANNUAL GENERAL MEETING REGARDING AGENDA ITEM 9**

In addition to the report regarding agenda item 8, the Executive Board also submits a written report regarding the resolution proposal regarding agenda item 9 in accordance with section 71 (1) no. 8 in conjunction with section 186 (4) sentence 2 AktG; this is published completely in the following:

**Report regarding agenda item 9**

In addition to the possibilities for acquiring treasury shares detailed in point 8 of the agenda, the company is also to be authorised to acquire treasury shares using certain equity derivatives. The volume of shares which overall can be acquired should not be increased; this only provides further options for acquiring treasury shares. This additional option extends the opportunities of the company for providing a flexible structure for the process of acquiring treasury shares.

**(Convenient Translation)**

For the company, it may be beneficial to acquire call options, to sell put options or to acquire shares of the company using a combination of call and put options or other equity derivatives instead of directly acquiring shares of the company. These options are limited to 5% of the share capital existing at the time at which the resolution of the annual general meeting is adopted or – if this figure is lower – the share capital existing at the time at which this authorisation is exercised. The term of the options must not exceed 18 months in each case, and must be fixed in such a way that, if the options are exercised, the shares are not acquired after 11 May 2021. This ensures that, after the expiry of the authorisation to acquire treasury shares which is valid until 11 May 2021, the company will not acquire any treasury shares – unless a new authorisation is provided.

If a call option is agreed, the company, in return for the payment of an option premium, receives the right, within a specified period or at a specified time, to purchase a pre-defined number of shares of the company for a fixed price (exercise price) from the respective vendor of the option (the writer). From the point of view of the company, it makes sense to exercise the call option if the price of the share is higher than the exercise price as the company can then buy the shares from the writer for a lower price than would be payable in the market. This is also applicable if, as a result of the option being exercised, the company acquires a package of shares which could otherwise only be purchased for higher costs. In addition, the use of call options has a positive impact on the liquidity of the company because the exercise price for the shares only has to be paid at the point at which the call option is exercised. In individual circumstances, these aspects may justify the decision of the company to use call options for a planned acquisition of treasury shares. The option premium must be established in line with general market conditions, and must therefore essentially correspond to the value of the call option, taking account of various factors, including the exercise price, the term of the option and the volatility of the shares.

By concluding put options, the company grants to the respective holder of the put option the right to sell, within a specific period or at a specific time, shares of the company to the company for a price specified in the put option (exercise price). In return for the obligation to acquire treasury shares in accordance with the put option, the company receives an option premium which in turn has to be established subject to conditions which reflect the market, in other words which essentially corresponds to the value of the put option, with due consideration being given to various factors, including the exercise price, the term of the option and the volatility of the shares. For the option holder, it only makes financial sense for the put option to be exercised if the price of the share at the time at which the option is exercised is lower than the exercise price,

**(Convenient Translation)**

as he can then sell the shares to the company for a price which is higher than the price on the market; the company can in turn use instruments available in the market to hedge against an excessive risk arising from the share price increasing. For the company the advantage of buying back shares by way of using put options is that a specific exercise price can be defined at the point at which the option is concluded, whereas there is an outflow of liquidity only on the day on which the option is exercised. From the point of view of the company, the consideration provided for acquiring the shares is reduced by the option premium which has already been received. If the holder of the option does not exercise the option, in particular because the share price on the day on which the option is to be exercised or in the period in which the option is due to be exercised is higher than the exercise price, the company does not acquire any treasury shares in this way; however, it keeps the option premium without having to provide any further consideration.

In the case of put options being used, the consideration to be provided by the company for the shares is the respective exercise price (excluding incidental purchasing costs, but including the option premium which is received). This may be higher or lower than the market price of the shares of the company on the day on which the put option is concluded and on the day on which the shares are acquired as a result of the put option being exercised. However, it must not be more than 10% higher and not more than 20% lower than the market price of the shares of the company established by the opening auction in electronic trading on the Frankfurt Stock Exchange on the day on which the respective option is concluded. In the case of call options being used, the consideration for the shares to be provided by the company is the respective exercise price. This may be higher or lower than the market price of the shares of the company on the day on which the call option is concluded and on the day on which the shares are acquired as a result of the call option being exercised. However, it must not be more than 10% higher or 10% lower than the average closing price of the shares of the company in electronic trading on the Frankfurt Stock Exchange on the last three market trading days before the call option is exercised. Incidental purchasing costs and the option premium are disregarded.

