

***Report of the Management Board regarding Agenda Item 8 on the exclusion of shareholders' subscription and tender rights in connection with the acquisition and sale of own shares using derivatives pursuant to § 71 (1) no. 8 sentence 5 in conjunction with § 186 (4) sentence 2 and § 186 (3) sentence 4 AktG:***

In addition to the conventional possibilities to acquire its own shares proposed for resolution in Agenda Item 7, the Company is to be also enabled to acquire its own shares with the use of derivatives. This additional alternative, which has become an established practice of many listed companies, will give the Company more possibilities of optimally structuring the acquisition of its own shares. In certain circumstances, it may be advantageous for the Company to sell put options, to purchase call options, or to acquire own shares via a combination of put and call options or via forward purchases instead of acquiring own shares directly.

The term of the options or of the forward purchase contract must be so that, upon exercise of the options or the fulfilment of forward purchases, the shares may not be acquired after 1 June 2020. Thus, the authorization is designed in principle to exploit the legally permitted timeframe of five years, albeit with the restriction that the term of the individual derivatives may not exceed 18 months. This ensures that obligations under individual derivatives are reasonably limited in time and that the Company cannot purchase any own shares on this basis after expiry of the authorization expiring on this date in accordance with § 71 (1) no. 8 AktG. Furthermore, the acquisition of own shares through derivatives is limited to 5% of the Company's registered capital existing at the time the resolution is adopted by the General Meeting or – if lower – the registered capital existing at the time this authorization is exercised.

The Company grants the purchaser of a put option the right to sell shares in the Company to the Company at a price specified in the put option (exercise price). In return for this right, the Company receives an option premium which corresponds to the value of the disposal right granted by way of the put option taking into consideration various parameters, among other things, the exercise price, the term of the option, and the volatility of Company's shares. If the purchaser exercises the put option, the option premium paid by the purchaser reduces the overall consideration paid by the Company for the acquisition of the shares. Exercise of the put option makes economic sense for the purchaser of the put option only if the price of the share is below the exercise price at the time the put option is exercised, because the purchaser can then sell the share to the Company at the higher exercise price. Conversely, from the Company's point of view, the advantage of using put options is that the exercise price is fixed already on the day the option contract is concluded, while the liquidity outflow occurs only on the exercise date. If the purchaser does not exercise the option because the share price on the date of exercise exceeds the exercise price, the Company, although unable to acquire any own shares in this way, still keeps the option premium received.

When acquiring a call option, in return for the payment of an option premium, the Company receives the right to buy a predefined number of own shares at a predefined price (exercise price) from the seller of the option. It makes economic sense for the Company to exercise the call option if the share price is higher than the exercise price, because the Company can then purchase the shares from the seller at the lower exercise price. By acquiring call options, the Company can limit e.g. price risks if it is obligated itself to transfer shares at a later point in time, e.g. to fulfil conversion rights under convertible bonds.

In the case of a forward purchase, the Company acquires the shares in accordance with the contract from the forward seller on a fixed future date at an acquisition price agreed at the time of conclusion of the forward purchase transaction. It may be expedient for the Company to enter into forward purchase transactions in order to ensure that it can satisfy its need for own shares on the relevant fixed date at a specific price level.

Due to the obligation to conclude derivative contracts only with one or several credit institution(s) or equivalent enterprises and to ensure that the derivatives are honoured only with shares that were acquired under observance of the principle of equal treatment, economic disadvantages for shareholders from the acquisition of own shares using derivatives are ruled out. To comply with the principle of equal treatment required under § 71 (1) no. 8 AktG, it is sufficient if the shares are purchased on the stock exchange at the stock market price for a share of the Company prevailing at the time of purchase. Since the price for the option (option premium) is determined on the basis of the market price, shareholders not participating in the option transactions will not suffer any value-related disadvantage. On the other hand, the possibility of agreeing derivatives enables the Company to exploit market opportunities as soon as they arise and enter into corresponding derivative contracts. Any right of shareholders to enter into such derivative contracts with the Company is excluded, as is any tender right of shareholders. This exclusion is necessary to allow the use of derivatives for the repurchase of own shares and to enable the Company to achieve the benefits associated therewith. It would not be practicable to enter into corresponding equity capital derivatives with all shareholders.

The acquisition price to be paid by the Company for the shares is the exercise price fixed in the particular put or call option or the forward price agreed for the relevant forward purchase, in each case taking into consideration any option premium received or to be paid. The price for a share of the Company to be paid when put or call options are exercised (exercise price), or the price for a share of the Company to be paid when a forward purchase is fulfilled (forward price) may be higher or lower than the stock market price of the share of the Company prevailing at the time when the put option is sold, the call option is acquired or the forward purchase is concluded. The exercise price or forward price (in each case excluding incidental transaction charges, but taking into account any option premiums received or paid), however, must not exceed the volume-weighted average closing price of the share in Xetra trading (or a corresponding successor system) on the Frankfurt Stock Exchange on the fourth, third and second trading day prior to the day when the relevant derivative contract is



entered into by more than 10% and not fall below this average closing price by more than 20%.

The option premium agreed on by the Company when selling the put options or acquiring the call options must, in the case of put options, not be materially lower and, in the case of call options, not be materially higher than the theoretical market value of the respective options on the date the option contract is concluded. The theoretical market value must be determined according to recognised principles of financial mathematics, with the calculation of such market value taking into account, among other things, the agreed exercise price. Similarly, the forward price agreed by the Company for forward purchases must not materially exceed the theoretical forward price determined according to recognised principles of financial mathematics, the calculation of which must take into account, among other things, the current stock market price and the term of the forward purchase.

The use of derivatives for acquiring own shares requires approval by the Supervisory Board.

If the Company's shares are repurchased using derivatives, the shareholders have no right to tender their shares unless the Company is obliged to purchase their shares pursuant to the terms and conditions of the respective derivative contract. Otherwise the use of derivatives for the repurchase of own shares would not be possible, and the Company would not be able to achieve the benefits for the Company associated therewith. Having carefully weighed the interests of shareholders and of the Company on the basis of the potential benefits to the Company from the use of derivatives, the Management Board therefore considers the authorization to not grant or to restrict any right of the shareholders to enter into such derivative contracts with the Company and any tender right of the shareholders to be generally justified.

As regards the use of own shares purchased with the use of derivatives, no difference exists to the possibilities of use proposed under Agenda Item 7. Therefore, reference is made to the report of the Management Board on Agenda Item 7 as regards the justification of the exclusion of the shareholders' subscription rights in connection with the use of the shares.

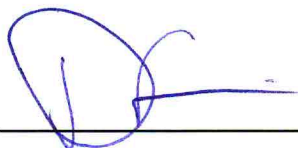
The Management Board will inform the General Meeting of the use of this authorization.

Berlin, April 2015

**Zalando SE**  
***The Management Board***



Robert Gentz



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