**(Convenient Translation)**

The company can also agree equity derivatives which provide for delivery of shares with a discount in relation to a weighted average price.

The obligation to agree options and other equity derivatives only with one or more credit institution(s) or equivalent companies and to ensure that the options and other equity derivatives are only serviced with shares which have been acquired in line with the principle of equal treatment means that shareholders are not disadvantaged when treasury shares are acquired using equity derivatives. In accordance with the statutory regulation in section 71 (1) no. 8 AktG, it is sufficient, in order to comply with the principle of equal treatment, if the shares have been acquired via the stock exchange at the market price of the shares of the company which existed at the time at which they were acquired via the stock exchange. Because the price of the option (option price) is established in line with market conditions, the shareholders who are not involved in the options also do not suffer a value-related disadvantage. On the other hand, as a result of the possibility of agreeing equity derivatives, the company is enabled to take advantage of market opportunities which arise at short notice and to conclude corresponding options or other equity derivatives. Any right of the shareholders to conclude such options and other equity derivatives with the company is excluded, as is any put option of the shareholders. This exclusion is necessary to enable equity derivatives to be used within the framework of a process of buying back treasury shares and in order to achieve the associated advantages for the company. It would not be possible for corresponding equity derivatives to be concluded with all shareholders.

After considering the interests of the shareholders and the interests of the company as a result of the benefits which may result for the company as a result of the use of call options, put options, combination of call and put options or other above-mentioned equity derivatives, the Executive Board therefore considers that there are justified grounds for the authorisation not to grant or to limit shareholder rights for concluding such equity derivatives with the company and a put option of the shareholders.

With regard to the use of the treasury shares acquired on the basis of equity derivatives, there are no differences with respect to the possible uses proposed in agenda item 8. With regard to the justification for excluding the subscription rights of shareholders for using the shares, please refer to the report of the Executive Board regarding agenda item 8.

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The Executive Board will always carefully assess whether the utilisation of the authorisation is in the interest of the company and its shareholders. The Executive Board will report to the annual general meeting regarding any use of the authorisation.

#### **4. REPORT TO THE ANNUAL GENERAL MEETING REGARDING AGENDA ITEM 10**

Under agenda item 10, the Executive Board and Supervisory Board propose that the existing authorisation to issue bonds which has not been utilised and the contingent capital 2014 should be cancelled, and that a new resolution should be adopted regarding authorisation for issuing option and/or convertible bonds and a new contingent capital, and that the articles of association should be amended accordingly in order to achieve planning reliability for the next few years.

The Executive Board submits a written report regarding the authorisation to exclude the subscription right within the framework of the new authorisation proposed in accordance with sections 221 (4) sentence 2, 186 (4) sentence 2 AktG :

##### **Report regarding agenda item 10**

For the company, in addition to the traditional methods of raising equity and borrowings, the issuing of bonds in the form of option and/or convertible bonds provides the opportunity of taking advantage of attractive financing opportunities on the capital market depending on the market situation and thus also to replace any borrowings which may exist. For the above-mentioned reasons, a proposal will again be submitted to the annual general meeting regarding the creation of authorisation to issue such bonds.

The issuing of bonds enables the company to raise debt which, depending on the terms of the bonds, can be classified as equity or similar to equity for rating purposes and also for accounting purposes. The conversion and option premiums which are received and also the recognition in equity benefit the capital base of the company. The further options, in addition to the granting of conversion and/or option rights of also establishing conversion or option obligations or a share delivery right or a combination of convertible bonds and option bonds, extend the scope for the

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terms of these financing instruments. The authorisation also enables the company to place the bonds itself or via its direct or indirect subsidiaries.

The shareholders are normally entitled to a statutory subscription right, which can also be granted as an indirect subscription right. However, subject to the following conditions, it should also be possible for the subscription right to be excluded:

The Executive Board is to be authorised to exclude the subscription rights in accordance with section 186 (3) sentence 4 AktG if the issue of shares as a result of conversion or option rights, share delivery rights or conversion or option obligations is restricted to 10% or less of the share capital of the company. This maximum limit for the simplified exclusion of subscription rights is reduced by the proportionate amount of share capital which is attributable to those shares or convertible and/or option bonds with the right or obligation to acquire shares of the company which have been issued or sold since 12 May 2016 with the exclusion of subscription rights and with the direct or corresponding application of section 186 (3) sentence 4 AktG. This ensures that, unless a further resolution is adopted by the annual general meeting, no bonds are issued if this would mean that the subscription rights of shareholders would in total be excluded for more than 10% of the share capital with the direct or corresponding application of section 186 (3) sentence 4 AktG. This further restriction is in the interest of the shareholders who, in the event of capital measures, wish to maintain their percentage stake as far as possible.

In the event of such an exclusion of subscription rights, the relevant application of section 186 (3) sentence 4 AktG results in the need for the issue price of the bonds to be fixed at a level which is not significantly lower than the market value. This takes account of the shareholders' need for protection with regard to a dilution of their shareholdings. Because the issue price of the bonds as specified in the authorisation is not significantly lower than the theoretical market value, the value of a subscription right would decline to virtually zero. In order to ensure compliance with this requirement for the issuing of bonds, the issue price must not be significantly lower than the theoretical market value of the bonds calculated in accordance with recognised and, in particular, actuarial methods. This guarantees that shareholders are protected against any dilution in their shareholding and the shareholders do not suffer any financial disadvantage as a result of an exclusion of subscription rights. Shareholders who wish to maintain their percentage interest in the shareholder of the company can do so by way of buying additional bonds via the market.

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With the option described above for excluding the subscription rights, the company is given the flexibility of quickly taking advantage of favourable situations on the capital market, and the company is enabled to take advantage, in a flexible manner and at short notice, of a low level of interest rates or a favourable demand situation for an issue. The relevant aspect is that, unlike a situation involving an issue of bonds with subscription rights, the issue price can only be fixed immediately before the placing, which means that an increased risk of price changes during a subscription period can be avoided and the issue proceeds can be maximised in the interest of all shareholders. In addition, there are further benefits due to the absence of the lead time which is associated with subscription rights with regard to the costs of raising funds and also with regard to the placing risk. With a placing which does not involve subscription rights, the safety margin which would otherwise be necessary and also the placing risk can be reduced, and there can be a corresponding reduction in the costs of raising funds for the benefit of the company and its shareholders.

The Executive Board is also authorised, with the approval of the Supervisory Board, to exclude fractions from the subscription rights. Such fractions may result from the amount of the respective issue volume and the need to present a practical subscription ratio. In these cases, the processing of the issue is facilitated by an exclusion of the subscription rights. The fractions which are excluded from the subscription rights of shareholders are either sold via the stock exchange or are otherwise utilised for the company in an optimum manner.

The Executive Board is also to be given the opportunity, with the approval of the Supervisory Board, of excluding the subscription rights of shareholders in order to grant the owners or holders of conversion and/or option rights or bonds featuring conversion or option obligations or share delivery rights a subscription right to the extent to which they would be entitled after the conversion or option rights or share delivery rights had been exercised or after the conversion or option obligations had been fulfilled. In general, the option or conversion conditions contain clauses which serve to protect the holders or owners of option or conversion rights against dilution. This means that these financing instruments can be better placed on the market. A subscription right of holders or owners of existing option or conversion rights or option or compensation system conversion obligations or share acceptance obligations provides the opportunity of preventing that the option or conversion price for the holders or owners would have to be reduced in the event of the authorisation being utilised. This guarantees a higher issue price for the shares to be issued when the option or conversion is exercised. Because this

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facilitates the placing of the issue, the exclusion of subscription rights serves the interests of the shareholders in relation to an optimum financial structure of their company.

If the proposed authorisation is utilised, the Executive Board will submit a corresponding report in the next annual general meeting.



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## **DOCUMENTS FOR THE ANNUAL GENERAL MEETING, PUBLICATIONS ON THE WEBSITE OF THE COMPANY**

The approved consolidated financial statements and the group management report, the adopted annual financial statements and the management report of freenet AG for the financial year 2015, the explanatory report of the Executive Board regarding the disclosures in accordance with sections 289 (4) and (5), 315 (4) HGB, the report of the Supervisory Board for the financial year 2015 and the proposal of the Executive Board regarding the appropriation of the cumulative profit as well as the reports of the Executive Board regarding the agenda items 7, 8, 9 and 10, which have already been disclosed above, are available for inspection via the website of our company at <http://www.freenet-group.de/investor-relations/hauptversammlung/> from the point at which the annual general meeting is convened up to the point at which the annual general meeting is concluded. The documents will also be made available in the annual general meeting of freenet AG.

All above-mentioned documents are also available for inspection in the business premises of the company (Hollerstraße 126, 24782 Büdelsdorf; Deelbögenkamp 4c, 22297 Hamburg) from the time at which the annual general meeting is convened. Upon request, a copy of the documents will be sent immediately and free-of-charge to each shareholder.

The information and documents additionally specified in section 124a AktG will also be available on the website of the company at <http://www.freenet-group.de/investor-relations/hauptversammlung/> from the day on which the annual general meeting is convened.

## **TOTAL NUMBER OF SHARES AND VOTING RIGHTS**

At the time at which the annual general meeting is convened, the share capital of the company amounts to 128,061,016 euros, comprising 128,061,016 registered no-par-value shares (shares), each of which confer one vote. The total number of shares with voting rights of freenet AG in accordance with the terms of section 30b (1) no.1 WpHG (Wertpapierhandelsgesetz; Securities Trading Act) amounts to 128,061,016 at the time at which the annual general meeting is convened.

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## **CRITERIA FOR ATTENDING THE ANNUAL GENERAL MEETING AND EXERCISING THE VOTING RIGHTS**

### *Entry in the share register and registration*

In relation to the company, a person is deemed to be a shareholder if he/she is entered in the share register. Accordingly, only the shareholders who are entered in the share register on the day of the annual general meeting and who have also registered in due time are authorised to attend the annual general meeting and exercise their voting rights. Shareholders are able to register with the company at the following address by no later than the end of 5 May 2016, 24:00 hours (CEST):

Hauptversammlung freenet AG  
c/o ADEUS Aktienregister-Service-GmbH  
Postfach 57 03 64  
22772 Hamburg

Telefax: +49 (0)69/256 270 49

Email: hv@freenet.ag

If the registration is received in due time, admission tickets for the annual general meeting are sent to the shareholders. Unlike the registration, the admission ticket is not a criterion for participating in the annual general meeting; its purpose is merely to simplify the procedure for the admission checks to the annual general meeting.

### *Free disposal and technical record date*

The shares are not blocked as a result of registration for the annual general meeting. The shareholders can therefore still freely dispose of their shares even after they have registered. Only the number of shares recorded in the share register on the day of the annual general meeting is relevant for the attendance and voting rights. This will be equivalent to the number resulting from the transfer applications which have been received by the company by the final day of registration. Applications for transfers in the share register which are received during the period between 6 May 2016 and 12 May 2016 (both dates inclusive) will only be processed and

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recognised after the annual general meeting of 13 May 2016. The technical record date is therefore 5 May 2016, 24:00 hours (CEST).

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## **PROCEDURE FOR VOTING VIA PROXIES**

Shareholders are able to appoint a credit institution, a shareholder association or another person of their choice as proxies for exercising voting rights. Text form is sufficient for granting the power of attorney to a proxy, and also for any revocation and as supporting evidence unless a stricter form is required by law; section 135 AktG is not affected. If the proxy powers are granted to a credit institution, a shareholder association or equivalent persons in terms of the exercising of voting rights in accordance with section 135 (8) AktG or sections 135 (10), 125 (5) AktG, institutions or companies, the requirements regarding the proxy powers, in the absence of special regulations in the articles of association, are based on the statutory regulations in section 135 AktG, i.e., the proxy must be recorded in a verifiable manner, and must reflect the special aspects of the respective authorised proxy, which have to be requested from the party to be authorised.

Credit institutions, shareholder associations and equivalent persons as specified in section 135 (8) AktG or sections 135 (10), 125 (5) AktG, institutions or companies may exercise voting rights for shares which are not owned by them but for which they have been registered as the owner in the share register of the company, only on the basis of an authorisation of the shareholder for which the regulations regarding proxy powers are applicable accordingly.

As a service for our shareholders who are authorised to attend the annual general meeting, we have previously offered an arrangement whereby such shareholders can be represented in the annual general meeting by a proxy designated by the company. Proxy powers and instructions for exercising the voting rights must be granted to this proxy; however, the proxy is not permitted to exercise other shareholder rights. The proxy is obliged to vote as instructed. However, it must be borne in mind that the proxy is not able to receive instructions, in advance of the annual general meeting or during the annual general meeting, regarding procedure applications or applications or nominations submitted for the first time in the annual general

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meeting. He is permitted to exercise the voting right only in relation to those agenda items for which he has received instructions from the shareholders.

Proxy powers and instructions to the proxy designated by the company must have been notified by 11 May 2016, 24:00 hours (CEST) – with the name of the person submitting the declaration by writing, by facsimile, by email or otherwise in text form at the following address:

Hauptversammlung freenet AG  
c/o ADEUS Aktienregister-Service-GmbH  
Postfach 57 03 64  
22772 Hamburg

Telefax: +49 (0)69/256 270 49

Email: hv@freenet.ag

Proxy powers and instructions can also be revoked or modified in the above-mentioned form if received by 11 May 2016, 24:00 hours (CEST).

The granting of proxy powers, the revocation of such powers and evidence of the authorisation can be provided in the form specified above. The evidence of authorisation can also be provided by way of the proxy powers which designate the name of the person granting the powers being presented when the proxy appears in person.

The shareholders who wish to grant proxy powers to a person of their choice, a credit institution, a shareholders association or other equivalent persons as detailed in section 135 (8) AktG or sections 135 (10), 125 (5) AktG, institutions or companies or proxies designated by the company must themselves be authorised to attend the annual general meeting. They must therefore be entered in the share register on the day of the annual general meeting and must have registered in due time to attend the annual general meeting. The admission ticket contains a form which can be used for granting the proxy powers.

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Shareholders can also exercise their rights in the annual general meeting in person even after they have awarded proxy powers. Personal appearance is deemed to be revocation of previously proxy powers.

If a shareholder authorises more than one person, the company may reject one or more of such persons.

The shareholders also receive details regarding attendance at the annual general meeting as well as for granting proxy powers and instructions together with the admission ticket.

**PROCEDURE FOR POSTAL VOTING**

Subject to the following conditions, shareholders may also cast their votes in writing or by way of electronic communication without attending the annual general meeting (postal vote).

In order to be able to exercise their voting rights by way of postal voting, section 13 (1) of the articles of association of the company specify that only those shareholders are authorised who are recorded in the share register and who have registered in due time with the company for attending the annual general meeting (see above, section “Entry in share register and registration”).

Postal votes can be sent to the company, and can also be revoked, in writing by facsimile at the address

Hauptversammlung freenet AG  
c/o ADEUS Aktienregister-Service-GmbH  
Postfach 57 03 64  
22772 Hamburg

Telefax: +49 (0)69/256 270 49

Email: hv@freenet.ag

*until 11 May 2016, 24:00 hours (CEST).*

If a shareholder who has already submitted a postal vote wishes to attend the annual general meeting in person or wishes to be represented by a proxy and represents corresponding shares,

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this is possible, but is deemed to be revocation of the votes cast by postal voting for the respective shares.

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## **APPLICATIONS, NOMINATIONS, INFORMATION RIGHTS**

*Additional applications for the agenda (in accordance with section 122(2) AktG)*

Shareholders who are recorded in the share register and whose shares together account for a proportionate amount of 500,000 euros can demand that items be placed on the agenda and published in the Federal Gazette and in the internet at <http://www.freenet-group.de/investor-relations/hauptversammlung>. Each new item must be accompanied by justification or a proposed resolution. Such a demand must have been received by the company by the end of 11 April 2016, 24:00 hours (CEST) in writing at the address:

freenet AG  
Vorstand  
HV-Management  
Hollerstraße 126  
24782 Büdelsdorf

or by email with the addition of the name of the applicant with a qualified electronic signature at: [hv@freenet.ag](mailto:hv@freenet.ag). Applicants are required to provide evidence that they are holders of an adequate number of shares for the legally required minimum ownership period of three months (sections 122 (2), 122 (1) sentence 3, 142 (2) sentence 2 AktG as well as section 70 AktG) and that they will hold these shares up to the point at which the decision regarding the application is taken.

*Counterapplications and nominations of shareholders (section 126 (1), 127 AktG)*

Counterapplications of shareholders recorded in the share register regarding certain items of the agenda and nominations of such shareholders regarding the election of the auditor are published in the internet at <http://www.freenet-group.de/investor-relations/hauptversammlung>, together

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with the name of the shareholder, the justification and any comment of the administration, if the following criteria are satisfied:

Any counterapplications regarding a proposal of the Executive Board and/or Supervisory Board in relation to a specific item of the agenda as well as any nominations must have been received by the company by 27 April 2016, 24:00 hours (CEST). They must be sent exclusively to:

freenet AG  
Vorstand  
HV-Management  
Hollerstraße 126  
24782 Büdelsdorf

Telefax: +49 (0)4331/43 44 555

Email: hv@freenet.ag

Applications which are addressed differently or which are not received by the specified deadline will not be taken into consideration.

Counterapplications must be justified. A counterapplication must not be made accessible by the company if one of the exclusion criteria as specified in section 126 (2) AktG is satisfied. The justification also does not have to be made accessible if in total it has more than 5,000 characters.

Nominations regarding the election of the auditor do not need to be justified. However, a nomination does not have to be made accessible by the company if one of the exclusion criteria as specified in sections 127 sentence 1, 126 (2) AktG is satisfied. Nominations for the election of the auditor are also not made accessible if they do not contain the name, exercised profession and place of residence of the nominated person (section 127 sentence 3 in conjunction with section 124 (3) sentence 4 AktG). The criteria applicable for making counterapplications accessible are otherwise applicable accordingly.

The right of every shareholder to submit counterapplications regarding the various agenda items or to propose nominations during the annual general meeting even without having provided the company with prior notification is not affected. We wish to point out that counterapplications and nominations, even if they have been published before the annual general meeting at the

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request of shareholders, can only be taken into consideration in the annual general meeting if they are presented verbally.

*Information right of shareholders (in accordance with section 131 (1) AktG)*

In the annual general meeting, every shareholder and shareholder representative can demand information concerning affairs of the company from the Executive Board if the information is necessary for reaching a proper assessment of the subject of the agenda. The information right also covers the legal and business relations of the company with regard to an affiliated company and also the situation of the Group and the companies included in the consolidated financial statements (section 131 (1) AktG). Under certain conditions, the Executive Board may refuse to provide the information (section 131 (3) AktG).

According to section 15 (4) of the articles of association, the chair of the meeting can impose a reasonable time restriction on the right to pose questions and speak in the annual general meeting.

*Further explanations regarding shareholders' rights*

Further explanations regarding the rights of shareholders in accordance with sections 122(2), 126, 127, 131 AktG as well as restrictions of these rights can be found in the internet at <http://www.freenet-group.de/investor-relations/hauptversammlung>.

Büdelndorf, March 2016

freenet AG

The Executive Board